

**COUNCIL**  
**21 JANUARY 2016**

**\*PART 1 – PUBLIC DOCUMENT**

**AGENDA ITEM No.**

**6**

**TITLE OF REPORT: MEMBERS' ALLOWANCES SCHEME 2016/2017**

REPORT OF THE CHIEF EXECUTIVE  
PORTFOLIO HOLDER – LEADER OF THE COUNCIL (COUNCILLOR MRS. L. A. NEEDHAM)

**1. SUMMARY**

1.1 This report is to assist Council in agreeing a Members' Allowances Scheme (the scheme) for 2016/17. It describes the content a scheme may contain and presents the advice of the Independent Remuneration Panel (the Panel) at Appendix A. A draft scheme for 2016/17, illustrating the effect of the advice of the Panel, is included at Appendix B. The attention of Council is drawn to paragraph 17 of the Report of the Panel, indicating that an analysis of the activities of Members would assist any possible future, in-depth, examination of basic and special responsibility allowances.

**2. RECOMMENDATIONS**

- 2.1 That the Council considers the advice of the Independent Remuneration Panel.
- 2.2 That the Council agrees a Members' Allowances Scheme for financial year 2016/17.

**3. REASONS FOR RECOMMENDATIONS**

3.1 To ensure that the Council meets statutory requirements.

**4. ALTERNATIVE OPTIONS CONSIDERED**

4.1 There are no alternatives to the recommendations set out at paragraph 2.

**5. CONSULTATION WITH EXTERNAL ORGANISATIONS AND WARD MEMBERS**

5.1 Before formulating advice and recommendations the Panel noted allowances currently paid by comparable local authorities and other Hertfordshire authorities (Appendix C).

**6. FORWARD PLAN**

6.1 This item was first published in the Forward Plan on 12 August 2015.

**7. BACKGROUND**

7.1 Local authorities are required to make a Scheme for their Members and to establish and maintain an independent panel to make recommendations about the scheme.

## **8. ISSUES**

8.1 A Scheme should include:

### **The Basic Allowance**

8.2 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 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 must be balanced against the need to ensure that financial loss is not suffered.

### **The Special Responsibility Allowance (SRA)**

8.3 This allowance recognises the commitment of Members who have significant additional responsibilities. The Scheme must include an allowance for at least one Member of a minority Group. Not every additional responsibility should be considered to be so significant that it attracts 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; and
- Other such activities requiring equal or greater amount of time and effort; whether or not those activities are contained within the scheme.

### **Childcare and Independent Carers Allowance**

8.4 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; and
- Any other duty, authorised by the Council, in connection with discharging the duties of the Council.

### **Travel and Subsistence Allowance**

8.5 This allowance may be paid for any of the functions referred to above.

### **Tax and National Insurance**

8.6 Payments under the Scheme are subject to PAYE tax and national insurance.

## **9. LEGAL IMPLICATIONS**

- 9.1 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 an independent panel for the purpose of advising the Council about the Scheme.

## **10. FINANCIAL IMPLICATIONS**

- 10.1 Council may wish to note the following assumptions;

- Staffing – pay increase - for 2017/18 and onwards = 1%;
- Savings – requirement to project savings, from 2015/16 to 2019/20 of £2.6 million.

- 10.2 A scheme may provide for an annual adjustment to allowances by reference to an index. Where the only change made is that caused by the annual impact of the index, the Council need not seek advice from its Independent Panel for up to four years.

- 10.3 A provision has already been included in the draft 2016/17 base budget calculations of £311,500. Acceptance of the Panel's recommendations will amount to £310,820 and require no change to the draft budget calculations.

## **11. RISK IMPLICATIONS**

- 11.1 None contained within this report.

## **12. EQUALITIES IMPLICATIONS**

- 12.1 The contribution of the dependent carers allowance continues to facilitate councillor equity in access to fulfil their responsibilities and recompense for exceptional expense.

## **13. SOCIAL VALUE IMPLICATIONS**

- 13.1 As the recommendations made in this report do not constitute a public service contract, the measurement of 'social value' as required by the Public Services (Social Value) Act 2012 need not be applied.

## **14. HUMAN RESOURCE IMPLICATIONS**

- 14.1 None contained within this report.

## **15. APPENDICES**

- 15.1 Appendix A - The advice of the Independent Remuneration Panel.  
15.2 Appendix B - A draft scheme based upon the advice of the Panel  
15.2 Appendix C - Table of comparable local authority data.

## **16. REPORT AUTHOR**

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## **17. BACKGROUND PAPERS**

- 17.1 Guidance on Consolidated Regulations, ODPM (2003).

## APPENDIX A

### MEMBERS' ALLOWANCES SCHEME 2016/2017

#### REPORT OF THE INDEPENDENT REMUNERATION PANEL

##### 1. Introduction

- 1.1 The Independent Remuneration Panel consists of five members all of whom have been appointed by the Council to provide advice on the Scheme of Members' Allowances'.
- 1.2 The Panel members all reside within the District and between them bring a broad range of experience from their working lives in both private and public sectors. The Panel members are:-  
Stephen Cooke, Edward Franklin, Hilary Oughton, Andrew Tough and a newly appointed member, Michael Goddard. Ed Franklin was appointed chairman of the Panel for the year.
- 1.3 The Panel met on three occasions during September and October 2015 and were supported by David Miley, the Democratic Services Manager throughout their meetings. The Panel are grateful to David for the support he provided throughout the review process.

##### 2. Information requested

- 2.1 Prior to the first meeting of the year the Panel requested information as to the number of Committees each Member of the Council was appointed to, together with attendance records and number of years service. In addition details of the allowances paid by other authorities within both the Audit Commission's Family Group (AFG) and the other Hertfordshire authorities (HA's) was also requested.
- 2.2 In addition to time spent by Members in Council and Committee meetings the Panel wished to have information as to the time spent on other Council business. Matters such as surgeries, counselling, case work and indeed political meetings, all of which add to each member's workload and should be recognised in their allowances but without data can not be quantified. The Panel were informed that, in the past, members had been reluctant to provide details of the time they spent on matters other than Council and Committee meetings.

##### 3. Council Membership

- 3.1 From the information as to the current membership of the Council, the panel noted that Ten members have served for more than 20 years and 14 have served between 10 and 20 years. Twenty members have served up to 10 years, four members were newly elected in 2015. Approximately one third of the total membership of 49 is female. From this the Panel concluded that there is a good mixture of experienced members but that with four new members elected in 2015 and 5 newly elected in 2014, the Council is able to both attract new and retain existing members.

##### 4. The Basic Allowance paid to all Members

- 4.1 The Panel reviewed the level of Allowances paid to the members of authorities within the AFG as well as the other District and Borough Councils within the HA's. From this it was noted that there was little change in the financial year 2015/16 to the allowances paid by the authorities in the two groups. Three of the eight AFG Authorities had increased the level of Basic Allowance, one by 1%, one by 2% and one by 4%. The average Basic allowance within the AFG for 2015/16 being £4743 compared to the North Hertfordshire basic allowance of £4500.
- 4.2 Of the eight comparable HA's, excluding the County Council and Watford Borough Council (Elected Mayor system), five had made no change to the Basic Allowance, three had increased the basic allowance, one by 1%, and two by 2%. The remaining authority had

reduced the basic allowance by 1.7%. The average Basic allowance within the HA's is £5230.

- 4.3 The Panel felt that they should give greater value to the allowances paid by the AFG authorities given that the Audit Commission have compiled the group for comparison purposes.
- 4.4 Having carefully considered the information available the Panel felt that there should be no change in the level of the Basic Allowance paid to all members for the year 2016/17.
- 4.5 The Panel also felt that it would be helpful for future reviews to have information as to time spent by members on all Council activities and hope that Group Leaders will encourage their group members to participate in any logging exercise that the Democratic Services Manager circulates for this purpose.

## 5. **Special Responsibility Allowances**

- 5.1 The panel were reminded that the Special Responsibility Allowance (SRA) was a payment made to reflect significant additional responsibilities and that not every additional responsibility need be so great as to warrant the payment of a SPA.
- 5.2 Bearing in mind this guidance issued by Government concerning SRA's the Panel considered the positions for which a SRA was paid by authorities within both the AFG and the HA's together with the value of that payment in both the current and previous financial years.
- 5.3 The Panel noted that within the AFG the average payment to the Leader of the Council and Cabinet Members had gone down as a result of reductions in these allowances being made by one the authority within the Group. Three authorities had made no change to these allowances and three had increased the allowances generally in line with the increases made to the Basic Allowance.
- 5.4 The Panel also noted that the SRA for the Chairman of the Scrutiny Committee had been deleted from the Scheme of Allowances paid by one member of the AFG and one of the HA's. The Panel were informed that this was due to a change in political management of the authorities concerned which had caused the scrutiny function to become the responsibility of a sub-committee.
- 5.5 It was also noted that North Hertfordshire remained the only Council within either of the AFG or HA's to pay a SRA to the chairmen of Area Committees, Braintree District Council having discontinued this payment.
- 5.6 With regard to a SRA for the Deputy Leader of the Council it was noted that half of the AFG authorities make no such payment to the Deputy Leader and only four of the nine HA's make such a payment.
- 5.7 Before concluding consideration of SRA's the Panel received a request from the Conservative Group of Councillors to consider implementing the methodology used in the Scheme of the County Council to determine the amount of each SRA. This involves the introduction of a multiplier of the basic allowance to calculate SRAs. The proposed multipliers included the Council Leader receiving an SRA of four times the basic allowance, the deputy Leader an SRA of 0.5 times the basic allowance and portfolio holders an SRA of twice the basic allowance. The panel noted that were these proposed multipliers to be adopted, the Leader's SRA would increase by 43%, the deputy leaders by 79% and portfolio holders by 30%.
- 5.8 The total cost of adopting the proposed changes to SRAs would be an increase of £23,396 per year to the cost of remuneration for councillors.
- 5.9 In considering the changes to SRAs proposed by the Conservative Group, the panel requested that they provide their rationale for considering introducing a multiplier to determine the amount paid for SRAs. However, the information supplied, while addressing the Conservative Group's view on adjusting the SRAs, did not address why the introduction of a multiplier would be preferable to the panel assessing the SRAs directly.

- 5.10 In considering the introduction of a multiplier, the panel reviewed the 2003 Hertfordshire County Council Report of the independent panel on member's allowances where the recommendation of introducing a multiplier was made. In addition, the panel reviewed the most recent HCC report (November 2014) along with the NHDC Independent Remuneration Panel Report to Council in 2010, which used a multiplier of 2.8 to determine the leader's SRA.
- 5.11 The panel noted the difference between the County Council and District Council, particularly around the timing and number of meetings councillors would need to attend.
- 5.12 As such the panel's recommendation is not to recommend the introduction of a multiplier for determining SRAs, but to continue determining them individually and making a recommendation of the amount to be paid for each SRA.

## 6. **Leader**

- 6.1 While the SRA paid to the Leader of the Council is the lowest in the audit family, the panel noted that:-
- 6.2 Maidstone had reduced the SRA for their leader by £4,665. Three other AFG councils had kept the SRA the same, with the other three raising it in line with the increase to the basic allowance.
- 6.3 The panel also noted that NHDC has more cabinet members than five of the seven AFG councils and seven of the nine.
- 6.4 The panel also noted that in 2014 the council had voted in favour of the recommendation to maintain the existing SRA and in 2013 the council had voted against a recommendation to increase the leader's SRA.
- 6.5 While the Conservative Group indicated that the leader's role had "increased significantly", the timeframe for this change was the last five years, again not suggesting a need to adjust the SRA based on the last 12 months. The panel did feel, as with basic allowance, that participation in any logging exercise that the Democratic Services Manager circulates would be greatly beneficial in assisting the panel to determine SRA recommendations in the future.
- 6.6 Having carefully considered the information available, the Panel felt that there should be no change in the SRA paid to the leader for the year 2016/17.

## 7. **Other SRAs**

- 7.1 The panel considered each of the other SRAs individually and reviewed the level of SRAs paid to members of authorities within the AFG as well as the other District and Borough Councils within the HAS.
- 7.2 The panel noted that Maidstone had reduced the SRA for Cabinet members by £4,199 (was £11,663) and that three other AFG councils had kept SRAs at the existing level. The three remaining councils in the AFG had increased Cabinet SRAs in line with an increase in the basic allowance.
- 7.3 The panel carefully considered the information available and reviewed the recommendations they had made in 2014, which were adopted by the council, and the recommendations not accepted by the council 2013. The Panel felt, as a result, that there should be no change in the level of any of the SRAs for the year 2016/17.

7.4 The panel would again like to encourage members in receipt of SRAs to participate in any logging exercise circulated.

## **8. Travelling Allowances**

8.1 The panel reviewed the HMRC general guidelines on expenses and benefits for travel, as well as their guidance specifically for Local Government Councillors. In addition, the panel reviewed the policy paper on Tax Exemption for Travel Expenses of Members of Local Authorities and the changes being introduced as part of the Finance Bill 2015-16.

8.2 The panel recommends that allowances for mileage conform to the HMRC EIN65940 and do not include any element of profit. Therefore, the recommendation for the amount of Mileage Allowance Payments (MAP) is to bring it in line with the HMRC approved amounts of 45 pence per mile for cars for the first 10,000 miles and 25 pence per mile thereafter.

8.3 The panel also recommends the inclusion of the Motorcycle allowance of 24 pence per mile and bike allowance of 20 pence per mile are also adopted.

8.4 The panel noted that an additional benefit of adopting the HMRC recommend amounts for MAPs would be a reduction in administration for council staff who currently have to add payments above 45 pence per mile to councillors pay and then deduct and pay tax on it.

## **9. Subsistence Allowances**

9.1 The Panel considered that the existing allowances, being the same as those used for the payment of staff claims for meals taken away from home, continue to be paid at the rate set and from time to time amended by the NJC.

## **10. Childcare Allowance**

10.1 The Panel felt that for Childcare the current arrangements within the Scheme of Allowances, whereby a Member may claim an amount not exceeding the former National Minimum Wage Rate for an employee aged over 21, should be replaced by a figure not exceeding the Living Wage as set and from time-to-time amended by the Government.

## **11. Dependent Carers' Allowance**

11.1 The Panel were content with the existing arrangements with the Scheme where specialist care is required for a dependent relative to enable a member to perform authorised duties.

## **12. Summary of Recommendations**

12.1 Basic Allowance – no change

12.2 Special Responsibility Allowances – no change

13. Mileage Allowances – that all car mileage be paid at the HMRC approved mileage rate currently 45p per mile.

14. Subsistence Allowances - that subsistence allowances continue to be paid at the rate set and from time to time amended by the National Joint Council.

15. Childcare Allowance - that claims for childcare be paid up to an amount but not exceeding the figure fixed by the Government for the Living Wage.

16. Dependent Carers' Allowance – that no change be made to the existing arrangements available to any Member who has the need to provide a carer for a dependent relative in order to be able to perform authorised duties.

## **17. Evidence of time commitment**

- 17.1 Before any further review of the Scheme of Allowances the Panel would like a survey to be carried out of a representative sample of Members providing details of the time spent, over a fixed period, in formal council meetings, political meetings, case work and as the Council's representative on outside bodies.
- 17.2 In respect of those Members holding a position for which a special responsibility allowance is paid, a log of time spent, both details and duration, on the service for which the additional allowance is paid.