

Hertfordshire County Council

REPORT OF THE INDEPENDENT PANEL ON MEMBERS' ALLOWANCES

*JANUARY 2006
(for the 2006/7 Scheme of Allowances)*

HERTFORDSHIRE COUNTY COUNCIL

REPORT OF THE INDEPENDENT PANEL ON MEMBERS ALLOWANCES FOR 2006/7

Introduction

1. The Panel met on Monday 16 January 2006 to consider its recommendations for the 2006/7 Members Allowances Scheme.
2. The Panel comprises 5 independent members: David Thomas (Chairman), Hazel Bentall, Greg Grant, Margaret Jarvis and Michelle Wesley and all were present at the meeting.
3. The Panel would like to record its thanks to Ron Coxall, Assistant County Secretary, who supported the Panel, together with the Leader of the Council, County Councillor Robert Ellis, the Leader of the Labour Group, County Councillor Ian Laidlaw-Dickson, and the Leader of the Liberal Democrat Group, County Councillor Chris White, for their positive contribution in appearing together to put forward their views and answer the Panel's questions.

Mechanics of the Review

4. The Panel began by reviewing the recommendations it had made in its previous two reports (January 2004 and January 2005), and then took note of the Schemes subsequently made by the Council in March 2004 and May 2005. It also looked at the allowances currently being paid by neighbouring and other County authorities. It then took evidence from, and asked questions of, the Leaders of the three political groups.
5. The Panel continues to work to the principle that the reasons for having members' allowances are to seek to ensure that personal financial constraints are not a bar to holding office, and to recompense members for the work they do as councillors. Its recommendations reflect such consideration.

Summary of Recommendations

6. The Panel recommends that:-
 - Basic Allowance for 2006/7 be set at £9,125 per annum
 - Special Responsibility Allowances be paid as set out in the Appendix to this report
 - Dependants' Carers' Allowance continue but at an increased rate of £8 per hour
 - Travel and Subsistence Allowances remain unchanged
 - Co-optees' Allowances be paid as set out in paragraph 27 of this report.

The Panel's recommendations are set out in more detail in the following paragraphs.

Basic Allowance (BA)

7. The Panel in January 2003 devised a formula for calculating Basic Allowance, using the Local Government Association's daily rate (which is based on the national median white-collar wage), divided by 7.4 hours (working day), multiplied by 40 (the non-voluntary average hours spent per month by members on Council business), multiplied by 12 (months).

That led to a recommendation of a BA for 2003/4 of £7,800. At the same time the Panel highlighted that the medium white-collar wage in Hertfordshire was 8% higher than the average.

The County Council subsequently agreed to pay itself the recommended £7,800, plus the 8% highlighted by the Panel, making a total of £8,400.

8. For 2004/5 the Council agreed to pay a BA of £8,400 plus inflation of 2.5%, making a total of £8,610. In 2005/6 the Council agreed to pay BA of £8,610 + inflation of 2.95%, making a total of £8,864.
9. The Panel considers the 2005/6 figure to be fair and recommends that the Basic Allowance for 2006/7 should be that figure plus inflation (which it understands from the Finance Director will be 2.95%) thus making a recommended figure for 2006/7 of **£9,125**.

Special Responsibility Allowances (SRA)

10. For 2006/7 the Panel recommends the Special Responsibility Allowances set out in the attached Appendix. 30 posts are identified as meriting SRAs and the Panel views that as a figure that the Council should not exceed.
11. Recognising the important role that the Leader plays in the running of an Authority which is judged as Excellent under the Comprehensive Performance Assessment, the Panel recommends that his SRA be paid at 3.5 x BA, i.e. £31,938.
12. As regards other members of the Cabinet, previously there existed a differential between certain portfolio holders. However, following the reorganisation of the Cabinet which took place during 2004, the Panel in January 2005 formed the view, based on evidence given by the Leader, that all portfolio holders should be treated on the same basis as far as SRAs are concerned (though it notes that the Council has continued to pay an additional 0.5 of 1 BA to the Executive Member for Resources).

The Panel's view remains unchanged, and accordingly recommends that the 6 other members of the Cabinet should each receive an SRA equal to 2 X BA, i.e. £18,250. However the Cabinet Member who normally deputises for the Leader should receive an additional 0.5 of BA in respect of that role, bringing his SRA to £22,813.

13. The Panel recognises that scrutiny is key to the success of the democratic process and has noted the revised scrutiny arrangements introduced by the Council in May 2005.

To reflect the importance of the Overview and Scrutiny Committee, the Panel recommends an allowance of 1.5 x BA (i.e. £13,688) for the Chairman of that Committee and 1 x BA (£9,125) for his deputy.

The Panel further understands that the scrutiny system will be reviewed during the coming year, which could have an effect on future SRAs. The Panel would need to be re-consulted in that event. However, in the meantime, it recommends the continuance of an allowance for the Chairman of the 4 other Scrutiny Committees of 1 x BA (£9,125). For this purpose the Panel views the Adult Care and Community Safety Committee and the Health Committee as being one Committee, by dint of its common Chairmanship and shared membership.

14. In its report in January 2004 the Panel recommended that no SRAs should be paid to Vice-Chairmen of the Scrutiny Committees.

However, in January 2005, having received further evidence about the relative importance of those roles, the Panel changed its view and recommended that SRAs for those posts be paid at a rate of 50% of that awarded to the Chairmen.

The Panel notes that in the Schemes made in March 2004 and May 2005 the Council paid those Vice-Chairmen at the rate of 75%.

Nonetheless, the Panel remains of the view that 50% is the correct figure, particularly given the recent introduction of the Overview and Scrutiny Committee, and so recommends payments to the 4 Scrutiny Vice-Chairmen of £4,563 each.

The Panel acknowledges the part played by the Spokesmen of the 'third' party on each Scrutiny Committee. However, it does not believe that this is sufficient to justify the award of an SRA for those roles.

15. The Council currently has 14 Cabinet Panels, 7 of which have been identified by the Leader of the Council as having greater importance than others in terms of payment of SRAs. These are:

- Adult Social Care and Health
- Education
- Children's Services
- Strategic Planning and Partnerships

- Highways and Transport
- Property
- Audit

In January 2005 the Panel recommended that the Chairmen of these Panels should each receive an SRA equivalent to 75% of BA, which was the amount being paid by the Council in its March 2004 Scheme.

The Panel notes that the Council in May 2005 increased this amount to the equivalent of 1 x BA. The Panel sees no justification for the Council doing this, and having received no additional evidence, maintains its earlier view that these SRAs should be paid at 75% (£6,844).

16. Similarly, in January 2005 the Panel recommended that the Chairman of the Development Control Committee should receive an SRA equivalent to 75% of BA, which was the amount being paid by the Council in its 2004 Scheme.

The Panel notes that the Council in May 2005 increased this SRA also to the equivalent of 1 x BA. The Panel sees no justification for the Council doing this, and having received no additional evidence, maintains its earlier view that the SRA for this post should be paid at 75% (i.e. 6,844).

17. The Panel continues to recognise the importance of the role of the Chairman and Vice-Chairman of the Council and recommends allowances equal to 1 x BA (i.e. £9,125) and 25% of BA (i.e. £2,281), respectively.

18. The Panel believes that appropriate allowances should be paid to the Leaders of the political groups. It recommends SRAs using 3.5 times the Basic Allowance as the multiplier (i.e. that used for the Leader's SRA calculation), divided by the number of Council members, and then multiplied by the numbers in each group, as follows: -

Leader of the Conservative Group*

$$\frac{\pounds 31,938}{77} \quad \times \quad 46 \quad = \quad \pounds 19,080$$

Leader of the Labour Group:

$$\frac{\pounds 31,938}{77} \quad \times \quad 16 \quad = \quad \pounds 6,636$$

Leader of the Liberal Democrats Group:

$$\frac{\pounds 31,938}{77} \quad \times \quad 14 \quad = \quad \pounds 5,807$$

*The Panel recommend this SRA as long as the positions of the Leader of the Conservative Group and Leader of the Council are held by the same person (see also paragraph 19). However the Panel would wish to take another look at the levels of both these SRAs were the situation to arise where the posts were to be held by different persons.

19. The Panel feels that individual members should continue to be restricted to receiving one SRA (i.e. that of the higher value) if they occupy two or more posts which attract SRA.

Dependants' Carers' Allowance (DCA)

20. Under the existing scheme sums claimed must not exceed the actual sum paid, or £6 per hour, whichever is the lesser. The Panel notes that this rate has been unchanged since 2003 and now recommends that it be increased to £8 per hour to keep pace with increased costs of providing such care.

Travelling and Subsistence Allowance (TSA)

21. Having received no representations or concerns about this, the Panel does not recommend any changes to the mileage or subsistence allowances currently being paid. It notes that the mileage rate (40p) is the same as that paid to officers for their authorised business mileage, and believes that the two should be linked should there be any changes to the officer rates in future.

Co-optees' Allowance (COA)

22. The Local Authorities (Members Allowances) Regulations 2003, which came into force on 1 May 2003, provide that every local authority may make provision in its scheme for the payment of an annual Co-optees' Allowance (COA) for attendance at meetings and conferences to any co-opted or appointed member of a Council Committee or Sub-Committee.

Such an allowance can only be paid on the recommendation of the Independent Panel.

23. The Panel has been advised that 32 non-County Councillor members would be eligible for COA.

Having considered which of those members, if any, should receive such an allowance, the Panel has concluded that COA should only be considered for those members who do not receive payment from elsewhere (i.e. the bodies they represent). This would mean that the following (13) independent members would be eligible:-

- the four Parent Governor Representatives on the Children, Schools and Families Scrutiny Committee
- the four independent members of the Standards Committee (one of whom Chairs the Committee).

- the five Patient and Public Involvement Forum Representatives on the Health Scrutiny Committee.
24. The Panel have noted that in 2004/5 and 2005/6 the Council agreed to pay the Parent Governor Representatives on the Children, Schools and Families Scrutiny Committee an allowance equal to 33% of BA. Having received evidence from the Group Leaders as to the work done by those representatives, the Panel is happy to recommend 33% as the figure for 2006/7 (i.e. £3,011).
 25. The Panel recommends that Patient and Public Involvement Forum representatives the Health Scrutiny Committee should receive a COA equivalent to 25% of BA (£2,281).
 26. The Panel has been advised that the commitment of time required of members of the Standards Committee is not as significant as that of the Parent Governor or Patient Forum representatives on Scrutiny Committees. It accordingly recommends that the independent members of the Standards Committee should each be paid a COA equivalent to 12¹/₂% of BA (£1,141) and that the (independent) Chairman of the Panel be paid an additional 2¹/₂%, bringing his COA to 15% of BA (£1,369).
 27. The Panel therefore recommends that COA be paid as follows for 2006/7:

4 Parent Governor Reps on the Children, Schools and Families Scrutiny Committee	£3,011 each
5 Patient & Public Involvement Forum Reps on the Health Scrutiny Committee	£2,281 each
Chairman of the Standards Committee (Independent Member)	£1,369
Other 3 independent members of Standards Committee	£1,141 each

Member Appraisal

28. The Panel had previously recommended that some form of member appraisal should be introduced. It is aware of the practical difficulties of implementing this, but is pleased to note that the Council continues to expand its member training and development programme in order to develop members to achieve the Council's aims and objectives. In particular it is pleased to note that the Council has committed itself to the East of England Charter for Elected Member Development.

Other Matters

29. The Panel's views on the following issues remain unchanged from its report in June 2003:

- (a) Backdating of allowance payments
- (b) Indexation of allowances
- (c) Members entitlement to join the Pension Scheme, and the allowances which should be pensionable.

Costs

30. The total cost of implementing the Panel's recommendations on BA, SRA and COA would be £1,052,113, against the cost of the equivalent allowances in the current scheme of £1,053,160.

DAVID THOMAS (Chairman)

**Hazel Bentall
Greg Grant
Margaret Jarvis
Michelle Wesley**

JANUARY 2006

APPENDIX

INDEPENDENT PANEL RECOMMENDATIONS FOR SPECIAL RESPONSIBILITY ALLOWANCES 2006/7

<u>Post</u>	<u>£</u>
Leader of the Council	31938 *
Cabinet Member who normally deputises for Leader /Resources Portfolio	22813
Cabinet Members for:	
- Education	18250
- Strategic Planning & Partnerships	18250
- Children's Services	18250
- Adult Care & Community Safety	18250
- Transportation & Environment	18250
Leader of the Conservative Group (currently also Leader of the Council)	19080 *
Leader of the Labour Group	6636
Leader of the Liberal Democrat Group	5807
Chairman of Overview & Scrutiny Committee	13688
Vice-Chairman of Overview & Scrutiny Committee	9125
Chairmen of other Scrutiny Committees (4)	9125 each
Vice-Chairmen of other Scrutiny Committees (4)	4563 each
Chairmen of the following 7 Cabinet Panels:	
- Adult Social Care & Health	6844
- Education	6844
- Children's Services	6844
- Strategic Planning & Partnerships	6844
- Highways & Transport	6844
- Property	6844
- Audit	6844
Chairman of Development Control Committee	6844
Chairman of the Council	9125
Vice-Chairman of the Council	2281

NOTE: Members to be restricted to one SRA each (that of the highest value)

* The Panel would wish to take another look at the respective levels of these two SRAs were the situation to arise where the posts were to be held by different persons.