

**EPPING FOREST DISTRICT
REMUNERATION PANEL
ANNUAL REPORT 2012/13**

Introduction

1. This is the annual report of the District Remuneration Panel for the Epping Forest District. The report summarises the Panel's work during the year 2012/13 and indicates further matters for review in the future.

Legal Background

2. We were established under the Local Government Act 2000, which requires the Council to establish a Remuneration Panel to advise on payment of allowances and expenses to District Councillors.

3. Remuneration schemes agreed under these arrangements are subject to public notification and copies of Remuneration schemes once agreed must be made available to the public for scrutiny as must the payments actually made at the end of each financial year.

Membership:

4. The Panel currently comprises three independent members, namely:

David Jackman
Rosemary Kelly
Stephen Lye

Background:

5. Councils are required to establish and have regard to the recommendations of local Remuneration Panels in setting and reviewing their Allowance Schemes. There are no national limits set. However, whilst acknowledging the value of local flexibility and independence provided by Remuneration Panels, the Government feel that it is important that Panel decisions are informed by good practice elsewhere.

6. The Government's "Guidance on Consolidated Regulations on Local Authority Allowances" outlines the main statutory provisions and gives non-statutory advice. 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 the 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 Dependant Carers' Allowances:

Local authorities may make provision for the payment for an allowance to those councillors who incur expenditure on the care of children or dependant 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 its allowances should be increased in accordance with the 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.

7. The Epping Forest District Council's Members' Allowances Scheme was initially approved by the Council in December 2002 following consideration of a report from this Panel. The scheme has since been reviewed several times by the Panel with recommendations being considered by the Council.

8. Since 2002, the Council, for budget reasons, has not paid the full amounts of allowances recommended by the Panel as set out in the Council's adopted scheme. At its meeting in May 2008, the Council decided to implement a Basic Allowance at a figure of £3,150 per annum (approximately 73%) of the amount of Basic Allowance set out in the scheme - £4,300 per annum.

9. Similarly the Council implemented Special Responsibility Allowances at amounts less than those included in the approved scheme.

Benchmarking

10. In undertaking reviews in recent years we have taken account of a survey conducted in the 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 to the survey which collected information on Basic Allowance, Special Responsibility Allowances and other allowances paid to members. This is the latest national survey undertaken.

Current Scheme

11. The Council's current scheme includes all of the key elements which the regulations allow, including admission of councillors to the Local Government Pension Scheme, child

and carers' allowances, travel and subsistence expenses.

Basic Allowance

12. 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 compensate all work undertaken.

13. As advised earlier, this Council's adopted scheme provides for a Basic Allowance of £4,300 per annum with current implementation being £3,150 per annum. 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.

14. The survey undertaken in 2008 although a little outdated now, showed that the average payment made by other shire districts/boroughs in the same region was £4,505 per annum.

15. We have also taken account of applying the current minimum adult wage to a 15 hour week which achieves a similar amount to the average payment made by other shire districts/boroughs in the same region.

16. Use of the minimum national wage as a basis for calculation was queried during the year by some councillors. When we first considered the Remuneration Scheme several years ago there was a lack of data available on which to base recommendations. As a result one of the indicators which we took into account was the national minimum wage multiplied by an average number of hours worked per week (15 per councillor). The 15 hours reflected the nationally held view that time spent by members on Council business should be "discounted" by between 25% and 50% in recognition of the public service element.

17. We gave further consideration to our calculation for the basic allowance. In more recent years greater weight has been given to the comparative data available from other councils. The latest available comparison figures show that the average amount paid by similar councils in the region is £4,500 per annum per member which compares with this Council's basic allowance of £4,300 per annum with implementation currently £3,150 per annum. A figure for £4,742 is achieved by applying the current National Minimum Wage of £6.08 per hour to a 15 hour week. We noted that in 2010, members of all local authorities had been invited to complete a census questionnaire which had included a question asking how many hours were spent on Council business each week. Twenty-four of this Council's 58 members had completed the national questionnaire and the average number of hours for those members in relation to that question had been 16.3 hours per week.

16. We also noted that there has been no increase in Council staff salaries since 2009/10 and the option of increasing Basic Allowance in line with a staff increase is not therefore open to us.

17. Having regard to the current amount in the adopted scheme, the average amount paid to similar Councils in the same region, the amount achieved by applying the current minimum adult wage to a 15 hour week and the lack of any increase in staff salaries since 2009/10 we did not recommend any change to the amount of Basic Allowance. However, we asked the officers to obtain data from other authorities in Essex and the adjoining areas about the matters taken into account by their Remuneration Panels in recommending the level of basic allowance and we will give this matter further consideration as part of our review for 2013/14.

Implementation

18. We again discussed the Council's level of implementation of the Basic Allowance, currently £3,150 per annum which is considerably less than the amounts paid to councillors in similar authorities in the same region. We reiterate the comments we have made in previous years that by paying a relatively low basic allowance there is a danger of undervaluing the role of councillor which could make it more difficult to attract potential candidates to stand for election in future. We appreciate, however, that implementation is a matter for the Council to determine and there is a need for restraint in setting the Council's budget and achieving savings.

Special Responsibility Allowances (SRAs)

19. The Council's scheme identifies SRAs in common with other authorities, e.g. for the Leader, Cabinet Portfolio Holders, Chairmen of Committees, Panels. The amounts recommended by us in 2008 resulted from multipliers being applied to the recommended amount of the Basic Allowance.

(a) Chairman of the Overview and Scrutiny Committee

20. The SRA for this position has traditionally been the same as the basic allowance (£4,300 per annum in the approved scheme with implementation currently being an amount of £3,150 per annum). This compares with the SRA for a Portfolio Holder of £6,450 in the approved scheme with implementation currently being £6,300 per annum.

21. We reviewed the SRA for the Chairman of the Overview and Scrutiny Committee in the context of changes made to the Council's Constitution providing for Scrutiny Panel Chairmen, rather than the Overview and Scrutiny Committee Chairman, to present the reports from their Panels at full Council meetings.

22. We did not recommend a reduction in the SRA for the Chairman of the Committee as in our view this would imply a reduction in the status/responsibilities/time commitment of the Chairman.

(b) Other SRAs

23. We saw no reason to propose any changes to the amounts of other Special Responsibility Allowances having regard to the similarities and amounts of Special Responsibility Allowances in the Council's current adopted scheme and those of similar authorities in the same region as the Council.

IT Connectivity Allowance

24. We have considered whether this allowance is still applicable at a time when the majority of councillors have the required access to the internet in their homes. A sum of £500 is payable to members in their first year of office to assist them with the cost of a personal computer (if necessary), internet connection and any consumables. A sum of £250 per annum is paid in subsequent years to assist with the cost of consumable items for the computer.

25. We were advised that members have expressed an interest in electronic (rather than paper) agenda dispatch possibly linked to handheld mobile computers (tablets). In the light of this we deferred making any recommendation on this matter and will give it further consideration during our next review.

Travel Expenses – Car Travel

26. We gave further consideration to the classes of “approved duties” for the purpose of payment of travelling and subsistence expenses. The list of approved duties included attendance at any meeting or other official function at the request of the Chief Executive, Deputy Chief Executive or a Service Director.

27. We noted the role of Assistant Directors at the Council, particularly in relation to liaison with councillors and we recommended that the approved duty be extended to include Assistant Directors.

Rates of Travel by Car

28. We gave further consideration to the level of rates for car travel which are the same as the higher rates paid to officers classed as casual users. These rates are reviewed annually at national level.

29. We reviewed these rates in the light of members receiving a tax free approved amount when using their own vehicles. Currently the approved mileage payments (tax free amounts) are 45p per mile for the first 10,000 miles whilst the current rates paid in accordance with the Council’s approved scheme are in excess of the tax free amounts.

30. We were informed that one member who had been entitled to the rate of 65p per mile in accordance with the Council’s scheme had signed a statement specifying that she wished to restrict all future claims to 45p per mile (or higher in line with any future increased tax free amounts) in order to avoid payment of tax on the expenses she received for using her vehicle to Council meetings etc.

31. We decided that having regard to the ability of a member to forego any part of entitlement to an allowance or expense that we would not propose any change to the rates of travel by car.

Joint Remuneration Panel

32. We received an approach from another authority about the possibility of sharing an Independent Remuneration Panel. We were advised that informal views had been sought on this approach from senior members of the Council and the Council’s officer Corporate Governance Group and the consensus was that unless some demonstrable benefits could be identified in terms of savings/efficiency there was unlikely to be support for the idea. Accordingly we decided not to make any recommendation on this approach.

Current Scheme and Level of Implementation

33. Attached to this report is the current Members’ Allowance Scheme and the Statement of Implementation for 2012/13.