

Hertfordshire County Council

REPORT OF THE INDEPENDENT PANEL ON MEMBERS' ALLOWANCES

*JANUARY 2004
(for the 2004/5 Scheme of Allowances)*

HERTFORDSHIRE COUNTY COUNCIL

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Introduction

1. The Independent Panel comprises:

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 Leader of the Liberal Democrat Group, County Councillor Ian Simpson, who made representations in writing on behalf of their groups, and offered information in response to our questions.

The Mechanics of Review

3. The Panel reviewed the allowances currently being paid by other authorities. At the same time they noted the 'excellent' rating achieved by the Council in the CPA review and have reflected this aspect of high performance in their recommendations.
4. It is the Panel's view that the reasons for having members' allowances are to seek to ensure that personal financial constraints are not a bar to holding office, as well as recompensing members for the work they do as councillors. The Panel's recommendations seek to address those issues fairly.

Summary of Findings

5. The Panel's recommendations are as follows:
 - That the Basic Allowance be set at £8,200 per annum.
 - That Special Responsibility Allowances (SRA) be paid as set out in the Appendix to the report.
 - That the Dependants' Carers' Allowance should continue at £6 per hour.
 - That there be no change to the present Travel and Subsistence Allowances.
 - That Co-optees' Allowances be paid to those members set out in paragraph 23 of the report.
 - That consideration should be given to the introduction of some form of appraisal/self assessment process for all members.

6. The Allowances Panel was established by the Council so that they could receive independent advice and recommendations on the level of allowances to be paid to members of the Council. Whilst the Panel accept that the Council is not bound to accept their recommendations in full, they believe that the Council should accept these unless there are overriding considerations for approving different rates of payment.

The Panel were disappointed that, despite their work on the 2003 scheme and the objective methods used, the Council decided not to accept their recommendations and to increase allowances to levels higher than those recommended by the Panel.

Accordingly, it is the Panel's fervent hope that the Council will accept the 2004 recommendations in their entirety.

Basic Allowance (BA)

7. 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'.
8. Taking this as their reference point, the Panel have assumed that members spend 60 hours per month on Council business (i.e. 57 rounded up) of which one third is deemed to be voluntary; in other words a payment based on 40 hours per month. They also took into consideration that more than half of the members of the Council also hold positions outside the County Council for which allowances are also paid (e.g. District Councils; the Police Authority).
9. Representations were made that the hours figure in the formula should be increased to 45, and the Panel considered this.

A number of Councils have undertaken surveys and these show a range of hours being spent by members between 40 and 45 hours per month. For example in Gloucestershire County Council the average is 44, in Dorset 40; whilst a recent report on London Government recommended that a maximum of 40 hours a month should be paid. Essex County Council, meanwhile, used the size of that County (journey times) to justify going to the top end of that range.

However this Panel feel that there is no hard evidence to justify moving away from the current figure of 40 hours in regard to HCC members.

10. In calculating the amount of BA which should be paid, the Panel have adopted the same principle as in previous years, i.e. taking the Local Government Association's daily rate (£122.10 in Feb 2003), and adding inflation of 3.5%; leading to a daily rate of £126.37 in February 2004. The calculation is thus as follows: -

£ 126.37 divided by 7.4 hours x 40 x 12 = £8,197 say £8,200

11. The Panel accordingly recommend an annual Basic Allowance for 2004/5 of £8,200.

12. The Panel 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.' The median (male) white-collar wage in Hertfordshire is more than 8% higher than the average, and the Panel is aware that the cost of living argument has been used to support higher Basic Allowances for members of other Authorities e.g. Surrey County Council. The Panel notes that Hertfordshire County Council implemented an allowance of £8,400 in the current year to include that additional 8% cost factor. Should the Council apply the same factor for 2004/5 it would increase the Basic Allowance from £8,200 to £8,855.

The Panel are not themselves prepared to recommend such a figure, mindful of the effect it would have on the Council Tax for 2004/5.

In considering the current level of allowances and in making their recommendations for 2004, the Panel have taken account of their responsibilities not only to members of the Council, but also to the Council Tax payers of Hertfordshire. The level of Council Tax has risen significantly in the past few years and in particular in 2003/04 when the increase was in the order of 18%. The Panel believe that their recommendations for 2004 are fair to members, but will not significantly increase the cost burden to Council Tax payers, i.e. they represent equity of treatment for both groups. For this reason, the Panel would not wish to see their recommendations ignored in favour of higher rates of allowance.

Special Responsibility Allowances (SRA)

It is the Panel's view that the total number of SRAs should not exceed $\frac{1}{3}$ of the total membership of the Council (i.e. no more than 25).

13. Recognising the importance the role that the Leader plays in the running of the Authority, the Panel recommend that his SRA be paid at 3.5 times the Basic Allowance i.e. £28,700. Adding the Basic Allowance of £8,200, the Leader would thus receive £36,900.

The Panel believe this would provide proper recompense for the Leader of a high performing County Council with a population of one million and a gross budget of over £1 billion. This allowance also recognises that the Leader acts as Leader of the Conservative group.

14. For the Cabinet member who normally deputises for the Leader (and who also holds the Resources portfolio) the Panel recommend an allowance of 3 times the Basic (of which 0.5 recognises his role as Deputy Leader) i.e. £24,600. They recommend that the Cabinet member for Children, Schools and Families should have an allowance of 2.5 times basic, i.e. £20,500.

The Panel recommend that the five other Cabinet members should each have an SRA equal to twice the Basic Allowance, i.e. £16,400.

15. The Panel believe the Scrutiny role is key to the success of the new local Government arrangements and this is recognised in their proposals, with a recommended allowance for Chairman of Scrutiny Committees of an SRA equal to the Basic Allowance, i.e. £8,200. The Panel believes that the Council's decision to award the Chairmanships to the Opposition groups continues to be a strength in the scrutiny process.

The Panel does not support the payment of SRAs to Vice-Chairmen of Scrutiny Committees, nor to the Spokesmen of the 'third' party on each Committee.

16. The Council has created 25 Cabinet Panels, six of which have been identified as having greater importance than others in terms of payment of SRAs. These are Achievement, Schools Resources, and Strategy under the Children, Schools and Families Portfolio; Structure Plan and Transport under the Environment Portfolio and Property under the Resources Portfolio. The Panel recommend a payment of 75% of a Basic Allowance, i.e. £6,150, to each of the Chairmen of those Panels.
17. The Council has regulatory responsibilities and the Panel recommends that an allowance of 75% of the Basic Allowance, i.e. £6,150, should be paid to the Chairman of Development Control Committee.

The Panel also recommends that the same amount should be paid to the Chairman of the Audit Committee, since the level of responsibility in that role is broadly comparable.

18. The Panel 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. £8,200) and 25% of BA (i.e. £2,050), respectively.
19. The Panel feel that appropriate allowances should be paid to the Leaders of the Opposition groups irrespective of whether or not they

perform a separate 'function' for the Council. They recommend SRAs using 3.5 times the Basic Allowance as the multiplier (i.e. that used for the Leaders' SRA calculation), divided by the number of Council members, and then multiplied by the numbers in each group, as follows:

$$\frac{\pounds 28,700}{77} \times 24 = \pounds 8,945 \text{ Labour}$$

$$\frac{\pounds 28,700}{77} \times 11 = \pounds 4,100 \text{ Liberal Democrat}$$

20. The Special Responsibility Allowances recommended by the Panel are shown in the attached Appendix.

The Panel feel 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)

- 21. Under the existing scheme sums claimed must not exceed the actual sum paid, or £6 per hour, whichever is the lesser. The Panel recommend that the Dependants' Carers' Allowances should continue at this level.**

Travelling and Subsistence Allowance (TSA)

22. The Panel do not recommend any changes to the mileage or subsistence allowances currently being paid.

Co-optees' Allowance (COA)

23. 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 of Sub-Committee.

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

The Panel were 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 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 only the following (13) independent members would be eligible:-

- the four Parent Governor Representatives on the Children, Schools and Families Scrutiny Committee (who previously were entitled to Financial Loss Allowance, which has now been abolished).
- the four independent members of the Standards Committee (one of whom Chairs the Committee).
- the five Patient Forum Representatives on the Adult Care and Health Scrutiny Committee (yet to be appointed).

The Panel feel that a payment close to £1,000 a year each would be appropriate to reflect their time commitment, but that the Chairman of the Standards Committee should be paid an additional sum to reflect the work involved in undertaking that role, to take his COA to around £1,500 per annum.

To achieve this the Panel recommend as follows:-

- 24. That the 13 members detailed in paragraph 23 be paid an annual Co-optees' Allowance of £1,025 each (0.125 of BA), and that the Chairman of the Standards Committee be paid an additional £410 (0.05 of BA), making a total payment to him of £1,435 per annum.**

Members Appraisal

25. The Panel previously recommended that training for members should be improved and that some form of member appraisal should be introduced. The Panel are pleased to note that additional money has since been allocated for member training. However, no action has yet been taken on the recommendations on appraisal.

The Panel are aware of the practical difficulties of doing this. However, they do feel that it is important for some sort of appraisal/self assessment process to be developed. The Panel hope that further consideration will be given to this in the coming year. With the level of allowances now being paid **they strongly recommend that such appraisal should be introduced by the Council.**

Other Matters

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

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

Costs

27. The total cost of implementing the Panel's recommendations on BA, SRA and COA would be £914,430, against the equivalent cost of those aspects in the current scheme of £953,820.

DON LATHAM
Chairman of the Panel

COLIN COUCH
GREG GRANT
MARGARET JARVIS
DAVID THOMAS

JANUARY 2004

APPENDIX

Allowances Recommended for 2004/5

	SRA £	Total Cost £	Individual (inc BA and SRA) £
Leader (£8200 Basic x 3.5)	28700	28700	36900
Cabinet Member-who normally deputises Resources Portfolio (£8200 x 2.5) + deputising element (£8200 x 0.5) = (£8200 x 3)	24600	24600	32800
Cabinet Member – CSF Portfolio (£8200 x 2.5)	20500	20500	28700
Other Cabinet Members (£8200 x 2 x 5 Members)	16400	82000	24600
Chairmen of Scrutiny Committees (£8200 x 5)	8200	41000	16400
Chairmen of Cabinet Panels (£8200 x 75% x 6 Chairmen*)	6150	36900	14350
Chairman Dev. Control Committee (£8200 x 75%)	6150	6150	14350
Chairman of the Audit Committee (£8200 x 75%)	6150	6150	14350
Chairman of County Council (£8200)	8200	8200	16400
Vice-Chairman of County Council (£8200 x 25%)	2050	2050	10250
Leaders of Opposition Groups			
Labour -	8945	8945	17145
Liberal Democrat -	4100	4100	12673
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		269295	
Basic Allowance (8200 x 77)		631400	
Co-optees' Allowance - Chairman of Standards Committee (Independent Member)		1435	
Co-optees' Allowance (1025 x 12)		12300	
TOTAL EXPENDITURE		<u>914430</u>	

