

# East Herts Council Report

## Council

**Date of Meeting: 13 May 2020**

**Report by: James Ellis, Head of Legal and Democratic Services**

**Report title: Review of Scheme of Members' Allowances 2020**

**Ward(s) affected: All**

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## Summary

The Council's Independent Remuneration Panel has made recommendations for adoption of a scheme of allowances to be paid to Members. The report below has been compiled by a majority of members of the Panel, and is presented by the Head of Legal and Democratic Services on the Panel's behalf.

## **RECOMMENDATIONS: that Council approve:**

- (a) an increase in the Basic Allowance of 2.5% from £5,375 to £5,509;**
- (b) an increase in all Special Responsibility Allowances by 2.5%, as shown at Appendix A;**
- (c) that dependants' carers' allowance be increased from £10.15 per hour to £15 per hour, and in relation to childcare, that it be increased from £9 per hour to £10 per hour, and in respect of both such allowances that the Head of Legal and Democratic Services be authorised to exercise discretion to pay a higher amount if requested; and**
- (d) that travel and subsistence allowances remain the same as the rates applicable to staff.**

## **1.0 Proposals of the Panel**

- 1.1 The panel concluded that it was appropriate to recommend an increase to allowances for the reasons set out below.

## **2.0 Background**

- 2.1 The Independent Remuneration Panel for East Herts Council's review of Member Allowances in 2020 comprised Nicholas Moss (Chairman for 2020 review), Christopher Leage, Jonathan Pool and Glenn Sexton. This report has been submitted on behalf of the majority of the Panel members (Mr Pool having dissociated himself from the report).
- 2.2 The Council's Independent Remuneration Panel has conducted a review of Members' allowances pursuant to the Local Authorities (Members' Allowances) Regulations 2003. The Panel met three times, on 27 January 2020, 18 February 2020 and 12 March 2020. It considered the current allowances and whether or not they should recommend a reduction, recommend the status quo or recommend an increase.
- 2.3 During its deliberations the Panel took evidence from the Leader of the Council, Councillor Linda Haysey and from the Leader of the majority opposition Group, Councillor Mione Goldspink. Both Members' contributions were helpful in enabling the Panel to establish afresh the nature of the work of all Members of the authority – backbench councillors as well as those holding positions of special responsibility. In addition, the Panel reviewed material provided by Officers and Panel members setting out payments made to Members of other authorities in Hertfordshire and elsewhere. It took into account also the experience of independent panel members who serve on the Panels of other authorities in the County. This, the Panel, felt, enabled a suitably broad assessment of the allowances for members of East Herts Council. The Panel did not consider it was necessary to conduct a survey of all members of the authority on this occasion. Moreover, such an initiative would have been impractical as the Panel was not

commissioned until relatively late in the civic year.

- 2.4 Regarding basic allowance, the Panel had in mind the date of the last increase, of 2%, in July 2018 and that there had been no change since then. The Panel noted there had been a staff pay award for an increase of 2% in both 2018 and 2019, but that Members' allowances had not increased in 2019. The Panel took into account the range of basic allowances payable to councillors in other Hertfordshire districts and, generally, inflationary increases over that period. It took into account also the long established principle that a significant part of councillors' work should be voluntary. Balancing these considerations, the Panel felt that an increase of 2.5% on the basic allowance was equitable.
- 2.5 Regarding special responsibility allowance (SRA), the Panel noted that there was a range of roles within this category: Leader, Deputy Leader, Executive Member and Committee Chairman, Committee Vice Chairman and Leader of a minority political group. Consistent with the regulations, the Panel took account of the additional work carried out by Members occupying these roles. As with the basic allowance, the Panel took into account, also, the evidence available to it, and concluded that (a) the differentials as between the roles attracting this allowance should be maintained; and (b) the level of increase payable for the basic allowance should be reflected also, at that level, as an increase in the SRA for these roles.
- 2.6 The Panel noted that a new Committee – the Financial Sustainability Committee – had been established, and that the former Performance, Audit and Governance Scrutiny Committee (PAGS) had, in May 2019, become the Performance, Audit and Governance Oversight Committee (PAGO). In relation to the Financial Sustainability Committee, the Panel took into account the evidence from the Leader of the Council that this was a new Committee whose operation had yet to be assessed. In the light of that information, the Panel decided that there should be no SRA for the new Financial Sustainability Committee's chairman.

- 2.7 The Panel noted that the SRA for the Chairman of the PAGO Committee had been determined by the former Head of Strategic Finance to be the same level as the SRA as it had been previously for the PAGES Committee. The Panel came to the view that the change in the committee's function had no material effect on the considerations that led to its recommendation for no change in the basis of the payment to the Chairman of this committee.
- 2.8 Dependants' carers' allowance – the Panel recognised the importance of ensuring that allowances were at a level that would not leave claimants out of pocket and that potential candidates should not be deterred from seeking election. It noted that neither allowance had been increased for some time, while costs of care had increased. It felt that the childcare allowance would bear a small increase but that the dependant carers' allowance should be significantly greater to reflect the reality of the market place. In recommending the sums, the Panel felt that it was appropriate to allow officers to exercise discretion to authorise the payment of a higher sum for the carers' allowance than that recommended where appropriate. As before, both payments would be authorised only on production of evidence of expense incurred.
- 2.9 Travelling and Subsistence allowance – the Panel was content to continue to link reimbursements for travel and subsistence to the arrangements applicable to staff of the authority. The Panel explored the possibility of providing a distinct rate for use of electric vehicles. However, the panel decided to keep the rate for electric and non-electric vehicles the same as it became aware that there was no distinction in the reimbursement payable to staff who drove electric and non-electric vehicles because of the availability of a pool of electric vehicles for staff and Member use. The panel noted the scheme did not provide for a passenger rate payable to the driver where giving a lift to one or more passengers, and recommended expressly including such provision at a rate of £0.05p per mile (as provided for in the East Herts staff travel scheme), in the interests of encouraging car sharing where practical, in support

of environmental considerations.

- 2.10 Additional points – the civic allowance. Any payment to a civic leader (e.g. Council Chairman) is not covered in the Regulations. However, the Panel was invited to review the payments made to the Chairman of East Herts Council as part of its review. The Panel noted that the Chairman received an allowance and that s/he had available, also, a budget to meet costs incurred in discharging his/her civic leadership responsibilities.
- 2.11 The Panel decided that it would be perverse not to recommend the same level of allowance increase to this post holder as it has recommended to those who receive SRAs under the regulations. In respect of the Chairman's budget – a payment separate from and in addition to the allowance - the Panel concluded that this arrangement was outside its terms of reference. This, it felt, was a matter for Officers to consider.
- 2.12 The Panel was invited to consider whether or not an element of the basic allowance should be regarded as an IT allowance, or whether Members should receive an additional IT allowance. The Panel noted that the legislation required that the amount of basic allowance must be the same for each Member. Provision of an additional IT allowance was outside the legislation. Nevertheless, it gave consideration to the point and concluded that if an element of the basic allowance were to be attributable to an IT allowance to enable them to buy IT equipment (1) it was unfair to make Members, in effect, take a reduction in their allowance by expecting them to use part of it to pay for equipment that they needed to do their job as councillors, (2) it did not consider there was any incentive to agree to a deduction in the basic allowance to be compensated for by being provided with equipment that they could keep after four years, when quite possibly it would be obsolete and quite possibly of limited value and (3) some Members did not use equipment and it would be a further disbenefit to regard any part of the allowance as being earmarked for IT purposes.
- 2.13 Duties for which expenses can be claimed – the Panel came to the view that the list of approved duties in respect of Executive

Members' eligibility to claim expenses merited clarification. The Panel felt that it was appropriate that Executive Members could claim for attendance at meetings undertaken in respect of such duties. The Panel considered also the process for authorising these any other expense claims. It concluded that this was properly a matter for officers by reference to Schedule 1, the list of approved duties.

- 2.14 The Panel did not think it was necessary to recommend any other changes to the arrangements for claiming expenses.
- 2.15 The Panel considered whether or not it should recommend that the increases in allowances proposed should be subject to automatic indexation (as provided for in Regulation 10[4]) for a period of up to four years. It concluded that such an approach would not be appropriate on this occasion. It came to this view on the grounds that there was a current review taking place of the function of the scrutiny Committee and the fact of the establishment of two new committees. In these circumstances the Panel felt that a review of payments made to the Chairmen of these committees would, perhaps, warrant review within the next twelve months or so. Thus, the Panel's recommendations cover only the civic year 2020-2021.

### **3.0 Reason(s)**

- 3.1 Regarding the basic allowance and SRAs to which an increase of 2.5% is proposed: to accommodate the year 2019/20 in which there had been no increase; to maintain the basic allowance within an equitable band; and to reflect an allowance broadly on a par with the average in Hertfordshire.
- 3.2 Regarding the dependants' carers' allowance increases, to reflect the fact that comparative figures for such costs justified setting them at a higher amount.

### **4.0 Options**

- 4.1 To recommend no change to the allowances – this option was

REJECTED as the Panel considered it would be inequitable that Members' allowances should not reflect, in part, increases to the staff pay and the cost of living as indicated in the Consumer Price Index.

## **5.0 Risks**

5.1 It is in the public interest that elected representatives to a district council are not debarred from carrying out their duties through financial detriment (taking into account a public service discount applied when allowances are calculated). It is also in the public interest that members of the public should not be deterred from standing as councillors due to potential financial detriment. If an inadequate scheme of allowances were to be adopted, there would be a risk that Members or the public would not be willing or able to serve as elected representatives or to be potential candidates for local elections.

## **6.0 Implications/Consultations**

6.1 Please see the following:

### **Community Safety**

No

### **Data Protection**

No

### **Equalities**

Yes, the recommendations include provision for ensuring reimbursement of reasonable expenses for dependants' carers, to avoid deterring individuals from standing for office, where they have caring commitments might otherwise prevent them from carrying out their duties as Members.

### **Environmental Sustainability**

No

## **Financial**

Yes - in 2018/19, a total of £380,404 (Basic Allowance £260,500, Special Responsibilities Allowance £111,954 and Civic Allowance £7,950) was paid out for Members' allowances and £16,638 for Members' expenses. In 2019/20 a total of £408,833 (Basic Allowance £266,593, Special Responsibility Allowance £134,290 and Civic Allowance £7,950) was paid out for Members' allowances and £16,601 for Members' expenses. The cost of implementation of the recommendations regarding basic and special responsibility allowance would amount to £426,290 (Basic Allowance £275,469, Special Responsibility Allowance £142,672 and Civic Allowance £8,149)

## **Health and Safety**

No

## **Human Resources**

No

## **Human Rights**

No

## **Legal**

Yes - the scheme of allowances must comply with the Local Government and Housing Act 1989 and The Local Authorities (Members' Allowances) (England) Regulations 2003. The regulations require the Council to have a scheme of allowances, and to have regard to the recommendations of an independent remuneration panel.

## **Specific Wards**

No



## **7.0 Background papers, appendices and other relevant material**

7.1 No background papers other than:

Appendix 1 – table of recommended changes

Appendix 2 – tracked changes to approved duties

### **Contact Officer**

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