



Please ask for: Democratic Services
Direct Dial: (01892) 554413
E-mail: committee@tunbridgewells.gov.uk
Date: Wednesday 9 November 2022

Dear All

FINANCE AND GOVERNANCE CABINET ADVISORY BOARD - TUESDAY 15 NOVEMBER 2022

I enclose, for consideration at the next meeting of the Finance and Governance Cabinet Advisory Board, the following item that was unavailable when the agenda was published.

Agenda No	Item
------------------	-------------

14	JIRP Review Paper (Pages 2 - 17)
----	---

To consider and provide a recommendation to Cabinet on the proposals set out in the attached report.

Kind regards,

Caroline Britt
Democratic Services

Encs

**A REVIEW OF
COUNCIL MEMBERS' ALLOWANCES
FOR
TUNBRIDGE WELLS BOROUGH COUNCIL
Autumn 2022**

**Joint Independent Remuneration Panel
for
Sevenoaks District Council
Tonbridge & Malling Borough Council
Tunbridge Wells Borough Council**

Contents

- 1. Introduction**
- 2. Summary of Recommendations**
- 3. Background**
- 4. Approach & Methodology**
- 5. Allowance Calculations**
- 6. Special Responsibility Allowances**
- 7. Conclusions**
- 8. Acknowledgements**

Appendices

- 1. Regulations and Guidance for Independent Remuneration Panels**
- 2. Terms of Reference & Panel Members**
- 3. Comparative data from Kent & Sussex Borough/District council allowances**
- 4. Revised Schedule of Recommended Members' Allowances**

1 Introduction

1.1 The Council is required under the Local Authorities (Members' Allowances) (England) Regulations 2003 and subsequent amendments to establish and maintain an Independent Remuneration Panel to review and make recommendations to the Council on the range and levels of remuneration for elected Members (see Terms of Reference Appendix 2).

1.2 Under the Regulations the Council is required to undertake a full review every four years. The last full review was reported to and considered by Council Autumn 2016. This report is the result of the latest review conducted in Summer/Autumn 2022.

1.3 The purpose of this review is to carry out the quadrennial update of local councillors' allowances required by legislation, taking into account Members' workload, responsibilities and required time commitment and then to recommend a fair level of recompense for those commitments. We are mindful always of our remit to assist in broadening the diversity of councillor representation by minimising financial barriers to participation in local government.

1.4 While affordability of the Panel's recommendations is ultimately an issue for the Council to decide, the Panel fully appreciate the sensitivity of making any increase in allowances in the current financial climate and have tried to propose a scheme which is fair, simple to administer and properly reflects the significant time commitments given by individuals in this important tier of government.

2 Summary of Recommendations

1. Basic Allowance

We propose the retention of a Basic Allowance for elected Members of £5,500 per annum. Previous JIRP reviews have based this on a formula which accounted for the required time commitment, a representative rate of hourly earnings of residents in the area but reduced by a discount factor to reflect the ethos of public service inherent in the elected representative's role. Though we have accepted this formula as the way in which the baseline was achieved in previous reviews, we have introduced more of a comparative approach in assessing the level of this and other allowances. More detail on this approach is set out in section 5.

2. Special Responsibility Allowances

In this review we have considerably simplified the structure of SRAs by using an approach which sets the level of each SRA as a percentage of the Leader's allowance of the basic allowance. We have also re-considered the allowances for Vice-Chairs.

We continue to support the 2007 guidance on Members Remuneration from the Councillors Commission which recommends that members should not receive more than one SRA. This is of particular relevance to our recommendation regarding the current 'minority group leader' allowance, with further details in section 5.

Our recommendations for Special Responsibility Allowances for each role are:

- Council Leader - £20,000 p.a.
- Opposition Group Leader - £5,500
- Cabinet Members - £8,000 p.a.
- Committee Chairs:
 - Overview & Scrutiny £2,500 p.a.
 - Licensing £2,000 p.a.
 - General Purposes £2,000 p.a.
 - Joint Transportation Board £2,000 p.a.
 - Planning £5,500 p.a.
 - Audit & Governance £2,000 p.a.
- Planning Committee Vice Chair - £1,320 p.a.
- Audit & Governance Co-optees - £800 p.a.

3. Carer Allowances

Our recommendations are that the Child Care Allowance should remain equivalent to the National Living Wage payable at the actual amount charged, subject to a maximum rate of **£9.50** per hour per child or and that the Dependant Carer's Allowance should be payable at the actual amount charged subject to maximum of **£18** per hour.

4. Travel Expenses

Mileage expenses for Members were reduced in April 2012 from the NJC rates to the HMRC maximum tax-free allowance. No change is proposed to this adjustment.

5. Number of Councillors

6. Uprating

As per the review 2016, we recommend that all allowances should be uprated in line with any annual increases in pay awards to Council staff.

8. Meal Allowances

Our discussions with members suggested that this allowance was rarely claimed, if at all. We therefore recommend that meal and subsistence allowances need no longer form part of the Council's allowances framework.

3 Background

3.1 The basis of the current level of members' allowances for Tunbridge Wells Borough Council was established by the Panel in December 2001 following guidelines issued by central government [see Appendix 1]. These allowances replaced the previous system of attendance-based payments and have been revised in subsequent years to reflect cost of living increases and changes in council structure and responsibilities.

3.2 The process is that the Panel recommends a structure of allowances, after consultation with members and officers but that the final decision is the responsibility of the Council. The Panel has followed broadly the same methodology in its reviews in 2008, 2012 and 2016, though for this latest review a somewhat simplified approach has been adopted – as set out in section 5.

3.3 The 2007 Councillors Commission paper on Members Remuneration suggested a set of basic principles to govern allowance schemes:

- The basic allowance should encourage people from a wide range of backgrounds and with a wide range of skills to serve as local councillors
- Those who participate in and contribute to the democratic process should not suffer unreasonable financial disadvantage
- Councillors should be compensated for their work and the compensation should have regard to the full range of commitment and complexity of their roles
- The system should be transparent, simple to operate and understand
- The system should not encourage the proliferation of meetings or provoke councillors into spending more time on council business than is necessary
- The level of remuneration should relate to a commonly accepted benchmark, such as the median male non-manual salary.

These principles underpin the recommendations made in this report and are reflected in our Terms of Reference [Appendix 2]

4 Approach and Methodology

4.1 Reflecting the approach taken by many other Independent Review Panels elsewhere in the country, we used a set of core principles to guide this review, as follows:

- 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.
- To reflect as far as possible the current time commitment required to perform the role of ward councillor and the potential loss of earnings opportunities for councillors in doing so.
- 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.
- To retain an appreciation for the element of public service, *pro bono* contribution from elected councillors.
- To have due regard to the challenging financial position of many local authorities.

- To benchmark the comparative position of our council members with those in similar roles in Kent councils.
- To recommend allowances based on objective data with a simple and logical structure that can easily be updated in future
- To ensure that all recommendations have transparent and accessible rationales, allowing for greater public understanding and engagement

In conducting the review at the Council, we held meetings with senior officers and a number of elected members, who met with us individually to express their views on the allowances system as it currently operates.

5. Allowance Calculations

5.1 There are some important principles and guidance documents on the calculation of allowances which are detailed in our Terms of Reference [Appendix 2].

Determining the Basic Allowance

5.2 The statutory guidance for Local Authority Allowances says that the *“basic allowance is intended to recognise the time commitment of all councillors, including such inevitable calls on their time as meeting with officers and constituents and attendance at political group meetings. It is also intended to cover incidental costs such as the use of their homes.”* [ODPM 2003. Para 10]

5.3 There are three core elements which determine the Basic Allowance: time spent on councillor duties, a standard financial hourly rate and the public service discount element.

Time Commitment

5.4 *“Having established what local councillors do, and the hours which are devoted to these tasks the local authorities will need to take a view on the number of hours for which, councillors ought to be remunerated”* [ODPM 2003. Para 67].

5.5 The number of hours committed by individual councillors to their elected and representative duties varies widely between individuals and over time. This was recognised during our member interviews. It is also recognised that, for many councillors, the role is far more than just attendance at council meetings and will include, for example, constituency duties, committee meetings, meetings with officers and training courses.

5.6 Across previous reviews, the Panel has made various determinations of this hourly rate. In 2008, it determined that the average time taken to satisfactorily perform a ward councillor role was an average of 15 hours per week.. The 2016 review estimated that time spent on Council business was in the range of 10 -15 hours, eventually settling on 12.5 hours per week.

Hourly rate

For its review in 2016, the Panel calculated an hourly rate using the Annual Survey of Hours & Earnings (ASHE) – published by the Office of National Statistics, for all three councils. This resulted in the figures below:

- Sevenoaks - £14.49
- Tonbridge and Malling - £14.08
- Tunbridge Wells - £13.10

These figures gave an arithmetic mean between all three councils of £13.89 per hour, and this figure was used for the basis of the Panel's calculation in 2016.

The Public Service/Voluntary Principle

5.11 Central government guidance to Independent Remuneration Panels for setting the basic allowance states that *“it is important that some element of the work of members continues to be voluntary – that some hours are not remunerated. This must be balanced against the need to ensure that financial loss is not suffered by elected members, and further to ensure that, despite the input required, people are encouraged to come forward as elected members and that their service to the community is retained”* [ODPM 2003. Para 68]

5.12 This idea that some work of members should remain voluntary is called the ‘public service principle’ and this is incorporated into the financial calculations as a percentage discount factor, agreed locally. The Councillors Commission report indicated that considerable variations of between 20-50% apply. Our meetings with members and Council leaders confirmed that this principle is understood and generally supported by elected councillors.

5.13 Since 2001 the Panel has recommended a public service discount factor of 40% based on benchmarking with allowance schemes elsewhere.

Benchmarking Analysis

The result of assessing time commitment, hourly rate and the public service principle over multiple reviews over nearly two decades has been the arrival at allowance levels for Tunbridge Wells which are broadly commensurate with those at other Kent borough/district authorities. There are some outliers between authorities, and for particular roles, but overall the picture is relatively uniform.

Given this, and in keeping with the principles established in section 3, the Panel is recommending allowances based on a somewhat different premise – designed to achieve a certain level of parity with equivalent roles in other authorities. The complex time/hourly/service calculations in previous reports have been useful insofar as they have delivered fairly consistent levels across the county. However, they are complicated to repeat on an annual basis, are convoluted and not particularly accessible, and also imply a regional variation on the value of councillors’ work.

Therefore, our approach has been to take the current allowance levels in Tunbridge Wells and across Kent authorities as a baseline, calculate a median figure across the county, and recommend adjustments (where there is a plus/minus variance of 10% or more) to bring certain allowances into line with this.

Basic Allowance

5.14 The current level of basic allowance on Tunbridge Wells Borough Council is £5,500 per annum. Across the county, the median is just under £5,200. Therefore, we consider the existing allowance to be at an appropriate level, and do not recommend a forced adjustment.

RECOMMENDATION: that the Basic Allowance should be retained at £5,500 per annum

5.15 To keep the uprating process as straightforward as possible we also recommend that the basic and all allowances are uprated in line with any increases in the remuneration of Council staff.

6. Special Responsibility Allowances (SRAs)

Council Leader

6.1 The Panel's previous approach in 2016 was to recommend that the Leader's allowance should be four times the Basic Allowance. This was part of a wider review to align allowances across the Council with each other, and specifically as a proportion of the Leader's allowance. This was a cleaner and more transparent system than had been adopted previously.

6.2. Our view is that given the basic allowance has grown slightly since then, and the Leader's allowance has been slightly reduced, the level of this allowance should be commensurate with similar allowances across Kent, with a median just over £20,000 per annum.

RECOMMENDATION: that the Special Responsibility Allowance for Council Leader should be set at £20,000 per annum

Deputy Leader

Opposition Group Leaders

6.4 We note that the Council's existing allowance scheme does not contain an allowance for opposition group leaders – but rather one for minority' group leaders, of £275 per annum, per member. The meaning of 'minority' group leader is not defined clearly within the scheme, and we also note that this allowance is payable in addition to another SRA.

The Panel's view is that neither element of this is satisfactory, nor transparent. Indeed, we understand that given the current three-party administration of the Council, this allowance is potentially claimable by multiple group leaders also serving on Cabinet. At the same time, there is no recognition within the scheme of the additional burden of serving as an opposition leader, directly responsible for scrutinising the administration.

In setting further parameters for this allowance, our view is that its level should be set at that of the most highly compensated chair on the Council – in the case of Tunbridge Wells, this is the chair of the Planning Committee (receiving £5,500 per annum). In addition to this, there should be two further entitlement/qualifying requirements; mainly, that neither a Leader nor any members of the Leader's group serve on Cabinet/the Executive, and that their group is comprised of at least 5 members.

RECOMMENDATION: that the existing Special Responsibility Allowance for Minority Group Leaders should be abolished, and a new Opposition Group Leader allowance established at £5,500 per annum, for leaders meeting the qualifying criteria above.

Cabinet Members

6.6 Across the county, one of the most diverse range in allowances is that for Cabinet Members, ranging from around £5,000 per annum (Canterbury) to just over £11,200 (Maidstone). The median allowance received is just under £8,000; a sum which would place Tunbridge Wells members in the sums received between Sevenoaks (£7,300) and Tonbridge & Malling (£8,800).

6.7. When considering the allowances for those authorities the Panel will also bear this calculation in mind, but for the purposes of Tunbridge Wells this will be our recommendation.

RECOMMENDATION: that the Special Responsibility Allowance for Cabinet Members should be £8,000 per annum.

Chairs of Committees

6.8 We have reviewed the Committee allowances using the same criteria and principles as set out previously. Our recommendations are that the Planning Committee allowances are retained at their current level, and that uplifts are made to the other chair allowances. Though such allowances vary across the county, and not all committees are ubiquitous across authorities, the median for the most commonly found (e.g. Licensing) is around £2,000 per annum. There is one outlier to this; the median for Overview & Scrutiny is slightly higher, at around £2,500 per annum.

Committee	Recommended Allowance
Planning	£5,500
Overview & Scrutiny	£2,500
Licensing	£2,000
General Purposes	£2,000
Joint Transportation Board	£2,000
Audit & Governance	£2,000
Planning Vice-Chair	£1,325

Co-opted Members

6.9 We are aware that it is best practice to have independent co-opted members on the Audit & Governance Committee and see no reason to change the current rate of £800 p.a.

RECOMMENDATION: that the Special Responsibility Allowance for co-opted members of the Audit & Governance Committee continue at the rate the of £800 p.a.

7 Conclusions

11.1 We have attempted in this review to propose levels of allowances which would remove financial barriers that deter potential candidates from standing for election and to properly recognise the time commitments that individual members offer in support of their local community.

11.2 We have also sought to propose a system that is easy to understand and update, consistent across authorities and which may be perceived as fair in terms of the allowance levels.

8 Acknowledgements

12.1 Our thanks go to the officers and members who gave us their time and opinions which have helped to shape our thinking.

Appendix 1

Regulations and Guidance for Independent Remuneration Panels

- *The Local Authorities (Members' Allowances) (England) Regulations 2003.* Statutory Instrument 2003 No. 1021.
- *The Local Authorities (Members' Allowances) (England) (Amendment) Regulations 2003.* Statutory Instrument 2003 No. 1692
- *The Local Authorities (Members' Allowances) (England) (Amendment) Regulations 2004.* Statutory Instrument 2004 No. 2596
- *New Council Constitutions: Consolidated Guidance on Regulation for Local Authority Allowances - 2003*
- *The Local Government Pension Scheme and Discretionary Compensation (Local Authority Members in England) Regulations 2003.* Statutory Instrument 2003 No. 1022
- *New Council Constitutions. Guidance on Consolidated Regulations for Local Authority Allowances.* Office of the Deputy Prime Minister and Inland Revenue. July 2003.
- *Members Remuneration – models, issues, incentives and barriers.* - Councillors Commission. Dept. of Communities and Local Government. December 2007
- *Representing the Future – Report of the Councillors Commission.* December 2007
- *Members' Allowances Survey 2008.* Report by the Local Government Association Research Department

Appendix 2

Joint Independent Review Panel for Sevenoaks District Council Tonbridge & Malling Borough Council Tunbridge Wells Borough Council

Terms of Reference

Introduction

The Joint Independent Remuneration Panel (JIRP) for Tonbridge and Malling Borough Council, Tunbridge Wells Borough Council and Sevenoaks District Council was originally established in 2001 and now operates under the Local Authorities (Members' Allowances) (England) Regulations 2003. The function of the panel is to make recommendations to Council in accordance with Statutory Instruments (primarily 2003 No.1021 and No.1692).

The JIRP was established jointly by the three Councils but it considers each Council individually and makes separate recommendations for each according to the particular structures and requirements of the organisation.

Members of the Panel are appointed by the Councils but are independent members of the community with relevant professional backgrounds in remuneration and benefits.

Membership – Joint Independent Remuneration Panel

The members of the panel are:

- Ben Garland, a resident of Bromley
- Bharat Khanna, a resident of Sevenoaks
- David Mercier, a resident of Tonbridge and Malling

JIRP meetings normally involved all three Panel members, though some member interviews took place individually or with only two members present.

The Local Authorities (Members' Allowances) (England) Regulations 2003 determine that none of the Panel members may be a member of the local authority in question, or of its committees, or an employee of the council, but that this does not preclude participation by parish councillors.

Panel Recommendations

The 2003 Regulations require that councils must have regard to their Independent Remuneration Panel's recommendations, which must be publicised on the authority's website and in the authority's newspaper, if it has one. The Panel must be required to make recommendations whenever the council decides to revoke or amend its members' allowances scheme. However, Panel recommendations are not binding on authorities. After considering its panel's recommendations, a council can decide for up to four years on automatic indexation of members' allowances without the need for a review by the Panel.

Principles for Allowances Schemes

There is currently little central prescription of members' allowance. However, there are some important constraints:-

- Attendance allowances are prohibited
- The basic allowance must be paid equally to all members
- Where one or more groups on a council form an administration, a special responsibility allowance must be paid to a member of the opposition. This is usually paid either to the leader of the opposition, if this post exists, or to a chair of a scrutiny committee

The report of the Councillors' Commission in December 2007 highlighted a 'universal principle' that members should not suffer financial loss as a direct result of their council activities and service. They went on to suggest a more detailed set of principles to govern allowance schemes:-

- The basic allowance should encourage people from a wide range of backgrounds and with a wide range of skills to serve as local councillors
- Those who participate in and contribute to the democratic process should not suffer unreasonable financial disadvantage
- Councillors should be compensated for their work and the compensation should have regard to the full range of commitment and complexity of their roles
- The system should be transparent, simple to operate and understand
- The system should not encourage the proliferation of meetings or provoke councillors into spending more time on council business than is necessary
- The level of remuneration should relate to commonly accepted benchmark, (for example, the median male non-manual salary)

The Panel will operate within the scope of these principles. Should any departure from these be considered necessary, the reasons for the variation will be made clear in the relevant report.

The core objective of the Panel is to present informed comprehensive recommendations that are fair and equitable.

Appendix 3

Comparative data from Kent Borough/District councils

Authority	Basic	Leader	Cabinet Member	Chair Planning Cttee	Chair Overview/ Scrutiny	Chair Licensing
Ashford	£5,035	£16,471	£8,235	£6,588	£6,588	£1,647.07
Canterbury	£5,986	£20,300	£5,000	£4,500	£4,500	£4,500
Dover	£5,000	£18,000	£6,750	£4,500	£4,500	£1,125.00
Folkestone & Hythe	£5,433	£23,905	£10,866	£6,248	£6,248	
Gravesham	£5,041	£22,687	£5,041	£5,041	£2,521	£756
Maidstone	£5,065	£20,002	£11,270	£8,000		£4,000
Sevenoaks	£5,715	£20,910	£7,319	£5,228	£2,614	£2,614
Swale	£6,786	£16,965		£6,786		£2,036
Thanet	£4,570	£18,082	£7,990	£5,204	£7,990	£3,216
Tonbridge & Malling	£5,175	£20,706	£8,802	£1,725.00	£2,589	£2,589
Tunbridge Wells	£5,500	£19,250	£11,000	£5,500	£1,375	£1,375

[Source: South East Employers Survey 2022 – preliminary results]

N.B. The Joint Independent Review Panel works on behalf of Sevenoaks District Council, Tonbridge & Malling Borough Council and Tunbridge Wells Borough Council but considers each Council individually and makes separate recommendations for each. It should be noted that members' allowances are currently under review at all three councils but the figures quoted above are those in force at time of writing this report and do not reflect any changes to be proposed by the JIRP as part of this review process.

Appendix 4

Revised Schedule of Recommended Members' Allowances

Tunbridge Wells Borough Council

	<u>2016 JIRP Recommendation</u>	<u>Current</u>	<u>2022 JIRP Recommendation</u>
<u>Basic Allowance</u>	£5,000	£5,500	£5,500
<u>Special Responsibility Allowances:-</u>			
<u>Opposition Group Leaders:</u>			
	£250 per member	£275 per member	£5,500
<u>Cabinet</u>			
Leader	£20,000	£19,250	£20,000
Deputy Leader	£15,000	N/A	N/A
Cabinet Member	£10,000	£11,000	£8,000
<u>Committee Chairs</u>			
Overview & Scrutiny	£3,000	£1,375	£2,500
Licensing	£2,000	£1,375	£2,000
General Purposes	£2,000	£1,375	£2,000
Joint Transportation Board	£2,000	£1,375	£2,000
Planning	£5,000	£5,500	£5,500
Audit & Governance	£2,000	1,375	£2,000
<u>Committee Vice Chair</u>			
Planning	£1,000	£1,320	£1,320
<u>Carers' Allowances</u>			
Childcare Allowance	£7.20 per hour	£7.20 per hour	£9.50 per hour (max)
Dependant Carer's Allow.	£16.00 per hour	£16.00 per hour	£18.00 per hour (max)
<u>Co-Opted Allowances</u>			
Audit & Governance Cttee	£800	£800	£800

N.B. All figures are per annum except where stated & are rounded to the nearest £1