



WOKINGHAM
BOROUGH COUNCIL

**REPORT OF THE INDEPENDENT REMUNERATION
PANEL APPOINTED TO REVIEW THE
ALLOWANCES PAID TO COUNCILLORS OF
WOKINGHAM BOROUGH COUNCIL FOR
2016/2017**

**FOR SUBMISSION TO THE COUNCIL ON
17 NOVEMBER 2016**

Introduction

1. The Local Authorities (Members' Allowances) (England) Regulations 2003 provide for the payment of Allowances to Members of the Council in connection with their work as Councillors. Before the Council can make or amend a scheme of allowances, it should consider the recommendations made in relation to it by an Independent Remuneration Panel (IRP).
2. The Council appointed an Independent Remuneration Panel in 2003. In each of the following Municipal Years, the Panel has made recommendations on the levels of Basic and Special Responsibility Allowances for consideration by the Council. An independent review of Members' Allowances was carried out in 2015. Details of the Panel's remit are described in paragraph 4 below:

The Independent Remuneration Panel

3. The Members of the Independent Remuneration Panel are:

David Jones (Chairman) has worked for Waitrose for 34 years and has fulfilled a number of senior roles in retail, commercial, supply chain and personnel sectors. He is currently the Partnership Registrar on the board based at Waitrose's head office in Bracknell. He is an Independent Member and Deputy Chairman of the Bracknell Forest Council Standards Committee and previously was the Chairman of the Thames Valley Police Authority's Standards Committee. He is also an Independent Person for Wokingham Council.

Malcolm Saffin has been a resident of Wokingham Borough for more than 20 years. He is an Actuary and has spent most of his career in the pensions and reward functions of very large UK companies; including being Group Head of Reward and Pensions at Standard Chartered Bank, Amersham and Cable & Wireless. Malcolm set up his own consulting business in 2010. Malcolm is married to Sarah, who has lived in Wokingham for most of her life, and they have two daughters aged 12 and 8.

Barry Cochrane has been a resident of Wokingham Borough for over 20 years and has a 40+ year career in the design and implementation of information management solutions for both the public and private sector. Barry started his career within the Civil Service working with the RAF, Royal Navy and NHS. This was followed by a number of Europe Middle East Africa (EMEA) roles for companies delivering business efficiency through effective use of information. This included three startups taken through to Initial Public Offering (IPO). Barry is a member of ARMA International and promotes the adoption of robust records management policies and systems.

Nikki Measures (Vice Chair) has been a resident of Wokingham Borough for the last 13 years. She qualified as a Chartered Accountant at the National Audit Office before moving into training and human resources. She is currently a senior HR Manager. Nikki has numerous links with the community through her children's schooling and extra-curricular activities.

Brian Shearing has been a resident of Wokingham Borough for more than 34 years. Brian is a graduate in Mathematics and Statistics and holds fellowships in the Chartered Insurance Institute, the Pensions Management Institute and the Institute of Directors. For 25 years he was employed by companies within the financial services sector – life assurance companies, fund management, pensions and banking. For the last 24 years he has run his own management consultancy specialising in the

provision of services to financial institutions. He was a Governor of Waingels Copse School (now Waingels College) until 2000.

Anne Hunter, Service Manager, Democratic Services, and Arabella Yandle, Democratic Services Officer, provided guidance and administrative support to the Panel.

Background and National Context

4. The Local Government (Local Authority Members in England) Regulations, which came into force into 2003, stated that Independent Remuneration Panels established by local authorities should make recommendations in respect of the following issues:

Basic Allowance (BA) – each local authority must make provision for a basic, flat rate payable to all Members.

Special Responsibility Allowance (SRA) – each local authority may make provision for the payment of Special Responsibility Allowances to those Councillors who have significant additional responsibilities. The Panel has to recommend the responsibilities that should be remunerated and the levels of each allowance.

Childcare and Dependents' Carers' Allowance – local authorities may make provision for the payment of an allowance to those Members who incur expenditure for the care of children or dependent relatives whilst undertaking particular duties.

Travel and Subsistence Allowance – local authorities may make provision for the payment of a travelling and subsistence allowance to its Member for undertaking a list of eligible duties as defined in the current scheme.

Co-optees' Allowance – local authorities may make provision for the payment of an allowance to co-optees for attending meetings, conferences and seminars.

5. The Regulations also provide for Panels to make recommendations in respect of the following issues:

- The cessation of payments to Members who have been suspended or partially suspended from their duties, and the repayment of allowances;
- The backdating of allowances to the beginning of the financial year in which they are set, and provision to recommend annual adjustments by means of an index; and

Terms of Reference for the 2016/17 Review

6. In 2013 a new Panel was appointed. The Constitution outlined the length of service for panel members as three members for three years and two members for four years. Two of the three year terms are about to elapse.
7. The Council is going through a major process of re-structuring which may result in the need to look at allowances afresh in the Spring of 2017.

Work Programme for 2016 Review

8. The Panel met on the following occasions:

- 25 July 2016
- 7 September 2016
- 12 September 2016
- 3 October 2016

The Meeting on 3 October 2016 was primarily to finalise this report and to clarify the Panel's recommendations.

9. The Panel made reference to the following information to provide background, context and assistance in reaching its conclusions:

- Copies of the current Members' Allowances Scheme agreed by the Council in September 2015 and previous versions.
- Copies of the Local Authorities (Members' Allowances) (England) Regulations 2003;
- Benchmarking carried out by South East Employers (SEE) which, amongst other data, provides information about the number of Special Responsibility Allowances (SRAs) per Member permitted in other councils in the South East. (Appendix A)

10. The Panel has met with the Leader of the Council and Leader of the Opposition and a number of Members.

11. Some Members made suggestions which fell outside the scope of the current Members Allowances Scheme legislation and the remit of the Panel. Therefore, those suggestions have not been addressed in this report.

Basic Allowances

12. The Panel continued to use the premise that 50% of a Members' time is pro bono as the role is that of a volunteer. Whilst an allowance is appropriate, it is not a salary.

13. The Panel was of the opinion that the Basic Allowance should still comprise three parts as standard. These are:

- Compensation for out of pocket incidental expenses related to their primary role as a Member, not separately reimbursed under the Scheme;
- An allowance to recognise the responsibility and time involved in the role of a Member.
- An allowance towards the cost of IT, communication and home office.

14. The Panel acknowledged representations made to it by a number of Members that it was felt that the level of basic allowance should not be increased this year and was at about the right level. Only one Member stated that the basic allowance should be increased, and two Members felt the allowance should decrease.

15. During its review of allowances in 2015/2016 the Panel recommended that Members Allowances be raised by the same percentage increase that Officers received and

concluded that this pattern should continue in the current year. As Officer pay had been increased by 1% in the 2016/2017 financial year the Panel decided that there should be a 1% increase in the time contributed element of the Member basic allowance. The Panel noted this would represent an increase of £66 per Member taking the time contributed element of the basic allowance from £6,552 to £6,618 this would be an increase in budget of £353,808 to £357,372.

16. The Panel acknowledged representations made to it by a number of Members regarding the introduction of car parking expenses at Shute End for meetings held after 6pm. The Panel considered the impact of this at some length but concluded that car parking fees were an out of pocket expense and therefore came under the £500 allowance given to Members for such expenses. The Panel felt that there should be alignment between Members and Officers on this issue and noted that Officers were not compensated for the introduction of evening charges. It was noted that Members were able to pay for a Parking Permit through salary sacrifice scheme in the same way as Officers.
17. As a result, the Panel recommends that the Basic Allowance be increased to £7,618 per annum, backdated to 1 April 2016 and comprising the following components:
 - £500 for out of pocket expenses;
 - £6,618 for time contributed; and
 - £500 for IT, communication and home office.

Special Responsibility Allowances and Payments to Non-Executive Directors

18. The Panel acknowledged representations made to it by a number of Members regarding SRA payments and the relative amount of work that each role involved and how it was performed. It concluded that it was not in the remit of the Panel to advise on time contributed to, or performance in, the role but rather the level of SRA appropriate to each role and the time requirement of those roles.
19. The Panel was of the opinion that the area of the levels of SRAs currently attached to certain roles was a complicated one. It acknowledged that some roles may have changed and this could be an area open to review. However, the Panel did not receive sufficient evidence to support changing the level of SRA attributed to each role. The Panel would, however, be pleased to receive evidence to support a change during its review next year.
20. At Wokingham Borough Council, Members of the Executive are only entitled to receive one SRA and are therefore not allowed to receive an allowance for undertaking the role of a Non-Executive Director (NED) of a Council owned company. However, Members who are not on the Executive can receive more than one SRA and are entitled to receive payment for undertaking the role of a NED. The Panel reviewed the benchmarking data carried out by South East Employers (Appendix A) into the number of SRAs per Member permitted in other councils of similar size and noted that 65% of councils only permitted Members to receive one SRA, regardless of whether the Member was on the Executive, with another 3 councils imposing a measure of limitation on a second SRA. Wokingham Borough Council is the only council in Berkshire that currently permits more than one SRA per Member. Comments were also made during the review that some Members felt that the number of allowances should be restricted to one per member. From the evidence received, the Panel recommends that Wokingham Borough Council move to a system

of one SRA or Non-Executive Director payment per Member for both Executive and Non-Executive Members, being the one with the highest value, from the appointment of new positions in May 2017 to bring the Council in line with other local authorities.

21. During the Panel's review, a number of Members had also raised concern about transparency surrounding the payments to Non-Executive Directors and those received by Members from other organisations. The Panel were pleased to hear of the recent Motion to Council which resolved to publish on the Council's website all allowances that Members receive from the organisations to which they are appointed by the Council.

Travel and Subsistence Allowances

22. The level of Travel and Subsistence Allowance was not raised as a significant issue in the representations made to the Panel and therefore the Panel is not recommending any changes to the current levels of travel and subsistence allowance. The Panel made clear that Members should feel able to claim for expenses they were entitled to.

Childcare and Dependants Carers Allowance

23. The Panel was not minded to change its recommendation made in the 2015/2016 review that this allowance continue to be set at the National Minimum/Living wage. The National Minimum Wage refers to employees of school leaving age and the National Living Wage refers to employees aged 25+. Again, the Panel wanted Members to feel confident about claiming for expenses they were entitled to.

MEMBERS' ALLOWANCES SCHEME 2016/2017

RECOMMENDATIONS OF THE INDEPENDENT REMUNERATION PANEL

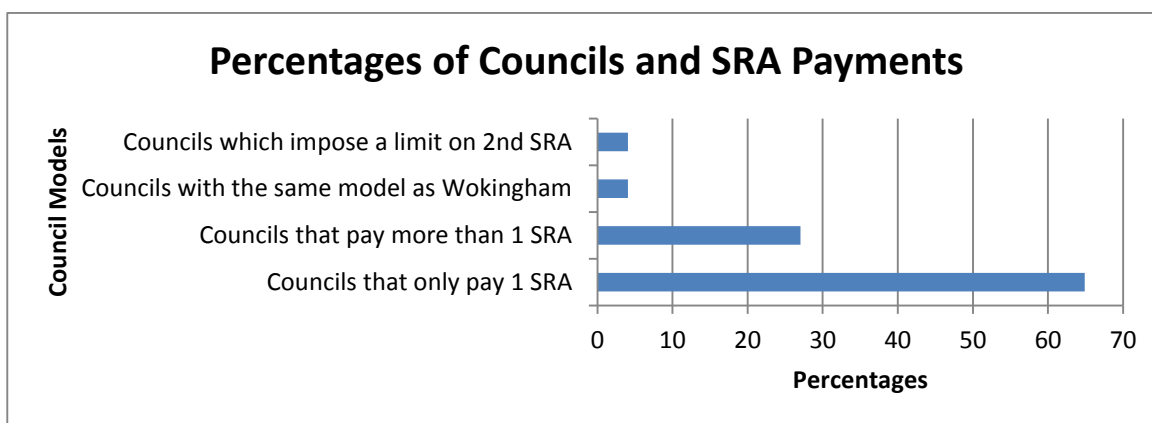
The Panel recommends to the Council that:

- (1) The time contributed component of the Basic Allowance be increased by 1% to reflect the increase in Officer pay, backdated to 1 April 2016;*
- (2) There be no change made to the multiples of the Special Responsibility Allowances paid to those roles as set out in the current Members' Allowances Scheme;*
- (3) That Special Responsibility Allowances or Non-Executive Member payments should be limited to one per Member, being the one with the highest value, to bring the Council into line with the industry standard;*
- (4) That there be no change in the rate payable for the Childcare and Dependent's Carers' Allowance as set out the current Members Allowances Scheme in that it be set at the National Minimum/Living wage, whatever that may be in the future;*
- (5) The £500 component of the Basic Allowance for the provision of IT should continue to be claimed only by those Members who provide facilities which allow constituents and Officers to communicate with them by e-mail and the self-certification process be continued;*
- (6) The £500 component of the Basic Allowance for out of pocket expenses should continue.*

Data from SEE Members Allowances Survey 2016

Total respondents – 100% representing 74 councils, including District, Unitary and County:

	Values	Percentages
Councils that pay a maximum of 1 SRA	48	65
Councils that pay more than 1 SRA	20	27
Councils with the same model as Wokingham, i.e. Ashford, Adur, Wokingham	3	4
Councils which impose a limit on 2nd SRA	3	4
Total	74	100



Unitary Authorities and County Councils (comparative structure to WBC):

	Values	Percentages
Councils that only pay 1 SRA	15	79
Councils that pay more than 1 SRA	2	11
Councils with the same model as Wokingham i.e. Wokingham	1	5
Councils which impose a limit on 2nd SRA	1	5
Total	19	100

