



**The report of the Independent Remuneration Panel
appointed to review the allowances paid to Councillors of
Waverley Borough Council**

November 2011

1. INTRODUCTION

1.1 The Local Government Act 2000 requires all local authorities to appoint an Independent Remuneration Panel (IRP) to advise on the terms and conditions of their scheme of Councillors' allowances. The last review was undertaken in December 2008.

1.2 The Council, at its meeting on 12 April 2011, resolved that an IRP be appointed to undertake a review of Waverley's Members' Allowance Scheme. The IRP was appointed by Waverley Borough Council in August 2011 to undertake this process and make recommendations on its future scheme.

1.3 The composition of the Panel was as follows:-

Neil McClelland (Chairman)
Ken Kent and
Robert Mattock

1.4 The IRP's terms of reference were in accordance with the requirements of The Local Authorities (Members' Allowances) (England) Regulations 2003 ("the 2003 Regulations"), together with "Guidance on Consolidated Regulations for Local Authority Allowances" issued jointly by the Department of Communities and Local Government (formerly the Office of the Deputy Prime Minister (ODPM)) and the Inland Revenue. Those requirements are:-

To make recommendations to the Council as to:-

- (a) the amount of basic allowance;
- (b) the responsibilities or duties in respect of which the following should be available:-
 - (i) special responsibility allowance;
 - (ii) travelling and subsistence allowance;
 - (iii) dependents' carers' allowance; and
 - (iv) co-optees' allowance; and
 - (v) the amount of such allowances;
- (c) whether payment of allowances may be backdated, in the event that the scheme is amended at any time, so as to affect an allowance payable for the year in which the amendment is made;
- (d) whether adjustments to the level of allowances may be determined according to an index and, if so, which index and how long that index should apply, subject to a maximum of four years before its application is reviewed;
- (e) which Members are to be entitled, if any, to pensions in accordance with a scheme made under Section 7 of the Superannuation Act 1972, and whether basic allowance or special responsibility allowance, or both, should be treated as amounts in respect of which such pensions are payable in accordance with such a scheme.

2. BACKGROUND INFORMATION

- 2.1 The IRP's last review of Members' Allowances took place in December 2008. The Council decided not to accept the findings of the review and in the last few years, has agreed to only increase the levels of basic and special responsibility allowances by an annual inflation uplift based on the local staff pay award from 1 April each year. However, after the IRP had met in 2008, some changes were made to the carers' and childcare allowances. These new allowances were agreed by the Council, as minor changes, without referring further to the Independent Panel.
- 2.2 The budget for Members' basic and special responsibility allowances is £183,250 in 2011-12. The 2008 Independent Panel's report recommended a scheme which increased the total cost by £11,000 and proposed the withdrawal of SRAs for Vice-Chairmen. The Council rejected the report.

3. CURRENT SCHEME

- 3.1 In 2011/12, Waverley Councillors are entitled to a total basic allowance of £2,406 per annum with the first £500 currently being paid tax-free to reflect the reimbursement of costs necessarily incurred. In addition, some Councillors receive special responsibility allowances for undertaking additional duties. The current Members' Allowance Scheme is attached at **Annexe 1**.
- 3.2 Councillors may claim the cost of travel and subsistence expenses incurred on approved duties and Childcare and Dependents' Carers' Allowances which are fair and reasonable.

4. PRINCIPLES

- 4.1 The following principles, which were established at the time of the IRPs first review in 2002, continue to underpin this review:-
- (i) The work of a Councillor is essentially voluntary in nature. This principle is recognised and supported by all Councillors interviewed during our reviews in 2002, 2003, 2008 and 2011. Government Guidance also recognises that some elements of this work should remain voluntary;
 - (ii) Any scheme of allowances should be fair, transparent and logical;
 - (iii) Allowances apply to roles within the Council, not individual Councillors;
 - (iv) Allowances should represent reasonable *compensation* to Councillors for expenses they incur, and time they commit, in relation to their role, not *remuneration* for their work. Councillors are not paid employees of the Council and their allowances should not be treated as salary;
 - (v) Allowances cannot be used to recognise individual performance. The legislation does not provide for "performance related" allowances.

- (vi) Special responsibility allowances are used to recognise the *significant* additional responsibilities which attach to some roles, not just the extra time required.

4.2 In making recommendations, the IRP have sought to maintain a balance between:-

- (i) The essentially voluntary nature of a Councillor's role;
- (ii) The need for allowances to provide appropriate financial recognition for the expenses incurred and time spent by Councillors in fulfilling their roles;
- (iii) The need to ensure that the level of allowances is sufficient so as not to discourage anyone considering becoming a Councillor or to deter existing Councillors from fulfilling their role; and
- (iv) The need for the allowance system to be as simple as possible, without this consideration becoming an undue constraint on the design of the scheme.

5. THE IRP's INVESTIGATIONS

5.1 Evidence Gathering

5.1.1 The IRP recognised that different Members of the Council undertook different duties and responsibilities and that those differences covered a wide spectrum. Certain consultations and investigations were required to assist the Panel in reaching a conclusion.

5.1.2 The Panel's investigations involved the following:

- Thirteen face-to-face or telephone conferencing interviews with a representative selection of Councillors;
- A questionnaire (and its results) to all Councillors to obtain an estimate of time spent on Council duties and additional costs associated in being a councillor. Nineteen responses were received;
- A comparative study of the payments made in other similar Councils; and
- Information about the budget situation across the Council from the Head of Finance.

5.2 **Councillors' views on the level of allowances**

- 5.2.1 Thirteen councillors were interviewed as part of the review by face-to-face interviews or by telephone conference calls. The interviews included the Leader and Deputy Leader of the Council, four other members of the Executive, the Mayor and six further members (including those not in receipt of an SRA). All Councillors interviewed accepted that much of their work was voluntary in nature and this was reflected in the written returns all councillors made to the IRP. However, many said that they were not aware of the heavy workload involved until they were elected.
- 5.2.2 All Councillors interviewed recognised that Members of the Executive took on significant responsibilities over and above those of backbenchers and that even within the Executive, the workloads of each portfolio could vary significantly. They also recognised the commitment of all Chairmen and the additional workload of the Planning Committee Chairmen in particular.
- 5.2.3 Councillors interviewed were asked about whether they felt that the allowances, particularly the basic allowance, were fair. Mindful of the current economic situation, Members agreed that, whilst they did not think it was fair compared to other district Councils, as a consequence of the large number of Members on the Council, it would be very difficult to increase Waverley's basic allowance to a fair amount unless the number of councillors on the Council were to be reduced. Most noted that despite receiving one of the lowest basic allowances of all district councils in the South East region, the budget spent on Members' Allowances was high as a consequence of having 57 Members.

5.3 **Compensation for time and responsibility**

- 5.3.1 Responses to the Panel's questionnaire showed that Councillors spent widely varying amounts of time on their councillor activities. Time commitment was identified as the biggest issue facing councillors and this was the hardest element to remunerate. It was also identified as one of the main barriers to encouraging younger and working individuals to stand as councillors.
- 5.3.2 The responses and interviews showed that the Leader and the Members of the Executive had significant responsibilities and committed a considerable number of hours each month to the Council. There was also additional significant responsibility in the work of the Chairmen of committees.
- 5.3.3 Some backbench councillors identified their ward work as more time-consuming than attending Waverley Council meetings and this became more evident the longer they had served on the Council as their local Community recognised them more in their capacity as a councillor.

5.4 **Councillor expenses**

- 5.4.1 Councillor expenses did vary significantly between Members. Of those Members interviewed they confirmed that they had to pay additional costs, such as postage and telephone calls to be able to fulfil their role. Some

councillors also incurred additional expenditure through travelling to constituents which were not covered by Waverley's definition of official duties.

5.5 Travelling and Subsistence Allowance & Dependants' Carers' Allowance

5.5.1 The 2003 Regulations provide that a scheme of allowances may also include the payment of:-

(a) a travelling and subsistence allowance to its Members and co-opted members (which may include provision for the payment of an allowance for those members who travel by bicycle or other non-motorised transport); and

(b) a dependants' carers' allowance to those councillors who incur expenditure for the care of children or other dependants

5.5.2 The majority of Councillors supported a payment of both of these allowances on the basis that knowing such costs could be claimed might be an encouragement to potential candidates. Equally, it might assist present Councillors to continue in office in spite of a change in their personal circumstances. There was concern about the rising price of fuel and it was suggested that mileage rates could be increased to reflect this, or indeed a fixed rate introduced.

5.5.3 Some councillors felt that priority should be given to the allowances for carers and those with childcare responsibilities. It was suggested that this could help encourage younger people to stand as councillors and once elected onto the Council, help them to be able to attend meetings.

6. CONCLUSIONS

6.1 Basic Allowance

6.1.1 As mentioned earlier in the report, it was clear that the current level of allowances was very low compared to neighbouring districts of comparable size. Waverley's allowance of £2,406 was the lowest in the South East Region and 100% below the average of £4,426 in the South East Region.

6.1.2 The Panel recognised that there was a perception that the level of basic allowances might deter some people from standing as a councillor, but a marginal increase such as might be affordable to the Council would not be sufficient to bring forward a new pool of potential candidates. The level of allowance would have to be such that it provided some recompense for the time commitment involved as well as defraying actual expenses incurred.

6.1.3 New members in particular may need some more guidance about looking closely at what they are entitled to claim and about what expenses they might be able to offset against tax payable on their basic allowance, as well as referring to the full contents of the scheme.

6.1.4 The Panel acknowledged that the workload undertaken by the average Waverley councillor is at least as heavy as those across all other Councils. It also felt that it would be very difficult to realistically balance differing workloads of individuals. In conclusion, the Panel was particularly concerned that Waverley was significantly out of alignment with other Councils in the South East in terms of the level of both basic and special responsibility allowances paid.

6.1.5 **The IRP RECOMMEND that**

1. **a staged process be implemented whereby basic and special responsibility allowances be increased in stages to equal the average levels paid in those authorities surveyed in the South East;**
2. **an increase be applied to basic and special responsibility allowances from April 2012 that equates to half the difference between current amounts and the average amount paid in the South East, as set out at Annexe 2, with a view to any future IRP working towards bringing allowances in line with the average in the South East; and**
3. **regardless of the decision on a significant increase in allowances envisaged in 1 and 2 above, it is important to retain the link with any annual pay award made to staff.**

6.2 **Special Responsibility Allowances (SRAs)**

6.2.1 The IRP recognised that the common theme from members was that SRAs do not always accurately reflect the different workloads of the different roles. However, based on the evidence presented to the IRP, it was considered very difficult to recommend any change to reflect differing workloads which would produce a differential level of allowances. Often the different workloads were as a result of the individuals within each role and how much time and work they were able to dedicate, and not always as a result of the role itself.

6.2.2 The Panel also acknowledged the very heavy workload carried out by the Executive and other members receiving Special Responsibility Allowances. The Panel was conscious that it would need a very significant increase in all allowances even to bring allowances into line with the average for comparable councils. As an example, the Special Responsibility Allowance for a Portfolio Holder on Waverley's Executive was the lowest in the South East, but in this case more than 300% lower than the average.

6.2.3 The Panel noted that two members had raised the issue of the Mayor receiving no SRA for chairing Council meetings. Given that the Mayor receives no other personal allowance for this position (only a corporate budget for expenses relating to civic events), the IRP felt it would not be unreasonable to recognise the role of Chairman of the Council with a SRA at a level comparable with that of the Chairman of the Standards Committee and Audit Committee.

6.2.4 Having sought comparative information from other Surrey authorities, many did not pay a SRA to their Mayor for the role as Chairman of the Council Meeting. However, in recognition of the hard work required to research, prepare for and chair Council meetings which involved all members of the Council and were often attended by the press and public, alongside the necessity to ensure that the democratic process was followed correctly at these meetings, a small SRA is supported.

6.2.5 Recommendations 1 and 2 set out at paragraph 6.1.5 deal with proposals for both the Basic and Special Responsibility Allowances and

the IRP also RECOMMENDS that

4. a Special Responsibility Allowance equal to that of the Chairmen of the Standards and Audit Committees be paid to the Mayor in recognition of their role as Chairman of Council Meetings.

6.3 Pensions

6.3.1 The IRP did not consider or make any recommendations in relation to pensions for Councillors.

6.4 Travelling and Subsistence Allowance and Broadband

6.4.1 The IRP propose that no changes be made to the existing arrangements for travelling, subsistence and broadband allowances.

6.5 Carers' and Childcare Allowances

6.5.1 The IRP had some concerns about the way in which this allowance is defined: who decides what is 'fair and reasonable' and when? They were concerned about the potential for a councillor to be embarrassed if they incur costs which are then refused when they submit their claim and questioned whether a fixed hourly rate would be more transparent to members of the public.

6.5.2 Comparative information from other Surrey authorities supported Waverley's current approach of reimbursing what are 'fair and reasonable' claims and approximately half of the authorities who responded reimbursed actual costs rather than making a payment based on an hourly rate.

6.5.3 Some work on childcare and dependants' allowances undertaken after the last IRP report was revisited and some of the original reasons for moving towards this way of administering these allowances were reviewed. These included

a. the difficulty of having childcare arrangements in place to coincide with the irregular pattern of council meetings and the ability to secure professional babysitting services often incurred fees additional to an easily recognisable hourly rate;

b. care options for elderly or disabled dependants were very difficult to quantify because of differing levels of need and expertise required and the associated costs for these; and

- c. a monthly or annual capping limit was not considered necessary particularly because of the very small number of councillors claiming these allowances, currently only two.

6.5.2 The IRP RECOMMEND that

- 5. the current non-specified rate of reimbursing fair and reasonable costs for childcare and dependants' allowances should continue.**

6.6 Co-Optees' Allowance

- 6.6.1 The IRP did not consider and do not propose to make any changes to the existing arrangements for allowances paid to co-optees or appointed Members of the Standards Committee.

6.7 Town/Parish Allowances

- 6.7.1 The IRP do not propose at present to make any recommendations in relation to allowances for Town or Parish Councillors, but are prepared to consider any submissions from Town and Parish Councils.

7. The IRP, therefore, RECOMMEND that

- 1. a staged process be implemented whereby basic and special responsibility allowances be increased in stages to equal the average levels paid in those authorities surveyed in the South East;**
- 2. an increase be applied to basic and special responsibility allowances from April 2012 that equates to half the difference between current amounts and the average amount paid in the South East, as set out at Annexe 2, with a view to any future IRP working towards bringing allowances in line with the average in the South East;**
- 3. regardless of the decision on a significant increase in allowances envisaged in 1 and 2 above, it is important to retain the link with any annual pay award made to staff;**
- 4. a Special Responsibility Allowance equal to that of the Chairmen of the Standards and Audit Committees be paid to the Mayor in recognition of their role as Chairman of Council Meetings; and**
- 5. the current non-specified rate of reimbursing fair and reasonable costs for childcare and dependants' allowances should continue.**

Signed:
Neil McClelland (Chairman)

Signed:
Ken Kent

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Robert Mattock