

# ***Report to the Independent Remuneration Panel***



**Epping Forest  
District Council**

***Date of meeting: 3 February 2011***

**Subject: Members' Allowances Scheme - Review**

**Officer contact for further information: Graham Lunnun (01992 – 564244)**

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## **Recommendation:**

**To review the Members' Allowances Scheme and make recommendations for changes to be implemented at the commencement of the 2011/12 municipal year.**

## **Report:**

### **Introduction**

1. The Local Government Act 2000 and the Local Authorities (Members' Allowances)(England) Regulations 2003, require local authorities to review their allowances schemes and to appoint independent remuneration panels to consider and make recommendations on new schemes. The Government's "Guidance on Consolidated Regulations on Local Authority Allowances" outlines the main statutory provisions and gives non-statutory guidance. A summary is given below:
  - (a) **Basic Allowance:** each local authority must make provision for a basic, flat rate allowance payable to all members; the allowance must be the same for each councillor and can be paid as a lump sum or in instalments.
  - (b) **Special Responsibility Allowances (SRAs):** each authority may make provision for the payment of special responsibility allowances for those councillors who have significant responsibilities; the Panel recommends the responsibilities and levels of allowances.
  - (c) **Co-optees' Allowance:** each authority may make provision for the payment of an allowance to co-optees for attending meetings, conferences and seminars.
  - (d) **Childcare and Dependent Carers' Allowances:** local authorities may make provision for the payment of an allowance to those councillors who incur expenditure for the care of children or dependent relatives whilst undertaking particular duties.
  - (e) **Travel and Subsistence:** each authority may determine the levels of travel and subsistence allowances and the duties to which they should apply.
  - (f) **Pensions:** each local authority may specify which councillors, if any, should be eligible for inclusion in the Local Government Pension Scheme and which allowances (basic and/or special responsibility) should be pensionable.
  - (g) **Indexation:** each local authority may determine that allowances should be increased in accordance with a specified index and can identify the index and set the number of years (not exceeding four) for which it should apply.

(h) **Backdating:** each local authority may determine that, where amendments are made to an allowances scheme, the allowances as amended may be backdated.

2. The Council's Members' Allowances Scheme was initially approved by Council in December 2002 following consideration of a report of the Independent Remuneration Panel. The Panel last reviewed the scheme in 2009/10 following which the Council amended the scheme for the year 2010/11.
3. Since 2002 the Council for budget reasons has not paid the full amounts of allowances recommended by the Panel. At its meeting in May 2008 the Council adopted the revised remuneration scheme proposed by the Panel but decided to implement payment of a Basic Allowance of £3150 per councillor (£4300 in the adopted new scheme). In addition as recommended by the Panel, members who have entered into an agreement under the Council's Connectivity Scheme receive an allowance of £500 per annum in their first year of office and £250 per annum in each subsequent year of their term of office. Special Responsibility Allowances are also currently being paid at amounts less than that set out in the scheme. The Panel in its last report encouraged the Council to review its level of implementation of Basic Allowance as the current level was considerably less than the amounts paid in similar authorities and it was considered there was a danger of undervaluing the role which might make it more difficult to attract potential candidates to stand for election in future. The Council acknowledged this view but felt unable to increase the Allowance in the economic climate
4. When last reviewing the scheme the Panel took account of a survey conducted in spring/summer 2008 on behalf of the Local Government Association and the Improvement and Development Agency. A total of 324 (83.9%) of 386 authorities responded. The survey collected information on basic allowance, special responsibility allowances and other allowances paid to members.
5. Set out below are details of the amounts included in the Council's adopted scheme as recommended by the Panel, the actual levels of implementation and the amounts paid by similar authorities.

| Allowance                                       | EFDC Adopted Scheme<br>£          | EFDC Implementation Levels<br>£ | Average Payments of other shire districts/boroughs in same region<br>£ | Notes         |
|---|-----------------------------------|---------------------------------|--|---------------|
| Basic   | 4,300                             | 3150                            | 4,505  |               |
| Supplementary Basic                             | 500 first year<br>250 other years | 500<br>250                      | -  |               |
| Leader  | 10,750                            | 7,875                           | 11,547   | Basic x 2.5   |
| Cabinet Members (9)                             | 6,450                             | 6,300                           | 7,388  | Basic x 1.5   |
| Overview and Scrutiny Committee Chairman        | 4,300                             | 3,150                           | 4,500  | Same as Basic |
| District Development Control Committee Chairman | 3,225                             | 2,362                           | 4,445  | Basic x 0.75  |

|  |                      |                      |       |                     |
|--|----------------------|----------------------|-------|---------------------|
|  |                      |                      |       |                     |
| Area Plans Sub-Committees Chairmen   | 3,225                | 2,362                | 3,097 | Basic x 0.75        |
| Housing Appeals and Review Panel, Complaints Panel, and Staff Appeals Panel Chairmen | 110 per meeting held | 110 per meeting held | N/A   |                     |
| Audit and Governance Committee Chairman  | 2,150                | 2,150                | N/A   |                     |
| Overview and Scrutiny Standing Panels Chairmen                                       | 2,150                | 2,150                | N/A   |                     |
| Standards Committee Chairman   | 1,000                | 1,000                | 1,726 | Independent Member  |
| Co-opted members other than Chairman of Standards Committee                          | 500                  | 500                  | N/A   | Independent Members |

6. Whilst the Council's budget is not a consideration for the Panel it is suggested, having regard to the figures above and the need for the Council to make savings, that there is little merit in proposing changes to the amounts of the allowances paid at the present time.
7. However, if the Panel wish to review allowances account should be taken of the Government's advice to Panels is that they should consider the following variables:
  - (a) what is the time requirement to fulfil the role of an ordinary councillor?
  - (b) how much of that time should be seen as public service and not remunerated?
  - (c) what is the remunerated time of a councillor worth?
8. A national census of local authority councillors was carried out in 2008 by the Local Government Association and the Improvement and Development Agency. Replies were received from 385 (99.7%) of the 386 local authorities in England and from 8,895 (45.3%) councillors in office. This research showed that councillors spent, on average, 22 hours per week on council/political business, with the largest proportion (21.4%) spending between 16 and 20 hours and 7.8% spending more than 40 hours. There were variations between types of authority, with the average number of hours per week spent on council and political business in shire districts amounting to 19 hours. Councillors were asked to estimate the amount of time in a week that they spent on attending meetings, engaging with constituents and on other council business, such as training events. Fewer councillors were able to provide accurate information resulting in a discrepancy with the total average hours spent per week. It emerged that the greatest average time was spent on attending council meetings or committees (10 hours). Slightly less time on average (8 hours) was spent engaging with constituents, conducting surgeries and answering enquiries and other activities (external meetings, training events and seminars) accounted for 6 weeks of the week.

9. It is generally considered that the time spent on council and political business should be 'discounted' by between 25-50% in recognition of the public service element. Anything beyond 50% and councillors are giving most of their time as public service, i.e. unremunerated, while anything less than 25% gives the impression that councillors are reluctant to recognise the public service element. District councils tend to discount closer to the higher end of the spectrum, 40-50%. To then arrive at an hourly rate, some panels look to the Local Government Association's guide that suggests that a councillor's time is worth at least the equivalent of the average male non-manual daily salary but there are local variations.
10. **If the Panel consider there should be a change to Basic Allowance and that there should be an increase, options include:**
- (a) **an increase to the average for similar authorities in the East of England (as per the survey results) ie £4,500;**
  - (b) **an increase reflecting the current minimum adult wage of £5.93 per hour – applying this figure to a 15 hour week results in an allowance of approximately £4,625;**
  - (c) **a % increase (related to staff APT&C increase – there has been no increase in staff salaries recently - or some other figure); the Panel could look at regional salaries as a benchmark; further work would be necessary on this option to arrive at a figure.**
11. **If the Panel consider there should be a change to Special Responsibility Allowances and that there should be increases, options include:**
- (a) **an increase to the average for shire districts in the East of England (as per the survey results);**
  - (b) **a multiplier of the basic allowance;**
  - (c) **a simple percentage increase.**

#### **Supplement to Basic Allowance – Attendance at Meetings/Training Sessions**

12. The Council requested the Panel as part of this review to consider inclusion in the Remuneration Scheme of a supplement to the Basic Allowance to be paid to members attending a specified number of meetings/training sessions. This followed the decision not to introduce voluntary clawback where a member is considered to have failed to fulfil their role.
13. The Panel has previously advised that there may be difficulties in drawing up a workable scheme and that account will need to be taken of members' other commitments, e.g. duties as a member of another local authority.
14. The Council has yet to agree a member training programme for 2011/12. The Constitution and Members' Services Scrutiny Panel will be considering the matter in March 2011. It is possible that there will be an element of "e" learning which could be undertaken in members' homes at a time to suit them.
15. Officers have been unable to find any other authority which makes provision for a supplement for attending meetings/training sessions. Some authorities have tackled poor attendance at training sessions by introducing personal development plans for individual members which are monitored by Group Leaders or a Member Panel. Officers will continue to research this issue and will report further at the meeting.

### **Deputy Portfolio Holders**

16. The Council on 2 November 2010 when approving the creation of Deputy Portfolio Holders resolved that the application of SRAs for those positions should be deferred until 2011/12 to allow time for these new positions to be assessed in their initial period of operation.
17. Although the Council made its decision on 2 November 2010, councillors were only appointed to the positions on 14 December 2010. There has been little time therefore to assess the roles being undertaken. The model Job Description agreed by the Council for these positions is attached as Appendix 1.

### **Licensing Sub-Committee Chairmen**

18. As part of the last review, the Panel resolved that having regard to the increased number of meetings of Licensing Sub-Committees and the nature of business undertaken at those meetings, the Council be asked to give further consideration to the way in which the Chairmen of the Sub-Committees are elected to enable consideration to be given to the payment of a special responsibility allowance.
19. In response the Council decided to appoint a Panel of six Licensing Sub-Committee chairmen from among members of the Licensing Committee to preside over Sub-Committee meetings by rota.
20. Since the appointment of six members at the Annual Council meeting in May 2010 there have been eight meetings of Licensing Sub-Committees and four of the six members have each presided over one meeting. One member has presided over three meetings one of which was when the appointed Chairman (the sixth member) could not attend at short notice. One member has presided over two meetings.
21. Members of the Panel have attended meetings of Sub-Committees during recent months to witness the role of Chairman at those meetings. One member of the Panel also attended a training session for members and officers on licensing law etc.
- ... 22. Officers have met Councillor Richard Morgan, who is an experienced Magistrate to discuss the former role of JPs and the current role of Councillors in relation to licensing issues. A note of the discussion is attached as Appendix 2.
23. Some members of the Licensing Sub-Committees have expressed the view that the role of Chairman is similar to the role of an Area Plans Sub-Committee Chairman.
24. The average payment to the Chairmen of Licensing Committees in the same region is £3,820. Amounts paid by other similar Essex authorities vary between £1,579 at Harlow and £8,226 at Basildon. Some have sub-committees which are not reflected in the survey. In some authorities the Chairman of the Licensing Committee is also the Chairman of the Sub-Committee.
25. The Panel may wish to meet some of the Chairmen of the Licensing Sub-Committees before making any recommendation on a special responsibility allowance.

### **Member Role Accountability Statements**

26. As requested by the Panel last year, the Council's Constitution and Members' Services Scrutiny Panel at a meeting on 9 November 2010 considered revised draft Member Role Accountability Statements for the various member roles undertaken at the Council.

27. The Constitution and Members' Services Scrutiny Panel agreed that Statements based on models produced by the Improvement and Development Agency (IDeA) should be adopted. Officers have been asked to revise the Statements which were submitted to the meeting on 9 November 2010 and to submit revised copies to a future meeting of the Scrutiny Panel. Once the Statements have been adopted by the Council they will be referred to the Remuneration Panel to assist in making recommendations in relation to future allowances.

### **Co-optee Allowances**

28. The Council on 20 April 2010 adopted a recommendation of the Panel that the allowance paid to the Chairman of the Standards Committee and other independent members on that Committee who chair sub-committees should be reviewed in order to recognise the new local assessment regime and the increased workload arising therefrom.
29. Shortly after the General Election, the coalition Government announced that it would abolish Standards for England (the national body). At that time it was assumed the announcement related to the central body only. However, it is now apparent that the proposal is to abolish the whole standards regime applicable to councillors in England including the Members' Code of Conduct, standards committees in their current guise, Standards for England and the First-tier Tribunal (Local Government Standards for England).
30. The timescale is currently uncertain as the proposal requires legislation which is included in the Localism Bill currently before Parliament. If and when the proposals are enacted, the determination of all outstanding cases at whatever level at that time will be the responsibility of standards committees. Once those cases have been determined the current standards regime will cease. The Council will be able if it wishes to continue with a Standards Committee but its role will be significantly different and there will be no requirement to include any independent members on the Committee.
- 31. Pending clarification of the timescale for the abolition of the current complaints regime and the future role, if any, agreed by the Council for a standards committee it is suggested that no work is undertaken on a review of allowances to the independent members on the Standards Committee.**

### **Travelling Allowance**

32. The Council has chosen to apply the same rates as those paid to officers, in common with other authorities. These are reviewed nationally on an annual basis. At present the rates are 46.9p per mile for use of a vehicle not exceeding 999cc; 52.2p per mile for use of a vehicle not exceeding 1199cc; and 65.0p per mile for use of a vehicle exceeding 1199cc. The Council also has provision for a bicycle allowance of 65.0p per mile. The 2008 survey showed that 92.6% of authorities offered travel allowance and 54.1% offered a bicycle allowance. Thirty five of the 37 shire districts/boroughs in the same region as this Council pay travel allowance and 25 pay bicycle allowance. Some authorities keep to a rate of 40p per mile – as this is the level above which members are liable to tax. The Council's scheme also provides for the payment of some extra pence per mile for carrying passengers.
33. Travelling allowance is payable in respect of 'approved' duties which are defined in the scheme.
34. The current scheme provides that in relation to travel to meetings outside of the District or by members resident outside the district, claims irrespective of the mode of travel shall not exceed the lower of:

- (a) first class rail return fare plus underground and other fares from station to destination; or
- (b) the appropriate car mileage.

35. Following a request for information under the Freedom of Information Act, a local resident has suggested that reference to first class rail travel is inappropriate in the current economic climate. He stated that Council Tax payers should be confident that they do not have to fund unnecessary costs or extravagance at the present time.
36. **The Panel is invited to review the appropriateness of reference to first class rail fares. It is suggested that there is no reason at present to review other aspects of travelling allowances.**

### **Subsistence Allowance**

37. Thirty-five of the shire districts/boroughs in the same region as this Council offer subsistence.
38. The Council's current rates mirror the rates paid to officers which are currently – not exceeding £6.72 for breakfast; not exceeding £9.28 for lunch; not exceeding £3.67 for tea; not exceeding £11.49 for evening meal. These officer rates have previously been reviewed annually and changes are reflected in the Council's scheme.
39. However, there is currently a review being undertaken of the policies covering the reimbursement of work related expenses to staff. A copy of the proposals relating to subsistence payments is attached as Appendix 3. It will be noted that the proposals include restricting subsistence payments as follows:
- Breakfast – up to £3.00;  
Lunch – up to £5.00 (less the average meal cost of £3.50);  
Evening Meal – up to £11.77 (less the average meal cost of £3.50)
40. **The Panel may wish to consider whether subsistence payments to councillors should continue to mirror the officers' scheme.**

### **Carers' and Childcare Allowances**

41. The scheme also provides a childcare/dependent carers' allowances payable at a rate of £8.39 per hour with a maximum of four hours imposed on any one claim. Allowances are not payable in respect of carers who are members of the councillor's immediate and close family, i.e. parents, children, spouses, co-habitees or members of the same household as the councillor.
42. The survey of all councils showed that 89.5% of authorities offer carers' allowance at an average hourly rate of £7.83 and that 73.2% offer a childcare allowance at an average hourly rate of £7.03:
- (a) the average for dependent carers' allowance for the shire district /borough authorities in the same region as Epping Forest District Council is £9.82 per hour (31 of the 37 authorities making provision).
- (b) the average for childcare allowance for the shire district /borough authorities in the same region as Epping Forest District Council is £8.13 per hour (25 of the 37 authorities making provision).
43. **To date no member of Epping Forest District Council has received this allowance and it is suggested there is no need to review the amount provided in the Scheme.**

## **Pensions**

44. The current scheme also enables members to join the Local Government Pension Scheme (as do 11 other shire district/borough councils in the same region as Epping Forest District in the survey) and this is currently taken up by very few members. The Council agreed to this following a previous recommendation of the Panel. This is not a decision that the Panel is able to review.

## **State Benefits**

45. The Panel has been advised to consider and report on the effect of member allowances on state benefits. L
46. The Local Government Information Unit publish a booklet entitled "Councillors' Tax and Benefits". Extracts from the 2009 edition are attached as Appendix 4. A copy of the complete publication is available to Councillors in the Members' Room.
47. **It is suggested that the Panel draw Members' attention to the availability of this booklet.**