

**TONBRIDGE & MALLING BOROUGH COUNCIL**

**GENERAL PURPOSES COMMITTEE**

**06 March 2017**

**Report of the Management Team**

**Part 1- Public**

**Matters for Recommendation to Council**

**1 MEMBERS' ALLOWANCES**

**The report sets out a recent review undertaken by the Independent Remuneration Panel on Members' Allowances. Members are reminded that the law requires that no changes to the Scheme of Members' Allowances can be made until the report of the IRP has been considered. The Council is not obliged to adopt the recommendations of the IRP but it is obliged to publish in local newspapers what the IRP recommended and what the Council determined.**

**Members of the Committee are asked to consider the independent report of the IRP and make appropriate recommendations to Full Council.**

**1.1 Introduction**

1.1.1 A report has been received from the Joint Independent Remuneration Panel (IRP) following its fundamental review of Members' Allowances. The IRP, whose panel members are independent members of the community, serves the three West Kent Authorities – Tonbridge & Malling, Tunbridge Wells and Sevenoaks.

1.1.2 Members may recall that the last major review of allowances took place during 2012/13 culminating in a decision by the Full Council on 16 April 2013. Although the core principles set out by the IRP were accepted, in recognition of the Council's difficult budgetary situation, it was agreed that the recommended allowances could not be taken and therefore a 'scaled back' alternative was agreed.

1.1.3 Since the allowances were adopted in April 2013, they have been annually indexed in line with staff pay awards. The last pay award adopted was in April 2016 when 2% was agreed covering a 2 year period. Therefore the next award is not due until April 2018.

1.1.4 A current list of approved allowances is attached at **[Annex 1]** for Members' information. It should be noted that some Members have personally chosen not

to receive increases in allowances and have instructed accordingly. For budgeting purposes, it is assumed that the approved allowance will be paid and hence at outturn there is often a small underspend against budget.

## 1.2 2016/17 Review – Summary

1.2.1 The IRP's latest Report is attached at **[Annex 2]** to this report.

1.2.2 The report makes recommendations in respect of the 'basic' allowances (applicable to all Members), as well as recommendations in respect of those appointments that attract special responsibility.

1.2.3 The IRP's report is comprehensive and sets out the 'rationale' for the recommendations made. In arriving at the recommendations, the following set of 'core principles' were adopted by the IRP:

- 1) To remove, where possible, the immediate financial barriers to becoming a councillor to assist in the diversity of the cohort of councillors, regardless of political background;
- 2) To reflect the current time commitment required to perform the role of ward councillor and the potential loss of earnings opportunities for councillors in doing so;
- 3) To recognise the increasing levels of responsibility and accountability being devolved from central government to local government and its impact on the nature of leadership and scrutiny roles within the Council;
- 4) To retain a significant element of public service, *pro bono* contribution from elected councillors;
- 5) To benchmark the comparative position of council members with those in similar roles in Kent and other South East councils; and
- 6) To recommend allowances based on objective data with a simple and logical structure that can easily be updated in future.

1.2.4 In summary, **the key recommendations of the Independent Remuneration Panel** are as follows:

- 1) The Basic Allowance payable to all Members should reduce to £5,000 per annum based on benchmarking with other district councils;
- 2) The Leader's Allowance should be based on a multiplier of 4 of the Basic Allowance, recognising the critical nature of the role and expertise needed;
- 3) A Special Responsibility Allowance (SRA) for the Deputy Leader should be introduced reflecting the workload and requirements of this role based on 75% of the Leader's Allowance;

- 4) The SRAs for Cabinet Members should be based on 42.5% of the Leader's Allowance;
  - 5) The structure of SRAs for other roles should be simplified further based on the 'multiplier' approach (full details set out in paragraph 6.8 of Annex 2);
  - 6) One SRA for the chairmanship of the regulatory planning function should be awarded, and divided by three recognising that the Council has chosen to operate three area committees (see paragraph 6.7 of Annex 2);
  - 7) The SRA for the Opposition Group Leader should be a flat sum of £1,250 per annum to recognise the collaborative way of working within the Council, plus £250 per member in the group;
  - 8) Vice-chair allowances should cease, with the exception of the regulatory planning function where a specific recommendation is made (see paragraph 6.9 of Annex 2);
  - 9) Carers' allowances should be set at a maximum rate of £7.20 per hour (linked to the National Living Wage) for general childcare and £16.00 per hour for dependent carers.
- 1.2.5 As recommended in the previous Panel report and adopted by the Council, the Panel continues to support the view that Members should not receive more than one SRA.
- 1.2.6 The Panel also recommends that the current scheme for travel expenses, based on the HMRC approved rate, should continue. In addition, meal and subsistence allowances should be paid at the rates agreed by HMRC (excluding tea allowances).
- 1.2.7 The Panel recommends that allowances should be updated in line with any annual increases in staff pay, as is the present arrangement.

### **1.3 Commentary**

- 1.3.1 The IRP fully recognise that the number of hours committed by individual councillors will vary. However in order to arrive at a Basic Allowance applicable to everyone, a workload of 15 hours per week is assumed. In accordance with guidance, some of those hours are deemed to be voluntary (otherwise known as the 'public service principle').
- 1.3.2 The Panel have thus applied a discount of 40% to reflect the public service principle. In other words, 6 of the assumed 15 hours are deemed to be voluntary.
- 1.3.3 The Panel noted the high influx of new councillors at the last election in 2015, including younger members, and concluded that the Basic Allowance is not a barrier to attracting councillors.

- 1.3.4 When benchmarked against other district councils, however, the Panel felt that the existing allowance (currently £5,283) is a little high, and therefore recommend a reduction to £5,000. As it is feasible that some existing councillors may have decided to stand for election based on a particular level of allowances (and also recognising that 40% of time is already deemed voluntary), the Panel have suggested that consideration could be given to 'protecting' the allowance (as would happen with staff in similar circumstances) at its current level until the next borough-wide election in 2019.
- 1.3.5 Whilst not part of their remit, the Panel did comment on the total number of councillors in comparison to other district councils, and suggest that the Council gives some consideration to pursuing a reduction in the number of Borough councillors as a long-term strategic objective. The Panel observes that the total cost of basic allowances is high, in comparison to other councils, as a result.
- 1.3.6 The Panel has recommended some simplification of the SRAs for chairmanships, and the cessation of SRAs for vice-chairman (other than the regulatory planning function). The recommended allowances for Chairmanships are:

<u>Committee/Board</u>	<u>Recommended Special Responsibility Allowance</u>	<u>% of Leader's allowance</u>
Planning Committee	£5,000 (giving £1,665 per area if TMBC continues to split the function into 3 areas)	25%
Overview & Scrutiny; Licensing & Appeals; Joint Standards; Audit Committees	£2,500 per Committee	12.5%
General Purposes Committee	£1,600	8%
Advisory Boards	£1,600 per Board	8%

- 1.3.7 The Panel recommends that there should be no allowances for Vice-chairs other than the Planning Committee. On the same principle as the allowance for the Chair set out in the table above, the SRA would be £1,000 but would need to be divided by three if the area committee system continues.
- 1.3.8 Members will note from the table that in comparison to existing allowances, some of the recommendations reflect a reduction. As the appointments for chairmanships are annual, it would probably not be relevant to consider 'protecting' allowances as mentioned in paragraph 1.3.4.
- 1.3.9 Members will note from the Panel's report that the high workload and responsibilities of the Leader, and the Deputy Leader, are recognised. The SRA proposed for the Deputy Leader is 'new', because at the last review TMBC did not have a formal Deputy Leader position recognised within its Constitution. As Members are aware, it is now a requirement that the Council formally appoints a

Deputy Leader annually. The recommended levels of remuneration for the Leader and Deputy Leader are £20,000 and £15,000 respectively.

- 1.3.10 In respect of allowances for the Cabinet positions, the Panel noted that under TMBC's Constitution, Cabinet Members do not have full delegated decision-making responsibilities, unlike in some other councils where higher allowances are paid. Accordingly, the allowance recommended is broadly as it is set presently – being £8,500 and representing 42.5% of the Leader's allowance.
- 1.3.11 It is worth noting that the Panel commented favourably on the Council's collaborative way of 'cross party' working, which is unlike some other councils. Accordingly this is reflected in the recommended allowance for the Opposition Group Leader whereby a fixed sum of £1,250 plus an amount per group member is proposed.
- 1.3.12 The Panel recommends the Council's current practice that only one SRA allowance is payable to a Member (Group leaders' allowances are excluded from this recommendation), and that the annual indexation is linked to staff pay.

## **1.4 Summary**

- 1.4.1 The Panel's recommendations, if adopted, would produce a saving of circa £30,000 when compared to the budget included within the 2017/18 Estimates which were considered by the Finance, Innovation & Property Advisory Board on 4 January.
- 1.4.2 If Members choose not to recommend to Full Council any or all of the Panel's recommendations, alternative proposals will need to be put forward for consideration by all Members at the Full Council meeting.

## **1.5 Legal Implications**

- 1.5.1 The Joint Independent Remuneration Panel ('the Panel') was established in November 2001 under the Local Authorities (Members' Allowances) (England) Regulations 2001. These Regulations have since been superseded by the Local Authorities (Members' Allowances) (England) Regulations 2003.
- 1.5.2 The law requires that no changes to the Scheme of Members' Allowances can be made until the report of the IRP has been considered. The Council is not obliged to adopt the recommendations of the IRP but it is obliged to publish in local newspapers what the IRP recommended and what the Council determined.
- 1.5.3 Due to the nature of the matters raised in this report, Members of the Committee will require a dispensation from the Monitoring Officer under s33 of the Localism Act 2011 in order to allow them to consider and vote upon the recommendations contained within the report of the Joint Independent Remuneration Panel.

## 1.6 Financial and Value for Money Considerations

- 1.6.1 Current budgetary provision with the 2017/18 Estimates is circa £397,000 for basic and special responsibility allowances. The allowances recommended by IRP would reduce the budget by around £30,000.

## 1.7 Risk Assessment

- 1.7.1 The Council must consider the recommendations of the Panel and publish its decision.
- 1.7.2 If Members decide to recommend allowances which total a higher amount than is presently factored into the Budget, additional budget provision may need to be made. Alternatively, if Members choose to agree a lower level of allowances, this would represent a saving within the current Estimates and MTFs.

## 1.8 Equality Impact Assessment

- 1.8.1 The decisions recommended through this paper have a remote or low relevance to the substance of the Equality Act. There is no perceived impact on end users.

## 1.9 Policy Considerations

- 1.9.1 Human Resources

## 1.10 Recommendations

- 1.10.1 Members are **REQUESTED** to consider the recommendations of the IRP and make appropriate recommendations to Full Council about:
- 1) The level of the Basic Allowance for 2017/18;
  - 2) The level of Special Responsibility Allowances for 2017/18;
  - 3) The level of Childcare and Dependent Carers Allowances;
  - 4) The level of Mileage Allowances and Subsistence Allowances;
  - 5) The annual indexation of Basic and Special Responsibility Allowances; and
  - 6) Confirmation as to whether only one SRA is payable to individual Members (excluding group leader allowances).

Background papers:

contact: Sharon Shelton

Nil

Sharon Shelton  
Director of Finance & Transformation

Julie Beilby  
Chief Executive

Adrian Stanfield  
Director of Central Services