

**Special Council – 4 June 2019**

**Review of Members' Allowances Scheme**

**Report of the Independent Remuneration Panel (IRP)**

**1. Introduction**

Council on 13 November 2018 agreed that an Independent Remuneration Panel (IRP) be established to review the current Members' Allowances Scheme. The Panel members appointed by the Council were:

Mr Ian Davis (Chair)  
Mrs Allyson Downes  
Mr Garth Murphy

The IRP met on 4 occasions and its report, including findings and recommendations, is attached at Appendix 1.

**2. Financial Implications**

The report of the IRP was prepared in April 2019 and, therefore, all figures within it relate to the 2018/19 levels of Members' allowances. For 2019/20, all Members' allowances have increased by 2% in line with the National Joint Council employee pay awards.

The Council's Members' allowances budget for 2019/20 is £358,290. If Council approves the recommendations of the Panel there would be an overall saving of £130. It should be noted that, with regard to the IRP's recommendation of a review of broadband and IT equipment for Members, the Council spent £8,040 in 2018/19 on broadband, mobile phone usage and landline rentals for councillors.

**3. Recommendation**

The recommendations of the IRP be considered.

# **INDEPENDENT REVIEW OF MEMBERS ALLOWANCES REPORT OF THE PANEL**

## **1. Introduction**

1.1 The Local Government (Members Allowances) 2003 Regulations put in place a consolidated and simplified framework for allowances that covers Principal Councils as well as Parish and Town Councils.

1.2 Part 4 of the Regulations makes provision for the establishment of an Independent Panel to make recommendations to Council concerning allowances. The Independent Panel set up by Rugby Borough Council and comprising Ian Davis (Chair), Allyson Downes and Garth Murphy is compliant with the requirements.

1.3. Previous Independent Remuneration Reviews were undertaken at Rugby in 2006 and 2011.

1.4. The Panel met on a number of occasions in late 2018/early 2019. The Panel met with Cllr Stokes as Leader of the Council as well as Cllrs Edwards and Roodhouse as Leaders of the Labour and Liberal Democrat Groups on the Council. 25 Councillors submitted written questionnaires relating to allowances. An invitation was extended by the Panel to all Members to give oral evidence and this was taken up by Cllrs Parker and Pacey-Day. The Panel also met with The Mayor. The Panel is grateful to all those who contributed and is also appreciative of the support and guidance given by Steve Garrison.

## **2. Scope**

2.1 The Panel was set up following the decision of Council on 13th November 2018 which asked it to consider:

1. The current structure of the Council's scheme
2. What allowances are paid and whether they should continue
3. The level of allowances and
4. To whom they should be paid.

2.2 Having studied the questionnaires and having regard to the meeting with Councillors referred to above the Panel determined that the areas for consideration included the following.

1. The Basic Allowance
2. Special Responsibility Allowances (SRA) - including the Mayoral Allowance
3. Other allowances - travel, broadband, Carers.

## **3. The Basic Allowance**

3.1. The Basic Allowance is an entitlement paid to all Councillors regardless of attendance or perceived performance. It is not a wage or a salary, rather it is payment in recognition of the time commitment to constituency work together with attending Council and group meetings and also includes incidental costs like the use of the home.

3.2 In considering the Basic Allowance the Panel was guided by a simple maxim - that it should not be set so high that it becomes an attraction to public service or so low that it becomes a barrier.

3.3 Government guidance state that "it is important that some elements of the work of Members continues to be voluntary". The Questionnaire asked Members for their views on what percentage of their work should be voluntary. Responses varied widely from zero to 50% (with the vast majority recognising the voluntary element). The Independent

Review of 2006 (the first under the 2003 Regulations) applied a formula to determine the Basic Allowance, Hours for the 'job' x rate for the 'job' x public service discount (the voluntary element). It set this 'public service discount' at 45% and arrived at a figure of £6,000.

3.4. At the time of the 2011 Review the Basic Allowance stood at £6,227 and whilst noting that this "compared favourably" with other similar authorities the Panel saw "no compelling arguments to change this", referring to the "growing complexity and broadening role of Ward Councillors". Since the 2011 Review the Basic Allowance has been linked to the annual NJC pay award for Local Government employees and now stands at £6,668. This figure continues to "compare favourably" with other authorities. The Panel does not have evidence of the Basic Allowance amongst Councils in the same CIPFA Family Group but it has figures for 8 District Councils in the locality which have an average Basic Allowance of £5,225 with Rugby being the highest. However, it needs to be acknowledged that Rugby's Basic Allowance was set in accordance with a transparent and agreed formula in 2006 and has been updated by less than the rate of inflation since. It could be argued that the higher allowance allows Rugby to draw Councillors from a wider demographic than is perhaps the case at some other Councils and that the greater cost is, to some extent, off-set by lower Special Responsibility Allowances at Rugby (see below).

3.5 The Panel understands that the 2006 Review established a two-tier Basic Allowance based on Members personal commitment to performance management and personal development schemes. There is some doubt as to whether such an approach accorded with legislation but, in any event, it was scrapped following the 2011 Review. The then Panel noted that a Member development culture was embedded in the organisation and scrapping the two tier system (and introducing the higher rate to all) was "on the understanding that the Council will continue its commitment to Councillor development and performance management".

3.6. Unfortunately, evidence submitted to the Panel suggests that Member training and development has rather fallen by the wayside in recent years. The reasons for this are, perhaps, understandable - many Members have full time jobs and evening and weekend training is yet another call on their time, not all of the training was of the highest quality in terms of content and presentation and employing external trainers is not cheap. However, if Members are to be paid a relatively high Basic Allowance it is important they commit to training and development which will benefit the proper management of the Council. The Panel considers it essential that a rigorous regime of Member development and training be re-introduced at the earliest opportunity. It is for the Council to determine what form this should take but web based training (as opposed to sitting in front of a trainer in a meeting) may have advantages in terms of cost and flexibility.

3.7. Subject to the Council committing to an on-going programme of Member development and training the Panel does not recommend any changes to the Basic Allowance and suggests that this continues at its current level, increased annually in line with any NJC salary increases awarded to Council employees.

#### **4. Special Responsibility Allowance (SRA).**

4.1. These are paid to Councillors who have significant additional responsibilities above and beyond those of generally accepted roles which are covered by the Basic Allowance. There are thus various and different SRAs and the report looks at each of those in turn.

4.2. **Leader's Allowance.** The Leader's Allowance at Rugby is currently £18,240. This is the highest amongst the group of similar Councils in the area for which the Panel has comparator figures. The average Leader's Allowance amongst those Councils (including Rugby) is £12,925. However, there are reasons for this.

4.3. By its own admission the Leader's Allowance was the "principle issue" addressed by the last Independent Remuneration Panel in 2011. At that time the Council had decided not to replace its Chief Executive and had divided the statutory duties of the post between two Executive Directors. The role of the Leader had been enhanced to take on some of the outward facing duties normally associated with a Chief Executive. Whilst it has since become increasingly common for local authorities to operate without a Chief Executive, Rugby was one of the first to do so and its decision attracted a lot of comment, locally and nationally. It is probably fair to say that the Panel reviewing the Leader's Allowance had some difficulty in coming to terms with the implications of the 'enhanced' role. Nevertheless, it recommended an allowance of £16,983 for one year subject to a review once the (then) new governance arrangements had bedded in.

4.4. That review confirmed an increased Leader's Allowance which, after intervening NJC Pay Awards (see Para 3.3) now stands at £18,240. Whilst, as has been said, it is increasingly common for Councils to operate without a traditional Chief Executive it remains true that Rugby's Leader continues to fulfil that enhanced role. What this entailed was set out for the benefit of the previous Panel but with the passage of the years there have been inevitable changes and the clarity has become blurred. It has been suggested to us that there is a lack of transparency around the current role of the Leader and we think that it would be good practice if the 'job description' was refreshed and reissued.

4.5. Rugby does not have a Deputy Leader. All of the other Councils in our comparator group do and all get paid an SRA. When the Leader's and Deputy Leader's SRAs in those other Councils are added together in all but two cases they are more or less equal to, or exceed, Rugby's Leader's SRA. In that context Rugby's 'cost of leadership' does not look excessive.

4.6. Instead of a designated Deputy, Rugby's Leader, in his absence, delegates responsibility to the appropriate Portfolio Holder. We received evidence that this works well for the Council. However, there is some doubt as to whether this arrangement complies with legislative requirements. The Council is currently seeking legal advice on the matter and we understand that if changes are required that they will be introduced at the start of the 2019/20 Civic Year. That is after the consideration of this report. In the circumstances we recommend that if there are no changes to the Leadership arrangements that there be no change to the Leader's Allowance. However, if a Deputy Leader is re-introduced and it is indented that she/he receive an SRA it is recommended that the Panel be invited to undertake a 'single issue' review of the allowances to be paid to the Leader and Deputy.

**4.7 Cabinet Members.** All members of Cabinet (except for the Leader) carry portfolio responsibilities which are now aligned to the organisational structure of the Council. Each Cabinet member receives an SRA of £5,573. This is marginally less than the average for our local comparator group amongst whom five of the other eight pay a higher SRA to their Cabinet Members. We have received evidence that Rugby should increase the SRA paid to Cabinet, particularly as Rugby's Cabinet is smaller than that of many other Councils. The span of responsibility of Cabinet Members is therefore greater and the overall cost lower than at many other Councils. Whilst there is validity in this argument we also have regard to Rugby's relatively high Basic Allowance. When this is added to the Cabinet SRA Rugby's Cabinet Members receive a higher gross allowance (£12,241) than any others in the group amongst whom the average gross allowance, including Rugby, is £10,692. We are therefore not recommending a change to the Cabinet SRA.

**4.8. Regulatory and Scrutiny Committees.** The SRA paid to the Chairs of Regulatory (Planning and Licensing) and Scrutiny Committee are lower than the average for the local comparator group but the difference is more than made up by the higher Basic Allowance so we are not recommending any change to these allowances.

**4.9. Chair/Vice Chair of Audit Committee.** We have not received any evidence suggesting that these be changed. Of those local Councils that have Audit Committees Rugby's SRA is marginally in excess of the average and we are not recommending any change.

**4.10 Chair of Appeals Committee.** The Chair of the Appeals Committee receives a small (£558) SRA and we have not received any submissions that it should be changed. However, a number of those who have submitted evidence to us have suggested that the Appeals Committee be scrapped on the basis that it rarely, if ever meets. In the event of it being necessary for Members to hear an appeal it has been suggested that an ad hoc group be formed as required. Making recommendations on the governance structure of the Council is outside our brief, but this does seem a sensible idea.

**4.11 Minority Group Leaders.** The Council pays an SRA of £2,788 pa to 'Leaders of Major Minority Groups'. We cannot find a definition in the 'Members Allowances Scheme' of what is meant by a "Major Minority Group". We think it important that clarification be provided. It has been suggested to us that the Leader of the Main Opposition Group has a defined role in the management of the Council and should receive an SRA, however, the Leaders of smaller groups have no such role and should not therefore receive an Allowance. This does not question the legitimacy of smaller groups but they are essentially political groupings and their Leader should not receive a taxpayer funded allowance. We find this argument compelling. However, at the present time the Council has two opposition groups of equal size and neither is defined as the 'official opposition'. As a consequence both Group Leaders receive an SRA of £2788. We think that the Council should move to recognise an Official Opposition and that the Leader of that group alone should receive an SRA of £2788. If the Council wishes to pay an SRA to the Leaders of other groups this should be £1000 and restricted to groups with five or more members.

**4.12. The Mayor.** This is not, strictly speaking, an SRA in that it is an allowance intended to reimburse the Mayor for out of pocket expenses. It is currently set at £2,788. We found assessing the adequacy of the Mayoral Allowance really difficult. There are as many different allowance packages as there are Councils with Mayors and no one package recommended itself to us as being better, or worse, than the others. Some Mayors come 'fully equipped' for the role, some will have to buy a new wardrobe of clothes. All Mayors will be expected to buy numerous raffle tickets, contribute to collections, pay for entry to events, buy drinks and meals etc etc. We were impressed by arguments that the dignity of the role could be undermined if the Mayor was forever required to submit claims for expenses. We heard that being Mayor was the ultimate honour for a citizen and whilst we accept this we don't think that a citizen should be out of pocket as a result of accepting that honour, and nor should inability to meet the costs of the role be a barrier. As a result we are recommending that the Mayoral Allowance be increased to £3,800. We also think that it would be helpful if the Council were to set out what is expected of the Mayor whilst allowing plenty of room for personal expression.

## **5. Other Allowances.**

**5.1. Travel Allowances and Attendance at Conferences.** The payments and the rules prescribing them are all in line with old practice and we are not recommending any changes.

5.2. **Broadband.** Under this heading are grouped the payments that the Council makes in respect of broadband, landlines, tablets and mobile phones. We heard evidence that these should be scrapped, particularly given the relatively high Basic Allowance that Rugby pays to all Councillors. We were also told that this could cause hardship in a few cases. Given that all Councillors will be making use of IT the figures presented to us showed a very disparate picture with some not claiming at all, some claiming for one element but not others and some claiming for the 'full package'. The total adds up to more than £8,000, a not inconsiderable sum.

5.3. As has been said, allowances are claimed for home broadband, landlines, tablets and mobile phones. The rationale for many of these allowances seem to date back to the days when to have a home computer or mobile phones was relatively unusual and certainly before the widespread use of smart phones and tablets rendered many devices redundant. On the other hand, the Council is keen to move away from the use of paper and facilitating Members use of appropriate devices might assist in achieving paper-less transactions.

5.4 We consider that the whole area is in need of a good tidying up and we recommend that the Council undertakes a comprehensive review of how, if at all, it financially supports Members use of IT with the default position being to scrap individual allowances.

5.3. **Carers Allowance.** The Council pays an allowance to Members who need to employ a carer to for dependent children or adults in order that they can attend to Council business. We know that the Council has a commitment to removing barriers in order that Councillors can be drawn from the widest possible demographic. That commitment is commendable and we fully support it. Having a dependent relative, be they a child or an adult, can be a barrier to seeking elected office, particularly if the carer is of limited means or doesn't have a local support network. The Carers Allowance was a source of considerable comment amongst those who submitted evidence to us and whilst many called for it to remain at its current levels a substantial minority felt that it should be increased.

5.4. The Council currently pays an allowance (subject to the submission of appropriate proof) to members who incur expenses to attend to an approved duty in respect of children under 14 or elderly or disabled dependents. The allowance is currently set at £7.83, the maximum of the National Minimum Wage for 2018. We were told that this was insufficient and our initial reaction was to agree and recommend a substantial increase.

5.5. However, subsequent investigations amongst other Councils and care providers has revealed that payment at National Minimum Wage levels is, in fact, the norm. Nevertheless, we feel that each case should be judged on its merits and that flexibility should be built into the payments to allow for this.

5.6. We therefore recommend that the Carers Allowance should be set each year at the maximum level of the National Minimum Wage (currently £8.21 per hour) but that with the prior written agreement of the Executive Director this can be increased as necessary if it can be demonstrated that the circumstances in a particular case will incur costs in excess of the National Minimum Wage.

5.7. **Representing the Council on Outside Bodies.** We heard from a small minority of responders that the Council should pay an allowance to those who represent it on outside bodies. However, the majority of those expressing an opinion on the subject considered that this 'went with the territory' of being a Councillor and that it is covered by the Basic Allowance received by all Councillors. We agree with this and are not recommending any payment.

## **6. Recommendations.**

- 6.1. **Basic Allowance.** Subject to the Council committing to an ongoing programme of Member development and training this should continue at its current level increased annually in line with any NJC salary increases awarded to Council staff. (NB - the recommendations relating to training and annually increases also apply to all other SRAs).
- 6.2. **Leader's Allowance.** No change be made however the 'job description' of the Leader should be reviewed and reissued. Additionally, if the role of Deputy Leader is reintroduced and it is decided to pay her/him an SRA then the Panel shall be reconvened to carry out a single issue review of the allowances paid to the Leader and Deputy Leader.
- 6.3. **Cabinet.** No change.
- 6.4. **Regulatory and Scrutiny Committee.** No change.
- 6.5. **Chair and Vice Chair of Audit Committee.** No change.
- 6.6. **Chair of Appeals Committee.** The Council should consider scrapping this as a standing Committee and replacing it with an ad-hoc Committee that meets as and when required with no payment paid to the Chair.
- 6.7. **Minority Group Leaders.** The Council should consider recognising an official opposition and the Leader of that group should continue to receive an SRA of £2,788. The Leaders of other groups, subject to them having at least five members, should receive an SRA of £1,000.
- 6.8. **Mayor's Allowance.** This should be increased to £3,800 and the Council should define what it expects of the Mayor, whilst allowing plenty of scope for personal expression.
- 6.9. **Travel Allowances and Attendance at Conferences etc.** No change.
- 6.10. **Broadband, Landlines, Tablets and Mobile Phones.** The Council should undertake a review of how it supports Members use of IT including deciding what, if any, financial support should be given.
- 6.11. **Carers Allowance.** This should be set each year at the maximum level of the National Minimum Wage (currently £8.21 per hour) but with the prior, written approval of the Executive Director this can be increased as necessary to cover the increased costs associated with a particular case.
- 6.12. **Representing the Council on Outside Bodies.** No payment be made..