

Report to the Council

Subject: Members' Allowances Scheme – Annual Review 2017/18

Committee: Member Remuneration Panel

Date: 15 December 2016

Independent Member: Mr. S. Lye

RECOMMENDING:

Basic Allowance

- (1) That no change be made to the implementation of the full amount of Basic Allowance of £4,300.00 per member per annum, currently included in the Council's Members' Allowances Scheme;

Special Responsibility Allowance

- (2) That, with effect from the commencement of the 2017/18 municipal year, the Special Responsibility Allowance applicable to the position of the Chairman of the Epping Forest Standards Committee, be applied at the rate of £110.00 per meeting; and

Revised Scheme and Guidance

- (3) That, subject to the above recommendations and other administrative matters set out in this report, the Members' Allowances Scheme and Guidance for 2017/18 attached as an appendix to the report, be adopted and implemented with effect from 26 May 2017.

Report

1. This report of the Independent Remuneration Panel (the Panel) sets out our conclusions and recommendations on members' allowances for the 2017/18 municipal year, for consideration by the Council.
2. The Remuneration Panel was established in accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003. These regulations, which arose from relevant provisions of the Local Government Act 2000, require all local authorities to set up and maintain an advisory independent Remuneration Panel to review and provide advice on Members' allowances. All Councils are required to convene their Panel and seek its advice before making any changes or amendments to allowances schemes and must 'pay regard' to the Panel's recommendations before setting a new or amended Members' Allowances Scheme.
3. The Panel is required to gather information, to hear and consider evidence and to make recommendations to the Council on:
 - the amount of Basic Allowance to be paid to members;
 - those positions that should receive a Special Responsibility Allowance and the level of such allowance; and

- travel, subsistence and certain other allowances.
4. The current members of the Remuneration Panel are Mr. D. Jackman, Ms. R. Kelly and Mr. S. Lye. This report will be presented to the Council by Stephen Lye on behalf of the Panel.

Members' Allowances Scheme

5. The last review of the Members' Allowances Scheme undertaken by the Panel covered all aspects of the Scheme and our recommendations were agreed by the Council in December 2015. We have recently undertaken a further annual review of the Members' Allowances Scheme for 2017/18, in order that any proposals for changes to members' allowances can be considered by the Council as part of the budget-setting process for the next financial year.
6. As in previous years, we have been keen to hear the views of members about how the current scheme is working in practice and whether there are specific issues or proposals that the Panel should address. As part of our review, we requested that an item be placed in the Council Bulletin inviting councillors to raise issues or concerns about the current scheme that they wished us to consider. A similar invitation was also extended to the Chairman and Vice-Chairman of the Council and the officers that directly support their roles and activities, and all other independent and co-opted members, to express any suggestions or concerns with regard to the current operation of the Members' Allowances Scheme. A submission was made by one councillor, the issues from which we have considered as part of our review of the Special Responsibility Allowance provisions of the Scheme.

Basic Allowance

7. All local authorities must make provision for a flat-rate allowance to be payable to all Members. This 'Basic Allowance' is payable equally to all Councillors and is designed to cover member activities such as constituency casework, preparation for and attendance at meetings of the Council's committees etc. and service as a representative of the authority on outside bodies for which no separate remuneration is made.
8. At its meeting on 15 December 2015, the Council agreed that no change be made to the full Basic Allowance of £4,300.00 per member per annum included in the Members' Allowances Scheme for the 2016/17 municipal year, but that implementation of 100% of the amount of Basic Allowance be made for each member with effect from the commencement of the year. This increase in the payment of Basic Allowance was in line with the recommendations of the Panel over a number of years, although we understand that, to date, one member has requested that their Basic Allowance remain at the (lower) level applied by the Council up to the end of the 2015/16 municipal year.
9. In the current economic climate, the Panel is not minded to recommend any changes to the Basic Allowance at this time. However, we consider that it is appropriate to continue to revisit this issue as part of our annual review of the Members' Allowances Scheme for 2018/19 and future years, whilst recognising that implementation of any increase would be a matter for the Council to determine and that there is a continued need for restraint in setting the authority's budget and achieving savings.

Special Responsibility Allowance – Standards Committee

10. Each local authority may make provision in its Members' Allowances Scheme for the

payment of a Special Responsibility Allowance (SRA), for those Councillors who have significant responsibilities. As previously with the Basic Allowance, the Council has decided not to implement payment of full SRA amounts for a number of positions and to restrict these to a percentage of the amount set out in the Members' Allowances Scheme. The current Scheme provides that Members may receive more than one SRA if they hold more than one relevant position.

11. In adopting the new Constitution at its meeting on 26 April 2016, the Council agreed that the Standards Committee be convened only when there was business to be transacted, and that the Remuneration Panel be asked to consider the appropriate level of SRA for the Chairman of the Committee. In addition, as part of the review of the Council's Constitution during 2015/16, when consideration was being given to the possible combination of the Audit and Governance Committee and the Standards Committee, the Constitution Working Group suggested that the Panel might wish to consider current arrangements for the application of SRA for the position of the Chairmen of the (standalone) Standards Committee.
12. The Council establishes a Standards Committee for each municipal year, to promote and maintain ethical standards amongst its members and local councillors across the district. The Members' Allowances Scheme currently provides for an SRA of £500.00 per annum to be applied to the position of the Chairman of the Standards Committee.
13. The Panel has considered comments submitted for consideration by the present chairman of the Standards Committee (Councillor G. Chambers), in relation to the level of SRA currently applied to his position. In his submission, Councillor Chambers has suggested that the allowance should stay the same for 2017/18 or be subject to a slight increase, to reflect that there is often work for the Chairman of the Committee that takes place with regard to telephone conversations and email correspondence outside of formal meetings of the Committee. Councillor G. Chambers also suggested that the chairman is often asked questions on standards matters by other members of both the district and town/parish councils.
14. The Panel pays regard to the expectations and experience of specific roles and responsibilities when making recommendations to the Council for the application of SRA. In terms of the Standards Committee, we have been advised that the Monitoring Officer and/or Deputy Monitoring Officer undertake the local assessment of complaints arising from the Code of Conduct, including making judgment on many specific matters. Whilst the Monitoring Officer and Deputy Monitoring Officer both work closely with the Standards Committee, reporting about Code of Conduct complaints, training and other related issues, the number of complaints required to be considered by the Committee is currently very low. The Panel also understands that, although the Standards Committee is a committee of the authority, over one-third of its members are not elected councillors and comprise members of town or parish councils and independent people appointed to provide views on complaints made under the Council's Code of Conduct. An allowance of £250.00 per annum is currently made to the independent persons affiliated to the Standards Committee, to recognise their work in this regard.
15. We have considered the written views put forward by the Chairman of the Standards Committee and have concluded that, as the current standards regime is now well established, that insufficient evidence has been presented to justify recommending an increase in the current level of SRA applied to the position of the Chairman of the Committee. Moreover, in recognition of the increased role and responsibilities of the Monitoring Officer (and Deputy Monitoring Officer) and the independent persons in assessing complaints, the Panel recommends that such SRA should, in future, be

made on the basis of the payment of £110.00 for each meeting of the Committee that the Chairman attends, rather than as the current flat-rate allowance of £500.00 per annum.

16. This approach would also bring the Standards Committee into line with similar arrangements pertaining to the quasi-judicial responsibilities of the Staff Appeals Panel and, formerly both the Complaints Panel (which ceased operation during 2014/15) and the Housing Appeals and Review Panel (discontinued from 2016/17). We consider that this approach more appropriately reflects the reduced number of meetings of the Standards Committee in recent years and the increased involvement of the independent persons in the consideration Code of Conduct matters. The payment of a 'per-meeting' based SRA would be made at year-end, rather than on a quarterly basis.

Special Responsibility Allowance – Chairman and Vice-Chairman of Council

17. The Council also agreed at its meeting in December 2015 that, from 2016/17, consideration of the amount of SRA applied to the positions of the Chairman and Vice-Chairman of the Council be added to the responsibilities of the Remuneration Panel. The Director of Governance has reported to us with regard to the background to the current level of SRA for the Chairman and Vice-Chairman, which was last reviewed by the Governance Select Committee in December 2015.
18. As a result, we intend to meet with the current Chairman and Vice-Chairman (and possibly the immediate past Chairman) early in 2017, to discuss the current application of SRA in terms of the responsibilities of the Chairman and Vice-Chairman of the Council. In advance of this exercise, we have requested the Director of Governance to undertake appropriate benchmarking in respect of the level of SRA amongst other similar local authorities.

Travel Expenses - Taxation and National Insurance Implications

19. The Panel has been advised that, with effect from 6 April 2016, legislation introduced as part of the Finance Bill 2015 exempted the payment of councillors' travel expenses from a charge to income tax. This includes expenses paid for journeys between the councillor's home and most frequently used local authority office, except where the councillor's home is more than 20 miles from the boundary of the local authority area.
20. The purpose of this change to recognise that councillors perform an important constitutional role in representing communities, carrying out their duties in their own time, often in addition to other professional and personal commitments, and that many receive no payment other than allowances in recognition of the time and expenses incurred. The measure is intended to help ensure that individuals are not discouraged from undertaking a role as a councillor by the tax treatment of travel expenses paid by their local authority.

Recommendations

21. In the light of the ongoing economic situation, the Panel considers that no change should be made to the level of the Basic Allowance made to members of the Council for 2017/18. We also consider that no changes should be made to the Special Responsibility Allowances applied to various member positions, other than as reflected in this report, as we understand that there has been no change in other responsibilities since our review of the Members' Allowances Scheme for the current year.
22. We have not considered any changes to other elements of the Members' Allowances

Scheme, such as travel and subsistence allowances etc., which are paid at levels that also apply to officers of the Council and are subject to national application.

23. The proposals set out in this report will require minor amendments to be made to the Members' Allowances Scheme. The Director of Governance has implemented drafting changes to the Scheme to reflect the current position in respect of tax and National Insurance implications arising from changes to the payment of councillors' travel expenses.
24. The draft revised Members' Allowances Scheme for the 2017/18 municipal year, incorporating the recommendations contained within this report is attached as Appendix 1.
25. The Panel has also prepared the attached (Appendix 2) Statement of Implementation (based on the assumption that the Council will not increase the Basic Allowance or the implementation of any Special Responsibility Allowance other than as reflected in this report) for publication on the Council's website. The format of the statement illustrates the operation of the Members' Allowances Scheme, in terms of the implementation of Special Responsibility Allowances as proportions of the amounts provided in the Scheme, as we feel that this approach is not always fully understood or entirely transparent.
26. The Panel would like to acknowledge the contribution of the officers involved in our review of the Members' Allowances Scheme for 2017/18, for the support and assistance that we have received in undertaking our review.
27. We recommend as set out at the commencement of this report.

Members of the Remuneration Panel: D. Jackman, R. Kelly, S. Lye