

**EPPING FOREST DISTRICT
REMUNERATION PANEL
ANNUAL REPORT 2013/14**

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 2013/14 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 details of 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 Allowances 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.

Background to the Current Scheme

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.

Basic Allowance

11. 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 of the work undertaken.

12. 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 reviewing the Scheme this year we have not recommended any change in the amount of £4,300 per member per annum as there seems little point in doing so whilst payments continue to be made at less than that in the adopted Scheme.

13. However, we are conscious that the figure of £4,300 was adopted several years ago and we propose to revisit it next year. To assist us with our review next year we have asked the officers to obtain up-to-date comparative data from other similar authorities which will be taken into account with other data such as applying the Minimum Adult Wage to a 15/16 hour week, applying the percentage of any increase in staff salaries.

Implementation

14. We have again discussed the Council's level of implementation of the Basic Allowance, taking account of the views of councillors who responded to our invitation to advise us of any issues or concerns about the Allowances Scheme. Implementation of a Basic Allowance payment at less than the sum provided in the approved Scheme is unusual and may be unique to this Council. 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. It may also lead to public perception that current councillors are not worthy of receiving the full amount. Whilst we appreciate 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 we remain of the view that the level of implementation should be higher. We have made recommendations which if adopted will (a) increase the implementation figure to £3,435 per member per annum (approximately 80% of the full amount) in 2014/15 with little impact on the budget; and (b) achieve payment of the full amount of £4,150 per member per annum in either 2015/16 or 2016/17.

15. The figure of £3,435 is achieved by discontinuing the IT Connectivity Allowance and including it in the Basic Allowance and by including a sum of £35 per member which is the cost of the fee for a councillor to register as a Data Controller with the Information Commissioner. We were asked to consider this registration from an allowances point of view having regard to the fact that currently only 10 District Councillors have registered. It is a matter for each member to decide whether registration is necessary and if so to register. From the information provided to us it would seem that the majority if not all councillors should be registered. By making it clear that provision has been made in the Basic Allowance for payment of the registration fee we hope this will lead to a higher level of registration.

Special Responsibility Allowances (SRAs)

16. 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. Similar to the Basic Allowance the Council has implemented

Special Responsibility Allowances at amounts less than those included in the approved Scheme and for this reason we have not reviewed the amounts other than that for the Chairman of the Standards Committee.

17. When we reviewed the Allowance Scheme last year, the new standards regime had not been in operation very long and we agreed to review the SRA for the Chairman of the Standards Committee this year when we felt that the new role would have become clearer. We have been advised that the role has in the main been chairing meetings of the Standards Committee and we have concluded that the responsibility has not differed significantly from the position last year. Accordingly we are not recommending any change in the SRA at this time and we propose to review the matter again if and when the workload for that role increases.

IT Connectivity Allowance

18. We have again 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. The councillors who made submissions to us supported the discontinuance of this Allowance with it being incorporated into the Basic Allowance, thereby increasing the level of implementation with little effect on the budget. Our recommendations reflect this suggestion.

Travel Expenses – Car Travel

19. We were advised that following an inspection of the Council's payroll arrangements by HMRC, directions had been given on how travelling and subsistence expenses were to be treated for tax and national insurance purposes. One of the requirements is that deductions for tax and National Insurance apply to councillors' home to Civic Offices and return journeys as the Civic Offices are regarded by HMRC as councillors' place of work. Although we are aware that some councillors do not agree with the direction from HMRC and representations have been to us that other authorities are not applying the HMRC direction we have recommended amendments to the wording of the Council's Scheme to reflect the HMRC requirements. Councillors wishing to challenge the ruling should individually approach HMRC with evidence as to why they consider the Civic Offices are not their place of work.

Travel Outside of the District

20. In our discussions with councillors it became clear that there is a need to reinforce the requirements in the approved Scheme regarding travel for approved duties outside of the District. In reporting to members we have made it clear that the Scheme does not require councillors to use public transport. What is required is that claims irrespective of mode of travel must not exceed the lower of: (a) rail/underground fares and other fares from station to destination at each end of the journey; or (b) the appropriate car mileage.

Pensions

21. We have recommended changes to the wording of the Scheme to reflect the current entitlement of councillors to join the Local Government Pension Scheme and the government's intention to discontinue the entitlement of councillors to join the Scheme from 1 April 2014 with existing subscribers' accrued rights protected.

Submissions

22. Finally we would like to thank those councillors who took time to respond to our invitation to express views and concerns about the Allowances Scheme. We have taken

account of those submissions in formulating our recommendations to changes to the Scheme.