

# Hertfordshire County Council

## **REPORT OF THE INDEPENDENT PANEL ON MEMBERS' ALLOWANCES**

*JANUARY 2003*  
*(for the 2003/4 Scheme of Allowances)*

## **HERTFORDSHIRE COUNTY COUNCIL**

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#### **Introduction**

1. The Independent Panel comprised:

Colin Couch, Greg Grant, Margaret Jarvis, Don Latham (Chairman), David Thomas.

2. Ron Coxall, Assistant County Secretary, supported the Panel throughout the review. We would like to record our thanks to him, together with the Leader of the Council, County Councillor Robert Ellis, the Leader of the Labour Group, County Councillor Bob Mays and the Deputy Leader of the Liberal Democrat Group, County Councillor Aislinn Lee, who made representations and offered information in response to our questions.

#### **The Mechanics of Review**

3. The Panel undertook a detailed review of the allowances currently being paid by other authorities. (At the same time we noted the 'excellent' achieved by the Council in the recently conducted CPA review and have reflected this aspect of high performance in our recommendations.)
4. We have taken into account that the reasons for having a scheme of members' allowances is 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. We have also taken into account the guidance issued by the DETR in April 2001.

#### **Summary of Findings**

5. The Panel's recommendations are as follows:
  - That the Basic Allowance be set at £7,800 per annum (currently £7,000)
  - That a revised range of Special Responsibility Allowances (SRAs) be introduced as set out in paragraph 16.
  - That members should continue to be restricted to one SRA.
  - That the Care Allowance be increased to £6 per hour.
  - That, once the appropriate enabling Regulations are introduced by the Government, the mileage rate for travel by members be set at 40p per mile, irrespective of engine size.

- That, subject to enabling Regulations being introduced by the Government, all eligible members should be able to choose to make their allowances (BA and SRA combined) pensionable.
- That consideration should continue to be given to the introduction of some form of appraisal/self assessment process.

The Panel make their recommendations based on the median white-collar wage as notified by the LGA and has updated this by 3% in anticipation of the figure to be notified in February 2003 (see paragraph 7).

### **Basic Allowance**

6. A recent IDeA survey states that - 'It has been shown that on average backbenchers spend 57 hours per month on council business, but are compensated for only 38 hours, suggesting that 33% of their time is given voluntarily. The time that other Councillors with greater responsibility put in is considerably greater'.

The Panel decided to continue to assume 60 hours per month, of which one third would be deemed to be voluntary, i.e. payment based on 40 hours per month. We also took into consideration that a number of members hold positions outside the County Council for which allowances are paid (e.g. those members on other local authorities and on the Police Authority).

7. The Panel decided to adopt the same principle as in previous years and have taken the Local Government Association's daily rate of £116.50 (Feb 2002). This is based on a benchmark national (male) median white-collar wage of £29,125 (the figure of £116.50 a day having been calculated on the assumption of 250 working days per year.) We have assumed inflation of 3% and that the daily rate will be £120 in February 2003. The calculation is thus as follows: -

$$\text{£ } 120 \text{ divided by } 7.4 \text{ hours} \times 40 \times 12 = \text{£}7,784 \text{ say } \text{£}7,800$$

The Panel accordingly recommends an annual Basic Allowance for 2003/4 of £7800 (£650 per month).

8. We are aware of the higher costs of living and working in Hertfordshire and that the Government recognises this for certain services by giving an 'area cost allowance.' We understand that the median (male) white-collar wage in Hertfordshire is more than 8% higher than the average, which, if taken into account, could result in an allowance of £8,400. The Panel is aware that the cost of living argument has been used to support a higher basic allowance for members of other Authorities e.g. Surrey County Council, but at this stage we make no such recommendation for Hertfordshire, mindful of the projected Council Tax rise for 2003/4.

In particular, David Thomas, whilst supporting the recommendations of the Panel, expressed his concern at the proposed levels of increase, in light of the prospective high Council Tax rise.

### **Special Responsibility Allowances**

9. Recognising the importance the role that the Leader playing in the running of the authority, we recommend that his SRA be paid at 3.5 times the Basic Allowance i.e. £27,300. Adding the Basic Allowance of £7800, the Leader would thus receive £35,100. We believe this would provide proper recompense for the Leader of a high performance County Council with a population of one million and a gross budget of £1 billion.

For the Cabinet member who normally deputises for the Leader (and who also holds the Resources portfolio) we recommend an allowance of 3 times the Basic (of which 0.5 recognises his role as Deputy Leader) i.e. £23,400. We recommend that the Cabinet member for Children, Schools and Families should have an allowance of 2.5 times basic, i.e. £19,500.

10. The Panel recommends that the three other Cabinet members who carry major portfolio responsibility should have an SRA equal to twice the basic allowance, i.e. £15,600 and those (3) with minor portfolios should have an SRA equal to Basic Allowance, i.e. £7,800.
11. We believe the Scrutiny role is a key to the success of the new process and we have recognised this in our proposals with a recommended allowance for Chairman of Scrutiny Committees of an SRA equal to the basic allowance, i.e. £7,800.

The Panel believes that the Council's decision to award the Chairmanships to the Opposition groups has strengthened the scrutiny process. However we would not wish to see the practice continue whereby the payment of SRAs to the Leaders of the Opposition Groups is conditional upon their chairing a Scrutiny Committee. In our view they should each be entitled to an SRA as Group Leaders whether or not they choose to chair a Scrutiny Committee.

We do not support the payment of SRAs (currently £2,625) to Vice-Chairmen of Scrutiny Committees.

12. The Council has created some twenty Cabinet Panels, six of which have been identified as having greater importance than others in terms of payment of SRAs. These are Achievement, Resources, and Strategy under the Children, Schools and Families Portfolio; Structure Plan and Transport under the Environment Portfolio and Property under the Resources Portfolio. We recommend a payment of 75% of a basic allowance, i.e. £5,850, to each of the Chairmen of those Panels.

13. The Council has regulatory responsibilities and the Panel recommends an allowance of 75% of the Basic Allowance, i.e. £5,850, should be paid to the Chairman of Development Control Committee and 50% of the basic allowance to the Chairman of the Audit Committee, i.e. £3,900. We note that a Standards Committee has an independent Chairman, who is unpaid.
14. The Panel wish to recognise the importance of the role of the Chairman and Vice-Chairman of the Council and recommend allowances equal to the Basic Allowance, i.e. £7,800 and £1,950 (25%), respectively.
15. As we have stated above, we feel that appropriate allowances should be paid to the Leaders of the Opposition groups irrespective of whether they chair a Scrutiny Committee. We have calculated these using twice the Basic Allowance, divided by the number in the largest group, and then multiplied by the numbers in each group, as follows: -

$$\frac{\pounds 15,600}{40} \times 25 = \pounds 9,750 \quad \text{Labour}$$

$$\frac{\pounds 15,600}{40} \times 11 = \pounds 4,290 \quad \text{Liberal Democrat}$$

We also received convincing evidence about the significant role played by the Deputy Leaders of the Opposition Groups. We accordingly recommend that they should each have an SRA equal to 50% of their Leader i.e. £4,875 and £2,145 respectively.

16. We believe that SRAs should be restricted to a minority of Councillors. In all 28 SRA's (36% of the Council) are proposed which we believe provides a robust allocation of allowances reflecting the respective roles of members in all groups as well as the Executive. The full list of recommended allowances is as follows:



17. The Panel recommends, in line with best practice, that an individual councillor should continue to be restricted from claiming more than one SRA. (In the event of a member holding two or more posts attracting an SRA, they would be paid the one with the highest value.)

### **Care Allowance**

18. Under the existing scheme sums claimed must not exceed the actual sum paid, or £3.50 per hour, whichever is the lesser. We recommend that the carers allowance should now be set at a more realistic £6 per hour (overall budget £6,000)

### **Mileage Allowance (TSA)**

19. Up until now, Hertfordshire County Council has paid mileage at the maximum rate set by Government. Once Regulations are introduced (hopefully wef 1 April 2003) Councils will be allowed to set their own travelling allowances upon a recommendation from the Panel. The Panel, have duly looked at this issue, and, having taken various factors into account, including the Inland Revenue's Statutory mileage rate and environmental issues, recommend that, once the Council is able to set its own mileage allowances, members be paid an across the board rate of 40p per mile, irrespective of engine size of the members' vehicle.

### **Pensions for Members**

20. The Local Government Act 2000 allows for the provision of pensions to elected members, once Regulations are introduced. These are expected by 1 April 2003 and with that in mind the Panel have considered this issue in principle. They recommend that this facility should be made available to all eligible members of the Council.

### **Members Appraisal**

21. The Panel previously recommended that training for members should be improved and that some form of member appraisal should be introduced. We are aware of the practical difficulties of appraisal and thus would give priority to the continuing development of member training and we are aware that the Council, having adopted the IDeA Charter for member development has this in hand. However we feel that the next stage could be the development of a simple appraisal/self assessment process and the Panel would hope that further consideration be given to this in the coming year, having obtained evidence of 'good practice' being developed by other authorities e.g. Essex and Dorset.

## **Implementation and Costs**

22. The annual budget of the existing scheme (excluding travel and subsistence) is £743,209 and the increase recommended is £118,451 (15.9%). However we would wish to point out that members' allowances set at the recommended level would still only be average by comparison with other neighbouring Counties and would still not entirely reflect the higher costs in the County. Meanwhile our recommendation on reviewing mileage allowances could produce a saving in the region of £15,000 to partially offset the increase.

DON LATHAM  
Chairman of the Panel

COLIN COUCH  
GREG GRANT  
MARGARET JARVIS  
DAVID THOMAS