



Independent Remuneration Panel for Wales

Review of the Remuneration Framework for Community and Town Councils:

Consultation on Proposals

REVIEW OF THE REMUNERATION FRAMEWORK FOR COMMUNITY AND TOWN COUNCILS

Consultation on the Panel's proposals

1. Introduction

The Panel commenced the Review in January and gave a commitment to work closely with the sector to explore all the issues and concerns that were contained in the existing framework.

The current remuneration framework has developed incrementally since 2012 when the Local Government (Wales) Measure included community and town councils in the Panel's statutory remit.

The Independent Remuneration Panel has engaged and consulted over the course of six months, including meetings with One Voice Wales and representatives of The Society of Local Council Clerks. However, as an important part of the process, we also invited community and town councils to express an interest in participating. We received an excellent response which enabled us to establish 4 group sessions to discuss a range of topics. We also received a number of written responses from those who were unable to attend these sessions.

We appreciate the contributions from all participating organisations and individuals. This engagement has helped us focus on the important issues and reach conclusions.

The outcome of the consultation and proposals for the future are set out below.

2. Outcome of the initial consultation exercise

Community and town councils in Wales differ greatly in size, function and in many respects culturally. We understand the views expressed during the consultation that a "one size fits all" is not appropriate, however, it is important to recognise that all 735 have the same statutory basis. We have recognised the variation in the proposals for the future.

3. Proposals

3.1 Grouping or categorisation of Councils

In 2018 the Panel established 3 groups in recognition of differences the 735 councils.

The current Framework is based solely on financial income or expenditure (whichever is higher). The groups are:

- A. £200,000 and above
- B. £30,000 to £199,000
- C. Below £30,000

Several of the responses argued that only using finance as the factor for categorising groups was restrictive and limiting. Several alternatives were suggested including population, number of households and level of activity. Some considered that categories should be determined by a number of factors. We have considered and examined the options based on this feedback. Using a combination of factors has attractions. However, complexity and having up to date information make it impractical.

Our view is that the most equitable solution is to categorise groups based on the size of the Council electorate. This information is available from the Local Democracy and Boundary Commission for Wales and is a factor also used by the Commission for their Reviews.

We propose to establish 5 groups using the size of council electorate as set out in table 1 below.

Table 1

Group 1	Electorate in excess of 14,000
Group 2	10,000 to 13,999
Group 3	5,000 to 9,999
Group 4	1,000 to 4,999
Group 5	Under 1,000

In addition, we propose a second factor for determining in which category each council will be placed. Where income or expenditure of a council exceeds £200,000 a year it will be moved upwards to the next Group.

We propose 5 groups to “future proof” the approach. Changes might arise in the development of a council or a cohort of councils. Having 5 groups provides flexibility to account for such changes.

3.2 Levels of Remuneration

3.2(i) Payments towards costs and expenses:

Written responses and discussions concerning the current payment of £150 a year varied.

Some expressed the view that there should be no payment. Others considered it insufficient and failed to recognise the cost of being a councillor. As a Panel, we also believe that there are equality, inclusion and diversity issues; it is important that everyone feels able and empowered to participate in local democracy, the cost of doing so (or not being able to absorb the costs of participation) should not be a barrier to entry. This is in line with obligations to implementing the socio-economic duty of the Equality Act which came into force in April this year. The dominant issue raised was taxation of this modest amount and administrative inconvenience to individual members and their councils. The Panel understands the concern over this issue. However, our remit does not extend to tax matters. We are aware that this issue is also of concern to the Welsh Government and discussions have been taking place with HMRC. The Panel has been kept informed of progress. The current position on this issue is contained in paragraph 3.2(v)

3.2(ii) Payments for undertaking Senior Roles:

There were mixed views relating to payments for members who have a specific responsibility. These ranged from no payments except possibly to the Mayor or Chair to higher payments should be available to all members. Interestingly, the responses supporting the continuation of responsibility payments were not exclusively from the larger councils.

3.2(iii) Loss of Earnings Payments:

Although very few payments in respect of loss of earnings have been made for several years, there was continued support for such payments to be included. It was widely recognised they enable councillors to carry out their duties and that they may encourage more people of working age to stand as candidates. Therefore these payments will be retained in the Framework and they will continue to be set at levels at least equal to the Living Wage in Wales.

3.2(iv) Attendance Allowance:

Several responses called for attendance allowances to be resumed as it was an option in the previous Regulations that pre dated the Panel. Some suggested these should be in addition to the other payments, others as an alternative. The Panel proposes to include an option for Attendance Allowances.

3.2(v) Taxation:

All payments are liable to taxation and tax is deducted at source through the payroll. As indicated, this is a major issue of concern not just for members of community councils but also for Welsh Government and negotiations are taking place to restructure payments with the aim of obtaining agreement from HMRC for some payments to be exempt from tax. Further information on this proposal will be provided when the outcome is finalised. As noted, this issue is outside the Panel's remit.

3.2(vi) Travel and Subsistence:

We received feedback that the travel amounts payable had not increased for many years. They are based on HMRC rates for exemption from tax for travel on official business and are standard across all relevant authorities and many other public sector organisations.

3.2(viii) Financial support for cost of care:

Again, there were mixed views on this provision. Most respondents recognised the benefits to some members by allowing them greater participation in council business. It was also recognised that such support could contribute to improving greater diversity of membership in the future. However, there was some concern from the smallest councils that this support would not be

affordable if it were claimed by all members. A few respondents reported difficulties in the local administration of this support. Several who had been concerned about precept and budgeting implications when the provision was first made mandatory reported that they had not experienced any problems. . As a Panel, we recognise that caring responsibilities and the costs of care can limit or enable participation and support equality, and inclusion and enable greater representation and diversity in our local democracy. It is proposed to retain this support in its current form.

4. Summary of the Proposals

1. A basic payment for each member of the council which will be restructured to meet the potential for an agreement with HMRC for exemption from taxation
2. Payments to members undertaking a role that carries additional responsibility will continue to be part of the Framework on the basis set out in Table 2.
3. An attendance allowance for attending approved council business may be paid to members. This is additional to the payments as set in 1 and 2 above.
4. Payments for loss of earnings will be retained in the Framework.
5. Payments in respect of travel and subsistence will remain unchanged.
6. Contribution towards costs of care and personal assistance will remain unchanged.

Table 2 indicates the proposed structure for payments and allowances.

These are appropriate to each of the 5 Groups.

Table 2

The application of the Remuneration Framework by relevant Group

Group 1 (Electorate >14,000)	
Basic Payment	Mandatory for all Members
Senior Role Payment	Mandatory for 1 member; optional for up to 7
Attendance Allowance	Optional
Loss of Earnings	Mandatory
Travel and Subsistence	Optional
Costs of Care	Mandatory

Group 2 (Electorate 10,000 to 13,999)	
Basic Payment	Mandatory for all members
Senior Role Payment	Mandatory for 1 member; optional up to 5
Attendance Allowance	Optional
Loss of Earnings	Mandatory
Travel and Subsistence	Optional
Cost of Care	Mandatory
Group 3 (Electorate 5,000 to 9,999)	
Basic Payment	Mandatory for all members
Senior Role Payment	Optional up to 3 members
Attendance Allowance	Optional
Loss of Earnings	Mandatory
Travel and Subsistence	Optional
Cost of Care	Mandatory
Group 4 (Electorate 1,000 to 4,999)	
Basic Payment	Mandatory for all members
Senior Role Payment	Optional up to 3 members
Attendance Allowance	Optional
Loss of Earnings	Mandatory
Travel and Subsistence	Optional
Cost of Care	Mandatory
Group 5 (Electorate <1,000)	
Basic Payment	Optional
Senior Role Payment	Optional
Attendance Allowance	Optional
Loss of Earnings	Mandatory
Travel and Subs	Optional
Cost of Care	Mandatory

5. This consultation sets out the proposed revision to the Remuneration Framework for Community and Town Councils. The specific amounts in respect of each element will be determined in the Panel's next Annual Report. We would be grateful for any comments or observations on the proposals which should reach the Secretariat by 27 August 2021.

Independent Remuneration Panel for Wales