

**REPORT OF THE
HEREFORDSHIRE
INDEPENDENT REMUNERATION
PANEL**

MEMBERS' ALLOWANCES

JULY 2003

1. Membership of the Panel

- 1.1 The Herefordshire Independent Remuneration Panel (IRP) was established by the Council in November 2001 to advise on a Members' Allowance Scheme to complement the constitutional changes being introduced for a Cabinet and Scrutiny Committees.
- 1.2 The IRP consists of six members who collectively have a wide range of experience encompassing local business, the voluntary sector, the press and trade union.
- 1.3 The IRP currently comprises:

Eddie Clarke – Hereford Unison
Peter de Braal – Sun Valley Foods Ltd
Liz Griffin – Hereford Times
Robert Hunt – Special Metal Wiggins Ltd
Philippa Money – Herefordshire Voluntary Action
Colin Osborne – Hereford Ross and Leominster Journal
- 1.4 New Regulations dealing with Members' Allowances have recently been introduced by the Government. They require local authorities to review their existing schemes before 30 September 2003. [This deadline has recently been changed to 31 December 2003.]
- 1.5 The new Regulations also enable Councils to consider paying co-opted and appointed non-elected members of the Council a co-optees allowance. They also allow the Council to determine its own travel and subsistence allowances.
- 1.6 Separate Regulations provide a discretion to pay a pension to any Councillor.
- 1.7 In reviewing the Scheme and considering whether to pay these other allowances and pensions the Council is required to have regard to the recommendations made by its Independent Remuneration Panel.
- 1.8 The IRP met on 8 July 2003 to consider these matters.

2. Basic Allowance

- 2.1 The IRP had available to them a report summarising the basic allowance and special responsibility allowances previously recommended to and adopted by the Council in February 2002. These are set out at Appendix 1.
- 2.2 The IRP noted the changes to the Council's political structure following the elections in May which had resulted in the appointment of an additional 3 Cabinet Members. It was noted that a Deputy Leader would be appointed by the Leader from amongst the Cabinet Members and the special responsibility allowance for that post would therefore be deleted from the Scheme. It was noted that an additional Scrutiny Committee, to handle Health Scrutiny, had also been established.
- 2.2 In February 2002, the IRP recommended a basic allowance on the basis of average monthly hours of 90 less a public service discount of 33.3% multiplied by the Herefordshire average hourly earning (£7.82) making a final

total figure of £5630. They agreed that this sum be inflated on an annual basis and the sum now stands at £5827. The IRP consider this approach should continue.

- 2.3 The IRP was advised that the Scheme was generally considered to have worked well. However, some dissatisfaction had been expressed about the recommendation not to make a payment to Vice-Chairmen of Committees.
- 2.4 The IRP took the view that if the Scheme was operating satisfactorily it seemed unnecessary to make any amendments and premature to undertake a review after only 18 months of its operation.
- 2.5 It considered that the rationale for not recommending a payment to Vice-Chairmen of Committees remained. Whilst Vice-Chairmen might have some more responsibility than other Committee members it remained rare for them to take the Chair. The approach not to recommend payment to vice-chairmen of Committees continued to be consistent with that of other IRPs.

3. Special Responsibility Allowance (SRA)

- 3.1 In 2002, the IRP recommended that an SRA should be paid for those members of the Council undertaking additional responsibilities. The IRP took the advice of the Government's Guidance Note to set an appropriate rate for the most time consuming and responsible elected post within the Council, that of the Leader, and to pro rata downwards for other roles. The IRP drew on a very considerable body of evidence and recommended to the Council a scheme of special responsibility allowances of five bands with the allowance for the Leader in Band 1 set at £25,000 and with offices allocated to bands at differentials as shown at Appendix 1. The table below shows the revised scheme, uplifted in line with the annual NJC for Local Government now recommended.

| | | | |
|---------------|--|----|---------|
| Band 1 | Leader | 1x | £25,875 |
| Band 2 | Cabinet Members | 9x | £10,350 |
| | Chairman of Strategic Monitoring Committee | 1x | |
| Band 3 | Chairman of Council | 1x | £7,762 |
| | Chairman of Planning Committees | 1x | |
| | Chairmen of Scrutiny Committees | 5x | |
| Band 4 | Vice-Chairman of Council | 1x | £1,294 |
| | Chairman of Standards Committee | 1x | |
| | Chairman of Regulatory Committee | 1x | |
| | Chairmen of Planning Sub-Committees | 3x | |
| | Group Leaders | 4x | |
| Band 5 | Chairmen of Local Area Forums | 9x | £517 |

4. Allowances for Co-opted and Other Non-Elected Members

- 4.1 The IRP was advised of the new power to consider paying co-opted and appointed members of the Council an allowance. Attention was drawn to the role of the independent Chairman of the Standards Committee and the responsibilities exercised by that office holder. It was also noted that there were both statutory and other co-optees appointed by the Council.

- 4.2 The IRP noted the increasing responsibilities borne by the independent Chairman of the Standards Committee and the profile of the role given press and public interest in the Committee's work and its potentially controversial nature.
- 4.3 They were advised that the Standards Committee currently met five times a year. The role and responsibilities of the Standards Committee was set to significantly increase. With effect from 1 May 2003, the Standards Committee was now responsible for determining complaints against district and parish councillors which the Standards Board for England have investigated. The Standards Committee had power to impose a range of sanctions ranging from censure to disqualification from office for a period of up to 3 months. In the autumn, the Standards Committee would be given new powers to investigate complaints locally. Additionally, the Standards Committee had a role in promoting and developing high standards of conduct, not only within the Herefordshire Council but also across the 136 town and parish councils. This has created responsibilities for the independent member in attending and chairing seminars for town and parish councillors.
- 4.4 The IRP agreed that a special responsibility allowance should be paid to the independent Chairman. The role was thought to be at least within Band 4 of the Scheme but it was considered did not fall within Band 3. The IRP was reluctant at this stage to disturb the current bandings of the scheme, which were clear and straightforward. They therefore propose that the office be placed in Band 3 bearing in mind the opportunity to review the position as the implications of the ethical framework unfolded. This would mean an allowance of £1,294 pa.
- 4.5 In relation to co-opted and other appointed non-elected members it was noted that in the main they attended committees out of interest or to represent a particular body or interest. There was therefore a contrast with the position of the independent chairman of the Standards Committee.
- 4.6 The IRP did not think it right to make a payment for attendance but did consider that co-optees should not be out-of-pocket. The IRP proposes that they should be able to claim travel and subsistence allowances and dependants' carers' allowance on the same basis as Members of the Council. They have requested that the Dependant Carers' allowances currently payable should be examined to ensure that they remained in line with payments elsewhere.

5. Travel and Subsistence Allowances

- 5.1 The IRP were advised that to date the Secretary of State had set maximum levels for travel and subsistence allowances although these had been unchanged since 2000. The current rates for travel and subsistence allowance for Members and those approved duties which attract an allowance are set out at Appendix 2.
- 5.2 The IRP considered three options for determining car allowances: increasing the former Government set rates in line with inflation; providing the same allowances for Members as for staff, or standardising on the single rate used by the inland revenue for all business mileage.

5.3 The IRP considered that the simplest and best approach was to standardise on the single rate used by the Inland Revenue for all business mileage. This is currently:

- Up to 10,000 miles per annum – 40p per mile
- Over 10,000 miles per annum – 25p per mile

deducting home-work from journey made home-site.

5.4 It supported payments in line with those currently being proposed for employees for travel by motorbike, moped or cycle as follows:

- 16.3p per mile in respect of motorbikes
- 11.11p per mile in respect of mopeds
- 6.3p per mile in respect of cycles

5.5 In relation to subsistence allowance it was noted that it was being proposed that payments for employees would be a reimbursement of actual expenditure, not an allowance, so receipts had to be provided.

5.6 The IRP agreed that this approach should also be adopted for Members, on the basis that reasonable expenses evidenced by receipts should be paid.

5.7 In relation to overnight accommodation it was reported that this was allowable for employees at the discretion of their manager but not in excess of three star accommodation or equivalent. It was suggested that in the case of Members this would often be likely to involve staying in London and, given the accommodation situation there, consideration might need to be given to setting a financial limit.

5.8 The IRP considered that the simplest and best solution was to pay overnight accommodation expenses where this was necessary for three star accommodation or equivalent, evidenced by receipts.

6. Members' Pensions

6.1 The IRP were asked to consider whether or not the Council should allow Councillors to have access to the Local Government Pension Scheme (LGPS).

6.2 They were advised that the new arrangements would apply only to those councillors whose duties required them to spend the bulk of their working time on council business. This was to compensate them for pensionable benefits which they might otherwise lose because of the time they spend on their public duties.

6.3 It was noted that a Government consultation paper had set out the process to be followed in determining which local authority members should receive pension remuneration as follows:

- (a) When making recommendations on a local authority's allowances scheme for the coming year, an IRP should include recommendations on which member positions would involve a sufficient time

commitment and level of remuneration to warrant pensionable remuneration from the LGPS.

- (b) The council considers the IRP's recommendations and decides which of the recommended member positions are appropriate for pensionable remuneration through the LGPS. The council may not regard all recommended positions as eligible for pensionable remuneration but they cannot deem any position as eligible without a prior IRP recommendation to that effect; and
 - (c) Any member or elected mayor determined to be eligible for pensionable remuneration through the LGPS will then decide whether they wish to make a contribution to the LGPS.
 - (d) IRP's should now have amongst their memberships at least one member with knowledge of the operation of pension schemes.
- 6.3 Given the criteria set out above, the IRP was advised that it was not considered appropriate to recommend that councillors only in receipt of the Basic Allowance should qualify for a Local Government Pension. The IRP therefore considered which, if any, of the councillors who qualify for a Special Responsibility Allowance should be considered as eligible to join the Local Government Pension Scheme.
- 6.4 The IRP was concerned by the potential administrative complexity and cost of the exercise. It considered that in Herefordshire only the office of Leader of the Council would possibly qualify. It observed that a pension was part of setting a remuneration package and that this had been taken into account in setting the special responsibility allowance for the Leader. There was no evidence of a desire on the part of Members to have access to the LGPS. Neither did the current age profile of Members suggest a need to recommend access to the Scheme. It suggested that if Members expressed a wish to join the Scheme and if the age profile were to change in future the matter could be reviewed.

7. Recommendations

- a. that the IRP's previous approach to an Allowances Scheme for Members as revised in this Report be agreed;**
- b. that a special responsibility allowance be paid to the Independent Chairman of the Standards Committee, placing the office in Band 4 of the Scheme;**
- c. that co-optees and other appointed non-elected members should be entitled to claim travel, subsistence and dependants' carers' allowances on the same basis as members of the Council;**
- d. that car allowance for Councillors should be at the single rate used by the Inland Revenue for all business mileage;**
- e. that the allowance for travel by motorbike, moped or cycle should be at the following rates:**
 - 16.3p per mile in respect of motorbikes**
 - 11.11p per mile in respect of mopeds**

- **6.3p per mile in respect of cycles**
- f. **that subsistence allowances for Councillors be paid on the basis of actual reasonable expenditure evidenced by receipts;**
- g. **that overnight accommodation expenses where this was necessary be paid for three star accommodation or equivalent, evidenced by receipts; and**
- h. **that no Councillor be considered eligible to join the Local Government Pension Scheme at this stage and the matter kept under review.**