

Report to the Independent Remuneration Panel



**Epping Forest
District Council**

Subject: Members' Allowances Scheme - Review

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Recommendation:

To undertake a comprehensive review of the Members' Allowances Scheme and make recommendations for changes to be implemented at the commencement of the 2008/09 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 2005 following which the Council amended the scheme for the year 2006/07.
 3. Since 2002 the Council for budget reasons has not paid the full amounts of allowances recommended by the Panel. At its meeting in February 2007 the Council decided to continue with the payment of 90% of the amount of Basic Allowance set out in the scheme (i.e. a sum of £2,835 per annum per councillor). 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 currently being paid at 50% of the amounts set out in the scheme.
 4. In winter 2006, Local Government Analysis and Research on behalf of the Local Government Association conducted a survey of all 388 local authorities in England. A total of 257 authorities, including this Council, responded (66.2%). The survey collected information on basic allowance, special responsibility allowances and other allowances paid to members.
 5. The Council's Cabinet at its meeting on 12 November 2007 whilst recognising that allowances could be increased up to the 100% figures in the current scheme decided that the current Allowances Scheme requires amendment having regard to the results of the national survey.
 6. The following sections set out the elements of the current scheme and comparisons with others.

Current Scheme

7. The Council's current scheme is attached as appendix 1.
8. The key elements of the current scheme include all those categories the current regulations allow, including admission of councillors to the Local Government Pension scheme, child and carers allowances, travel and subsistence.

Benchmarking

9. A summary of the survey undertaken by Local Government Analysis and Research on behalf of the Local Government Association is attached as Appendix 2. Comparisons with other authorities' schemes taken from that survey are attached as Appendix 3.

NB. It should be noted that the EFDC figures used in the survey are the amounts actually being paid at the time and not the full amounts recommended by the Remuneration Panel.

Basic Allowance

10. Basic allowance is payable to all members to reflect the time and effort required to attend meetings, site visits and to deal with constituent problems and queries. It should also cover any incidental costs e.g. telephone calls, paper, envelopes. It should also be borne in mind that the allowance recognises that there is a voluntary element to the work undertaken by members and that it does not set out to fully recompense all work undertaken.

11. 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?
12. Local Government Analysis and Research produced the Councillor Census for the Improvement and Development Agency (IDeA) and the Local Government Association in 2006. Replies were received from 357 (92%) of the 388 local authorities in England and from 8,748 (44.4%) councillors in office. This research showed that councillors spent, on average, 21.9 hours per week on council/political business, with the largest proportion (20.7%) spending between 16 and 20 hours and the smallest (1.4%) spending between 41 and 45 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 17.8 hours. Councillors holding a position of leading responsibility spent on average 25.1 hours per week, compared to 18.1 hours for those not holding a senior position.
13. It is generally considered that the time 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.
14. The attached appendices show that the averages for basic allowance (2006) figures were:
 - (a) Average - £5,648 per annum (ranging from £3,991 in shire districts to £9,512 in metropolitan districts and with regional variations (from £4,729 in East Midlands to £9,227 in London) (appendix 2);
 - (b) Average for the 31 shire district/borough councils in the same region as Epping Forest District Council - £4,363 per annum (appendix 3);
 - (c) Epping Forest District Council – Adopted scheme - £3,150 per annum (payment of 90% currently being paid = £2,835) – in addition members signing an agreement under the Member Connectivity Scheme receive £500 per annum in their first year of office and £250 in subsequent years.
15. In recommending a basic allowance of £3,150 per annum in 2001, the Panel took account of the sums being paid by other similar authorities at that time and applied the then minimum adult weekly wage of £4.10 per hour to a 15 hour week.
16. **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 of shire district/borough authorities (as per the survey results);**
 - (b) **an increase to the average for shire districts in the East of England (as per the survey results);**

(c) an increase reflecting the current minimum adult wage of £5.52 per hour – applying this figure to a 15 hour week results in an allowance of approximately £4,300;

(d) a % increase (related to staff APT&C increase or some other figure); it is worth noting that, if the Panel wish to explore use of salary cost as an element, the Local Government Association's last advice in March 2006 was to use either mean increase in full-time weekly earnings (giving a daily rate of £134.98) or median increase (giving a daily rate of £133.80); the Panel could look at regional salaries as a benchmark; further work would be necessary on this option to arrive at a figure.

17. At some of the informal meetings held by the Panel with Group Leaders on 19 December 2007, there was a discussion about accountability and the possibility of withholding an element of the basic allowance if a member failed to achieve a set % attendance in relation to meetings/training sessions.
18. Officers have been unable to find any such provision in any other authority's scheme. However, it is an issue which has been considered by other Panels. An example is included as Appendix 4 (Dacorum District Council Remuneration Panel) although this is somewhat dated (2001).
19. **If the Panel wish to pursue this idea, they may find the attached Appendix 5 helpful as it provides details of this Council's attendance records for 2006/07 and 2007 to date.**

Special Responsibility Allowances

20. The Council's scheme identifies SRAs in common with other authorities e.g. for Leaders, Cabinet portfolio holders, chairmen of committees, panels. These are listed in the scheme at appendix 1). The amounts recommended by the Panel in 2001 resulted from multipliers being applied to the recommended amount of the basic allowance.

(a) Leader of the Council

21. The 2006 comparisons from those who completed the survey give the following for a Leader of the Council:
 - (a) average - £16,356 (ranging from £11,065 in shire districts to £31,784 in London boroughs) (appendix 2);
 - (b) average for 28 of the 31 shire district/borough councils in the same region as Epping Forest District Council - £11,552 (appendix 3);
 - (c) Epping Forest District Council – Adopted scheme - £6,300 per annum (basic allowance x 2) (payment of 50% currently being paid = £3,150).

22. At the informal meetings with Group Leaders, the Panel was advised that this has become a position requiring 30 hours plus per week.

(b) Deputy Leader of the Council

23. The 2006 comparisons from those who completed the survey give the following for a Deputy Leader of the Council:
 - (a) average - £10,536 ranging from £6,319 in shire districts to £20,147 in London boroughs;

(b) average for 20 of the 31 shire district/borough authorities in the same region as Epping Forest District Council paying a Deputy's Allowance - £6,986;

(c) Epping Forest District Council – Adopted scheme - £787.50 per annum (basic allowance x 0.25) (payment of 50% currently being paid = £394).

24. At the informal meetings with Group Leaders, the Panel was advised that this role did not justify a separate allowance.

(c) Cabinet Members

25. The 2006 comparisons from those who completed the survey give the following for Cabinet members/Portfolio Holders:

(a) average - £9,243 ranging from £5,994 in shire districts to £17,634 in London boroughs;

(b) average for 25 of the 31 shire district/borough authorities in the same region as Epping Forest District Council paying a Cabinet members allowance - £7,428;

(c) Epping Forest District Council – Adopted scheme - £6,300 per annum (basic allowance x 2) (payment of 50% currently being paid = £3,150).

26. The Panel may also wish to consider the reduction in Cabinet members from 10 to 8 since they last reviewed these allowances and changes in responsibility which have taken place.

27. During the informal discussion with Group Leaders, there was some acknowledgement of the case for different levels of remuneration for Cabinet members. If the Panel wish to pursue this suggestion, the papers attached as Appendix 6 may be helpful - Proposed Paired Comparison Role Evaluation/Members' SRA Role Description/Budget Summary Sheets/Manpower Summary.

(d) Overview and Scrutiny Committee Chairman

28. The 2006 comparisons from those who completed the survey give the following for Overview and Scrutiny Committee Chairmen:

(a) average - £5,686 ranging from £3,721 in shire districts to £10,738 in London boroughs;

(b) average for the 31 shire district/borough authorities in the same region as Epping Forest District Council - £4,623;

(c) Epping Forest District Council – Adopted scheme - £6,300 per annum (basic allowance x 2) (payment of 50% currently being paid = £3,150).

In addition, the Council's scheme provides for the payment of allowances to the Chairmen of the four Overview and Scrutiny Standing Panels – adopted scheme - £3,150 per annum each (payment of 50% currently being paid = £1,575 each).

29. The Panel may also wish to take account of the revised structure for Overview and Scrutiny since they last considered this allowance. There is now only one Overview and Scrutiny Committee compared with three in 2001.

(e) Chairmen of Area Plans Sub-Committees

30. There are no direct comparisons in the survey. The survey did include allowances paid to chairmen of area committees and forums but these are not necessarily responsible for planning issues alone. Comparing this Council's Area Plans Sub-Committees with those allowances results in the following:
- (a) average - £2,841 ranging from £1,180 in shire districts to £6,686 in unitary authorities;
 - (b) average for the 9 shire district/borough authorities in the same region as Epping Forest District Council paying area committee/forum allowances - £3,851;
 - (c) Epping Forest District Council – Adopted scheme - £2,362.50 per annum (basic allowance x 0.75) (payment of 50% currently being paid = £1,181).
31. The Panel should bear in mind that since they last reviewed these allowances the number of Area Plans Sub-Committees has been reduced from four to three.
32. Also there is currently a proposal to schedule meetings on a three weekly cycle instead of the current four week cycle. If adopted there will be an increase of approximately five meetings per annum for each Sub-Committee.

(f) Chairman of District Development Control Committee

33. The survey includes comparisons for a Chairman of a Planning Committee. The survey does not define the responsibilities of committees and it is likely that some of the figures under this heading are more closely aligned to this Council's Area Plans Sub-Committees which consider the majority of planning applications. The District Development Committee does consider some routine applications but is also responsible for proposals of major importance to the Council or whole District.
34. Comparing the District Development Control Committee with the survey figures for Planning Committees results in the following:
- (a) average - £5,172 ranging from £3,824 in shire districts to £9,978 in London boroughs;
 - (b) average for the shire district/borough authorities in the same region as Epping Forest District Council - £4,556;
 - (c) Epping Forest District Council – Adopted scheme - £3,150 per annum (same as basic allowance) (payment of 50% currently being paid = £1,575).

(g) Chairman of Licensing Committee

35. The 2006 comparisons from those who completed the survey give the following for Licensing Committee Chairmen:
- (a) average - £4,064 ranging from £3,034 in shire districts to £8,066 in London boroughs;
 - (b) average for the 29 of the 31 shire district/borough authorities in the same region as Epping Forest District Council - £4,261;
 - (c) Epping Forest District Council – Adopted scheme - £1,575 per annum (basic allowance x 0.50) (payment of 50% currently being paid = £788).

36. At one of the informal meetings with Group Leaders, the Panel was asked to consider allowances for chairmen of the Licensing Sub-Committees. The Licensing Committee comprising 15 members meets twice a year and receives reports on applications received and determined. The Committee also reviews the Council's licensing function and licensing policy and highlights training necessary for members. Licensing Sub-Committees meet monthly and consider licence applications. Each Sub-Committee comprises four members from the main Committee. Each Sub-Committee elects its chairman as its first item of business. It is difficult therefore to identify which members should receive an allowance as chairmen are not known in advance of meetings.

(h) Group Leaders

37. The Council's current scheme provides for allowances to be paid to political Group Leaders. The adopted scheme provides for a special responsibility of £315 for each five members of the Group. Payments are currently being made at a rate of 50% of that figure.
38. There is no comparison in the survey with other authorities as this is not an element of other schemes. Some authorities do pay an allowance to one Opposition Leader. The average payment for those shire districts in the East of England making such a payment is £3,469.

Other Committees/Panels

39. The Council's current allowances for the Complaints Panel, Staff Appeals Panel and Housing Appeals and Review Panel are the same as that for the Licensing Committee. There are no direct comparisons for these bodies in the survey.
40. At one of the informal meetings with Group Leaders, the role of the Staff Appeals Panel chairman was highlighted and it was suggested this should receive increased recognition. It was also suggested to the Panel that the role of Chairman of the Joint Consultative Committee did not justify a separate allowance and should be recognised as a duty coming within responsibilities of the relevant Portfolio Holder.
41. Since the Panel last reviewed the scheme, the Council has established an Audit and Governance Committee and the Panel are asked to consider an SRA payment for the Chairman.

Options for Change

42. **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 of shire district/borough authorities (as per the survey results);**
 - (b) an increase to the average for shire districts in the East of England (as per the survey results);**
 - (c) a multiplier of the basic allowance;**
 - (d) a simple percentage increase.**

Co-optee Allowances

43. The allowances for co-optees are currently £700 for the Chairman of the Standards Committee and £350 for Independent Members of the Overview and Scrutiny Committee, Standards Committee and Audit and Governance Committee.

44. The survey provides comparisons for the Chairman of the Standards Committee.
- (a) average - £2,077 ranging from £1,578 in shire districts to £3,938 in metropolitan districts;
 - (b) average for the 25 of the 31 shire district/borough authorities in the same region as Epping Forest District Council - £1,726;
 - (c) Epping Forest District Council – as set out above.

45. **The Panel may wish to consider whether there is any need to review the co-optee allowances.**

46. Not all co-optees have not been claiming their allowance and with the review of the allowances there should be an assurance that all co-optees are aware of the rates, particularly following any changes in memberships.

Travelling Allowance

47. 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 40.5p per mile for use of a vehicle not exceeding 999cc; 44.2p per mile for use of a vehicle not exceeding 1199cc; and 55.8p per mile for use of a vehicle exceeding 1199cc. The Council also has provision for a bicycle allowance of 48.5p per mile. The 2006 survey showed that 92.6% of authorities offered travel allowance and 54.1% offered a bicycle allowance. Thirty of the 31 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.
48. **The Panel may wish to consider whether there is any need to amend the scheme – for all or for a category of members (e.g. Cabinet).**
49. Other factors commonly considered by review panels are whether to use allowances to encourage less carbon burning methods of travel. Options include increasing the cycle allowance, having one rate across all engine size, or even giving a higher rate of allowance for those with lower cc engines. The Council's scheme already provides for the payment of some extra pence per mile for carrying passengers.
50. Attached as Appendix 7 are the notes which appear on the back of the members' claim form.
51. Travelling and subsistence is payable in respect of 'approved' duties which are defined in the scheme.

The definition includes payment for attendance at the following:

"(a) a meeting of the authority, or as a member of the Cabinet, a Cabinet Committee, or of any committee or sub-committee, working group, special committee or Board of the authority, together with the Standards Committee and the Independent Remuneration Panel."

52. Representations have been made by some members for a revision of this definition to allow for payment of travelling and subsistence to all members attending a meeting of the Cabinet. The case being made is that there ought to be recognition of the need, from time to time, for non-Cabinet members to attend to contribute and/or listen to debates even though they do not have a role in the decision-making. The same representations have been made in respect of Cabinet Committees.

53. Similar representations have also been made in respect of the Overview and Scrutiny Committee and its Panels where the attendance of Portfolio Holders is often required and matters of interest to all members are discussed.
54. **It is suggested that the definition be amended as follows:**
- "(a) a meeting of the authority, the Cabinet, a Cabinet Committee, the Overview and Scrutiny Committee and its Panels, the Standards Committee and its Sub-Committee, or as a member of any other committee or sub-committee, panel, working group, special committee or Board of the authority".**
55. **There is also a need to revise the definition of approved duties to (a) reflect the up to date list of conferences attended by members; (b) acknowledge attendance at seminars and training sessions arranged by the Council; (c) consultation meetings arranged by the Council where the member's attendance is required or where the business directly affects the member's ward; (d) site visits arranged by Area Plans Sub-Committees or the District Development Control Committee. If the Panel agrees with these suggestions, the officers will revise Schedule 2 of the Scheme and the Guidance Note on Allowances and submit the revised documents to a future meeting.**
56. **A further suggestion has been made by one political group for the payment of travelling and subsistence allowances for attendance at informal ('lone') site visits by members of Area Plans Sub-Committees. It has been suggested that knowledge of a site and its surroundings is likely to lead to better decision-making. Whilst there is merit in the suggestion, the Panel will need to consider how such claims can be audited - there will be no opportunity for an independent check on such claims. The Council's Chief Internal Auditor has been approached for his views and he is not overly concerned if the Panel recommend payment for informal 'lone' visits. Acknowledging that claims cannot be independently checked he has advised that claims will be able to be checked for 'reasonableness'.**

Subsistence Allowance

57. The current rates are set out in Appendix 7. The survey showed that 87.9% of authorities offer subsistence allowance. Twenty-five of the shire districts/boroughs in the same region as this Council offer subsistence.
58. The Council's current rates have fallen behind the equivalent rates paid to officers which are currently – not exceeding £6.07 for breakfast; not exceeding £8.39 for lunch; not exceeding £3.31 for tea; not exceeding £10.38 for evening meal. These rates are reviewed annually by the National Employers. The Panel may feel that members' rates should be increased to those paid to officers.

Carer's Allowance

59. The scheme also provides a childcare/dependent carer's allowance payable at a rate equivalent to the current adult National Minimum Wage (currently £5.52) 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. To date no member has received this allowance.

60. The survey of all councils showed that:

Dependent carer's allowance averaged £6.84 per hour
(£7.63 per hour in shire district /borough authorities in the same region as Epping Forest District Council)(27 of the 31 authorities making provision)

Childcare allowance averaged £5.96 per hour
(£6.12 per hour in shire district /borough authorities in the same region as Epping Forest District Council)(22 of the 31 authorities making provision)

61. **The Panel may wish to review the amounts in the light of payments made by others.**

Pensions

62. The current scheme also enables members to join the Local Government Pension Scheme (as do 10 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.

Other factors to consider in this review.

Member Roles, Member Development and Performance Management

63. The current member role accountability statements, agreed in 2001, are attached as Appendix 8. These are in need of review to reflect the community leadership role.
64. The changing role of members, the increased expectations of public and of bodies such as the Audit Commission, mean that member development is more generally accepted as critical to ensuring members are equipped to serve their communities and drive improvement in local government. There is growing acceptance of the value of training and development.

'Representing the Future' – The Councillors Commission

65. The Councillors Commission, chaired by Dame Jane Roberts was tasked with making recommendations regarding the incentives and barriers to:
- (a) encouraging suitably able, qualified and representative people to be candidates to serve as councillors of principal authorities;
 - (b) their retention and development once elected, or appointed under the Local Government Act 2000; and
 - (c) their being able to secure public interest and recognition for the work they carry out for their communities.
66. As part of the review, the Commission examined whether the allowance and remuneration regime for councillors (a) delivers value for money; (b) takes account of comparable increases in public sector pay; (c) takes account of constraints on local government resources; and (d) maintained public confidence.
67. Relevant sections of the Commission's recommendations are attached as Appendix 9.

Conclusions

68. The Panel are invited to review each aspect of the Member Allowances Scheme as set out above and to agree if and how any increases should be made and also whether to link allowances to Member Development in the manner described.
69. In particular, the following aspects need to be reviewed:
- (a) Basic Allowance
 - Amount (paragraphs 10-16)
 - (b) Basic Allowance
 - Clawback/withholding (paragraphs 17-19)
 - (c) Special Responsibility Allowances
 - Amount for Leader (paragraphs 21-22)
 - Amount for Deputy Leader (paragraphs 23-24)
 - Amount for Cabinet Members (paragraphs 25-27)
 - Amount for Overview and Scrutiny Chairman ((paragraphs 28-29)
 - Amount for Chairman of Area Plans Sub-Committees (paragraphs 30-32)
 - Amount for Chairman of District Development Control Committee (paragraphs 33-34)
 - Amount for Chairman of Licensing Committee (paragraphs 35-36)
 - Amounts for Group Leaders (paragraphs 37-38)
 - Amounts for Chairmen of Other Committees/Panels (paragraphs 39-41)
 - (d) Co-optee Allowance
 - Amount (paragraphs 43-46)
 - (e) Travelling Allowance
 - Amounts (paragraphs 47-50)
 - Approved Duties (paragraphs 51-56)

- (f) Subsistence Allowance - Rates
(paragraphs 57-58)
- (g) Carer's Allowance - Amounts
(paragraphs 59-61)

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