

John et al. (2007) identify a lack of understanding amongst council officers as to why traditionally under represented councillors leave the role and recommend that exit interviews should be used to facilitate a firmer grasp as to why they stand down and how they may be retained. This suggestion is also made by respondents to the Commission's call for evidence.

Recommendation 56

In order to develop a clear understanding of the profile of councillors:

- a) the census of local authority councillors should be continued;**
- b) the LGA/IDeA should reinstate their national exit survey;**
- c) a census of parish and town councillors should be introduced;**
- d) the survey of candidates standing for election should be continued.**

An explanation of this recommendation is provided in the main report.

Recommendation 57

A national framework of guiding principles for members' allowances schemes should be developed. It should specify a national minimum basic allowance for each type and size of authority. Councils should have regard to the national framework in framing their own schemes but should be able to opt to appoint their own local or regional independent remuneration panel. The framework should also make recommendations in respect of parish and town councillors.

The present legislative framework for members' allowances is contained in the Local Authorities (Members' Allowances) (England) Regulations 2003 ('the Regulations'). These provide a consolidated regime for members' allowances. Councils have to establish and have regard to the recommendations of local remuneration panels in setting their allowances scheme. There are no national limits set.

Research for the Commission (Hands et al., 2007) reveals a popular perception that many councillors are corrupt, and specifically that they take advantage of the allowances and expenses they receive. This perception is formed almost exclusively by stories printed in the local press. When prompted by our researchers with figures on typical remuneration for councillors grassroots activists, in particular, were surprised that the level is so modest. Activists accept that councillors with extra responsibilities deserve to earn higher remuneration. Most feel that average levels of remuneration for council leaders (£16,356) and cabinet/executive members (£9,243) are not unreasonable. However, it was noted that allowances for backbenchers are not high enough to enable someone currently working full-time to give up their job in order to become a councillor.

The English model of members' remuneration differs from that in the other UK countries. Responsibility for remuneration of councillors in Wales, Scotland and Northern Ireland is devolved from Westminster. In these countries there is more central prescription, less discretion and more consistency in the setting of allowances. In these countries there are, however, a relatively small number of authorities with identical powers.

The English model has the advantage that it provides maximum local choice within the legislative framework, itself not restrictive. The local authority has the responsibility for setting its own allowances but can rely on the recommendations of its panel. Those recommendations are required to be publicised, a requirement more extensive than in the remainder of the UK. It enables the local economic context to be taken into account.

There are also disadvantages to the English model. It results in substantial disparities of remuneration for councillors in similar authorities undertaking similar responsibilities. The degree of public accountability of panels can be variable: in some councils the local authority leads the panel to its conclusions. And, despite the recommendations of an independent panel, some councillors can be uncomfortable in setting their own allowances, particularly where this is contentious either politically or through the interest of the local media.

The creation of a London-wide panel in the capital has overcome some of these disadvantages. It provides a uniform structure for the framing of members' allowances schemes. London boroughs' allowances schemes are, over time, converging in many areas.

What the National Framework should cover within its remit

The National Framework of Councillors' allowances would be established by an independent body. The framework would be expected to take into account key differences in size and types of authorities. This framework would inform the decisions made at local and where relevant, regional level, by remuneration panels.

It should specify a national minimum basic allowance for each type and size of authority. Councils should be required to have regard to the recommendations of the national panel in framing their own schemes and would have the option of appointing their own local independent remuneration panel should they need further guidance. The National Framework would be expected to make recommendations for members' allowances schemes for the joint authorities in the same way as it makes recommendations for local authorities.

In framing its advice on special responsibility allowances, the national panel should recognise that it is difficult for those carrying major responsibilities to undertake a 'normal' full-time job in addition to council responsibilities, but that councillors should not be expected to work full-time on council duties.

The National Framework should be based on a generic role description for councillors, as agreed with the LGA, recognizing the additional responsibilities held by Executive members, Leaders and others holding significant roles, as well as the core ward related roles of all councillors.

The National Framework should include a scheme of "parachute payments" for elected mayors, leaders and executive portfolio-holders who lose office through the action of the electorate. The payments should be equivalent to at least statutory redundancy pay and linked to time served in office.

The Commission considered some general issues that the National Framework should cover. It was agreed that the current system of basic and special responsibility allowances should continue, but that Members' allowances schemes should have explicit regard to the workload involved in different roles.

In authorities with political administrations, there should be a requirement to pay a special responsibility allowance to not fewer than two opposition members (the group leader and one other) in order to resource a healthy opposition so as to ensure critical scrutiny.

In cases of prolonged sickness and maternity or paternity leave, councils should be enabled to make two special responsibility payments in respect of the same office.

It was also felt that the National Framework should include the following points:

Parish Councils

- i) A national framework should also be established for parish councils, including a minimum parish basic allowance for active parish councils.
- ii) The national parish framework should make recommendations for special responsibility allowances for parish councillors.
- iii) Parish Councils should be enabled to pay the dependants' carers' allowance.
- iv) Each county association of local councils should establish an independent remuneration panel to provide specific advice on local application of the national framework.

Co-optees in principal authorities

- i) The national framework should include clarification on which co-optees should be entitled to co-optees' allowances.
 - ii) The national framework should specify for each type of authority a minimum co-optees' allowance for chairs of standards committees.
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Carers allowances

- i) Councillors should be offered access to the national childcare salary sacrifice scheme.
- ii) Guidance should ensure that the dependants' carers' allowance should not be restricted to childcare.
- iii) The dependants' carers' allowance should be extended to permit councillors requiring care to claim an allowance for their carers when on approved duties.
- iv) Standards committees should have the ability to extend the dependants' carers' allowance in appropriate cases in order to avoid significant financial disadvantage.
- v) Joint authorities should be empowered to pay dependants' carers' allowances to their members.
- vi) Firmer guidance should be provided on the minimum package of support that each councillor should expect to receive.

Travel and subsistence

- i) Where a council pays for travelling and subsistence within council boundaries as a lump sum or as a identifiable sum factored into the basic allowance, the payment should be free from tax and national insurance liability up to a nationally set minimum.
 - ii) In framing a national scheme, the approach of the Republic of Ireland should be considered. This approach to travelling and subsistence allowances has built-in penalties for non-attendance at meetings.
 - iii) Councillors should be able to claim mileage rates up to officer casual user rate with no tax liability.
 - iv) Although local flexibility should be maintained in order to have regard to local circumstances, the national framework should give guidance on the overall rates payable for travelling and subsistence.
 - v) In authorities with tightly-drawn boundaries and where it is reasonable to do so, travelling and subsistence allowances should be subsumed in the basic allowance. Alternatively the approach in the Republic of Ireland – as described above – should be adopted and promoted.
 - vi) Where appropriate, allowances schemes should make special provision for travel by disabled people. Schemes should permit standards committees to make exceptional provision for travel in special circumstances.
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Recommendation 58

All councillors should be entitled to access to the local government pension scheme, and any allowances for serving on joint authorities should also be taken into account.

Since 2003 councillors in England have been eligible to join the local government pension scheme on the recommendation of the local independent remuneration panel. No councillor can have access to the scheme unless it is recommended by the independent panel. If a panel does recommend access, it can stipulate whether it applies to the basic allowance, the special responsibility allowances (or some of them), or both. A council is not bound to grant access.

A survey of authorities carried out by the Local Government Pension Committee in 2004 showed that less than half (42.4 per cent) of authorities offered their councillors access to the scheme and that there was a substantial difference between types of authority that were offering access to the scheme. Of respondents to the survey, 24 of 28 metropolitan authorities' panels offered access to the scheme. Of the 127 respondent district councils, less than half of the panels (57) offered full or partial access. 23 out of 24 metropolitan authorities had adopted their panels' recommendation. Only 35 of the 57 district councils had taken up the offer of access to the scheme. In 2004 4,311 councillors had been offered membership of the scheme and 912 had opted to join it, less than 5 per cent of the almost 20,000 English councillors (Brooke and Hall, 2007).

Many panels and councils who deny access to the scheme are influenced by two factors: cost and public opinion. The scheme is a defined benefit scheme (as opposed to a defined contribution scheme). The pension and related benefits are set by a formula linked to salary and length of service. Panels and councils are often reluctant to grant access to a defined benefit scheme when there is a general trend in the private sector to close such schemes to new employees.

The main advantage of the scheme for councillors is that it offers a predictable benefit guaranteed by the council. It needs no set up costs and only marginal administrative costs, as the scheme is already in place for local government employees. The main perceived disadvantage – cost to the council – is relatively minor as a part of the overall cost of the scheme.

At present the councillor contribution is pegged at six per cent of pensionable allowances. The employers' contribution is usually in the range of 12-15 per cent, though can be substantially higher. The scheme is generally organised on a county-wide basis. Each employer will make a different contribution to the scheme dependent upon the demography of its pensioners and the success of the scheme's investment policy.

Granting access to the scheme is intended to remove one more barrier to service as a councillor. Councillors of working age may lose pension rights in respect of their employment, either by working part-time or by loss of promotion prospects. Access to the scheme can make good this loss. It is argued that service as a councillor ought not to impose any further financial disadvantage. If a substantial part of a councillor's working time is devoted to council duties at the expense of their job or promotion prospects, then it seems reasonable that they should be able to treat their allowances as pensionable.

Evidence to the Commission suggests strong support for allowing councillors access to the scheme, as is the position in Scotland.

Recommendation 59

The Department for Work and Pensions should review the earnings disregard for benefits in respect of members' allowances, and in particular move to disregard renounced members' allowances for benefits purposes.

The situation regarding members' allowances and benefits is complicated. It depends upon the benefits a member (and family member) receives and the level of household income, including any allowances received (see LGiU Councillors' Tax and Benefits – 2006 Update, April 2006). Benefits differ in each case and it is very difficult to draw generalisations.

As a rule the Department for Work and Pensions (DWP) does not disregard any councillor remuneration. Even if members renounce their allowances, they are treated as income by the DWP, unlike the regimes for taxation and national insurance.

Recommendation 60

The National Framework for members' allowances (see recommendation 57) should not preclude small allowances being made available to councillors to communicate with their electorate, including where content is explicit about their political allegiance and activities.

An explanation of this recommendation is provided in the main report – see also recommendation 10.

Recommendation 61

In order to maintain confidence in local councillors, Local Authority Standards Committees should be empowered to suspend and claw back part of the basic allowance on the limited occasions where councillors are measurably failing to fulfil their role description.

An explanation of this recommendation is provided in the main report.

Effectiveness

There is no foolproof test of councillors' effectiveness, and individuals perform the role in different ways; in addition, councillors are not employees. Any question of introducing performance related pay would raise difficult issues and we do not seek to do so. Several authorities have, however, introduced voluntary clawback schemes under which councillors may be liable to forfeit parts of allowances if they fail adequately to perform their role. Some comparison can be made with police authorities, which have the right to withhold allowances if members do not attend meetings, although determining a councillor's performance clearly raises more complicated issues than purely attendance at meetings.

Since we have proposed the development of a defined role for councillors, we believe that there is justification for a clawback scheme in those exceptional cases where a councillor demonstrably fails to fulfil specified duties; we would expect such cases to be rare. This proposal could introduce a potential for political dispute or abuse which it would be necessary to avoid. We are satisfied that such abuse could be prevented provided the route to any clawback, as we say in **recommendation 61**, is through the standards committee of the council.

Postscript

"When I joined the town hall 52 years ago the surnames of half the councillors were on the 1892 foundation stone outside the town hall. They were the grandfathers and great-grandfathers of the present councillors. Their money came from the mills and that money had built the town hall. It was part of their lifestyle to be on the council.

The newer Labour members worked in the nationalised industries – mostly down the pit. They were able people who had left school at 13 and discharged their considerable abilities on the council. They enjoyed time-off and were compensated by the financial loss allowance. Better to be in the town hall than down the pit.

On the county council were the grandees, whose ancestors had run quarter sessions before the county councils took over in 1888. They inherited a family commitment in public service. They did not use the title 'councillor' because they already had titles – Viscount, Major-General etc.

These classes of councillor have disappeared. The mills are now flatted factories or are run from London – or abroad. The nationalised industries have been denationalised. The able manual workers now go to university and are on a career treadmill. The aristocrats have returned to their stately homes."

This elegantly descriptive opening to a submission to our forum is a pertinent reminder that the days when distinct social and occupational groups despatched representatives to the service of local government almost automatically are gone. Communities are more diverse, social groupings and identities are more fluid. Local authorities and political parties now face the tougher task of persuading individuals to offer their time. In doing this, they find themselves in competition with all other community organisations that rely on the time commitment of volunteers.
