

ROCHFORD DISTRICT COUNCIL

REPORT AND RECOMMENDATIONS

OF THE

INDEPENDENT REMUNERATION PANEL

ON

MEMBERS' ALLOWANCES

January 2002

1 INTRODUCTION

- 1.1 The White Paper 'Modern Local Government in Touch with the People' provided new models of political management separating the executive role from the backbench role. The White Paper made it clear that Council would be under a duty to review their political management arrangements. In March 1999 a further White Paper entitled "Local Leadership, Local Choice" was published.
- 1.2 The requirements set out in the Local Government Act 2000 radically changes the way that Rochford District Council (the Council) will operate for the foreseeable future.
- 1.3 The aforesaid legislation sets out a number of operational options (4) for small local authorities, with populations under 85,000 such as Rochford, to consider.
- 1.4 Having decided on the preferred option, to be implemented in May/June 2002, the Council were also required to establish an Independent Members Remuneration Panel (the Panel), in order to examine and review the existing Allowances structure and to recommend a revised structure including associated matters, in accordance with the guidelines set out in the relevant Government White Paper, covering:-
 - Basic Allowances
 - Special Allowances
 - Travel and Subsistence
 - Discretionary Contingencies
 - Carers Allowances
 - Pensions
 - Training
 - Social Inclusion
- 1.5 To comply with this requirement, the Council duly advertised and appointed three suitably qualified local residents to serve on the Panel. To ensure that the Panel maintained consistency, each Panel member was appointed for a different period – 2, 3 and 4 year terms.
- 1.6 The current Panel members are, for the record:-
 - John Adsett (appointed for 4 years)
 - Alison Davies (appointed for 3 years)
 - Brian Plummer (appointed for 2 years)
- 1.7 The Panel, having conducted both a survey of and direct interview with current Councillors, found that the commitment of both time and money was much greater than is generally perceived. It may be a public misconception that a Councillor is in any way appropriately recompensed for the amount of time and effort spent in his/her public duty. The Panel concluded that

financial remuneration is not the primary motivation for Councillors but that serving the general public is paramount.

1.8 Additionally the Panel have:-

- Closely studied the considerable volume of relevant papers
- Consulted with a variety of sources
- Attended numerous meetings
- Assimilated and reflected all information received.

Following this they have reached what is considered to be both an innovative and creative model upon which a fairer package of allowances, etc is to be based, mindful of the need to reflect the volume of work Councillors undertake for the benefit of the community.

1.9 The financial support for Councillors must reinforce the nature of the new Council structure and address as far as possible, any disincentives to serving in local politics. Consequently, in producing this Report and its recommendations, the Panel is fully aware that it falls far short of the desire to adequately recompense Councillors for their endeavours. It is strongly advised by the Panel that Councillors should accept their remuneration entitlement as a reflection of the work undertaken on behalf of the general public. **(2) – para. 3.54**

1.10 Whilst the Panel is mindful of the above statements, it also has to consider the Council tax-payers, who have to ultimately pay for this via the Council Tax. Currently expenditure in Rochford on Councillor expenses is one of the lowest in Essex.

2 STATUTORY

2.1 In July 1998 the Government published a White Paper entitled “Modern Local Government: In Touch with the People”. The Government considered that modern councils should be in touch with the people, provide high quality services and give vision and leadership for local communities, and also that the framework in which Councils operated needed to be renewed and the old culture of paternalism and inwardness swept away.

2.2 The Government believes that it is important that there is an external independent public source of advice on what seems an appropriate payment for each of the different roles being undertaken by Members of the Council. Councils are to seek proposals for their allowances and remuneration scheme from the local independent panel. The Remuneration Panel would broadly have the functions of providing the local authority with recommendations on its scheme and the allowances to be paid. The local authority must have regard to this advice. **(2) – para 3.57; (3) – para19**

2.3 From 4 May 2001 any decision of the local authority to amend a scheme of allowances, to revoke and replace such a scheme with a new one, and to make a new annual scheme must be taken having regard to the recommendations of an independent remuneration panel. The function of

agreeing and adopting a scheme is a function of the whole council, whether an authority is operating executive arrangements or alternative arrangements.

- 2.4 Local authorities must include in their scheme of allowances a Basic Allowance, payable to all Members, and may include provision for the payment of Special Responsibility Allowances. By virtue of the amendments made to Section 18 of the 1989 Act by section 99 of the 2000 Act, regulations can now be made to allow the inclusion of a childcare and dependent carers' allowance with an allowances scheme. The 2001 Regulations now provide for the inclusion of such an allowance. This allowance is also discretionary. **(3) –paras 13 ,14 and 15**
- 2.5 In addition to the above, certain allowances are payable by local authorities under the Local Government Act 1972. Section 174 of that Act provides for the payment of travel and subsistence allowances and section 175 for the payment of allowances for attendance at certain meetings and conferences. Expenses for the Chairman and Vice Chairman can be paid under sections 3 and 5 respectively. **(3) – para 8**
- 2.6 The 2001 Regulations require that as soon as reasonably practicable after receiving a report from their panel, which sets out the panel's recommendations, local authorities must ensure that copies of the report are available for inspection at their principal office at all reasonable hours. Local authorities must also, as soon as reasonably practicable after they receive the report, publish a notice relating to this in at least one newspaper circulating in their area which:-
- states that the authority have received recommendations from an independent remuneration panel about their scheme of allowances
 - states that copies of the report detailing the panel's recommendations are available for inspection at their principal office at all reasonable hours
 - states the address of their principal office
 - describes the main features of the panel's recommendations including the amounts of allowances the panel has recommended should be payable to their elected Members.
- 2.7 The final publicity requirement in the 2001 Regulations is that as soon as reasonably practicable after the end of a year to which a scheme relates, local authorities must make arrangements for the publication in their area of the total sum paid by it to each member in respect of basic, special responsibility and childcare and dependent carers' allowances (and for 2001-2002 any payments of attendance allowance made to each member). **(3) –paras. 65 and 69**

Basic Allowance

- 2.8 Each local authority must make provision in its scheme of allowances for a basic, flat rate allowance payable to all Members (other Councillors are to continue to receive an allowance reflecting their roles **(4) – para 3.80**). The allowance must be the same for each Councillor. The allowance may be paid in a lump sum, or in instalments through the year.

- 2.9 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.

Special Responsibility Allowance

- 2.10 Each local authority may also make provision in its scheme for the payment of special responsibility allowances for those Councillors who have significant responsibilities. **(3) – Section 15,**. The authority, or the panel, has to identify the special responsibilities for which the allowance is to be paid, and the amounts of allowance to be paid for each such responsibility.
- 2.11 Where one political group is in control, and where an authority has decided to pay special responsibility allowances, the authority must make provision for the payment of a special responsibility allowance to at least one Member of a minority group.

Travel & Subsistence

- 2.12 In addition to the above, certain allowances are payable by local authorities under the Local Government Act 1972. Section 174 of that Act provides for the payment of travel and subsistence allowances and section 175 for the payment of allowances for attendance at certain meetings and conferences. **(3) – para. 8**

Carers' Allowance

- 2.13 To address some further disincentives to serving on a council, the Government will confirm the ability of councils to meet the extra childcare or other care costs of their councillors. This is a new allowance. The Panel may recommend that such an allowance is made available to elected members of the authority. It may also recommend a level for this allowance. Local authorities will wish to consider whether this allowance should be set at an hourly rate which may vary depending on the sort of care which has been required. They may wish to consider whether the allowance should be subject to a maximum cap or alternatively, whether the allowance paid will be equal to the costs incurred. **(3) –paras. 18, 62, 63.**
- 2.14 The Panel feels it is not appropriate to prohibit any Councillor or prospective Councillor by being financially penalised by the cost of childcare or the care of a dependant adult. This reflection is supported by the Government White Paper **(2) – para. 3.58**
- 2.15 The Panel fully endorses the approach adopted by Essex County Council in having a Carers Allowance. Such a scheme would provide practical evidence that the Council does not wish to preclude anyone from membership. We commend this to the Council for consideration.

3 METHODOLOGY

- 3.1 It was decided that the way the allowances should be set for the new scheme was by finding an appropriate daily payment rate. We used the national average as a reference point and considered through consultation and reviewing prepared questionnaires the appropriate number of days that each Member spends in carrying out his/her responsibilities. This seemed to us to be the fairest way.
- 3.2 There should be a recognition that part of a Councillor's time spent on Council duties is a voluntary time element given for 'public service' and 'political involvement'. The system of allowances should be as open and transparent as possible to enable Councillors to have some certainty of the level of payments. The Panel analysed the calculations made by other similar advisory panels and most of these concluded the average number of days per year, discounted by up to 33% for the 'Voluntary' Service' element.
- 3.3 The Panel felt strongly that support services for Members are also key to the effectiveness of Members and to the encouragement of potential new Members. In this respect the Panel recommends the payment of Dependant Carers Allowance. The Panel also recommends that opportunity for training and development be provided.

4 BASIC ALLOWANCE

- 4.1 We decided that the way the allowances should be set for the new scheme was by finding an appropriate daily payment rate and establishing the appropriate number of days that each Member spends in carrying out his/her responsibilities.
- 4.2 In making this assumption the Panel has looked at benchmark figures of the national minimum wage and the national minimum average, assuming a voluntary element of 33% as per para 3.2 above. This is based on an initial assessment of two days per week.
- 4.3 Using this formula, we believe that the appropriate rate would be £122 per month, but recognising that this represents a 28% increase in total, we would recommend that this should be phased in over a period of 5 years. We therefore recommend that the basic allowance for 2002/3 should be £100 per month. We recommend that the Council agree to phase this in over the five year period and that the allowances should automatically be increased to reflect annual increases in the national minimum wage.

Discretionary Component of Basic Allowance

- 4.4 It is recommended by the Panel that there should be a discretionary element to the basic allowance, which would be a maximum of an additional 50% of that allowance, ie £50 per month.

- 4.5 It is further recommended that this discretionary payment should be made on a monthly basis via invoice, but the approval of such would be under the auspices of the appropriate Group Leader until such time as the appropriate Overview/Scrutiny Committee is operational, when it will have the overall accountability.

Eligibility for the Discretionary Component of Basic Allowance

- 4.6 Time incurred visiting constituents at their request in regard to direct Council business).
- 4.7 Attendance by a Councillor who has been given approval by the Council to act as a representative to an outside body. It is recommended by the Panel that there would be an expectation of a brief précis of the meeting (recognising the need under certain circumstances for confidentiality) that would be made available to any interested parties.
- 4.8 The Panel recognise the importance of Councillors having a high profile and visibility to the general public and therefore would recommend that they make every effort to attend appropriate public gatherings, for which claims may be made in respect of the discretionary component of the basic allowance.

5 SPECIAL RESPONSIBILITY ALLOWANCE

- 5.1 The Panel has made provision in its scheme for the payment of special responsibility allowances in addition to the basic allowance for those Councillors who have significant responsibilities. They have identified the special responsibilities for which the allowance is to be paid, and the amounts of allowance to be paid for each such responsibility.

(Note: The information below is expressed as a percentage of the basic allowance.)

Chairman	100% (plus up to a maximum of an additional 100% as clothing allowance for ceremonial duties, to be itemised and invoiced)
Vice Chairman	50% (to receive Chairman's salary automatically if Chairman not able to fulfil duties for 3 weeks out of any month)
Group Leaders	60% (not tied to size of group)
Committee Chairmen	40%

6 TRAVEL AND SUBSISTENCE

- 6.1 The Panel recognises that the previous scheme of reimbursement of travel and subsistence should be replaced by a system of basic and discretionary allowances; the basic allowance to be paid annually.
- 6.2 Although the Panel sees visiting constituents and travelling around Wards as part of the responsibility of a Councillor and therefore a basic part of their duties, we recognise the big differences in the geography of the area and the perception of these duties by Councillors.
- 6.3 The higher allowance would be paid to Councillors in those Wards of a more rural nature, as follows:-

Basic - £100 per annum

Downhall, Hawkwell East, Hawkwell West, Hockley Central, Hockley East, Hockley West Lodge, Rayleigh Central, Rochford & Eastwood, Rochford Roche, Rochford St Andrews, Trinity, Wheatley, Whitehouse.

Higher - £200 per annum

Ashingdon, Barling & Sutton, Canewdon, Foulness & Great Wakering East, Grange & Rawreth, Great Wakering Central, Great Wakering West, Hullbridge Riverside, Hullbridge South.

When the revised Ward boundaries take effect from 2 May 2002, the following would apply:-

Basic - £100 per annum

Hawkwell North, Hawkwell South, Hawkwell West, Hockley Central, Hockley Central, Hockley North, Hockley West, Lodge, Rayleigh Central, Rochford, Trinity, Wheatley, Whitehouse

Higher - £200 per annum

Ashingdon & Canewdon, Barling & Sutton, Downhall & Rawreth, Foulness & Great Wakering, Grange, Hullbridge, Sweyne Park

- 6.4 The allowance should be paid for those items in the list of approved duties, identified accordingly:-

BASIC ALLOWANCE	DISCRETIONARY ALLOWANCE
a meeting of the authority	A meeting which has both been authorised by the authority, a committee or sub-committee of the authority or a joint committee of the authority and one or more other authorities, or a sub-committee of a joint committee
A meeting of a committee or sub-committee of the authority	A meeting of a local authority association of which the authority is a member
A meeting of some other body to which the authority makes appointments or	Duties undertaken on behalf of the authority in pursuance of any standing order made under section 135 of the Local Government Act 1972 requiring a

nominations	member or members to be present while tender documents are opened
A meeting of a committee or sub-committee of a body to which the authority makes appointments or nominations	Duties undertaken on behalf of the authority in connection with the discharge of any function of the authority conferred by or under any enactment and empowering or requiring the authority to inspect or authorise the inspection of premises.
	Duties undertaken on behalf of the authority in connection with arrangements made by the authority for the attendance of pupils at a school approved for the purpose of section 342 of the Education Act 1996.
	Carrying out any other duty approved by the body, or any duty of a class so approved, for the purpose of, or in connection with, the discharge of the functions of the body, or of any of its committees or sub-committees.
	Time incurred visiting constituents at their request in regard to direct Council business
	attendance with the Council's prior approval as a representative to a meeting of an outside body
	Attendance at public gatherings

- 6.5 The discretionary allowance for those approved duties as described above is payable against claim.
- 6.6 It is a recommendation of the Panel that this discretionary payment should be made on a monthly basis via invoice, but the approval of such would be under the auspices of the appropriate Group Leader.
- 6.7 It is further recommended that when the appropriate Overview/Scrutiny Committee is operational, it will have the overall accountability

Travel

- 6.8 The Panel recommended that it would be a fairer dispensation if claims were made on the basis of a mileage allowance of 40p per mile within the District, irrespective of the mode of transport and in line with the Council's green policy.
- 6.9 For travel outside the district, claims would be on the basis of standard rate fares using the cheapest form of travel.

Subsistence

- 6.10 The Panel recommended that the Subsistence Allowance be retained as set out on pages 58/59 of the Council's Year Book and adjusted each year in line with the Retail Price Index.

7 PENSIONS

- 7.1 Section 99 of the Local Government Act 2000 (“the 2000 Act”) includes powers for the Secretary of State to make provision under section 7 of the Superannuation Act 1972 for the payment of pensions to such Members of a local authority as may be prescribed by regulations. Section 99 of the 2000 Act also amends section 18 of the Local Government and Housing Act 1989 to enable the Secretary of State to make regulations in respect of the role of an independent Remuneration Panel in the process of determining which Member positions may receive pensionable remuneration. **(1) para 2**
- 7.2 Political executive positions may spend much if not all of their time on Council business with possible subsequent loss of earnings and pension rights. Where this is the case, the Government will make possible payment of pensionable salaries. **(1) – para 12**
- 7.3 A Council should only be able to make pensionable remuneration available to such Members where its independent remuneration panel has made a recommendation to that effect. For the Purposes of the Local Government Pension Scheme Regulations elected Members are to be treated as employees and receive benefits from the Scheme based on career average salaries and with a normal retirement age of 70. **(4) para. 3.79**
- 7.4 The understanding of the Panel is that this is not currently relevant, but they would recommend that should this change, there would be an automatic referral back to the Panel for their recommendation.

8 TENANT REPRESENTATIVES/ADVISERS TO COMMITTEES

- 8.1 It is an integral part of the Government guidelines that open and informative debate be encouraged and the value of these positions needs to be recognised (including that of consultants with specialist information). There will be a representative from the Parish Councils on the Standards Committee.
- 8.2 The Panel therefore recommends that out of pocket expenses be paid.

9 CARERS ALLOWANCE

- 9.1 The Panel fully endorses the approach adopted by Essex County Council in having a Carers Allowance. Such a scheme would provide practical evidence that the Council does not wish to preclude any from membership.
- 9.2 The Panel therefore recommends that notification should be given to all Councillors at the beginning of their term of office that there is available an automatic discretionary payment if a Councillor fulfils the eligibility criteria.
- 9.3 This payment can only be made either for remuneration to a recognised body (eg a registered Childminder or out of school association) to care for a child

13 years of age or under. It is further recommended by the Panel that to meet budgetary requirements this has to be for a maximum of 5 hours per month with a costing of £3.25 per hour (the Panel has sought advice with regard to the current charges of these recommended bodies).

- 9.4 Payment for a Councillor who has a dependent adult; this is within the criteria of the Councillor being the primary or secondary carer of the dependent adult. The Panel further recommends that this should be on the basis of £3.25 per hour and payment should only be made to an approved body, ie a Care Agency (which is recognised by Social Services) or an accepted Carer who is regulated by Social Services.

10 RECOMMENDATIONS

- 10.1 that any change in role or responsibility or pension change needs to be brought to the Panel's attention.
- 10.2 that the business of the Council can only be effectively carried out with the active participation of all its Members and that the minimum of 60% attendance (of those Committees of which the Councillor is a Member) would be under the authority of an appropriate Committee, as determined by Council. The Panel would also recommend that there should be an automatic cessation of the payment of all allowances for any Members who does not achieve the minimum attendance without just cause.
- 10.3 that the Head of Administrative & Member Services should take responsibility for determining a minimum level of competency training that would enable Councillors to be effective within their duties and responsibility and that the Panel would be advised of such training when they meet for their regular review. Oversight of this would be the responsibility of the Overview/Scrutiny Committee that the Council explores replacing the current practice of using a Courier to transport paper to Members with dedicated land lines/faxes or PC's with internet connections.
- 10.4 that; whilst outside the Panel's terms of reference, they would nevertheless like to make the recommendation that the Council give some consideration to offering a minimum of administrative support to local Councillors. As a result of the recommended move from monthly to annual lump sum remuneration for some travelling allowances, we would recommend that the savings in administrative costs could be redistributed to provide essential administrative support to Members. **(4) – 3.78**
- 10.5 that this should be the first phase of a five year plan to rectify the anomaly of the difference between the national average and their present levels of remuneration. In the light of this, it is the expectation of the Panel that there will be feedback from Members.
- 10.6 that it be noted that aside from looking at all relevant documentation (see Bibliography), the Panel have made every attempt possible to seek advice and information from Councillors, Chairmen of Committees, etc. It should

also be noted that the response to the questionnaire sent to every Councillor was 16 and that following an invitation extended to every Councillor to meet with the Panel, 10 actually attended.

- 10.7 that in alignment with the White Papers, the appropriate Committee, as determined by Council, should oversee, monitor and regulate the appropriate remuneration of all discretionary components of the allowances. The Panel also consider that is a function of this Committee to monitor Councillors' attendance at relevant meetings and training.
- 10.8 In order for the Panel to appropriately and effectively make further recommendations and adjustments, it is essential that we are in receipt of feedback on the efficiency of the recommendations.

BIBLIOGRAPHY

- (1) Pensions for Elected Members of Local Authorities in England: A Consultation Paper September 2001 (DTLR)**
- (2) Modern Local Government In Touch With The People: July 1998 (DETR)**
- (3) Guidance on Member Allowances for Local Authorities in England May 2001 (DETR)**
- (4) Local Leadership, Local Choice: March 1999 (DETR)**
- (5) Travel, Subsistence and Certain Other Allowances for Members of Local Authorities and Other Bodies in England – Consultation Paper: September 2001 (DTLR)**
- (6) Review of Member Allowance – Report of the Independent Panel – Brentwood Borough Council**
- (7) The Independent Panel on Members' Allowances – Report to Bolsover District Council**
- (8) Report and Recommendations of the Advisory Panel on Members; Allowances – Colchester Borough Council**
- (9) Proposed Committee Structure (RDC)**
- (10) Best Value Performance Plan 2001 (RDC)**
- (11) Corporate Plan 2001/2 (RDC)**
- (12) Outside Bodies – Appointment of Representatives (RDC)**
- (13) Protocol for Member/Officer Relations (RDC)**

(14) National Code of Local Government Conduct (RDC)

NB Copies of relevant White Papers will be available in the Members' Lounges

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Councillors who returned completed questionnaires and met with the Panel.

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