

Report to the Council

Committee: Independent Remuneration Panel

Date: 19 February 2013

Members of the Panel: D Jackman, Ms R Kelly and S Lye

MEMBERS' ALLOWANCES SCHEME REVIEW

Recommendations:

Basic Allowance

- (1) That no change be made to the amount of Basic Allowance of £4300 per member per annum;

Implementation

- (2) That in formulating the budget for 2014/15 the Council considers increasing the level of implementation of the Basic Allowance currently set at £3150 per member per annum;

Special Responsibility Allowances – Chairman of the Standards Committee

- (3) That except for the Chairman of the Standards Committee, no change be made to the Special Responsibility Allowances;
- (4) That the Chairman of the Standards Committee be paid a Special Responsibility Allowance of £500 for the year 2013/14;
- (5) That the Panel gives further consideration to this Allowance as part of its next review of the Allowances Scheme;

Independent Persons

- (6) That, although not part of the Members' Allowances Scheme, the Independent Persons appointed by the Council as part of its standards arrangements be paid an allowance of £250 per member per annum;

Independent Remuneration Panel

- (7) That the Assistant to the Chief Executive review the payments made to members of the Independent Remuneration Panel and report to a future meeting of the Council on the suggestion of the Panel that the payments to Panel members be reduced;

Connectivity Scheme

- (8) That the amount of the Connectivity Allowance payable to members be reduced to a payment of £250 per member per annum, with payments being made subject to fulfilment of the requirements for payment;

- (9) That the payment of £250 per member per annum be reviewed if and when the law allows the Council to consider replacing paper agenda, reports etc with electronic tablets;

Travel Outside of the District

- (10) That no change be made to the provisions of the Allowances Scheme regarding the limit placed on the amount of expenses claimable for travel outside of the District;

Meetings regarding Joint Arrangements and Partnership Working

- (11) That the following paragraph be added to the list of approved duties in Schedule 2 of the Allowances Scheme:

“1(o) attendance at a meeting concerning joint working or partnership arrangements to represent the Council’s interests”;

Councillors’ Pensions

- (12) That the proposal of the Government to deny councillors access to the Local Government Pension Scheme from April 2014 be noted.

Current Members’ Allowances Scheme

1. We have reviewed the following aspects of the Members’ Allowances Scheme:
- (a) Basic Allowance;
 - (b) Special Responsibility Allowances;
 - (c) Standards Committee – Chairman;
 - (d) Standards Committee - Independent Persons;
 - (e) IT Connectivity Allowance;
 - (f) Travel outside of the District; and
 - (g) Meetings of associations or partnerships of authorities to which the Council is invited.

Basic Allowance

2. Last year some members of the Council expressed concern about us placing reliance on the hourly National Minimum Wage multiplied by an average number of hours worked per week as a factor in recommending the amount of Basic Allowance.

3. In response we asked the officers to establish from other authorities the matters taken into account by their Remuneration Panels in recommending the level of Basic Allowance.

4. We have been informed that it is apparent from the contacts with other authorities that the main factor, which is now taken into account, is comparison data available from other Councils.

5. Whilst we have taken account of the National Minimum Wage as one of the indicators for recommending the level of Basic Allowance, particularly in the early days of allowances when there was little comparison data available, we have also regularly taken account of the levels paid at similar authorities.

6. The latest comparison figures available to us show that the average amount of Basic Allowance paid by similar councils in the region is £4,500 per annum per member compared with this Council's Basic Allowance of £4,300 per annum, with implementation currently at £3,150 per annum.

7. The current National Minimum Wage rate for those aged 21 and over is £6.19 per hour. In 2010 a national census of local authority members showed that the average number of hours spent by councillors on Council business was 16.3 per week.

8. Applying the current National Minimum Wage x 16.3 hours per week to a 46.4 week year (allowing for statutory leave of 28 days including 8 Bank Holidays) results in an amount of £4681 per annum.

9. There has not been a comprehensive survey of councillors' allowances in recent years. However, in view of the economic climate in those years the comparison figures for similar councils in the Region, which we have taken into account, are still considered fairly accurate. The difference between the two calculation methods appears to be growing but far from undervaluing the role it is the National Minimum Wage calculation figure which is increasing.

10. We remain of the view that both calculation methods are worthwhile taking into account. However, comparison with the amounts paid by similar authorities in the Region will be given greater weight in our future considerations.

11. In the light of the above calculations and bearing in mind that the Council is still only implementing a Basic Allowance of £3150 per member per year which is £1150 below our recommended figure and the amount included in the adopted Member Remuneration Scheme we are not recommending any change in the amount of Basic Allowance.

Implementation

12. We have again discussed the Council's level of implementation of the Basic Allowance, currently £3,150 per annum and we are urging the Council to review the level of implementation as this sum is considerably less than the amounts paid to councillors in similar authorities in the same Region. We are fully aware that the level of implementation is a matter for the Council and not the Panel and we appreciate the need for restraint in setting the Council's budget in the current economic climate. However, we believe that by paying a Basic Allowance considerably less than similar authorities, there is a danger of undervaluing the role which could make it more difficult to attract potential candidates to stand for election in future. We accept that at this stage the Council will not wish to increase its budget for 2013/14. We are recommending therefore that in formulating its budget for 2014/15 the Council considers increasing the level of implementation of Basic Allowance.

Special Responsibility Allowances

13. Apart from the Standards Committee Chairman, which is referred to below, we have not undertaken a review of Special Responsibility Allowances as we understand that there has been no change in responsibilities since our last review.

Chairman of the Standards Committee

14. Our attention has been drawn to the new standards regime introduced from July 2012, under the provisions of the Localism Act 2011, which requires that only District Councillors can be members of the Standards Committee. Under the previous standards regime the Chairman of the Standards Committee was an Independent Member (not an elected member) who received an allowance of £1,000 per annum. As a result of the new provisions the Chairman of the Standards Committee is now a District Councillor. We have reviewed the Special Responsibility Allowance for this position and have taken account of a Member Role Accountability Statement for the Chairman.

13 We understand that the Chairman will chair four meetings of the Standards Committee each year and possibly some sub-committees dealing with allegations of breaches of the Members' Code of Conduct. We have been informed that under the new regime the Chairman is unlikely to chair as many meetings as the previous Independent Chairman as under the former regime allegations about District and all Parish/Town councillors were considered by the District Council. However, under the new regime Parish/Town Councils are able to establish their own Standards Committee and as a result only 6 of the 24 Town/Parish Councils in the District have affiliated to the District Council's Standards Committee. We believe it likely therefore that there will be a reduction in the workload for District Council sub-committees considering allegations. We have also been informed that under the new regime the Council's Monitoring Officer has greater discretion to determine allegations without the need for them to be considered at a formal meeting, which again is likely to result in fewer sub-committee meetings being held.

14. In considering this allowance we have been unable to take account of the amounts paid by other authorities since the new arrangements were only introduced nationally in July 2012 and comparative data is not yet available. Direct comparison is also likely to be difficult in the light of the arrangements made by Parish/Town Councils in this District.

15. We know that the Chairman will chair at least four meetings a year but we have found it difficult to identify the extent of the other principal accountabilities of the post. In the light of the new standards arrangements introduced in this District we do not at present believe that the post will have the same level of responsibility as that of the previous position of Chairman of the Committee.

16. Accordingly, we are recommending a Special Responsibility Allowance of £500 per annum for this role. We are also recommending that we give further consideration to this amount when we next review the Allowances Scheme at which time the new arrangements will have been in operation for some time and the full extent of the role should be clearer.

Independent Persons

17. Members will be aware that under the previous standards regime, the Standards Committee comprised three District Councillors, three Town/Parish Councillors, and three Independent Members appointed following advertisement, interview etc. All of the members of the Committee had voting rights and an Independent Member chaired the Committee.

Also, Independent Members chaired all of the Sub-Committees dealing with allegations of breaches of the Members' Code of Conduct. As advised earlier in this report, the Chairman of the Committee received an allowance of £1,000 per annum and the other two Independent Members received an allowance of £500 per annum.

18. We have been advised that under the new regime a new role is created, that of Independent Person. We have been informed that the legislation requires the District Council to appoint at least one Independent Person. We note that following advertisement and interview, this Council has appointed four Independent Persons and, one reserve who will take the place of one of the four (a former Independent Member) who will cease to be an Independent Person on 30 June 2013 in accordance with the legislation.

19. We understand that the views of an Independent Person must be sought and taken into account by the Council's Monitoring Officer before a decision is made on an alleged breach, of the Code of Conduct, which it decides to investigate.

20. We further understand that the views of an Independent Person may also be sought on any other aspect of a complaint, by a District or Town/Parish Councillor who may be the subject of a complaint, or by a complainant.

21. We have been advised that areas for possible consultation with Independent persons include:

- (a) dispensations;
- (b) sensitive Interests;
- (c) deciding on whether to investigate a complaint or take "other action";
- (d) determining whether breaches of the Code have occurred; and
- (e) sanctions which should be applied for breaches of the Code.

22. The role of Independent Persons is therefore to express views on a number of issues. Although they will attend meetings of the Standards Committee and the Sub-Committees dealing with allegations of breaches of the Code, they will not be members of the Committee or Sub-Committee and they will not have voting rights. The main roles are expected to be expressing views on allegations to the Council (Standards Committee and/or Monitoring Officer), to subject members and possibly to complainants. The role remains somewhat under-defined nationally but it is clear that it is a very different role to that previously undertaken by the Independent Members of the former Standards Committee.

23. As Independent Persons are not members of the Council or of its committees or sub-committees, any remuneration falls outside of the Council's Members Allowances Scheme. However, in order to assist the Council in determining an appropriate payment we have been asked consider the matter and make a recommendation to the Council.

24. We have taken account of an exchange of views between authorities about the payment of an allowance to Independent Persons. Proposals received from other authorities vary between:

- (a) £300-£500 annual payment plus £30-£50 per matter dealt with;
- (b) travel and subsistence expenses only;

(c) 25% of the Basic Allowance which for that particular authority equates to £1,072 per annum;

(d) £1,000 per annum, with a reserve person receiving £250 per annum.

25. In our view it is difficult to determine the extent of this role until the new standards arrangements have been in operation for some time. However, having regard to the expected role and the number of Independent Persons appointed by the Council we are recommending payment of £250 per Independent Person per annum. We are also recommending that we give further consideration to this amount when we next review the Allowances Scheme at which time the new arrangements will have been in operation for some time and the full extent of the role should be clearer.

Independent Remuneration Panel

26. Clearly it is not our role to make any recommendation about any amount paid to members of the Independent Remuneration Panel. The Council decided some years ago that an amount of £500 per member per annum should be paid.

27. When that amount was agreed we were meeting several times a year to develop what has since become a fairly stable Allowances Scheme no longer requiring fundamental changes, especially in the current climate of financial restraint. As a result we are now meeting only once or twice a year and undertaking background reading.

28. We have compared our role and payments with those in the Members' Allowances Scheme and we have concluded that the amounts paid to us should be reduced to reflect our current role.

29. If the Council agrees with our view we suggest that the Assistant to the Chief Executive be asked to review the payments and submit a report to a future Council meeting to enable members to approve an amended amount.

Connectivity Allowance

30. As part of the adopted Allowances Scheme, members receive a Connectivity Allowance if they undertake training and agree to receive electronic notification of and internet access to papers for Council meetings and associated information.

31. An amount of £500 per annum is payable to members in their first year of office and this was introduced to assist them with the cost of upgrading or providing personal computers (if necessary), Internet connection and any consumables. The payment of £250 per annum in subsequent years was designed to assist with the cost of consumable items for the computer. There was a degree of "front loading" of this allowance as, at the time of its introduction, councillors' home work stations often needed broadband and other upgrades to be able to access the Council's own IT networks, particularly the Committee Management System.

32. Last year we were advised that some Overview and Scrutiny Committee Members had queried why the Council should continue to pay this sum at a time when the vast majority of councillors have the required access to the Internet in their homes.

33. At that time we decided that further consideration about the relevance of these allowances should be deferred pending the outcome of the introduction of possible electronic

agenda despatch/use of electronic tablets, which we understood was being considered by the Council.

34. We have been informed that during the last year in an attempt to progress electronic agenda despatch, the Council made an approach to the Department for Communities and the Local Government requesting consideration be given to a change in the law to allow councils to send agenda, minutes and committee reports to their members by electronic means. We understand that a reply was received from Brandon Lewis M.P., Parliamentary Under Secretary of State in which he agreed it is an interesting idea and he would ask his officials to explore how to take this forward. However, to date there has been no further communication from Government.

35. It appears that it may be some time before there is a change in the law and we have therefore given further consideration to the Connectivity Allowance in view of the comments made by members.

36. There has been a considerable increase in the ownership of broadband and computers since the Allowance was introduced and on balance, therefore, we no longer see the need for the "front loading" of this allowance.

37. The "front loading" element of the allowance was effectively £250 of the first year payment of £500 and we are recommending that the allowance be reduced to a payment of £250 per member per annum. This will of course only affect newly elected members from 2013/14 onwards or existing members who have not signed up to the Connectivity Scheme.

38. If the Council is successful in achieving a change in law, which could result in members accessing agenda, minutes, reports etc via an electronic tablet, we suggest that at time we review the need for the continuation of the £250 per annum allowance.

Travel Outside of the District

39. Members may reclaim reasonable travel expenses (including rates for car travel, public transport tickets, taxi fares, parking costs where appropriate subject to submission of evidence of expenditure) in respect of approved duties.

40. In relation to travel outside of the District the scheme imposes a limit on the amount claimable. For journeys to approved meetings outside the District or by members resident outside the District, claims irrespective of mode of travel may not exceed the lower of:

(a) rail fare plus underground and other fares from station to destination at each end of the journey; or

(b) the appropriate car mileage.

41. We have been informed that recently some members have raised concerns about this restriction, in particular when it is applied in relation to destinations which are difficult if not impossible to reach by way of public transport.

42. In accordance with the Allowances Scheme if members submit car mileage claims for such journeys the amount claimed will often be reduced in order to reflect the cost of public transport/parking fees at stations/ taxis irrespective of the fact that the use of public transport may involve a long and tortuous route.

43. We have discussed this issue and in our experience it is a common feature of expense payment schemes in both the public and private sector. In order to avoid any misunderstanding we would emphasise to members that the scheme does not prevent them from travelling by car by choice....the scheme merely caps the cost to the public purse of any travel to what is reasonable (bearing in mind that mileage allowances incorporate significant sums for standing charges {road tax, insurance, depreciation} so that claiming this sum could be viewed as profiteering). Any claim must therefore have regard to paragraph 39 above.

44. In our view there is no need to change this part of the Scheme.

Meetings regarding Joint Arrangements or Partnership Working

45. We understand there is an increasing requirement for members to attend meetings to discuss joint working arrangements or partnership arrangements with other authorities. Often formal appointments have not been made to these associations and as a result attendance at such meetings is not covered by the list of "approved duties" which can lead to friction between members and officers when expense claims are questioned.

46. We acknowledge the need for meetings of this nature and we are recommending the addition of the following paragraph to the list of approved duties in Schedule 2 of the Allowance Scheme;

"1(o) attendance at a meeting concerning joint working or partnership arrangements to represent the Council's interests"

Councillors' Pensions

47. Our attention has been drawn to a Government proposal to end access to the Local Government Pension Scheme for councillors. We have been informed that more than 4000 councillors have joined the Local Government Pension Scheme since it was made available to them in 2003 and that two current Epping Forest District councillors are in the scheme.

48. We understand that the Government's intention is to deny councillors access to the scheme from April 2014. Councillors already in the scheme will have their pension provision accrued up to that date protected, but will not be able to acquire any more benefits after that date. We also understand this will not prevent councillors contributing to a personal pension if they so wish by putting aside part of their (taxable) allowances into such a pension.