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## INDEPENDENT REMUNERATION PANEL REPORT TO EAST HERTFORDSHIRE DISTRICT COUNCIL – FEBRUARY 2013

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### RECOMMENDATIONS FOR MEMBERS' ALLOWANCES FOR 2013/14

#### 1.0 Background

- 1.1 The Council's Independent Remuneration Panel (IRP), established under the provisions of the Local Authorities (Members' Allowances) (England) Regulations 2003, has undertaken a review of the Members' Allowances Scheme.
- 1.2 The regulations require that: "*Before an authority...makes or amends a scheme, the authority shall have regard to the recommendations made in relation to it by an independent remuneration panel*".
- 1.3 This report has been prepared in accordance with those regulations to enable the Authority to meet its statutory responsibilities when reviewing or amending its Scheme of Allowances for 2013/14.
- 1.4 The scope of the review was to determine what changes, if any, needed to be made to the current Members' Allowances scheme.
- 1.5 Following the May 2011 elections, the political composition of the Council is 46 Conservatives, 2 Liberal Democrats and 2 Independents.
- 1.6 The political structure and the roles of members was unchanged since the last review with the exception that:
- the vacancy on the Executive has been filled, re-establishing the composition of the Executive as Leader of the Council, deputy leader and four Executive Members;
  - the Highways joint Member Panel ceased to exist on 30 September 2012 following the reorganisation of Highways by Hertfordshire county Council;
  - there is a revised Standards Committee which eliminates the further payment of co-optee Special Responsibility Allowances (SRAs) to the Chairman and members; and
  - there is a new Council Tax Setting Committee, but payment of an SRA to the Chairman is not currently considered appropriate.
- 1.7 The IRP met on 27 September and 6 November 2012 to conduct its review.

1.8 The following evidence was considered:

- (a) Individual submissions from the single Member who responded to the invitation for written submissions concerning the views on Members' Allowances that may apply for 2013/14.
- (b) A summary of allowances paid to EHC Members for the five years from 2007/08 to 2011/12 (see Appendix II).
- (c) Benchmark data (see Appendix III).
- (d) The Executive Summary of the National Census of Local Authority Councillors 2010 (LGA Census 2010), published October 2011, the main findings of which are summarised in Appendix IV.

1.9 For administrative purposes only, the IRP was asked to consider the consolidation of the separate IT expense payment to Members (£35 per month) into the Basic Allowance.

1.10 Following the agreement to increase, from 2012/13, the mileage allowance for use of own car to 45p (the HMRC approved basic mileage rate effective from 6 April 2011) for the first 50 miles of a return journey, in recognition of current fuel price levels, the IRP considered whether it would be appropriate to review:

- the mileage rate reimbursable for return journeys over 50 miles (presently 18p per mile) to 25p per mile (the secondary HMRC approved mileage rate approved for annual business miles over 10,000); and
- the flat rate SRA paid to compensate members of the Development Control for use of own cars on site visits (presently £240 p.a.) to £270 p.a.

## 2.0 Allowances

There is a statutory requirement for all councillors to be paid a Basic Allowance. The allowance is intended to recognise the time commitment of all councillors including inevitable calls on their time such as committee meetings, constituent business and attendance at political group meetings. It is also intended to cover incidental costs such as the use of a member's home. Under a separate scheme, the Council offers members the free use of a LapTop.

SRAs are payable to those Councillors who have significant additional responsibilities.

In 2011/12 the total cost of the scheme for all allowances at East Herts Council was £357,632.17. This figure includes all basic and special responsibility allowances paid, as well as travel and subsistence; it does not include employer's NI contributions or the IT expense payment (£35/month).

## Basic allowance

The Basic Allowance in East Herts was cut for 2010/11 by 10% from £5,274 (the average of the basic allowance for the three years 2007/08, 2008/09 and 2009/10) and has been maintained at this lower level since then. Accordingly, the IRP considered it appropriate to review this figure and how it is calculated.

### Hourly rate basis:

One method of recalculating the basic allowance would be to base the allowance on an assumed hourly rate of pay. In 2009 the Local Government Association suggested a daily rate for assessment of £149. For example, the basic allowances payable by St Albans City Council since 2004/05 are based on the average of the National and Hertfordshire non-manual average hourly wage rates (taken from the published New Earnings Survey for 2000) resulting then in an average hourly rate of £12.92.

It is difficult to assess the number of hours members spend on council business as the workload of members varies considerably. A survey in 2006 suggested an average rate of 21.9 hours per week. The LGA Census 2010 which surveyed councillors in England reported an average of 23 hours per week and that councillors in 'shire districts' such as East Herts spend on average 18.2 hours a week on council and political business.

However, this figure needs to be considered in light of the fact that in Hertfordshire there are two tiers of council, whereas in many other areas there is only one. Moreover, this figure includes party political business alongside council work, which arguably should not be remunerated, and such statistics do not take into account differing responsibilities of councillors which may be otherwise remunerated through an SRA.

The St Albans City Council hourly rate is multiplied by 597 hours per year (being 13 hours (1.75days) per week, multiplied by 46 weeks (allowing for holidays)). This figure is then discounted by 40% to recognise that that percentage of each member's assumed time commitment is given voluntarily – the "voluntary service principle" as determined by the Council.

### Benchmarking basis:

As identified by the external auditors (2008/09), benchmarking should be one of the pieces of information used in reviewing the level of members' allowances.

Benchmark data (Appendix III) relating to members' allowances in the 10 borough/district council in Hertfordshire shows basic allowances for 2012/13

ranging from £4,100 (Broxbourne) to £7,209 (Watford), with an average of £5,256. The basic allowance payable to East Herts (the largest district geographically, with the second largest population) members (£4,747) is below this average.

### Special Responsibility Allowances:

There are a number of approaches to calculating SRAs and, according to the paper by the Councillors' Commission on Members' Remuneration (2007), the 'multiplier approach' is the most popular. This method has the advantage of being understandable, simple and transparent. The IRP continues to adopt this approach.

In assessing the multiplier that should be applied to calculate the SRAs, the IRP has had regard to the leadership skills required and the time commitment necessary effectively to provide such leadership, as well as appropriate benchmarking against other authorities.

## 3.0 Considerations

3.1 In conducting its review, the IRP also took account of the following factors:

- (a) the prevailing economic climate and, particularly, the likelihood that any increase for 2013/14 in local government officer pay will be significantly below the current rate of inflation;
- (b) the issues and deliberations of the IRP during its last review and the acceptance by Council of the IRP's recommendations for the 2012/13 Members' Allowances Scheme;
- (c) legislative changes, particularly the provisions of the Localism Act 2011 impacting on Members' workloads;
- (d) issues concerning attracting demographically representative candidates to stand for election as councillors and also political leadership succession planning;
- (e) setting allowances at levels that reflected the time and work needed to undertake the duties and responsibilities of a Member of East Herts Council, including those roles that attracted SRAs, but also recognised the interest of Council Tax payers;
- (f) previous levels of Members' allowances for East Herts;
- (g) current inflation levels.

## 4.0 Conclusions

4.1 The IRP concluded that no persuasive case had been made to increase any of the current allowances payable to Members of East Herts Council, save for the review of compensation payable for use of own motor vehicle (see

para 1.10 above) and consolidation of the IT expense payment within the Basic Allowance.

4.2 It was, however, acknowledged that a further review of allowances may be necessary, possibly in advance of the next annual review, once the implications for Members' workload and responsibilities arising from the provisions of the Localism Act 2011 have been more fully evaluated by the Authority.

#### 5.0 The Independent Remuneration Panel ('IRP')

5.1 The following individuals formed the IRP undertaking the review of Members' Allowances:

Peter Boylan, Nicola Burdett, Bernard Engel, Denis Filer (Chairman), Catherine Lofthouse, Sally Newton, Jonathan Pool.

5.2 The IRP received administrative support from the Head of Democratic and Legal Support Services.

#### 6.0 Recommendation:

**that the allowance levels within the 2012/13 scheme be retained for 2013/14 (1 April 2013 to 31 March 2014), save for:**

- **the consolidation of the IT expense payment of £420 p.a. into the Basic Allowance subject to the qualification below relating to SRAs;**
- **the application of the multipliers to arrive at the SRAs payable shall be to the Basic Allowance (as amended), less the consolidated IT expense payment of £420.**
- **an increase in SRA payments to Development Control committee members to £270 (2012/13: £240) p.a.**
- **the mileage allowance payable in respect of use of own motor vehicle being revised to 45p (2012/13 45p) per mile for the first 50 miles of a journey and 25p (2012/13 18p) per mile thereafter.**