

WOKINGHAM BOROUGH COUNCIL

**REPORT OF THE INDEPENDENT
REMUNERATION PANEL ON MEMBERS'
ALLOWANCES LEVELS FOR 2013/14**

**For submission to the Council on
18 July 2013**

Introduction

1. In accordance with regulations laid down by the Government, the Council appointed an Independent Remuneration Panel in 2003 to review the levels of allowance paid to Members. 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. Details of the Panel's remit are described below.

The Independent Remuneration Panel

2. The Panel comprised the following members:

Robin Cops

Robin Cops has been a resident of Wokingham Borough for the last 29 year and had a 35 year career with an international chemical engineering company until he retired. He is Chairman of the Corporation at Bracknell and Wokingham College and a Magistrate on the Berkshire Bench.

Geoff Wilde

Geoff Wilde has been a resident of Wokingham Borough for the last 28 years. He worked for IBM for 33 years until his retirement in 2002. He is the Chairman of Governors at St. Crispin's School.

David Nash

David Nash has been a resident of Wokingham Borough for the last 29 years. Before forming his own company he worked for IBM for 24 years and has over 40 years experience of the IT industry. Since 1994 he has been working as an independent consultant delivering research and training projects. He has been an active member of his local residents' association for the last 20 years.

Alun Hicks

Alun has been a resident of Wokingham Borough for the last 16 years. He is a Chartered Accountant and spent a 25 year career working in industry for public and private companies, including Mars of Slough. Since 2001 he has worked as an independent finance consultant supporting small and start-up businesses. He is a Governor of Emmbrook School, where he is Chairman of the Finance Committee and is involved with various charities as a trustee or examiner.

Anita Grosz

Anita has been a resident of Wokingham Borough for the last 16 years. Prior to moving to the UK, Anita practiced as an intellectual property lawyer in New York. In the UK, Anita has been active locally in numerous volunteer and charitable capacities, including parenting work, promoting the arts in Wokingham Borough and sitting on the Standards Committee for a number of years as an Independent Member, Chairman and Vice-Chairman. Anita is currently working on a PhD in Photography.

Susan Coulter, Senior Democratic Services Officer, provided guidance and administrative support to the Panel.

Background and National Context

3. The Local Government (Local Authority Members in England) Regulations, which came into force in 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.

4. 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
 - Whether some or all Member should be eligible to join the Local Government Pension Scheme.

Terms of Reference for the 2013/14 Review

5. The last comprehensive review of the Members' Allowance Scheme was undertaken in 2012. In that report, a full survey of Members' hours and concerns allowed the allowances to be re-benchmarked.
6. In 2013, the Panel agreed that it would undertake a "light touch" approach: only reviewing the overall level of allowances and specific issues that had been brought to its attention.

Work Programme for 2013 Review

7. The Panel met on the following occasions:
 - 19 February 2013;
 - 5 March 2013;
 - 6 March 2013;
 - 13 March 2013;
 - 14 March 2013;
 - 19 March 2013;
 - 16 April 2013; and
 - 9 May 2013.

8. 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 July 2012 and previous versions.
 - Copies of the Local Authorities (Members' Allowances) (England) Regulations 2003;
 - Benchmarking information on Members' allowance levels paid by other local authorities for 2012/13;
 - Benchmarking information on IT and support provided and/or Members' Allowances paid by other local authorities for 2012/13;
 - Copies of the current Committee structure;
 - The summary of the Local Government Association (LGA) Members' Allowances Survey 2012; and
 - Minutes of the Overview and Scrutiny Management Committee 23 August 2012.

9. All Members were invited to present their views at individual meetings with the Panel. Fifteen members accepted and were interviewed, including the Leaders of the two political groups. Comments from two Members were submitted via e-mail. Opinions were also heard from the Chief Executive and Democratic Services Officers.

10. 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 and Special Responsibility Allowances

11. Four years ago, the Panel re-calculated and benchmarked the Basic Allowance and these were re-verified last year. Since then, average LGA rates on which it is based have not substantially moved and Wokingham Borough Council employees' salaries have been frozen for four years now.

12. Most representations to the Panel suggested that the Basic Allowance should be frozen at the present time due to the economic situation, although it was suggested that a rise of 1% could be considered in line with the pay offer for 2013/14 recently made to officers. The Panel felt that with average earnings

increasing by approximately 1% over the last year, an adjustment of the basic allowance was possibly justified. However, it also noted that all benchmarked Local Authorities had not increased the Basic Allowance in the last year, nor were intending to do so in the coming year. As there was generally no enthusiasm by interviewed Members to adjust the Basic Allowance, the Panel recommends that the Basic Allowance remains at the same level.

13. The Panel continues 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.
14. The Panel is of the opinion that the Basic Allowance should still comprise two parts as standard. These are:
 - An allowance to recognise the responsibility and time involved in the role of a Member. Using the assumption in point 13 and the LGA average hourly rate, leads to an amount of £6,360 per annum for the Basic Allowance;
 - Compensation for out of pocket incidental expenses related to their primary role as a Member, not separately reimbursed under the Scheme, for which the Panel considered £500 per annum is appropriate.
15. The Panel had many representations from Members for better support and facilities, or an increase in the amount included in their remuneration, to cover home office running costs, IT equipment and consumables not provided by the Council but necessary for them to perform their role. Members particularly made reference to the costs of IT equipment. The Panel had considered this matter several times before and in comparison against many other Councils, it feels that Wokingham is still lacking in the provision of an IT infrastructure and associated support for Members.
16. The Panel had previously included an amount of £250 pa, which was increased in 2009 to £500 pa, in the Basic Allowance that would contribute to IT, communications equipment, consumables, and home office running costs provided by Members themselves in order to perform their duties.
17. As a number of Members alleged that the £500 allowance does not cover their costs, the Panel requests that the Council:
 - Defines the appropriate IT environment for a Member;
 - Provides detailed estimates of the typical, annualised home office running expenses and IT equipment and consumable costs that a Member may reasonably expect to incur.

This requested information will provide the Panel with a benchmark of costs for future review and until guidance in this form is forthcoming, the Panel recommends that the allowance remains at £500. The Panel also believes that if this information was to be available, it may enable the Council to seek a concessionary arrangement with HM Revenue and Customs that would possibly allow payment of this allowance without the deduction of tax.

18. The Panel continues to recommend that Members not providing proper home office facilities, including those which allow constituents to communicate with them by e-mail, should not be allowed to claim the £500 component of the Basic Allowance. It recommends that the Council continues with a self-certification process to reinforce this.
19. As a result, the Panel recommends that the Basic Allowance remains at £7,360 per annum comprising the following components:
 - £500 for out of pocket expenses;
 - £6,360 for time contributed; and
 - £500 for IT, communication and home office.
20. In 2009, when the Basic Allowance was re-calculated, the Special Responsibility Allowance was benchmarked against comparable authorities. Further benchmarking information was received in 2012 and this was taken into consideration in the 2013/14 review.
21. After reconsidering the matter, the Panel does not see the need to adjust the balance between Basic Allowance and the Special Responsibility Allowance.
22. The Panel therefore recommends that the Special Responsibility Allowance remains at the current level of multiples of £5,000 per annum.
23. The Panel notes that currently there are a total of 28 Special Responsibility Allowances available to the 54 Members. This aligns with the Panel's view that only about 50% of the Members should be able to claim Special Responsibility Allowances.
24. The Panel was asked to look at an allowance for Members working on Task and Finish Groups and informal working groups, which have been established since the last review. Although this involves extra work, the Panel feels that this work is within the overall remit of a Member and an additional payment for responsibility is not appropriate. The Panel was advised that on a small number of occasions, Members had not been allowed to claim mileage for attending working group meetings. This was due to the fact that there was no evidence to support their attendance and there were no formal notes or minutes of these meetings and therefore meetings are not serviced by Democratic Services. Therefore, no accurate record of attendees is available. The Panel recommends that the Council establishes a mechanism for recording Members' participation in such working group meetings to enable them to claim mileage.
25. The Panel was asked to consider a Special Responsibility Allowance for the Deputy Leader of the Opposition Group. The Panel felt that no payment should be made as the role does not hold the same level of responsibility as that of the Deputy Leader of the Council, which is also an Executive role.

Deputy Executive Members (DEMs):

26. The Panel has received notification from the Leader of a proposal to appoint DEMs. The Panel understands that this proposal reflects a significant increase in

the current and projected workloads associated with the duties of the Executive Members.

The Leader asked the Panel to advise whether a Special Responsibility Allowance (SRA) could be paid to the proposed DEMs. The Panel made a request for further detail regarding the duties of these proposed Deputies. The information supplied in response detailed a number of proposed tasks that the proposed DEMs would perform in support of Executive Members.

It was clear that the duties of the DEMs as proposed would not include the taking of formal decisions or the exercise of any delegated authority. In fact, the Local Government Act 2000 prevents DEMs from having this decision making capability.

The Panel cannot recommend the payment of a SRA to DEMs under the constraints currently in force:

- The Executive cannot exceed a total of 10 members, including the Leader;
- Members who are not Executive Members cannot take formal decisions or exercise delegated authority;
- SRAs can only be paid to reflect responsibilities and not workload.

Councillor Non-Executive Directors (NEDs):

27. The Panel was informally and indirectly requested to consider Councillor NEDs. Payment to Councillor NEDs is not part of the Panel's remit and, therefore, has not been addressed in this report. The Panel would consider the validity of paying Councillor NEDs and the level of payments when the Panel receives a formal remit and is provided with detailed information.

The Panel recommends to the Council that:

- (1) There should be no change to the level of the Basic Allowance and Special Responsibility Allowance.***
- (2) There should be no changes made to the multiples of the Special Responsibility Allowances paid to those roles as set out in the current Members' Allowances Scheme.***
- (3) The £500 component of the Basic Allowance for the provision of IT, communication and home office should continue to only be claimed 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.***
- (4) The Council carry out a full review of the IT and support provided to Members.***
- (5) The Council establishes a mechanism for recording Members' attendances at Working Group meetings and advises Democratic Services accordingly, following the meetings.***

Travel and Subsistence Allowances

28. The Panel received representations about Members travelling from the furthest parts of the Borough being at a disadvantage in terms of travel expenses that could not be claimed on the approved duties list. The Panel considered the issue and decided that there should not be any specific payment in terms of distance from Shute End. It recommends that the list of approved duties remains as in the current scheme of Members' Allowances. Representations were also received that travel expenses could be paid as a monthly allowance removing the requirement for Members to track and claim mileage expenses. The Panel decided against adopting this proposal. It felt that it would decrease the auditability and tax management of travel expenses.
29. The Panel is concerned that some Members are not claiming all of their expenses and allowances because of worries about how this will be perceived by their peers and members of the public. As has been previously emphasised, this compensation is a right to which they are entitled. Where expenses have been incurred in line with the Council's operating procedure, these can be claimed without fear or prejudice.

Councillors' Parking

30. The Panel was asked to address parking expenses for visits to the Council offices on approved duties. The Panel took the view that logically a Member should be entitled to claim parking costs for journeys where he/she is entitled to claim mileage. The Panel recommends that the Council investigate whether an equitable and auditable system could be proposed to Council that allows Members to cover their parking expenses when on approved duties. The Panel noted that Shute End car parking charges are not applicable after 5:00pm.

The Panel recommends to the Council that the Council investigates whether an equitable and auditable system could be proposed to Members that allows Members to cover their parking costs when on approved duties.

Training

31. The Panel asked Members whether they had received any training in relation to allowances and expenses. Some Members stated that they had not received any training in relation to remuneration or how the Members' allowances scheme worked.

The Panel recommends to the Council that, as part of their induction, Members receive training in relation to remuneration and how the Members' allowances scheme and expenses works. Refresher training for existing Members should also be provided.

Health and Wellbeing Board

32. The Panel was updated on the work of the new Health and Wellbeing Board. The Panel agreed to review this after one year.

MEMBERS' ALLOWANCES SCHEME 2013/14

RECOMMENDATIONS OF THE INDEPENDENT REMUNERATION PANEL

The Panel recommends to the Council that:

- (1) There should be no change to the level of the Basic Allowance and Special Responsibility Allowance.*
- (2) There should be no changes made to the multiples of the Special Responsibility Allowances paid to those roles as set out in the current Members' Allowances Scheme.*
- (3) The £500 component of the Basic Allowance for the provision of IT, communication and home office 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.*
- (4) The Council carries out a full review of the IT and support provided to Councillors.*
- (5) The Council establishes a mechanism for recording Members' attendances at Working Group meetings to enable them to claim mileage and Democratic Services be advised of attendees accordingly, following the meetings.*
- (6) The Council investigates whether an equitable and auditable system could be proposed to Members that allows Members to cover their parking costs when on approved duties.*
- (7) As part of their induction, Members receive training in relation to remuneration and how the Members' allowances scheme and expenses works. Refresher training for existing Members should also be provided.*