
**INDEPENDENT REMUNERATION PANEL REPORT TO
EAST HERTFORDSHIRE DISTRICT COUNCIL – FEBRUARY 2016**

RECOMMENDATIONS FOR MEMBERS' ALLOWANCES FOR 2016/17

- 1.0 Preliminary
- 1.1 The Independent Remuneration Panel (IRP), established by East Herts District Council (the Council) 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 the extant regulations to enable the Council to meet its statutory responsibilities when reviewing or amending its Scheme of Allowances for 2016/17.
- 1.4 The scope of the review was to determine what changes, if any, needed to be recommended to the current Members' Allowances scheme which includes:
- (a) the councillors' basic allowance;
 - (b) the special responsibility allowance (SRA) (paid to councillors who have extra responsibilities, e.g. executive members or committee chairmen);
 - (c) child care and dependant care allowances;
 - (d) travel and subsistence payments and the circumstances under which they are paid, and
 - (e) whether councillors should be able to opt into the Local Government Pension Scheme.

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- 1.5 Presently, the entire Council is formed by 50 councillors all from the Conservative political group.
- 1.6 The decision making structure and the roles of councillors are largely unchanged since the last review (save that the Health and Wellbeing Panel is now a full scrutiny committee).
- 1.7 The IRP met on 1 October and 2 November 2015.
- 1.8 The following evidence was considered:
 - (a) interview (02.11.15) with the Leader of the Council in which she reminded the Panel that Members still faced the challenges of a changing and increasing work load of ward councillors as community leaders and the challenges posed by housing growth and the health agenda; the Leader highlighted the relatively strong financial position of the Authority but it still faced financial pressures; the Leader suggested that any increase be modest and in-line with any staff annual pay award
 - (b) financial picture for the Council from 2015/16 to 2019/20: Briefing Note (26.10.15) prepared by the Director of Finance and Support Services confirming that the Council has a healthy reserves position; information was awaited on the Authority's funding position following the Government's Comprehensive Spending Review; it was noted that the Chancellor had indicated that non-protected departments should expect cuts of 25 to 40% within the current Parliament.
 - (c) the policy requiring members to access ICT systems using their own equipment and improved ICT support arrangements for members.
 - (d) a summary of allowances paid to Council members for the seven years from 2008/09 to 2014/15 (see Appendix II), and
 - (e) benchmark data on a basic and special responsibility allowances (see Appendix III) for the ten Hertfordshire borough/district councils.

2.0 Allowances

- 2.1 There is a statutory requirement for all councillors to be paid a Basic Allowance. This allowance is intended to recognise the time commitment of all councillors including inevitable calls on their time such as council/committee meetings, constituent business, working with constituent groups and attendance at political group meetings. It is also intended to cover incidental costs such as the use of a member's home. SRAs are payable to those councillors who have significant additional responsibilities.
- 2.2 The Panel recalled that the Department for Communities and Local Government (December 2012) declared that "Councillors should be volunteers, not the bankrolled staff of the municipal state". Many people who care for the communities in which they live (Scout or Guides leaders, school governors, parish councillors, sports team organisers and many others) have been voluntarily giving of their time and skills for years.
- 2.3 It further recalled that Clive Betts MP, Chair of the Communities and Local Government Committee (February 2013) said that "If councillors are to be unpaid volunteers, the pool (of potential councillors) is going to be even smaller. It is clear that remuneration, along with time commitment and the attitude of employers, is one of the key barriers preventing people standing for election. People are put off becoming councillors because the money does not adequately compensate them for the work involved, and, in the case of councillors in employment, they may lose more from taking time off work than they receive in allowances. As localism, with increased local responsibilities, makes the job more complex and demanding, the workload on a councillor will become greater and the case for appropriate allowances stronger."
- 2.4 The Panel considered the balance between increasing the allowance in order to make the role more accessible to a wider (and younger) pool of talent against the fact that local government was facing further budget cuts thus increasing the amount of money due to elected councillors could not be justified. It also took account that the current intake of councillors were elected in May 2015.

- 2.5 In 2014/15 the total cost of the scheme for all allowances at the Council was £392,874.75. This figure includes all basic and special responsibility allowances paid, as well as travel and subsistence and the consolidation within the Basic Allowance of the IT expense payment (£424/year per member); it does not include employer's NI contributions.
- 3.0 Background
- 3.1 The Panel recognised that national research demonstrated that the demands made of councillors continue to increase, as does the time commitment expected from them. There was more partnership working and elected members needed to find different ways of engaging with communities they represented. The new localism agenda had an impact on councillors' workloads and ward councillors faced new challenges from housing growth and the health agenda. 'E'-mails had greatly increased not only the accessibility of councillors, but also the pressures upon them. A more demanding electorate expected immediate responses from its councillors. It was difficult to combine senior responsibility on a council with a 'normal' job. The Panel further recognised that political parties found it increasingly difficult to recruit able people who were available and willing to serve as councillors. There is a general shortage of young people among councillors. It noted however, that at the May 2015 local council elections, there were more candidates seeking election than at the previous elections in 2011. It also noted the age profile of the current elected members (with the overwhelming majority being aged between 51 and 70).
- 3.2 The Government-appointed Councillors' Commission observed in 2007, following the report of Sir Michael Lyons, 'there is a strong view that councillors generally are poorly rewarded for the work that they do'. The Commission took the view (which the Panel shares) that 'allowances should be set at a level that enables people to undertake the role of councillor while not acting as an incentive to do so. Allowances are not shown by polls to be something which influences councillors to take on the role, though they are instrumental in making it possible for some people to do so. If it is important that there are no financial incentives to being a councillor, it is equally important that there should not be a financial disincentive. 'Members' allowances are important in enabling a wider body of people to serve as councillors.'

3.3 Members' allowances are by no means commensurate with their responsibilities and the hours of service required: they are considerably discounted for the public service element of the job.

4.0 Basic allowance

4.1 Extracts from guidance produced by the Department for Communities and Local Government on this issue include:

"10. The basic allowance is intended to recognise the time commitment of all councillors, including such inevitable calls on their time as meetings with officers and constituents and attendance at political group meetings. It is also intended to cover incidental costs such as the use of their homes.

68. It is important that some element of the work of members continues to be voluntary – that some hours are not remunerated. This must be balanced against the need to ensure that financial loss is not suffered by elected members, and further to ensure that, despite the input required, people are encouraged to come forward as elected members and that their service to the community is retained."

4.1.1 The Basic Allowance in East Herts was cut for 2010/11 by 10% (£528) from £5,274 (the average of the basic allowance for the three years 2007/08, 2008/09 and 2009/10) and was maintained at this lower level for each of the 3 years to 2013/14 (subject to the consolidation into the basic allowance of the IT contribution (£35/month)). The IRP recommended, and members accepted the recommendation, to increase the basic allowance by 1% to £5,218 for 2014/15.

4.1.2 The Panel reviewed this figure and how it was calculated.

4.2 Hourly rate basis:

4.2.1 It is difficult to assess the number of hours members spend on council business as the workload of members varies considerably. The average hours per week spent on Council and political business by a ward member disclosed by the responses to a previous (pre-election) questionnaire was 17½ hours.

4.2.2 In the LGA census 2013, which surveyed councillors in England, councillors (around 40% responded) reported spending an average of 25.1 hours per week** on council and group/ party business (compared to between 22.0 hours and 22.7 hours in 2004–2010). When broken down, it can be seen that councillors spent the majority of this time on council business (20.8 hours on average) and a much smaller proportion of time on group/party business (4.3 hours on average); councillors in 'shire districts' such as East Herts spend an average of 20.6 hours a week on Council and political business. (** Over half of those who responded to the census held leading responsibilities (e.g. leader, deputy leader, executive member, chairman of major committees) which may attract an SRA in addition to a basic allowance; the average of 25.1 hours per week becomes an average of 28.0 hours per week for those with one or more leading positions and 21.5 hours per week for those without.)

4.3 Benchmarking basis:

4.3.1 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 councils in Hertfordshire shows basic allowances for 2015/16 ranging from £4,500 (North Herts) to £7,353 (Stevenage), with an average of £5,487. The basic allowance payable to East Herts (the largest district geographically, with the third largest population) councillors (£5,218) is below this average.

4.4 Review of Basic Allowance

4.4.1 In reviewing what level of Basic Allowance should be recommended to the members for 2015/16, the IRP considered whether there should be:

- 'no change';
- an increase of 1.5% (£78), being the assumption in the Council's Medium Term Financial Plan for staff pay award;
- an increase in line with the staff pay award identified by the Chancellor in his budget statement of 1%

5.0 Special Responsibility Allowances

5.1 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 formulaic approach is at times criticised as introducing an element of undue and artificial rigidity into the system, but this method has the advantage of being understandable, simple and transparent. The IRP continues to support the 'multiplier 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.

5.2 The IRP noted that, following the May 2015 elections, the Council largely reconstituted its previous decision making structure save that the Health and Wellbeing Panel was made a full scrutiny committee. The Chairman of the Panel received a Basic Responsibility Allowance based on a multiplier of 0.5 (of the Basic Allowance less £424). As the terms of reference for the Health and Wellbeing Scrutiny Panel and the role of its Chairman were in line with the roles of the chairmen of the Community and Environment Scrutiny Committees, the Panel considered that the SRA multiplier for this role should be the same i.e. 0.75. It further agreed to recommend that this multiplier (and therefore SRA for this role) should apply from the day after the May 2015 Annual Council meeting.

5.3 Subject to the recommended change identified in the preceding paragraph, all other existing multipliers (and therefore Special Responsibility Allowance levels) should be retained for 2016/17.

6.0 Childcare and Dependant Care Allowances

6.1 A care allowance is payable to any member who incurs expenditure on the care of young children and/or dependant relatives in order to perform their duties as a councillor.

6.2 The following amounts may be claimed for councillors attending approved duties:

- (a) childcare - maximum of £9.00 per hour, and

(b) dependant care - maximum of £10.15 per hour.

6.3 Specialist care for a dependant is known to be more expensive than childcare. Council supported the IRP proposal last year that the dependant care allowance be increased to £10.15 per hour, or the sum paid, whichever is the lesser. No change is recommended in respect of both child care and dependant care allowances.

7.0 Travel and Subsistence Payments

7.1 The following allowances are available:

(a) mileage allowance to cover the cost of the use of councillor's own vehicle (motor car, bicycle) for council business;

(b) public transport expenses (including the use of taxis for short journeys where public transport is inconvenient); and

(c) subsistence allowances (breakfast, lunch, tea and/or evening meal and overnight accommodation) in the case of an absence from the usual place of residence.

7.2 The existing subsistence allowances, effective from 1st January 2008, are the same as those for Council employees; it is understood that these rates will rise for staff in 2016/17. Accordingly, it is recommended by the IRP that the rates of subsistence allowances payable to councillors be the same as those paid to staff as detailed below with effect from 1 April 2016:

		2016/17 (£)	2015/16 (£)
Breakfast	Before 7 am	7.21	6.45
Lunch	Between noon and 2.30 pm	9.95	8.91
Tea	Between 2.30 pm and 7 pm	3.94	3.52
Evening meal*	After 7 pm	12.33	11.03

*Note: Evening meal allowance cannot be claimed with tea allowance.

8.0 Local Government Pension Scheme

8.1 No Members are admitted to the Local Government Pension Scheme.

9.0 Considerations

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

- (a) the prevailing economic climate and the Chancellor's Autumn Statement;
- (b) the issues and deliberations of the IRP during its last review and the acceptance by the Council of the IRP's recommendations for the 2015/16 Members' Allowances Scheme;
- (c) the provisions of the Localism Act 2011, and new challenges 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 the Council, including those roles that attract SRAs, but also recognising the interests of Council Tax payers;
- (f) previous levels of members' allowances for the Council, and
- (g) current inflation levels.

10.0 Conclusions

10.1 Albeit heavily discounted for the 'voluntary service principle', the IRP accepted the guidance that the basic allowance was intended to recognise the time commitment of councillors and the need to take a view on the rate at which, and the number of hours for which, councillors ought to be remunerated. The IRP has concluded that the public sector savings revealed in the

Chancellor's Autumn statement precludes an increase to the basic and (therefore) Special Responsibility Allowances for East Herts Councillors in 2016/17.

- 10.2 No changes are recommended to the multipliers applied to the basic allowance, to determine the SRAs, save for that in respect of the Chairman of the Health and Wellbeing Scrutiny Committee.
- 10.3 No changes are proposed to the Travel and Subsistence Allowances not the childcare and dependant carer allowances.
- 10.5 The schedule of proposed members' allowances recommended as payable by the IRP from 1 April 2016 is attached as Appendix I.

11.0 The Independent Remuneration Panel

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

Peter Boylan (Chairman), Nicola Burdett, Bernard Engel, Sally Newton, Jonathan Pool.

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

12.0 Recommendation that:

the allowance levels within the 2015/16 scheme be retained for 2016/17 (1 April 2016 to 31 March 2017) save that:

- (A) the multiplier to obtain the Special Responsibility Allowance for the Chairman of the Health and Wellbeing Scrutiny Committee be increased from 0.5 to 0.75 and that the revised multiplier be applied from the day after the Annual Council meeting in 2015 (i.e. 21 May), and**
- (B) the subsistence rates be as follows:**

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		2016/17 (£)
Breakfast	Before 7 am	7.21
Lunch	Between noon and 2.30 pm	9.95
Tea	Between 2.30 pm and 7 pm	3.94
Evening meal*	After 7 pm	12.33

***Note: Evening meal allowance cannot be claimed with tea allowance.**