

Remuneration Panel Recommendations

Departmental Analysis and Proposed Response

(a) Basic Allowance

PANEL RECOMMENDATION

- All councillors should be paid a basic allowance of **£12,000pa**. An increase on the present £9,738 is thought to be justified because of inflation since the rate was allowed and because of increased responsibilities of new councils. We concluded that approximately 50% of the median NI full-time wage in 2012 (ONS) would be fair. (The closest amount is £12,006pa but we rounded for simplicity and administrative ease.) We also recommend that all councillors in DEAs with mean electorate larger than 3,000 (i.e. 1: 3000 and higher councillor: electorate ratio) should be paid **£1,200pa** (10%) more, because of the increased load of constituency work there.

PANEL RATIONALE

- The panel decided that responsibilities must determine reward. To determine the right balance the panel looked at three alternative methods of arriving at responsibility: (a) a conceptual framework, (b) comparing with other jurisdictions and (c) comparing with other jobs. Conceptual definition proved very difficult. The evidence provided shows that councillors working pattern varies substantially with a wide variation in the reported time spent on council duties.
- This allowance was recommended by the panel because of inflation and because of the increased responsibilities of new councils. It was concluded that approximately 50% of the median NI full-time wage in 2012 (Office for National Statistics, ONS) would be fair. The ONS report the median full-time annual earning to be £24,011. The panel also recommend that all councillors in DEAs with mean electorate larger than 3,000 should be paid £1,200 (10%) more. This was based on the rationale that the work-load for a councillor would increase if he or she has more constituents as at least half councillor work-load is managing constituent issues. It was specifically considered if councillors should get a day or per meeting fee. This was rejected as

remuneration should not be based on inputs and rather than incentivising inputs it needed to be focused if possible on outcomes, or outputs.

- At the request of the panel, Communication Research Ltd was commissioned to carry out a Ratepayers opinion survey, the findings of which were reported to the Panel for consideration. Rate payers were asked specifically about the rate of remuneration for councillors. The information obtained from this survey did not provide the panel with any further detail. Rate payers interest in and knowledge of the councillor role was limited and when pressed they found that an allowance of £10,000 pa was adequate and were keen that councillors were rewarded for the outcomes they produced, mainly to do with jobs and economic activity. Rate payers generally understood that role of the councillor to be part time.
- Market Research Northern Ireland facilitated two focus group events and a number of public events were held; again these events did not provide the panel with any further detail.
- A comprehensive list of schemes applicable in Ireland, Scotland, Wales and England were considered. There was no precedent nor were the responsibilities being fulfilled uniform across boundaries.
- The panel found that there was no consensus about which other jobs in society that the councillor job could be fairly valued equal to. Older councillors thought of a trade-union official, younger ones a retail store manager or school head teacher, while rate payers gave the example of head teacher, middle management or a civil servant.

DEPARTMENTAL RESPONSE

- Currently, to recognise the time commitment of all councillors, each council must make provision in its scheme of allowances for a basic allowance payable to all its councillors. No council may pay more than one basic allowance to each councillor. Each council determines the basic allowance up to a maximum of £9,738 set by the Department. The amount of basic allowance determined by a council must be the same for each councillor but is subject to a two-thirds reduction for any councillor who is also an MLA, a MP, a member of the House of Lords, or an MEP.

- The basic allowance that is currently paid to councillors in Scotland is £16,234 and in Wales councillors are paid £13,828.
- The recommendation allows for an extra £1,200 per year for all councillors in DEAs with a mean electorate larger than 3,000. If this were to be applied, then all councillors in Armagh, Banbridge & Craigavon, Belfast and those councillors representing the electoral areas Newry & Crotlieve in Newry, Mourne and Down would attract the extra £1,200 allowance. However, on balance the similarities across the council areas appear to outweigh the differences.

PROPOSED DEPARTMENTAL RECOMMENDATION

- The Department recommends that these two allowances are combined together with the allowance of £1,000 recommended for office support at (j) of this paper giving a total basic allowance of £14,200. The basic allowance should be the same for all councillors and is paid recognition of a councillor's representational role. The basic allowance of £14,200 provides an allowance comparable to Wales and recognises the time commitment made by councillors to deliver real outcomes to meet local priorities.

(b) Special Responsibility Allowance for Committee Chairs or Cabinet Members:

PANEL RECOMMENDATION

- Special Responsibility Allowances (SRA) should be paid as per the following categories:

Council electorate less than 120,000	<i>£5,000pa</i>
Higher but less than 200,000	<i>£7,000pa</i>
Higher than 200,000	<i>£9,000pa</i>

PANEL RATIONALE

- The Panel was provided with information that showed the level of SRA that a Mayor, Deputy Mayor, Chairman and Vice-chairman currently receive. This information was obtained from the latest council accounts that were submitted to the DOE.
- The importance, financial scale and potential impact of decisions increases as populations and budgets increase. The panel based the amounts on a day a fortnight extra, related to a reasonable executive director salary, since a committee chair or cabinet member could be supervising their subject. We also recommend that Councils with electorates up to 200,000 pay a maximum of **10** such SRAs and the council with electorate higher than 200,000 maximum **12**. The panel considered those should be sufficient to cover well all subjects/ responsibilities in the new arrangements.
- The panel recommendation was based on the assumption that an executive director gets paid for 250 working days; thus, giving the committee chair or cabinet member the same rate, means that 10% of that executive director's salary should be paid.

DEPARTMENTAL RESPONSE

- The SRA is a payment made to a councillor by way of an allowance if the council is satisfied that he/she has special responsibilities in relation to the discharge of functions including chairing a committee or subcommittee.

- The amount a council may spend on SRA is subject to a maximum rate determined by the Department and is banded by the size of the council population.

Currently, Population bands are as follows:-

A DISTRICT COUNCIL WITH A POPULATION	TOTAL AMOUNT PAYABLE IN A FINANCIAL YEAR	MAXIMUM RATE PAYABLE TO INDIVIDUAL MEMBERS
Less than 50,000	£20,705	£4,141
50,000 – 99,999 (inclusive)	£31,058	£6,211
100,000 – 199,999 (inclusive)	£62,115	£12,423
200,000 or more	£82,820	£16,564

- At present, each council may have up to a maximum of 50% of its members receiving a SRA and a member should be paid no more than one SRA. The 50% figure is calculated against the total number of seats on the council. It is currently a matter for individual councils to identify the responsibilities and the level of SRA to be awarded to councillors.
- The main advantage to this system is that it gives a council the flexibility to remunerate responsibilities which accord with its particular priorities and the population bandings distinguish between large and small councils. It also allows for councils to decide at what intervals payment of SRA should be made.

PROPOSED DEPARTMENTAL RECOMMENDATION

- The Department recommends that the following maximum limits should apply :-

A DISTRICT COUNCIL WITH A POPULATION	TOTAL AMOUNT PAYABLE IN A FINANCIAL YEAR	MAXIMUM RATE PAYABLE TO INDIVIDUAL MEMBERS
Council electorate less than 120,000	£50,000	£10,000
120,000 – 200,000	£70,000	£14,000
200,000 +	£81,000	£16,200

The 50% limit should remain and each council will be able to continue to set the level of individual SRAs for those councillors that it has decided hold posts of additional responsibility.

(c) Special Responsibility Allowance for Chair or Mayor:

PANEL RECOMMENDATION

- Special Responsibility Allowances (SRA) should be paid as follows:

Council electorate less than 120,000	£15,000pa
Higher but less than 200,000	£21,000pa
Higher than 200,000	£27,000pa

PANEL RATIONALE

- The Panel was provided with information on the level of SRA that Mayors, Deputy Mayors, Chairmen and Vice-chairmen currently receive. The information was obtained from the latest council accounts that were submitted to the DOE.
- The Panel based these amounts on approximately one day a week extra work, related to a reasonable chief executive salary, since the Chair or Mayor could be supervising the council's work. If a Chair decided to split their civic duties with another member then we recommend that they share the allowance as that Council sees fit.
- The panel rationale was similar to that for committee chairs or cabinet members, except that the chair or mayor supervises the chief executive and the whole council and not just one subject. The panel estimated that the councillor nominated as chair or mayor needs one day a week extra to do this job. Thus they need 50 days extra a year. This means that they should get 20% of the chief executive's salary since that can be assumed for 250 days a year.

DEPARTMENTAL RESPONSE

- Currently there is considerable variation in practice regarding the remuneration of the mayor/deputy mayor and chairperson/vice chairperson across councils. Some councils award an allowance whilst others reimburse receipted expenses only. Some councils pay part of their SRA allocation to their mayor/deputy mayor and

chairperson/vice- chairperson, whilst others split the allowance between the SRA and expenses headings. At present the Department recommends that, where it is feasible, councils should use their SRA allocation for the mayor/deputy mayor and chairperson/vice chairperson allowance. The Department also recommends that expenses for these offices, which should be receipted, should be met under section 32 of the Finance Act. Any SRA paid to the mayor/deputy mayor or chairperson/vice chairperson is not included in the calculation that restricts payment of the allowance to no more than half of the councillors of a council.

PROPOSED DEPARTMENTAL RECOMMENDATION

- There is limited rationale or evidence in the recommendation from the panel to move away from the current system. The Department recommends that councils continue to decide how Mayors and Chairs are remunerated. Councils can choose to pay the allowance for Mayors and Chairs from the SRA allowance or from another budget.

(d) Productivity Allowance for Chair or Mayor:

PANEL RECOMMENDATION

- Given the great interest rate-payers show in rewarding councillors for jobs or economic results produced, the panel recommended that each council ask its constituents whether its chair or mayor should be awarded a productivity allowance based on an annual report. If more than 50% voting agree, the award could be up to a maximum of **50% extra** of their special responsibility allowance.

PANEL RATIONALE

- The Panel requested that it be provided with research on Internet voting for performance based pay. The results were very limited but did show that 11 countries have used remote internet voting for binding political elections or referenda. This research also showed that there were still many issues being experienced with internet voting such as Cryptographic protocols, Digital signatures and Voter authentication.

DEPARTMENTAL RESPONSE

- This recommendation appears impractical as it is difficult to differentiate between an individual's inputs as opposed to other outside contributions (i.e. Invest NI). As Mayors/Chairs are elected annually by Councils at AGMs and tend to serve for only a year, it would be very difficult to link results to a particular term, during that term, in time to pay an enhanced SRA. The process of setting up a voting system could also be problematic and costly. There is also a question of fairness. There is a lack of clear evidence and rationale from the Panel to support this recommendation.

PROPOSED DEPARTMENTAL RECOMMENDATION

- The Department recommends that this recommendation from the panel is not implemented. The Department views the panel recommendation as being impractical for the system of Local Government in Northern Ireland. The Department recommends that the payment of SRAs remains flexible within the bands set out at (b) above and that each council cluster is able to continue to set the level of

individual SRAs for those councillors it has decided hold posts of additional responsibility.

(e) Vice-Chairs:

PANEL RECOMMENDATION

- We believe that Vice-Chairs of council or committees should only be paid extra when they are standing in for the Chair and should receive a pro-rata Special Responsibility Allowance for time actually spent in the respective role.

PANEL RATIONALE

- The Panel were provided with information on what a Mayor, Deputy Mayor, Chairman and Vice-chairman receive for Special Responsibility Allowance for each Council. This information was obtained from the latest council accounts that were submitted to the DOE. There is rationale provided in the report for his panel recommendation.

DEPARTMENTAL RESPONSE

- There is currently considerable variation in practice regarding the remuneration of Vice-Chairs across councils. Some councils award an allowance whilst others reimburse receipted expenses only. The current advice from the Department to councils is that they use their SRA allocation. The wording of this recommendation would indicate that this also applies to Deputy Mayors/Chairs. There is however no rationale or evidence for a change in practice. Section 32 of the Local Government Finance Act (Northern Ireland) 2011 would need modified if this recommendation were to be implemented.

PROPOSED DEPARTMENTAL RECOMMENDATION

- The Departmental recommends that, in the interest of best practice, there should be a consistent and transparent approach to the payment of allowances. The decision to pay allowances should be made by individual councils and paid from within the current SRA allowance.

(f) Indexing:

PANEL RECOMMENDATION

- We recommend that all these allowances be indexed to change with the median NI full-time wage as certified by ONS, so that dependence on economic well-being is established.

PANEL RATIONALE

- The panel rationale was based on its proposal that the allowances be linked to the ONS median wage.

DEPARTMENTAL RESPONSE

- Currently allowances are increased in line with the Council Officers pay increase. There appears to be no compelling case for change. For basic allowance this could mean a decrease in councillor allowances paid if the NI full-time wage reduces. The required data full time wage/CPI may not be readily available.

PROPOSED DEPARTMENTAL RECOMMENDATION

- The Department recommends that the current indexing system is retained.

(g) Remuneration in Shadow Councils in 2014:

PANEL RECOMMENDATION

- **50%** of all the 2015 allowances should be paid for the shadow period. This is because the constituency work is likely to be shared with councillors of the current 26 councils and this will therefore be less demanding as shadow councils would concentrate on transition planning work. Councillors who are members of both current and shadow councils should be paid for both roles.

PANEL RATIONALE

- The panel have made the assumption that constituency work would be much less for new councillors, while the old councils exist and shadow councils will concentrate on transition planning work.

DEPARTMENTAL RESPONSE

- The councils will exist in shadow form for 10 months and during this time allowances for the new councils should be paid in full. The shadow period will be the beginning of a major change for many of the councillors in terms of workload and tasks. By paying allowances in full it will reflect the additional workload as well as the complex and demanding environment that councillors will be required to work in. However, it appears inequitable for those who sit on the old and the new councils to be paid both allowances. Therefore, those receiving the new allowance should only received one third of the basic allowance in respect of the old council, if they remain a member of that council.
- During the shadow period the new councillors will not have a Mayor/Chair but rather a 'presiding councillor'. Monetary award for this post could be through a SRA.

PROPOSED DEPARTMENTAL RECOMMENDATION

- The Departmental recommends that the new allowance is paid in full to all councillors elected to the new councils from the date of their constitution. Councillors

who also continue to sit on the existing council should have the allowance from the old council reduced by two thirds for the ten month transitional period. The Presiding Councillor should be paid a Special Responsibility Allowance during the transitional period. Travel and Subsistence should be paid in full for new councillors during the shadow period.

(h) Travel and Subsistence Allowances for “Approved Duties”:

PANEL RECOMMENDATION

- Either full repayment of public transport costs or a mileage rate as per NICS rates should be allowed. Maximum mileage per councillor should be increased to **10,000 miles pa** because data suggest some rural councillors might otherwise be disadvantaged. Subsistence should be the same as for council executive directors. These costs are a small share of the overall costs of councillors and thus more elaborate systems are unnecessary.

PANEL RATIONALE

- Information was provided to the panel on the mileage that a councillor may be required to travel from the furthest point in each District Electoral Area to each current council address within the Cluster. In addition each council was asked to confirm how many councillors within their council area claimed mileage and what the overall cost was for the years 2011, 2012 and 2013.

DEPARTMENTAL RESPONSE

- There does not appear to be any rationale to hybridise two different Travel & Subsistence Schemes – the NICS scheme and the NJC scheme. At present, councillors are paid the same Travel & Subsistence as council officials who will also be affected by the larger council areas. The Department believes that councillors should continue to have similar travel and subsistence arrangements to officers, as it maintains equality of treatment and simplifies administrative arrangements for councils. The council scheme is the responsibility of the NJC.

PROPOSED DEPARTMENTAL RECOMMENDATION

- The Department does not accept this recommendation. Any case for change should be presented to the NJC.

(i) Caring or Dependant Carers' Allowance:

PANEL RECOMMENDATION

- The limit for the standard care allowance should be increased to **£329 per month**, subject to present checks, to remove the perceived barrier to increased participation by underrepresented groups. The specialised care allowance should also be brought in line with this, increasing to £658 per month.

PANEL RATIONALE

- The panel were provided with details of how many councillors had claimed carers allowance in 2011, 2012 and 2013 and the overall cost.
- The panel were of the view that doubling the caring allowance would provide approximately 13 hours care per week (52 hrs per month), thereby making significant contribution to the cost of care for dependents, and potentially helping to reduce barriers to participation and that future adjustments to the Carers' Allowance should follow changes in the National Minimum Wage, which was last increased on 1 October 2013 to £6.31.

DEPARTMENTAL RESPONSE

- At present the Dependant Carers Allowance does not reflect the actual costs that may be incurred by a councillor, but is intended to provide a reasonable amount towards the care of dependants. The allowance is currently set at the hourly minimum wage for age 21 or over at £6.31 per hour (max £164 per month) which equates to 26 hours per month; the rate for specialised care is double the rate for standard care. (max £328 per month). Currently, only 1.3% of all councillors claim this allowance. Assembly Members have a Child Allowance of £174 per month for pre-school children reducing to £86 for children of school age up to 14 years old.
- Increasing this allowance would send a strong positive signal about widening access to participation in local government.

PROPOSED DEPARTMENTAL RECOMMENDATION

- The Department recommends that the allowance is increased as suggested by the Remuneration Panel up to a maximum of £329 for the standard allowance and up to a maximum of £658 for the specialist allowance.

(j) Office Support Allowance:

PANEL RECOMMENDATION

- Each councillor should get either **£1,000pa** plus a mobile telephone, with all NI calls paid, or actuals, as agreed by that council.

PANEL RATIONALE

- Councils were asked how many Councillors received Office Support (e.g. laptops) for the years 2011, 2012 and 2013. The panel found this essential for reasonable working and recommend that centralised procurement for all councils be considered for economies of scale.

DEPARTMENTAL RESPONSE

- Councils currently provide various levels of office support to their councillors. There is no specific legislative provision for support services. As well as recognition of time and commitment of all councillors, the basic allowance is also intended to cover incidental costs incurred by councillors in their official capacity, such as the use of their homes and the cost of any telephones calls, including mobile phone calls. Figures from council accounts show office support ranging from NIL to £115,508 to councillors. In the NI Assembly, up to £1,000 is allowed for office consumables.

PROPOSED DEPARTMENTAL RECOMMENDATION

- The Department recommends that this allowance is included as part of the Basic Allowance, as suggested at recommendation (a).

(k) Training and Development (Attendance) Allowance:

PANEL RECOMMENDATION

- **£200 per day** for maximum three days per year to each councillor and four days to each committee chair, cabinet member, chair or mayor should be paid to encourage participation, if approved training and development is undertaken for that time. This training and development activity has to be relevant and job focused and thus should be authorised in advance by either the chair/mayor or the chief executive of the council. This is in addition to the actual cost of the training which should be covered from the council's training budget.

PANEL RATIONALE

- The panel considered that putting greater value on relevant training and development completion was essential so that tax payer value is increased over time.

DEPARTMENTAL RESPONSE

- At present, councils cover the costs of all appropriate training and individual councillors are reimbursed for incidental expenses such as meals and travel. To receive an additional £200 per day training session up to a maximum of 3 training days per year (4 days for committee chairs) would appear to be excessive and place an unnecessary burden on rate payers. Historically it has been the case that expenses for training are reimbursed but no allowance has been paid for attendance.

PROPOSED DEPARTMENTAL RECOMMENDATION

- The Department does not accept this recommendation. There is no rationale to pay this allowance, nor is there any evidence of other councils or bodies paying staff to attend training courses.

Papers provided to panel

- Circular LG15/09 was issued to the panel members for information which determines the maximum rate of the current special responsibility allowance.
- DOE's Guidance on Councillors Allowances March 2012 for information.
- Circular LG16/06 Travelling & Subsistence Allowances,
- Circular LG02/10 Travelling Allowance.
- Circular LG13/10 Subsistence Allowance.
- Circular LG23/12 Dependants carers allowance.