
**INDEPENDENT REMUNERATION PANEL REPORT TO
EAST HERTFORDSHIRE DISTRICT COUNCIL – FEBRUARY 2014**

RECOMMENDATIONS FOR MEMBERS' ALLOWANCES FOR 2014/15

1.0 Background

- 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 those regulations to enable the Council to meet its statutory responsibilities when reviewing or amending its Scheme of Allowances for 2014/15.
- 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.
- 1.5 Presently, the political composition of the Council is 45 Conservatives, 2 Liberal Democrats and 3 Independents.
- 1.6 The political structure and the roles of councillors are unchanged since the last review with the exception that the Leader of the Council has created an additional Executive Member for Community and Partnership Liaison.

1.7 The IRP met on 18 September and 28 October 2013 to conduct its review.

1.8 The following evidence was considered:

- (a) interview (28.10.13) with the Leader of the Council;
- (b) financial picture for East Herts Council from 2013/14 to 2017/18: Briefing Note (21.10.13) prepared by the Director of Finance and Support Services;
- (c) individual submissions from the seven Members who responded to the invitation for written submissions concerning the views on Members' Allowances that may apply for 2013/14;
- (d) a summary of allowances paid to EHC Members for the six years from 2007/08 to 2012/13 (see Appendix II);
- (e) benchmark data (see Appendix III), including, for 2013/14 (budget), Cost per Registered Voter data collated and provided by Stevenage Borough Council;
- (f) the Corporate Peer Challenge: East Hertfordshire District Council – report dated December 2012, and
- (g) report (July 2013) of the Independent Review Panel on Members' Allowances: Hertsmere Borough Council.

2.0 Allowances

2.1 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.

2.2 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 On the other hand, 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 In considering the recommendations of the IRP following its review of Members Allowances for 2013/14, the minutes of the council meeting held on 20 February record that “Councillor M Wood expressed his disappointment that the IRP had not recommended increasing the Basic Allowance. He reminded Members that the level had been frozen for some years and that the benchmarked data set out in the report indicated that East Herts was falling behind comparable Authorities in the County. He suggested that the IRP should be asked to look at this aspect again. The Leader expressed some sympathy for Councillor M Wood’s view, but questioned the practicalities of deferring a decision. He believed the recommendations should be accepted, but that further submissions be made to the IRP”.
- 2.5 Those in favour of increasing the allowance say that better remuneration would help to make the role more accessible to a wider pool of talent, whilst those opposed feel that with local government needing to adapt to budget cuts of close to a third, increasing the amount of money due to elected councillors cannot be justified.
- 2.6 In 2012/13 the total cost of the scheme for all allowances at East Herts Council was £375,881.18. 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 (£420/year per Member); it does not include employer’s NI contributions.

3.0 Basic allowance

3.1 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.

3.2 Hourly rate basis:

One method of calculating the basic allowance would be to base the allowance on an assumed hourly rate of pay. 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 the need to recognise that a percentage (perhaps 40%) of each councillor's time commitment is given voluntarily – the 'voluntary service principle'. Nor do such statistics take into account differing responsibilities of councillors which may be otherwise remunerated through an SRA and the more recent (since 2010) significant increase in the requirement for councillors to undergo training.

3.3 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 £4,500 (Broxbourne) to £7,209 (Watford), with an average of £5,385. The basic allowance payable to East Herts (the largest district geographically, with the third largest population) councillors (£5,167) is below this average. The Panel considers that there is no evidence that East Herts is falling behind comparable Authorities in the County.

4.0 Special Responsibility Allowances

4.1 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 recommend the adoption of 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 effectively, as well as appropriate benchmarking against other authorities.

5.0 Childcare and Dependant Care Allowances

5.1 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.

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

- (a) childcare - maximum of £9 per hour, and
- (b) dependant care - maximum of £9 per hour.

5.3 Specialist care for a dependant is known to be more expensive than childcare, but, given that this has not been raised as an issue by Members, it seems unnecessary to propose differentiation in the maximum hourly rates claimable.

6.0 Travel and Subsistence Payments

6.1 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.

6.2 The existing subsistence allowances, effective from 1st January 2008, are the same as those for Council employees; it is understood that there is no present intention to change these rates for 2014/15. The IRP also noted that similar fixed allowances paid by Hertfordshire County Council are each around 15% lower than those paid by East Herts Council. Accordingly, no change is recommended by the IRP to the rates of subsistence allowances payable to councillors.

7.0 Local Government Pension Scheme

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

8.0 Considerations

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

- (a) the agreement in July 2013 by the National Joint Council for Local Government Services (the NJC) for a pay increase of 1% effective from 1st April 2013;
- (b) the prevailing economic climate and, particularly, the likelihood that any increase for 2014/15 in local government officer pay will be significantly below the current rate of inflation;
- (c) the issues and deliberations of the IRP during its last review and the acceptance by Council of the IRP's recommendations for the 2013/14 Members' Allowances Scheme;
- (d) legislative changes, particularly the provisions of the Localism Act 2011, impacting on Members' workloads;
- (e) issues concerning attracting demographically representative candidates to stand for election as councillors and also political leadership succession planning;
- (f) 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 recognising the interests of Council Tax payers;

- (g) previous levels of Members' allowances for East Herts, and
- (h) current inflation levels.

9.0 Conclusions

- 9.1 The IRP concluded that no persuasive case had been made to restore the Basic Allowance to the 2009/10 level before the 10% cut effective from 2010/11, but, recognising the agreement in July 2013 by the NJC for a pay increase to Council employees, that a similar increase in the Basic Allowance would be reasonable.
- 9.2 No changes are suggested to the Childcare and Dependant Care nor the Travel and Subsistence Allowances.
- 9.3 The schedule of proposed members' allowances recommended as payable by the IRP for the year from 1 April 2014 to 31 March 2015 is attached as Appendix I.

10.0 The Independent Remuneration Panel

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

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

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

11.0 Recommendation that the:

- (A) Basic Allowance be increased by 1% to £5,218, including the consolidation of the previous communications allowance, and**
- (B) application of the multipliers to arrive at the SRAs payable shall be to the Basic Allowance (as amended), less the consolidated communications allowance of £424 (£420, plus 1%).**