

ANNUAL REPORT OF MEMBER AND PARISH REMUNERATION PANELS

1. INTRODUCTION

- 1.1 This is the third annual report of the Member and Parish Remuneration Panels for the Epping Forest District. The report summarises the Panel's work during the year and indicates further matters for review in the future.

2. LEGAL BACKGROUND

- 2.1 We were established under the Local Government Act 2000, which requires all Councils other than Parish and Town Councils to establish a Remuneration Panel to advise on payment of allowances and expenses to Councillors. District Councils are also required to establish a Parish Remuneration Panel to deal with remuneration proposals.
- 2.2 Remuneration Schemes agreed under these arrangements are subject to public notification both at district and parish levels and copies of remuneration schemes once agreed must be available to the public for scrutiny as must the payments actually made at the end of each financial year.

3. PARISH AND TOWN COUNCILS - REMUNERATION

- 3.1 We received no proposals in relation to the Remuneration Schemes being operated by Parish Councils or from Parish Councils who do not currently operate such schemes.

4. EPPING FOREST DISTRICT COUNCIL - REMUNERATION SCHEME

- 4.1 The District Council adopted our recommended Remuneration Scheme in May 2002. This made provision for a basic allowance per member of £3,150 and special responsibility allowances for Cabinet members, Overview and Scrutiny Chairmen, Committee, Sub-Committee and Panel Chairmen, and Leaders of Political Groups. The special responsibility allowance for Cabinet Members and Overview and Scrutiny Committee Chairmen was £6,300 each whilst other Chairmen qualified for special responsibility allowances of between £1,575 and £3,150. Leaders of Political Groups are dealt with in a slightly different way in that the amount of their allowance is based on the number of members in their respective group.
- 4.2 The District Council's Remuneration Scheme also includes provision for travelling subsistence at rates payable under the arrangements which operated prior to the year 2002 and also for a dependent carer's allowance which was introduced at a later stage.
- 4.3 In 2003 in response to further government regulations we recommended and the Council agreed to add to the Remuneration Scheme provisions for cycle allowances, co-optees' allowance, the introduction of time limits for submission of claims and the cessation or recovery or suspension of payments where members are subject to disciplinary procedures by the Standard Board for England. Provision for pensionable status in respect of the payments was also added to the scheme.

5. WORK UNDERTAKEN IN 2005/6

- 5.1 We have met only once in 2005/6. This meeting was convened in order to carry out the annual review of the District Council's Remuneration Scheme. The District Council also asked us to

look at certain aspects of the scheme with a view to submitting recommendations. These matters are discussed in turn below.

6. MEMBERS' CONNECTIVITY SCHEME

- 6.1 We were advised that the Council had introduced a new electronic network whereby Councillors could receive information such as Committee agenda, Minutes, etc by electronic means. This arrangement required Councillors to ensure that their IT facilities at home were sufficient to meet the Council's technical requirements. For this purpose, the Council intended to pay an annual grant per member provided that they signed an agreement regarding proper use of the facility and training. We were asked to consider this arrangement and an appropriate amount.
- 6.2 Having been advised of the legal position, we concluded that this payment could be made by way of a supplementary Basic Allowance as this appeared to us to be the only legal method available. As such, it is available to all members of the Council subject to the Council's conditions being met. We expressed some concern about the taxation position in relation to this payment in that it would become taxable income in most cases. We drew this to the Council's attention and asked that general dispensation from HM Revenue and Customs be sought from income tax on the basis that these were necessary expenses incurred.
- 6.3 However, we were subsequently advised that the response of HM Revenue and Customs was that any income tax liability would remain.
- 6.4 We will be reviewing this payment after March 2007 as it appears by that stage all members of the Council should have obtained the technical facilities required.

7. LICENSING COMMITTEE

- 7.1 We were advised that there was concern about the level of Special Responsibility Allowance payable to the Chairman and members of the Licensing Committee, the reason being that the District Council had assumed a wide range of new licensing functions. This was necessitated by the Licensing Committee and its Panels meeting more frequently with a consequential increase in workload and responsibility. However, having received a report from Council officers, we concluded that any additional responsibility and workload would only operate for a relatively short period during which the arrangements for transferring these duties from the previous licensing agency to the District Council were completed. Our view was that the level of activity was likely to revert to previous levels thereafter. Many of the routine licensing applications would be dealt with by officers under delegated powers.
- 7.2 We also recommended and it was agreed that the Special Responsibility Allowance should continue to be limited to the Chairman of the Licensing Committee. We did not accept the argument that this payment should apply to all members of the Licensing Committee. We indicated however that we will review these issues again during 2006/7, particularly if the Government transfers more licensing powers to the District Council.

8. OVERVIEW AND SCRUTINY COMMITTEE

- 8.1 We were asked by the Council to examine the position regarding Overview and Scrutiny Committees. In the Remuneration Scheme there was reference to three such Committees. We were briefed that the Council had recently made changes to their system so that the whole process was now effectively managed by one Overview and Scrutiny Committee and there was thus only one Chairman rather than three. Another issue which arose was the decision of the Council to disband three Policy Working Groups each of which worked under one of the former Committees. We were advised that these had been replaced with a new system

whereby some bodies (called Overview and Scrutiny Standing Panels) would be appointed on a continuing basis together with a new bodies called "Task and Finish" Scrutiny Panels which would be appointed for a limited period and then disbanded once they complete their work.

- 8.2 We compared the role of the Standing Scrutiny Panels with the former Policy Working Groups. As the new Panels would be permanent, we concluded that any Chairmen of those Standing Panels should receive a Special Responsibility Allowance. As the "Task and Finish" Panels will be more transitory in nature, we did not see the argument for paying a Special Responsibility Allowance in those cases. We were also mindful of the administrative difficulties in calculating allowances for only part of a year. Thus, we recommended that the five Chairmen of Standing Scrutiny Panels should receive Special Responsibility Allowances and this was accepted.

9. CABINET

- 9.1 The District Council asked us to look at the question of Special Responsibility Allowances for Portfolio Holders in 2006/7. The reasons for this were two-fold: firstly, to reflect the fact that the number of Portfolios had been reduced from 10 to 9 and secondly to assess the differences in workload and responsibility between those Portfolios.
- 9.2 We have expressed the view before that the Portfolios as constituted in the past were not equal in content. We are not adverse to the idea that different Portfolios should receive different levels of Special Responsibility Allowance based on responsibility levels but we remain of the view that this can only be achieved if Portfolio roles are carefully evaluated through a formal process. We were unable therefore to bring forward recommendations to the Council without such a study having been undertaken.
- 9.3 We asked Group Leaders to advise us whether the possibility of ranking Portfolios having regard to responsibilities workload, budgets and staff responsibilities is to be pursued by means of a formal evaluation. We will be happy to assist the Council in this if this is requested.

10. TRAVELLING EXPENSES

- 10.1 When the Remuneration Scheme was adopted by the Council, it included provision for the payment of travelling and subsistence etc at the rates which were then applicable. The District Council asked us to look at this issue as it was felt that the rates were falling behind inflation levels. Particular concern was expressed about car mileage and expenses of fuel prices. In considering the matter, we noted that the allowances payable to officers of the Council had continued to be uprated for inflation and we recommended to the Council that the two sets of allowances should be linked, such members always receive the same allowance as officers. This recommendation was adopted.

11. CONCLUSIONS

- 11.1 We are pleased to see that the Council is gradually moving to full implementation of the Member Remuneration Scheme. Currently the Basic Allowance stands at 90% of the maximum recommended whilst special responsibility allowance represents is 50%. Our view is still that Councillors should receive the maximum allowance applicable in order to reflect the importance of their role.

11.2 We will be conducting a further review of the Remuneration Scheme during 2006/7 and will welcome any proposals from the Council for consideration. We will also be following up on the points which were looked at as part of the last review as discussed earlier in this report.

M Donn

D Jackman

S Lye

7 June 2006