

TITLE OF REPORT: MEMBERS' ALLOWANCES SCHEME 2012/2013

REPORT OF THE INDEPENDENT REMUNERATION PANEL

1. SUMMARY

- 1.1 This report proposes that the Council adopts the Draft Members' Allowances Scheme for 2012/13 set out at Appendix A.
- 1.2 The recommendations within this report centre on revisions to the scheme devised by the Independent Remuneration Panel (the Panel) during 2010/11 and operated by the Council during the current financial year. The methodology employed in devising the current scheme has not been amended by the Panel during the consideration of a Scheme for 2012/13 (see Appendix B).

2. BACKGROUND**Inflation increases**

- 2.1 The Panel gave further consideration to its recommendation to Council of 11 November 2010 that, in considering inflationary increases, the Council should be mindful of inflation indices used by comparable local authorities. This would help ensure that allowances paid at NHDC remained appropriate.
- 2.2 It was noted that the use of indices at NHDC, in determining inflation, varied depending upon the nature of the expenditure and that in this year wage inflation would likely be determined with reference to savings measures.
- 2.3 Therefore, the Panel determined that, at present, there was no advantage in establishing a price index for use year on year and advice on applying inflation indices should be sought on an annual basis.

3. RESEARCH

- 3.1 Opinions and comments on the current Scheme were invited from each of the Group Leaders.

4. BACKGROUND TO RECOMMENDATIONS**The Leader's Allowance**

- 4.1 The Panel recommends that the Council continues to adopt the principle that the most responsible and time consuming workload on the Council is that of the Leader's and this should attract the highest SRA using the same methodology employed last year. This method was based upon a survey conducted by the IDeA in 2008. There has been no further research since to confirm the current position. The Leader's allowance and relative position in the table of comparisons is now the second lowest allowance, where previously it was the third lowest. It is recommended, therefore, that the Council give more detailed consideration to this allowance in agreeing a scheme for 2013/14.

The Basic Allowance

4.2 The Panel considered the table of current data comparing NHDC allowances with those of audit family authorities (Appendix D). Taking into account the Panel's key principle that the NHDC basic allowance should reflect the mid range of allowances paid within audit family authorities and serve as the building block to SRAs, the Panel noted that:

- a) the current NHDC basic of £4,500 is slightly below the mean average of £4,658;
- b) when compared with the current median figure of £4,500.50, the difference is negligible;
- c) whilst this slippage would not suggest an immediate increase is necessary, it may indicate the start of a previous trend and the Council should be mindful that adjustment may be necessary in the medium term, in order to maintain the around average position.

The Panel recommends that:

- a) no increase be applied to either the basic or special responsibility allowances for 2012/13;
- b) the Council be advised that, should the trend continue, the Panel may be mindful to recommend general increases for 2013/14 and beyond.

The Panel propose that the basic rate for all Councillors continues to be set around the average of the 2011 basic allowances in the Audit Family and should therefore remain at £4,500 per annum.

Special Responsibility Allowances

4.3 Consequent upon the recommendation to maintain the current basic allowance, no uplift is recommended for special responsibilities.

4.4 It is recommended that the Council continues to follow current practice of considering the payment of an SRA with hindsight and in the light of an assessment of one year's experience gained. However, it is recommended that consideration be given to the payment of an SRA in respect of the Chairmanship of the new Finance, Audit and Risk Committee. Whilst this Committee has been active for a short period, its performance and responsibilities may be judged by taking into account the workload of the now discontinued Audit and Risk Committee. The Panel noted:

1. Partnership Sub-Committee of the Scrutiny Committee
Finance and Performance Sub-Committee of the Scrutiny Committee

These Committees were created in May 2010 and abolished in May 2011.

2. Finance, Audit and Risk Committee

This Committee was created in May 2011 and has met twice.

4.5 The Panel considered that the Chairmanship of the Finance, Audit and Risk Committee fell into the same remuneration category as the Chairmanship of the Overview and Scrutiny and Area Committees, and therefore recommends an allowance of £4,410 for both the current financial year and 2012/13. In circumstances where the Council has introduced an SRA in the light of previous experience it has been usual to make payments in retrospect. It is recommended, therefore, that payment be made in respect of the Chairmanship of the Audit and Risk Committee during the civic year

ending 19 May 2011, comparable with the Chairmanship of the former Performance, Audit and Review and Scrutiny Committees, being in the sum of £3,065.

- 4.6 The Panel considered the question whether SRAs should be paid to Vice-Chairmen and decided to recommend to maintain the status quo. Whilst the regulations do not limit the number of SRAs which may be paid, they should only be paid where there are “significant” additional duties to be performed and public perception should also be taken into account “if the majority of the Members of a council were to receive a special responsibility allowance the local electorate might rightly question whether this was appropriate”. Presently, the Council pays 21 SRAs (albeit excluding the Chairman of the Highways Partnership Panel for this year) to a Council consisting of 49 Members.

An Allowance for use of home IT equipment

- 4.7 Whilst the Scheme does not allow for a specific allowance, the Panel noted that the basic allowance paid to all Members has been enhanced by £300 for the use of home IT equipment and consumables, such as ink and paper, based on a 50% usage for Council business of equipment valued at £600 in 2007. The present advice from specialist staff at NHDC is that, whilst the cost of consumables continue to rise, the cost of installing an internet ready computer, in the home, has continued to fall. On this basis, the Panel sees no reason for the Council to consider an uplift in this area.

Childcare and Dependent Carers Allowance

- 4.8 The Panel considers that the practice of setting this at the adult minimum wage as determined by the Government on an annual basis, be continued. This would be £6.08 (£5.95 in 2011/12) per hour during 2012/13. In addition, the Panel continues to recommend a small contingency fund of £1,000 for when a Member needs to pay for specialist care for a dependent, which is known to be more expensive.

Travel and Subsistence and Conference Attendance allowances

- 4.9 The Council has, since allowances schemes were first introduced, applied to its Members the National Joint Council (staff) rates of remuneration for travel and subsistence and the Panel recommends that the Council continues with this practice.

Pension Scheme

- 4.10 The Panel recommends that the Local Government Pension Scheme for Councillors continues to be offered to Members and would recommend adding the following information to the scheme:

“All elected Members under the age of 75 are entitled to pensions in accordance with a Scheme made under S99 of the Local Government Act 2000 and Regulations issued in 2003 (SI 2003/1022) as amended. Both basic and special responsibility allowances will be treated as amounts in respect of which such pensions are payable”

Data Protection Registration

- 4.11 The Panel was advised of the personal responsibility of every councillor accessing the personal data of others, to register with the Data Commissioner as a data controller and of the £35 registration fee. The Panel noted that:

- a) whilst this is considered to be the consequence of a legitimate function, account needed to be taken of Councillors not needing to register (for example, those

not accessing personal data and those who are already registered for the purpose elsewhere);

- b) it would, therefore, not be appropriate to account for this within the basic allowance paid to every Councillor.

The Panel recommends that the Council should pay the fee to individual Members where necessary, upon receipt of a claim for the amount paid.

5. RECOMMENDED TO COUNCIL

- 5.1 That the Scheme of Members' Allowances set out at Appendix A to this report be adopted for the financial year 2012/13.

6. FORWARD PLAN

- 6.1 This report does not contain a recommendation on a key decision but has been referred to in the Forward Plan.

7. LEGAL IMPLICATIONS

- 7.1 The Council has a duty, under Section 99 of the Local Government Act 2000, to determine a Scheme of Allowances for each financial year and set up and maintain the Independent Panel for the purpose of making recommendations to Council regarding the Scheme.

8. FINANCIAL AND RISK IMPLICATIONS

- 8.1 A Scheme of Allowances may make provision for an annual adjustment of allowances to be ascertained by reference to an index, specified by the Council. Where the only change made to a scheme is that caused by the annual impact of the index, the Scheme shall not be deemed to be amended and thus the Council will not have to seek a recommendation from its Independent Panel for a period of up to four years.
- 8.2 The proposals as outlined within the Draft Scheme represent an overall budget for 2012/13 of £330,350 assuming all Members claim the full entitlement. (There is provision within the scheme for Members to notify the Democratic Services Manager that they elect to forgo all or part of the allowance available). A provision has already been included in the draft 2012/13 base budget calculations of £325,230. Acceptance of the Panel's recommendations on allowances will require an increase of £5,120 on the amount included in the draft budget calculations.
- 8.3 Adding to the base budget would increase the budget gap currently identified in the Medium Term Financial Strategy by this amount and require additional efficiencies to be made

9. HUMAN RESOURCE AND EQUALITIES IMPLICATIONS

- 9.1 None contained within this report.

10. APPENDICES

- 10.1 Appendix A - Recommended Scheme of Allowances 2012/2013.
- 10.2 Appendix B – Methodology.

10.3 Appendix C – Features of the Scheme.

10.4 Appendix D - Audit Family/Herts Districts Comparisons.

11. REPORT AUTHOR, CONTACT OFFICERS AND THE INDEPENDENT REMUNERATION PANEL

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The Panel

Elizabeth Webber (Chair): Organisational Development and Human Resource Management Consultant;

Elizabeth Reilly: Leadership Officer at a large London secondary school;

Stephen Cooke: retired local government officer.

The Panel met on 3 occasions during October 2011.

12. BACKGROUND PAPERS and DATA CONSULTED

12.1 Guidance on Consolidated Regulations, ODPM, July 2003

12.2 IDeA Members Allowances Survey (2008)

12.3 Information received from Group Leaders

APPENDIX A

DRAFT MEMBERS' ALLOWANCES SCHEME 2012/13

1. Definitions

In this scheme

"Council" means North Hertfordshire District Council

"Councillor" means a Member of the Council who is a Councillor

"year" means the 12 months ended 31 March.

*figures shown in brackets represent allowances for 2011/12

2. Commencement and Duration

This scheme shall have effect for the year commencing 1 April 2012 and for subsequent years, save that the Council may amend the scheme at any time subject to the provisions of paragraph 8 hereunder.

3. Basic Allowance

Subject to paragraph 8, a basic allowance of £4,500(£4,500) shall be paid to each Councillor (x49) for each year.

4. Special Responsibility Allowance

For each year a special responsibility allowance in the amounts indicated below shall be paid to those Councillors who hold the following special responsibilities:-

Leader of the Council	12,600(£12,600)
Deputy Leader of the Council	1,260(£1,260)
Cabinet Portfolio Members (x7)	6,930(£6,930)
Chairmen - Area Committees (x 5)	4,410(£4,410)
Chairman – Overview and Scrutiny Cttee	4,410(£4,410)
Chairman - Planning Control Cttee	5,670(£5,670)
Chairman, Highways Partnership Panel	0,000(£1,890)*
Leader of largest Opposition Group	2,318(£2,608)
Leader of 2 nd largest Opposition Group	2,029(£2,029)
Chairman of Standards Committee	4,410(£4,410)
Chairman of Finance Audit and Risk Cttee	4,410

Such allowances shall be subject to the requirements of Paragraph 8 hereunder.

* Where the Chairman is a Member of the North Hertfordshire District Council (during 2012/13 Hertfordshire County would provide and remunerate this post).

5. Travelling and Subsistence Allowances

Travelling and subsistence allowances are payable at the rates determined by the NJC for Council staff and in the following circumstances:

- (a) the Chairman and Vice-Chairman of the Council when engaged on official Council business;
- (b) the Chairman and Vice Chairman of any Committee or Sub-Committee for attending pre-agenda and briefing meetings and opening tenders;
- (c) Cabinet Portfolio Members for attending meetings with officers in connection with their official duties as Spokesman;

- (d) attendance by Councillors at a meeting of the Council or any Committee or Sub Committee appointed thereby in accordance with the provisions of Section 102(1)(a) and (c) of the Local Government Act 1972 (including informal meetings of such bodies which have been arranged at the behest of the appropriate Chairman and to which all Members therefore have been invited to attend), of which he/she is a Member, or has been specifically requested to attend by the Chairman and such is recorded in the minutes of the meeting;
- (e) attendance by Councillors at a meeting of any Working Party or Panel to which he/she has been appointed by any of the bodies referred to in (d) above and comprising representatives of more than one political group;
- (f) attendance by Councillors at Seminars and other similar meetings arranged formally for the purpose of informing and/or training to which representatives of more than one political group have been invited;
- (g) attendance at meetings of external bodies to which the Councillor claiming is the Council's appointed representative;
- (h) attendance by Councillors at conferences, courses, seminars, etc;

(No such allowance shall be payable in respect of attendance at any conference or meeting in relation to which the Councillor is entitled to a payment in the nature of an allowance under Section 175 of the Local Government Act 1972.

No such allowance shall be payable if such a payment would be contrary to a provision made by or under any enactment.)

6. Renunciation

A Councillor may by notice in writing given to the Democratic Services Manager elect to forego any part of his/her entitlement to an allowance under this scheme.

7. Childcare and dependent Carers' Allowance

A care allowance will be paid to any Member who incurs expenditure on the care of young children and or dependent relatives in order to perform their duties as a Councillor, subject to:

- (a) the duty being one for which Travelling and Subsistence Allowance is payable under this Scheme of Members' Allowances; and
- (b) that each individual claim shall not exceed the actual sum paid or £6.08 per hour (adult minimum wage w.e.f. 1/10/2011), which ever is the lesser.
- (c) Consideration being given to an additional allowance for specialist care for a dependent, where this is known to be more expensive.

8. Part-Year Entitlements

If during the course of the year the Council amends the amounts payable in respect of basic or special responsibility allowance, then the entitlement to such allowance shall be adjusted pro-rata to the proportion of the year that such allowance is payable.

Where a Councillor (a) is not a Councillor for the whole of the year; or (b) during the course of the year takes up or relinquishes a position in respect of which a special responsibility allowance is payable, then the entitlement to basic or special responsibility allowance shall be adjusted pro-rata to the proportion of the year during which he/she was a Councillor or held such position.

9. Claims

A claim for travelling and/or subsistence allowance under this Scheme shall:

- a) be made in writing within three months of the end of the month in which the meeting/activity in respect of which the entitlement to the allowances arises;
- b) include or be accompanied by, a statement by the Councillor claiming the allowance that he or she is not entitled to receive remuneration in respect of the matter to which the claim relates otherwise than under the Scheme;
- c) be accompanied by receipts itemising VAT as appropriate.

A claim in respect of annual registration as Data Controller will be paid when accompanied by a receipt for payment of the fee.

Claims submitted later than three months after the relevant date shall be paid only in such exceptional circumstances as are approved by the Strategic Director of Finance, Policy and Governance.

The Panel was advised of the personal responsibility of every councillor accessing the personal data of others, to register with the Data Commissioner as a data controller and of the £35 registration fee.

10. Payments

Subject to the provisions of paragraph 8 payments of basic and special responsibility allowances shall be made in monthly instalments.

Payments in respect of travelling and subsistence allowance shall be made as soon as is practicable after submission of a claim.

11. External Conferences, Seminars, etc.

Travelling and subsistence Allowance at the same rate as that applying under the Members' Allowances Scheme are payable to those Members attending conferences, seminars, courses, etc., falling within the criteria specified in Section 175 of the Local Government Act, 1972 where such attendance has been previously approved by the Council.

12. Pensions

All elected Members under the age of 75 are entitled to pensions in accordance with a Scheme made under S99 of the Local Government Act 2000 and Regulations issued in 2003 (SI 2003/1022) as amended. Both BA and SRA will be treated as amounts in respect of which such pensions are payable.

David Miley
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Extract from the Report to Council of 11 November 2011

- 1.6 the Panel recommends that the basic allowance rate be in line with those applying in the “Audit Family”. An “Audit Family” is a group of local authorities with similar demographics and used for comparative purposes where local government is analysed. The following district councils apply to the Panel’s research: Ashford; Braintree; East Hants; Maidstone; Mid Sussex; Tonbridge and Malling and Tunbridge Wells. The Panel recommends that the basic allowance be set around the current average in the audit family i.e. £4500.
- 1.7 The Panel also considered that the special responsibility rate for the Leader should be set in line with the Audit Family. However, as there is no consistency in the ratio of the Leader’s allowance to the basic allowance (it ranges from almost twice to five times as much), the Panel used as the multiple, the average for all Shire Districts in England from the 2008 National Survey. This gives a multiple of 2.8 of the basic allowance, providing for a Leader’s allowance of £12,600 for NHDC. The Panel believe that this increase is needed to go some way in remedying the problems outlined above. The rates for those with other special responsibilities are recommended to be set at the following percentages of that figure based on consideration of NHDC current groupings of roles that are remunerated similarly, current percentages of the Leader’s remuneration and in line with comparison of actual sums within audit families. (See the rationale set out within paragraphs 6.1 and 6.2.)

Special Responsibility Allowance		£
Leader	100%	12,600
Cabinet Portfolio Holder	55%	6,930
Chairman of Planning & Control	45%	5,670
Chairmen of Area Committees, Standards Committee, Overview and Scrutiny	35%	4,410
Chairman of Highways Partnership Panel	15%	1,890*
Deputy Leader	10%	1,260

*Where NHDC provides the chairman of the panel on alternate years

- 1.8 The Panel considered, separately, the allowance for leaders of the opposition groups and recommends retention of the approach adopted in 2007/8 of a set amount for each leader based on the number in that group. The Panel recommends no allowance for the leader of a Group with less than three members. The recommended amount for groups with 3 or more members is 2.3% per member, which is in line with the average allocation for those authorities in the audit family paying opposition leaders. This currently works out as:

Leader of the Largest Opposition Group	20.7%	£2608
Leader of the Second Largest Opposition Group	16.1%	£2029

The Features of the Scheme

1) The allowances that may be included within a Scheme are:

a basic allowance;
a special responsibility allowance;
a childcare and dependent carers allowance;
a travel and subsistence allowance;
conference and meetings allowances.

2) The Basic Allowance

This allowance recognises the time commitment of all Members, including council and committee meetings, meetings with officers, constituents and attendance at political group meetings. It is also intended to cover incidental costs such as the use of their homes and personal equipment. Some elements of the work should be voluntary and not remunerated. This however must be balanced against the need to ensure that financial loss is not suffered by Members despite the voluntary input required.

3) The Special Responsibility Allowance (SRA)

This allowance recognises the commitment of those Members having significant additional responsibilities. This must include an allowance for at least one Member of a minority Group. Not every additional responsibility is so significant that it should attract an additional allowance. The additional roles of Members should be considered carefully both in terms of responsibility and real time commitment. The categories for which an SRA may be paid are:

Membership of the Cabinet;
Acting as Leader or Deputy Leader of a political group;
Chairman of a Committee, Sub-Committee or Joint Committee;
Representing the Council at meetings of other bodies;
Membership of a Committee or Sub-Committee of the Council which meets exceptionally frequently or for exceptionally long periods;
Other such activities requiring equal or greater amount of time and effort, whether or not those activities are contained within the scheme.

4) Childcare and Independent Carers Allowance

This allowance is for those Members who incur costs whilst carrying out any of the following duties:

Attending a meeting of the Council, Cabinet or any Committee, outside bodies which the Council has appointed a member to a meeting authorised by the Council to which members of more than one political group has been invited, or local authority associations;
Opening tenders;
Inspection of premises;
Any other duty, authorised by the Council, in connection with discharging the duties of the Council.

5) Travel and Subsistence Allowance

This allowance may be paid for any of the functions set out within the scope of Scheme. The following rates currently apply:

(A) Travelling

Car Users:

Engine Size (cc) Mileage rate (per mile)

451 – 999	46.9p
1000 – 1199	52.2p
1200 – 1450+	65.0p

Motor Cycle Users:

24p per mile (all engine sizes)

Bicycle Users:

20p per mile (when used instead of a car/van or public transport on the Council's business)

(B) Subsistence

Allowance Maximum Payment

Breakfast	£6.88
Lunch	£9.50
Tea	£3.76
Evening Meal	£11.77

Residential out of	£4.87/per night
Pocket expenses	£19.95/per week

6) Tax and National Insurance Treatment of Allowances

For tax and national insurance purposes, Members of the Council are treated as employees and subject to PAYE tax and national insurance liability.