

Review of councillor remuneration in the UK and Ireland

Current situation in Northern Ireland

Section 31 of the Local Government Finance Act (Northern Ireland) 2011 provides for the payment of allowances by councils to their councillors and committee members, in accordance with the regulations.

The Local Government (Payments to Councillors) Regulations (Northern Ireland) 2012 came into operation on 1 April 2012. The regulations state that a council shall make a scheme for the payment of allowances to councillors and committee members in respect of each year. The scheme must specify the amount of, or the means to calculate the amount of:

- Basic allowance
- Special responsibility allowance
- Dependents carers allowance (optional)
- Travel and subsistence allowances (optional)

Current situation in Belfast City Council

Belfast City Council currently makes provision for the following types of payments to Councillors:

- a) Members allowances
 - *Basic allowance*
 - *Special responsibility allowance*
 - *Civic Dignitaries allowance*
 - *Policing and Community Safety Partnership allowance*
- b) Expenses
 - *Travel*
 - *Subsistence*

Basic Allowance

At present, all Councillors receive a Basic Allowance of **£9,835**, the maximum level of allowance which is determined by the Department of the Environment.

Basic Allowance is intended to recognise the time commitment of all Councillors, including such inevitable calls on their time as meetings with officers and constituents. Basic Allowance is also intended to cover incidental costs incurred by Members in their official capacity, such as the use of their homes and the cost of any telephone calls, including mobile phone calls.

Special Responsibility Allowance

The Council also pays Special Responsibility Allowances to those Councillors it considers to have significant, additional responsibilities over and above the generally accepted duties of a Councillor. The maximum rate of Special Responsibility Allowance is determined by the Department of the Environment and for Belfast City Council this is currently **£82,820** per annum.

The division of the Special Responsibility Allowance is based upon the positions held by individual Members either as Chairmen and Deputy Chairmen of Committees or as Officers within the Political Parties. The allocations are consistent with the Council's system of proportionality which seeks to allocate positions in accordance with the relative strength of the Parties within the Council. No councillor should be paid more than one SRA, and no more than 50% of councillors (excluding the council chairperson and vice-chairperson) should receive SRA. ¹

The amounts of SRA paid by Belfast City Council and the associated roles are outlined below.

Party Group Leader	£5,407 max (ranging down to £2,331 minimum)
Deputy Party Group Leader	£2,331
Party Secretary	£2,331
Chairman's Allowance	£5,176
Deputy Chairman's Allowance	£2,331

Civic Dignitaries Allowance

Belfast City Council currently pays Civic Dignitary Allowance for the following roles:

	Personal Amount	Entertainment Amount
Lord Mayor	£34,800	£25,900
Deputy Lord Mayor	£6,250	£735
High Sheriff	£6,250	£735

Dependents' Carers' Allowance – rates of allowance determined by the Department of Environment

Policing and Community Safety Partnership Allowances (PCSPs)

This allowance is 75 per cent funded by the NI Policing Board. Each councillor who is a member of the PCSP is allowed to claim £60 per attendance at each meeting (up to 20 meetings per year) and can also claim for mileage directly from the PCSP.

Expenses - standard subsistence allowances for conferences and visits as appropriate, and associated motor mileage and travel expenses.

¹ DOE Guidance for Councillor's Allowances, 6.9, pg13, March 2012

Situation in other jurisdictions in Britain and Ireland

Republic of Ireland

Basic Allowance

The Department of the Environment, Heritage and Local Government determines the level of Representational Payment which equates to the basic allowance for each councillor. The Representational Payment varies according to the type of Council with the highest level of payment, €16,724 – equivalent to **£14,021**, being made to councillors in County or City Councils as of 2013.

This year, the Minister for Local Government John Gormley capped the amount that councillors could claim in respect of attendance at conferences, seminars and other meetings or events. From this year city and county councils can pay a maximum of €4,700 – equivalent **£3940** (multiplied by the number of councillors in the local authority).

Special Allowance

An allowance of up to €6,000 (**£5,030**) per annum may be paid to councillors who chair Strategic Policy Committees (SPCs) in a city/county council. The decision to pay an allowance and its amount is a matter for determination by the members of the local authority.

England

Basic Allowance

In England, local independent Remuneration Panels have the freedom to use any salary rate they feel is appropriate and, while many use the LGA rate, just as many use regional variations of the LGA rate or the straightforward GB all employees average salary.

Furthermore, it is the overwhelming practice in England for independent Remuneration Panels to apply a public service discount to the hours required to fulfil a backbench councillor role when determining the level of basic allowance. This usually varies from 25% to 50%, with 33% public discount appearing to be the norm. The public service discount is used to reflect an element of voluntary service and is a concept which is written into the statutory guidance which the independent Remuneration Panels in England must pay regard to when they consider allowances.

Examples of highest basic allowance paid² in England are:

- English County Council: Nottinghamshire - £12,906
- English Unitary Authority: Durham - £13,300
- English Metropolitan District: Birmingham - £16,267
- English Non-Metropolitan District: Bolsover - £9,902
- London Borough: Croydon - £11,239

Examples of lowest basic allowance paid in England are:

- English County Council: Northamptonshire - £7,086
- English Unitary Authority: Rutland - £3,860
- English Metropolitan District: Trafford - £6,352
- English Non-Metropolitan District: South Ribble - £1,500
- London Borough: Kingston - £7,528

Given that local independent Remuneration Panels set the Basic Allowance in each local authority in England, it is difficult to make a direct comparison with any likely Basic Allowance for Elected Members across Northern Ireland.

Special Allowance

In England Special Responsibility Allowances (SRA) are paid to those Councillors who take on additional responsibilities, such as chairing a committee. The duties or responsibilities which may attract and SRA are set out in legislation³, although those duties and responsibilities are broadly defined. Some examples would be Chairman of the Council, Chair of a Committee, Group Leader and sometimes 'lesser' positions such as Vice Chair and Lead Member for a particular topic of interest or importance.

There is no restriction in England on the amount which may be allocated to SRAs by a Council.

² Source – The Taxpayers Alliance – Research Note 116 - 29 August 2012 – Councillors' Allowances

³ The Local Authorities (Members' Allowances) (England) Regulations 2003

Wales

Under the Local Government (Wales) Measure 2011, the Independent Remuneration Panel for Wales (IRPW) was given an extended remit for prescribing levels of remuneration for all Members of Local Authorities.

Basic Allowance

In 2010/11 the IPRW had agreed to set the maximum basic allowance level at three fifths (60%) of the All Welsh Median Gross Salary level – which equated to **£13,868**.

However, evidence showed that the majority of councils chose not to implement the maxima and the IPRW has since decided to remove the link to the Median Gross Salary and issue a **prescribed amount**. The average gross salary in Wales had risen by 1.6%, which would have resulted in a significant rise in both levels of basic and senior councillor allowances if the link continued. The Panel determined that any increase in member remuneration would have been unacceptable to the wider public, as well as many councillors, at a time when the electorate's personal incomes and council services were under severe financial pressure.

The prescribed amount determined by the IPRW is now calculated as **-5%** of the previously set maxima (£13,868), which equates to a **basic allowance** of **£13,175**.

Special Allowance

The SRAs for leadership and executive roles (which the evidence collected by the Panel indicated a requirement for a full-time commitment) were based on multipliers of the median salary geared to the relative population size of councils. SRAs for committee chairs were equalised throughout Wales to reflect the Panel's conclusion that these roles were functional and did not vary according to population. However, the link has now been broken with the median salary and **prescribed amount** determined by the IPRW is now calculated as **-10% of the previously set maxima**.

The responsibilities which may attract an SRA are specified in bands and placed in groups according to council population (See below for 2013/14 salaries).

Prescribed amounts for Special Responsibility Allowance in Wales 2013/14

	Group A (over 200,000)	Group B (between 100,000 and 200,000)	Group C (up to 100,000)
Basic Salary	£13,175	£13,175	£13,175
Senior Salaries (inclusive of Basic Salary)			
Band 1			
Leader	£52,700	£47,500	£42,300
Deputy Leader	£37,100	£33,460	£29,820
Band 2			
Other Executive	£31,900	£28,780	£25,660
Band 3			
Committee Chairs	£21,910	£21,910	£21,910
Leader of largest opposition group	£21,910	£21,910	£21,910
Band 4			
Leader of other political groups	£16,920	£16,920	£16,920
Civic Salaries			
Civic Head (Mayor)	£23,715	£21,375	£19,035
Deputy Civic Head (Deputy Mayor)	£18,445	£16,625	£14,805

Remuneration is also provided for care allowance (up to £435pm) and standard travel and subsistence allowance.

Northern Ireland implications

If the original IPRW calculating mechanism (three fifths of the median gross salary) was applied in Northern Ireland, it would result in a maximum **Basic Allowance** of **£14,407**.

However, if the maximum were to be reduced by 5% as it was in Wales, this would result in a **Basic Allowance** of **£13,687**.

With regards to the **Special Responsibility Allowance** - it is possible to carry out indicative calculations based on the same multipliers of the basic allowance for a population of over 200,000 which was used by the IPRW.

Using an indicative basic allowance of £13,687, the calculations for Northern Ireland if following the Welsh model would be as follows.

Executive	£33,140	(basic allowance X 2.42)
Committee Chairs	£22,761	(basic allowance X 1.66)
Mayor	£24,637	(basic allowance X 1.8)
Deputy Mayor	£19,162	(basic allowance X 1.4)

It is important to note that any proposal for increasing SRA will have to be reviewed following the creation of new councils in 2015. In 2015, when functions are transferred from Government Departments, Councillors will have additional responsibilities such as planning development and new functions such as community planning. These transferred and new functions may necessitate Elected Members undertaking specific roles which would warrant the payment of an SRA.

The amount of SRA, both pre 2015 and following the creation of the 11 new councils, must be established at a level which reflects adequately the roles and responsibilities undertaken by key players in the Council and at the very least should be **4 times** the current maximum of £82,800 – which would be **£331,200**.

Scotland

Basic Allowance

In Scotland, the most recent Scottish Local Authorities Remuneration Committee (SLARC) report in 2010 recommended that the benchmark to assess the worth of a Councillor's time should be the median gross salary in Scotland for full time employee. It is considered that the time required to undertake the duties of a Councillor was around 75% of the average working week.

Unlike in Wales, SLARC have decided to retain the link to the median gross salary which is currently £25,221 (Dec 2010). The recommended annual salary for Councillors is therefore **£18,916**. Significantly, SLARC has not explicitly built in a public service discount to the recommended Basic Salary.

Special Allowance

With regards to the calculation of allowances for leaders, senior councillors and civic heads, SLARC recommended that the link to the median gross salary be retained. The starting point is the calculation of the leaders salary, with salaries for senior councillors being calculated using a formula based on the leaders salary.

SLARC have assigned councils into bands based on their estimated expenditure as opposed to their population size. The **Leaders' Salary** is based on multipliers of the median gross salary geared to the estimated expenditure of councils across the bands.

Leaders in Band A - £25,221 X 2.5	= £63,053
Leaders in Band B - £25,221 X 2	= £50,442
Leaders in Band C - £25,221 X 1.75	= £44,137

The **Senior Councillors' Salary** is calculated as 75% of the Leaders' salary as follows:

Band A councils - £63,053 X 0.75	= £47,290
Band B councils - £50,442 X 0.75	= £37,832
Band C councils - £44,137 X 0.75	= £33,103

The allocation from which councils may remunerate senior councillors (other than the leader) is calculated by taking the mid-point between the upper and lower salary levels, and multiplying that by the maximum permitted number of senior councillors (not including the leader whose salary is set centrally).

The **Civic Head and Deputy Civic Heads' salary** should be determined by the council up to 75% of the salary paid to the Leader.

Northern Ireland implications

In Northern Ireland, it would not be possible to run this system in the absence of a model which included a Council Leader. However, a hypothetical running of the formula would result in the following indicative figures for Belfast (which would naturally fall into Band B in the Scottish model):

Basic Salary - £24,011 X 0.75 = £18,008

Leaders Salary (Band B) - £24,011 X 2 = £48,022

Senior Councillor Salary - £48,022 X 0.75 = £36,017

Calculating the allocation amount from which councils can remunerate senior councillors (other than the leader)

Step 1: Leader's salary = £48,022

Step 2: minus 25 per cent = £36,016

Step 3: minus councillor's basic salary of £18,008 = £18,008

Step 4: divide by 2 to establish mid-point = £9,004

Step 5: plus the councillor's basic salary of £18,916 = £27,012

Step 6: multiply by permitted number of senior councillors (19) = **£513,228***

*This figure would depend on the permitted number of senior councillors by specific council. Band A (Glasgow are permitted 30 and Edinburgh 24), Band B – 19, Band C – 14 (with some exceptions), Band D – 9.