

Report to the Independent Remuneration Panel



**Epping Forest
District Council**

Date of meeting: 9 November 2009

Subject: Members' Allowances Scheme - Review

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Recommendation:

To review the Members' Allowances Scheme and make recommendations for changes to be implemented at the commencement of the 2010/11 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 2008 following which the Council amended the scheme for the year 2008/09.
3. Since 2002 the Council for budget reasons has not paid the full amounts of allowances recommended by the Panel. At its meeting in May 2008 the Council adopted the revised remuneration scheme proposed by the Panel but decided to implement payment of a Basic Allowance of £3150 per councillor (£4300 in the adopted new scheme). 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 also currently being paid at amounts less than that set out in the scheme.
4. When last reviewing the scheme the Panel took account of a survey undertaken in winter 2006 by Local Government Analysis and Research on behalf of the Local Government Association. All 388 local authorities in England were invited to participate and 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. A further survey was conducted in spring/summer 2008 on behalf of the Local Government Association and the Improvement and Development Agency. A total of 324 (83.9%) of 386 authorities responded.
6. The following sections set out the elements of the current scheme and comparisons with others as shown in the 2008 survey.

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 expenses.

Benchmarking

9. A summary of the 2008 survey 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 and included in the current scheme.

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. A national census of local authority councillors was carried out in 2008 by the Local Government Association and the Improvement and Development Agency. Replies were received from 385 (99.7%) of the 386 local authorities in England and from 8,895 (45.3%) councillors in office. This research showed that councillors spent, on average, 22 hours per week on council/political business, with the largest proportion (21.4%) spending between 16 and 20 hours and 7.8% spending more than 40 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 19 hours. Councillors were asked to estimate the amount of time in a week that they spent on attending meetings, engaging with constituents and on other council business, such as training events. Fewer councillors were able to provide accurate information resulting in a discrepancy with the total average hours spent per week. It emerged that the greatest average time was spent on attending council meetings or committees (10 hours). Slightly less time on average (8 hours) was spent engaging with constituents, conducting surgeries and answering enquiries and other activities (external meetings, training events and seminars) accounted for 6 weeks of the week.
13. It is generally considered that the time spent on council and political business 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 (2008) figures were:
 - (a) Average - £6,099 per annum (ranging from £4,194 in shire districts to £9,978 in shire counties and with regional variations (from £5,040 in the East of England to £9,739 in Greater London) (appendix 2);
 - (b) Average for the 36 of the 37 similar councils in the same region as Epping Forest District Council which completed the survey - £4,505 per annum (appendix 3);
 - (c) Epping Forest District Council – Adopted scheme - £4,300 per annum (payment currently being paid = £3,150) – 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. Originally when recommending a basic allowance of £3150 per annum in 2002, 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. The survey undertaken in 2006 supported the basis of the Panel's original calculation. Applying the current minimum adult weekly wage of £5.80 per hour to a 15 hour week gives a figure of £4524 per annum.

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 for similar authorities in the East of England (as per the survey results) ie £4,500;**
 - (b) **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 £4,524 – so again say £4,500;**
 - (c) **a % increase (related to staff APT&C increase or some other figure); the Panel could look at regional salaries as a benchmark; further work would be necessary on this option to arrive at a figure.**
17. The Panel has previously discussed 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. Some authorities have introduced voluntary claw back arrangements if members fail to achieve a set percentage of attendance. The Councillors' Commission was established in 2006 with the task of finding ways of encouraging able, qualified and representative people to come forward for election. The Commission reported in 2007 and one of their recommendations was to authorise local Standards Committees to suspend and claw back part of the Basic Allowance where members fail to fulfil their role. However, this recommendation was rejected by the Government.
19. When the Panel last reported in 2008 it recommended that in order to maintain public confidence in the performance of councillors, the attendance records of members be published. Attendance records for meetings are available for public inspection on the Council's website. The current statistics do not indicate a major problem in relation to attendance with 33 members having an attendance record of 80% or above. Training attendance is poor in comparison but only certain courses are defined as obligatory.
20. Recently some of the Council's members met with representatives of the Improvement and Development Agency (IDeA), including Kent County Councillor Kevin Lynes, to discuss member development in the light of the poor response to member training. The discussion included steps which could be taken to make members more accountable and Councillor Lynes spoke enthusiastically about the Members' Annual Report system introduced by Kent County Council in recent years. This scheme requires each council member to produce an annual report (example attached as Appendix 4). These reports are initially signed off by Group Leaders after a one to one appraisal between the appropriate Group Leader and each member. Poor performance is addressed at these sessions which remains confidential between the Group Leader and the member. The reports are then submitted to the Remuneration Panel and the Standards Committee and the latter includes reference to them in its annual report to the full Council. Clawback of allowances has never been considered and is not proposed. It is considered that publication of the reports is sufficient to show a degree of accountability. Kent County Council officers have confirmed that some officer input is required but that most of the report has to be completed by the members themselves including their actual attendance records. Pro-formas are sent to members in February each year and the whole process is completed by the time of the annual meeting. Apparently this year the Standards Committee insisted that all members of the County Council had to attend a training course on the Code of Conduct and this is expected to be achieved.
21. **The Panel may wish to consider something similar if it is felt this would increase member accountability**

Special Responsibility Allowances

22. 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 2008 resulted from multipliers being applied to the recommended amount of the basic allowance.

(a) Leader of the Council

23. The 2008 comparisons from those who completed the survey give the following for a Leader of the Council:

(a) average - £17,753 (ranging from £11,490 in shire districts to £37,486 in Greater London) (across the regions, the average Leader's allowance varied from £13,481 in the East of England to £37,486 IN Greater London)(appendix 2);

(b) average for 33 of the 37 shire district/borough councils in the same region as Epping Forest District Council - £11,547 (appendix 3);

(c) Epping Forest District Council – Adopted scheme - £10,750 per annum (basic allowance x 2.5) (amount currently being paid = £7,875). It should be noted that this Council's scheme recognises that the Leader has a specific portfolio in addition to her role as Leader of the Council and is entitled therefore to the Leader's allowance and a cabinet member allowance. It is apparent that in many authorities the Leader only receives one allowance which is reflected in the figures in (a) and (b) above.

(b) Deputy Leader of the Council

24. The Panel, having taken account of the views of Group Leaders in 2008 have previously recommended that that no provision be made for a SRA for the Deputy Leader of the Council. This recommendation was adopted by the Council in May 2008 and the role of the Deputy Leader has not changed since that time.

(c) Cabinet Members

25. The 2008 comparisons from those who completed the survey give the following for Cabinet members/Portfolio Holders:

(a) average - £9,710 ranging from £6,083 in shire districts to £22,028 in Greater London (this allowance differed across the regions ranging from £7,684 in the North East to £22,028 in Greater London);

(b) average for 31 of the 37 shire district/borough authorities in the same region as Epping Forest District Council paying a Cabinet member's allowance - £7,388;

(c) Epping Forest District Council – Adopted scheme - £6,450 per annum (basic allowance x 1.5) (amount currently being paid = £6,300).

26. There are currently eight portfolio holders on the Council. The portfolios have changed since the Panel last reviewed the scheme and the Panel may wish to consider tiering the allowances for Cabinet members based on current workload and responsibilities. When the Panel discussed this previously it was felt that three portfolios appeared to justify a higher amount than the others.

27. If the Panel wish to pursue tiering, further information will need to be obtained in relation to - Proposed Paired Comparison Role Evaluation/Members' SRA Role Description/Budget Summary Sheets/Manpower Summary.

(d) Overview and Scrutiny Committee Chairman

28. The 2008 comparisons from those who completed the survey give the following for Overview and Scrutiny Committee Chairmen:
- (a) average - £6,159 ranging from £2,454 in shire districts in Yorkshire and Humberside to £14,358 in Greater London;
 - (b) average for 36 of the 37 shire district/borough authorities in the same region as Epping Forest District Council - £4,500;
 - (c) Epping Forest District Council – Adopted scheme - £4,300 per annum (same as basic allowance) (amount currently being paid = £3,150).
29. In addition, the Council's scheme provides for the payment of allowances to the Chairmen of the five Overview and Scrutiny Standing Panels – adopted scheme - £2,150 per annum each (amount currently being paid = £2,150 each).

(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 - £4,269 ranging from £1,000 in a unitary authority to £7,470 in Greater London;
 - (b) average for the 7 shire district/borough authorities in the same region as Epping Forest District Council paying area committee/forum allowances - £3,097;
 - (c) Epping Forest District Council – Adopted scheme - £3,225 per annum (basic allowance x 0.75) (amount currently being paid = £2,362).

(f) Chairman of District Development Control Committee

31. The survey includes comparisons for a Chairman of a Planning Committee. The survey does not define the responsibilities of a planning committee 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.
32. Comparing the District Development Control Committee with the survey figures for Planning Committees results in the following:
- (a) average - £5,623 ranging from £3,054 in shire districts in the North East to £12,137 in Greater London;
 - (b) average for the shire district/borough authorities in the same region as Epping Forest District Council - £4,445;
 - (c) Epping Forest District Council – Adopted scheme - £3,225 per annum (basic allowance x 0.75) (amount currently being paid = £2,362).

(g) Chairman of Licensing Committee and Chairmen of Licensing Sub-Committees

33. No SRA is currently being paid to the Chairman of the Licensing Committee as it only meets twice a year. Following the Panel's last report it was agreed that the payment of SRAs for the Chairmen of Licensing Sub-Committees which meet on a monthly basis be reviewed if the Council changes the arrangements for the election of chairmen by electing them at its Annual meeting. The Council has not made any such change to date.

(h) Group Leaders

34. No SRAs are currently being paid to Group Leaders and the Council has decided that payment of these allowances be reviewed in the future if and when the Council becomes balanced again.

Other Committees/Panels

35. The Council's current scheme provides for allowances for the Chairman of the Complaints Panel, Staff Appeals Panel and Housing Appeals and Review Panel of £1,075 each. The amounts currently being paid are Chairman of the Complaints Panel - £270; Chairman of the Staff Appeals Panel - £270; Chairman of the Housing Appeals and Review Panel - £1,075. There have been no meetings of the Complaints Panel and one meeting of the Staff Appeals Panel in the last year. Meetings of the Housing Appeals and Review Panel normally take place once a month. There are no direct comparisons for these bodies in the survey.
36. The Council's current scheme provides for an allowance of £2,150 for the Chairman of the Audit and Governance Committee and this amount is being paid.

Options for Change

37. **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 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

38. The allowances for co-optees are currently £1,000 for the Chairman of the Standards Committee and £500 for the other of the Standards Committee, the Independent Members of the Overview and Scrutiny Committee, and Audit and Governance Committee.
39. 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. Not all co-optees have not been claiming their allowance.

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

Travelling Allowance

41. 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 42.9p per mile for use of a vehicle not exceeding 999cc; 47.7p per mile for use of a vehicle not exceeding 1199cc; and 60.1p per mile for use of a vehicle exceeding 1199cc. The Council also has provision for a bicycle allowance of 60.1p per mile. The 2008 survey showed that 92.6% of authorities offered travel allowance and 54.1% offered a bicycle allowance. Thirty five of the 37 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. The Council's scheme also provides for the payment of some extra pence per mile for carrying passengers.
42. Travelling allowance is payable in respect of 'approved' duties which are defined in the scheme.
43. The Council has established a Local Highways Panel. This Panel set up at the suggestion of the County council enables local members to become more involved in the delivery of local Highway Services. The Panel comprise 11 District Councillors and three representatives of Parish/Town Councils appointed by the Epping Forest Branch of the Essex Association of Local Councils. Attendance at meetings of the Panel by District Council appointed members is deemed an approved duty for payment of travelling expenses to and from meetings. A question has arisen over the payment of travelling expenses to the Parish/Town Council representatives. As the three members appointed by the Epping Forest Branch of the Essex Association of Local Councils represent all of the Parish/Town Councils in the District and not just the Parish/Town Council to which they are elected it has been suggested that it would be more appropriate for provision for payment to be made in the District Council's Remuneration Scheme. There is a similar situation with the District Council's Standards Committee which includes three members appointed by the Epping Forest Branch of the Essex Association of Local Councils. Travelling expenses are paid to those members under the District Council's Scheme.
44. **The Panel are asked to consider amending the scheme to include payment for Parish/Town council representatives at meetings of the Local Highways Panel.**

Subsistence Allowance

45. Thirty-five of the shire districts/boroughs in the same region as this Council offer subsistence.
46. The Council's current rates mirror the rates paid to officers which are currently – not exceeding £6.72 for breakfast; not exceeding £9.28 for lunch; not exceeding £3.67 for tea; not exceeding £11.49 for evening meal. These officer rates are reviewed annually and changes are reflected in the Council's scheme.

47. **The Panel may wish to consider whether there is any need to amend the scheme.**

Carers' and Childcare Allowances

48. The scheme also provides a childcare/dependent carers' allowances payable at a rate equivalent to the current adult National Minimum Wage (currently £5.80 per hour) 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.
49. The survey of all councils showed that 89.5% of authorities offer carers' allowance at an average hourly rate of £7.83 and that 73.2% offer a childcare allowance at an average hourly rate of £7.03:
- (a) the average for dependent carers' allowance for the shire district /borough authorities in the same region as Epping Forest District Council is £9.82 per hour (31 of the 37 authorities making provision).
- (b) the average for childcare allowance for the shire district /borough authorities in the same region as Epping Forest District Council is £8.13 per hour (25 of the 37 authorities making provision).
50. To date no member of Epping Forest District Council has received this allowance.
51. **The Panel may wish to review the amounts in the light of payments made by others.**

Pensions

52. The current scheme also enables members to join the Local Government Pension Scheme (as do 11 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 - 'Representing the Future' – The Councillors Commission

53. The Council asked the Panel to consider any relevant recommendations of the Commission adopted by the Government when it next reviews the scheme.
54. The Council adopted a recommendation of the Panel included in its last report to review in due course Member Role Accountability Statements in order to reflect the changing roles of members. The Government has accepted that people need to know exactly what their councillors do and has welcomed the Improvement and Development Agency's commitment to develop model role descriptions which can be adapted by local authorities. The IDEA website currently refers to good practice and directs authorities to the Kirklees Council site. Examples of role descriptions for Epping Forest District councillors based on the Kirklees models are attached at Appendix 5.
55. The Government has also accepted that councillors should be appropriately compensated for the time and costs of their role. They have acknowledged the value local flexibility and independence provided by remuneration panels but feel it is important that panel decisions are informed by good practice elsewhere. They welcome the Local Government Association's proposal to collect and share data on average allowances etc.

Conclusions

56. The Panel are invited to review each aspect of the Member Allowances Scheme as set out above and to recommend if and how any increases should be made and also whether to link allowances to Member Development.