

Hertfordshire County Council

REPORT OF THE INDEPENDENT PANEL ON MEMBERS' ALLOWANCES

*November 2015
(for the 2016/17 Scheme of Allowances)*

HERTFORDSHIRE COUNTY COUNCIL

REPORT OF THE INDEPENDENT PANEL ON MEMBERS' ALLOWANCES FOR 2016/17

1. Introduction

- 1.1 The Independent Panel on Members' Allowances comprised 3 independent members: Hazel Bentall, Michelle Drapeau and Alan Lawrence. Apologies were received from Paul Castle and Sheena Garbutt. Michelle Drapeau chaired the meeting. The Panel met on 06 November 2015, and was supported by Kathryn Pettitt, Chief Legal Officer and Steven Charteris, Head of Democratic & Statutory Services.
- 1.2 The Group Leaders on the Council had been invited to make submissions to the Panel on their views on the content of the Members' Allowances Scheme for 2016/17.
- 1.3 At the meeting, Robert Gordon, Leader of the Council, attended on behalf of the Conservative Group, and Leon Reeve, Leader of the Labour Group attended on behalf of the Labour Group. Stephen Giles-Medhurst, Leader of the Liberal Democrat Group sent a written submission on behalf of the Liberal Democrat Group. The Panel greatly appreciated the attendance and the oral and written submissions of members.
- 1.4. The Panel compared current information on the allowances schemes of 12 other county councils and all 10 Hertfordshire District / Borough Councils. They reviewed data from the 2013 National Census of Local Authority Councillors, inflation figures from the Consumer Price Index and Retail Prices Index, and national wage inflation rates.
- 1.5 The Panel considered the impact of the removal of access for members to the Local Government Pension Scheme at the end of their current terms (*Transitional Provisions, Savings and Amendment Regulations 2014*).
- 1.6 As requested at the previous meeting the Panel reviewed the role of Chairs of Highways Liaison Meetings.
- 1.7 The Panel reviewed the remuneration of Parent Governor Representatives of the Overview and Scrutiny Committee in preparation for the elections to these roles in 2016.

2 Summary of Recommendations

- 2.1 The Panel recommends to Council that:
 - (a) The Basic Allowance should be increased by 1% to £9,879 per annum.
 - (b) The posts qualifying for Special Responsibility Allowance and the formula (multiplier of Basic Allowance) applying to each post be unchanged, and be paid as set out in the Appendix to this report.

- (c) Travel, Subsistence and Dependants' Carers' Allowance should continue to be payable to elected members and co-opted members of the Council in respect of the duties set out in Appendix 1 to the Scheme 2015/16.
- (d) The maximum for Dependants' Carers' Allowance for child care be increased in accordance with the National Minimum Wage and National Living Wage, as announced by Government in the Summer Budget 2015. (Rates are dependent upon the age of the worker):
 - Under 18 - £3.87 per hour.
 - 18 to 20 - £5.30 per hour.
 - 21 – 24 - £6.70 per hour.
 - 25 and over - £7.20 per hour.
- (e) The maximum Dependants' Carers' Allowance for care of an adult remains at £15.00 per hour.
- (f) Co-optees' Allowance for Parent Governor Representatives on the Overview & Scrutiny Committee be reduced to £500 per annum.
- (g) Travel and Subsistence Allowance should continue to be paid at the same rates as the Council's Business Travelling and Subsistence Policy for Employees
- (h) Save as mentioned above, the terms of the Scheme currently in place should continue.

3. Submissions from Groups

- 3.1 The Panel heard the views of Robert Gordon, Leader of the Council, on behalf of the Conservative Group, and Leon Reeve, Leader of the Labour Group. The Panel also received a written submission from Stephen Giles-Medhurst (SGM), Leader of the Liberal Democrat Group.
- 3.2 Robert Gordon (RG) expressed the view that the current system for member allowances generally worked well and that a comprehensive review of the scheme was not required.
- 3.3 RG noted that the value of allowances had reduced over recent years compared to inflation and suggested the panel consider recommending a modest increase to the Basic Allowance in line with inflation and public sector pay awards.
- 3.4 The Panel requested RG's view as to the remuneration of Parent Governor Representatives on the Overview & Scrutiny Committee. RG stated that he had supported the original decision to recognise the role of the Representatives but indicated that the role had changed with the establishment of the current Overview & Scrutiny Committee process. The current role appears to require less involvement and evidence suggests that participation is reduced. Therefore he would be in support of a reduction or removal of the allowance for these roles.
- 3.5 The Panel requested RG's view as to the level of Dependants' Carers' Allowances. RG supported the view that the maximum level of remuneration for

Childcare should be raised to the National Living Wage as announced in the Summer Budget 2015 of £7.20 per hour.

- 3.6 At the Panel in November 2014, RG requested that the Panel consider at a future meeting the impact of the removal of the ability for members to participate in the Local Government Pension Scheme. This would affect members of the County Council from May 2017. The Panel requested RG's view as to the potential impact of the changes. RG submitted that the decision to remove members' access to the pension scheme would have a detrimental financial effect upon them. It was noted that 45 current councillors are members of the pension scheme. RG noted that the County Council makes a pension contribution of 20.6% and therefore suggested that this fund could be redistributed by way of the Basic Allowance in order to ensure that members are compensated to some degree for the removal of access to the scheme, whilst ensuring no financial impact on public finances. RG noted that this would be best achieved by distributing these funds across all members rather than attempting to identify a complex mechanism which identified current members of the pension scheme.
- 3.7 The Panel requested RG's view as to the role of members who chair Highway Liaison Committees. RG emphasised that allowances are commensurate with responsibility rather than time spent. He did not feel that Highway Liaison responsibilities should attract an allowance as they do not have additional duties above chairing the meetings. The role is consistent with other member responsibilities. RG explained that there are other roles including Development Control and Scrutiny Topic Groups where the role requires additional time but do not attract additional allowances.
- 3.8 RG noted that benchmarking with other local authorities is complex due to the demographic and democratic structure differences. He noted that the current scheme had remained fundamentally unchanged for 6 to 7 years and there was no material reason for wholesale review at this time.
- 3.9 The Panel thanked RG for attending.
- 3.10 Leon Reeve (LR) expressed the view that members carried out the role predominately through their desire to give public service and that the allowances are financial assistance to them rather than the motivation for carrying out the role. LR was content with the current scheme and expressed that a comprehensive review was not required. He noted that it is important to ensure that the scheme does not disadvantage or discourage people from standing for office.
- 3.11 LR expressed the view that a small uplift of the Basic Allowance and thus the Special Responsibility Allowances in line with public sector pay awards would be appropriate. Again, LR expressed the view that the Allowances are not the motivation for members but he felt that it is appropriate that the responsibilities of the roles are appropriately recognised.
- 3.12 The Panel asked LR about the level of Dependants' Carers' Allowance. LR agreed that it would be appropriate for the maximum level of remuneration for child care to be raised. LR noted he does not recognise the amount of £7.20 as a 'Living Wage'. He noted that the National Living Wage as defined by the Living

Wage Foundation is currently £7.85 and is due to increase, as is the London Living Wage of £9.15.

- 3.13 The Panel requested LR's view as to the impact of the removal of access to the Local Government Pension Scheme, which will affect members from 2017. LR said that the Local Government Pension Scheme was not a key issue within his group. He understood that there had been discussion of an alternative scheme; however the panel were not aware of such option. This will require further research for the next Panel in preparation for the cessation of eligibility in 2017.
- 3.14 The Panel requested LR's view as to the remuneration of Parent Governor Representatives on the Overview & Scrutiny Committee. LR indicated that he supported the current arrangements and noted it was important to encourage voluntary contribution rather than discourage.
- 3.15 The Panel requested LR's view as to the role of members who chair Highway Liaison Committees. LR expressed the view that the role is consistent with other member responsibilities and is covered within the Basic Allowance. Thus he did not support additional allowances specifically for these roles.
- 3.16 The Panel thanked LR for attending.
- 3.17 Stephen Giles-Medhurst (SGM) submitted the following written submission on behalf of the Liberal; Democrat Group:
- 3.18 *My group are content with the allowances panel proposals from last year that allowances should rise in line with the local government employee pay award i.e. 1%. Should the Panel recommend this again the view of the independent Panel would be supported.*
- 3.19 *At present the Childcare – the adult (21 and over) minimum wage per hour (currently £6.31 per hour) has been set. My group felt that for the child care allowance rate to be raised from minimum wage to perhaps the non-London living wage would be an obvious one which is £7.15 per hour. The London living wage £9.15 per hour.*
- 3.20 *Last year the Panel received a request for a small remuneration in relationship to the Chairmanship of the 10 Highways Liaison Meetings. Whilst it is recommended not to make such a change at this time, the Panel said it would revisit the issue if there was a future submission detailing increased responsibilities.*
- 3.21 *For the benefit of the Panel to consider I submit the following:*
1. *Agreeing and co-ordinating a date with officers and at District /Borough level.*
 2. *Holding a pre agenda meeting with County (and sometimes District/ Borough' officers to agenda an agenda and format.*
 3. *Charing the said meeting (which includes invites to District/Borough and as applicable Town and Parish Councillors) and taking forward any action points arising*
- 3.22 *Outside of the said meetings it is the norm that Chairs of the meetings are kept informed of major highways developments in their area as that might require to*

bring forward a meeting date. In each District area three such Liaison meetings are held each year although in some areas these are supplemented by one off additional meetings on key projects.

- 3.23 *The Panel may feel that such duties and responsibilities do not warrant any additional allowance if so I will not raise the issue the again.*
- 3.24 *Last year the Leader of the Council (and Conservative Group) Robert Gordon requested that the panel consider at a future meeting the impact of the removal of the ability for members to participate in the Local Government Pension Scheme. This would affect members of the County Council from May 2017.*
- 3.25 *My group supports such a review. It is my view that this places a potential disadvantage to persons standing for council who will by their very nature be part dependent on such allowance and not be of pension age and may in taking up a senior role within the council/ group that requires additional hours to be committed from their normal day to day job/ role would result in a reduced normal pension contributions that in future will not be offset by pension based on their councillors allowances. It is particularly the case that is most likely to affect those in receipt on SRAs more heavily than others but will affect all councillors. A review of the effect of this is supported.*

4. Basic Allowance

- 4.1 The Panel noted that the Basic Allowance is £9,781 per annum and a 1% increase had been applied in 2014/15.
- 4.2 The Panel considered the Public Sector and Whole Economy National Wage Inflation Rate average for the three months up to June 2015 and the inflation figures for the Consumer Price Index and Retail Prices Index as at July 2015. The Panel noted that the government had announced a 1% pay cap for the public sector. The Panel appreciated that this does not directly apply to local government.
- 4.3 The Panel noted that all political groups supported a modest increase.
- 4.4 The Panel recommends a 1% increase be applied to the Basic Allowance to £9,879 per annum.

5. Special Responsibility Allowance

- 5.1 The Panel recommends the schedule of 38 Special Responsibility Allowances set out in the appendix to this report.
- 5.2 The Panel considered that the current multiplier schedule for Special Responsibility Allowances remains appropriate.
- 5.3 As the amount of each Special Responsibility Allowance is specified as a multiplier of the Basic Allowance figure, the Panel's recommendation for increasing Basic Allowance would mean that each Special Responsibility Allowance also increases by 1%.

- 5.4 The Panel considered the submission from the Liberal Democrat Group regarding the 10 councillors who are required to Chair the Highways Liaison Meetings. The Panel recommends that as allowances are determined according to responsibilities and not volume of work it is not appropriate to remunerate these roles with a Special Responsibility Allowance. The Panel recommends that the current identified roles which attract a Special Responsibility Allowance remain the same.

6. Dependants' Carers' Allowance

- 6.1 The Panel considered the maximum levels of remuneration for Dependants' Carers' Allowance. The Panel recommends that Dependants' Carers' Allowance remain payable and that separate rates for childcare and adult care continue.
- 6.2 The Panel recommends that the maximum level of Dependants' Carers' Allowance for care of an adult remain at £15.00 per hour. Sums paid must not exceed actual amount paid.
- 6.3 The Panel recommends that the maximum level of Dependants' Carers' Allowance payable for child care should be consistent with the National Minimum Wage rates and the National Living Wage, as announced by Government in the Summer Budget 2015. Both rates are set according to age. Sums paid must not exceed actual amount paid
- 6.4 The current rates for National Minimum Wage (2015) are:
- Under 18 - £3.87
 - 18 to 20 - £5.30
 - 21 – 24 - £6.70
- The rate for National Living Wage from April 2016 is:
- 25 and over - £7.20

- 6.5 The Panel recommends that:

Childcare – Dependants' Carers' Allowance up to a maximum hourly rate according to National Minimum Wage and National Living Wage dependent upon the age of the worker:

- Under 18 - £3.87
- 18 to 20 - £5.30
- 21 – 24 - £6.70
- 25 and over - £7.20

Adult Care - Dependants' Carers' Allowance up to a maximum hourly rate of £15 per hour.

(In both cases the sums claimed must not exceed the actual sums paid.)

7. Co-optees' Allowance

- 7.1 The Panel noted that Parent Governor Representatives are currently entitled to claim the Co-optees' Allowance of £3,196 per annum. They are also entitled to claim reasonable expenses for travel and subsistence in accordance with the scheme

- 7.2 The Panel noted that benchmarking data indicated that the current level of allowance is high compared to other councils.
- 7.3 The Panel noted that when the Overview & Scrutiny Committee is considering Education matters the Committee's membership includes 4 Parent Governors and 2 Church representatives as required by law who are only able to vote on education matters. Parent Governor Representatives are elected to represent all parents whose children are in local maintained schools or in some form of education provided by the Local Authority (LA).
- 7.4 The role of a Parent Governor Representative is not prescribed in law and individual parent governor representatives are expected to develop their own ways of working, however it is envisaged that the role involves:
- speaking for parents and pupils on education matters at LA meetings;
 - voting in key decisions;
 - keeping in touch with the general views of parents; and
 - acting as a sounding board for the LA when it wants to get a feel for whether parents are likely to welcome or reject a particular proposal.
 - ensure that the LA is aware of the views and concerns of parents when taking important decisions;
 - influence decisions taken by the LA that affect the provision of education in the county;
 - help ensure that the resources available for education in Hertfordshire are used in the best way possible.
- 7.5 The Panel noted that there were 5 Overview and Scrutiny Committee meetings held in the financial year 2014/15, although there are often 6 meetings within such a period. The duration of such meetings is approximately 2 hours. The exception is the Integrated Planning Process (budget scrutiny) which takes place over a day and a half in January / February each year. All meetings listed were considered to have relevance for the Parent Governor Representatives. Of a possible 20 attendances (5 meetings, with a possible 4 Parent Governor Representatives), there were 7 attendances for the period.
- 7.6 In addition, the Overview and Scrutiny Committee will occasionally hold whole committee scrutinies (which are whole day meetings). If these relate to education matters (in the broadest sense), parent governors will form part of the Committee. There were no whole committee scrutinies in the 2014/15 financial year. There has been one so far in the current financial year regarding school repairs and capital projects and one Parent Governor Representative was in attendance.
- 7.7 There are also Topic Groups which conduct scrutinies on behalf of the Overview and Scrutiny Committee. Where these meetings relate to education matters, they have a membership which includes one or two Parent Governor or Church Representatives (there may be additional

informal attendance by others). There were 4 topic groups in the 2014/15 financial year on matters including education. A Parent Governor was a member of 3 of these Topic Groups and attended (the 4th meeting was attended by a Church Representative).

- 7.8 The Monitoring of Recommendations Topic Group reviews the implementation of Topic Group recommendations. Parent Governor Representatives are not formally members of the group but are able to attend. On average there are three to four meetings per annum, each of two or three hour's duration. There were 2 Monitoring of Recommendations Topic Group meetings in the 2014/15 year and neither were attended by any of the Parent Governor Representatives.
- 7.9 The Children's Services Cabinet Panel has a membership which includes one Parent Governor Representative; there were 6 meetings in 2014/15 (which is the usual number per annum; each approximately 2 hours duration), 3 of which were attended by the Parent Governor Representative appointed to the Panel.
- 7.10 The Enterprise, Education & Skills Cabinet Panel has a membership which includes one member drawn from either the Parent Governor Representatives or Church Representatives and is rotated between the two offices every four years; currently it is fulfilled by the Church Representatives. From May 2016 it will be with the responsibility of the Parent Governor Representatives. Parent Governor Representatives may attend the panel out of interest (as they may attend any of the Council's meetings). Of the 6 meetings held in 2014/15 one was attended by a Parent Governor Representative.
- 7.11 The Panel noted changes to the role and reduced responsibility with the establishment of the current Overview & Scrutiny Committee process. The current role appears to require less involvement and evidence suggests that participation is reduced. The Panel also noted that other comparative roles do not attract allowances.
- 7.12 The Panel recommends that the Co-optees' Allowance be reduced to better reflect the role fulfilled, whilst ensuring that there is appropriate acknowledgement of the role.
- 7.13 The Panel recommends a Co-optees' Allowance of £500 per annum.

8. Travelling and Subsistence Allowance

- 8.1 The Panel recommends maintaining the link with the local rates in the Council's Business Travelling and Subsistence Policy.

9. Local Government Pension Scheme (LGPS)

- 9.1 The Panel noted that on 19 December 2012, nine years after the introduction of LGPS Councillors' Pensions a written ministerial statement by local government minister Brandon Lewis MP announced that the Government's intention was to remove access to the LGPS for Councillors in England and that a consultation would follow.

- 9.2 The Government's final position on the treatment of elected councillors (and elected mayors) was made known in March 2014 when the LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014 were made and laid. These regulations remove access to the LGPS from 1 April 2014 for councillors and elected mayors in England and for the Mayor of London and members of the London Assembly, with the following exceptions:
- councillors, elected mayors, the Mayor of London and members of the London Assembly who were members of the LGPS on 31 March 2014 will retain access to the LGPS up to the end of their current term of office only (or to age 75 if earlier).
- 9.3 County Councillors who were members of the LGPS on the 31 March 2014 will continue to pay pension contributions and build up pension benefits in the LGPS. They will cease to be a member of the scheme at the end of their current term of office (the term they were serving on 31 March 2014) unless they elect to opt-out of the scheme or reach age 75 before the end of that term of office. They will not be permitted re-entry to the scheme if they are re-elected (either immediately or subsequently) in the future.
- 9.4 County Councillors who are part of the LGPS make pension contributions of 6%.
- 9.5 HCC makes contributions of 20.6% for County Councillors who are part of the LGPS.
- 9.6 Currently, 45 County Councillors out of 77 are members of LGPS.
- 9.7 The Panel noted that the effect of removal of access to the LGPS should be considered further at the 2016 Independent Panel on Members' Allowances in preparation for the removal of the ability of county councillors to be members of the LGPS after the County Council Election in May 2017.
- 9.8 The Panel requested the following information for the Panel in November 2016:
- Information regarding the financial impact on members who are currently part of the LGPS.
 - Information regarding the future financial savings due to the cessation of contributions made by the County Council.
 - Benchmarking information regarding the proposals from other local authorities in response to the removal of access.
 - Guidance and views from the Local Government Association.
 - Options available for replacement pension schemes.

10. Costs

- 10.1 The total cost of implementing the Panel's recommendations on Basic Allowances and Special Responsibility Allowances would be £1,174,709 against the cost of the equivalent allowances in the current scheme of £1,162,965.

- 10.2 The cost of Basic Allowance would be £760,683 as opposed to £753,137 within the current scheme.
- 10.3 The cost of Special Responsibility Allowances would be £414,026 as opposed to £409,828 in the current scheme.

11. Future meetings

The Panel suggested the following date for the next meeting:

- Thursday 10 November 2016 at 2pm.

**Hazel Bentall,
Michelle Drapeau
Alan Lawrence**

NOVEMBER 2015

SPECIAL RESPONSIBILITY ALLOWANCES 2016/17**APPENDIX 1**

<u>Post</u>	<u>Formula</u>	<u>£ per annum</u>
Leader of the Council	4xBA	39516
Deputy Leader of the Council	3xBA	29637
Cabinet Member for:		
Adult Care & Health	2xBA	19758
Children's Services	2xBA	19758
Community Safety & Waste Management	2xBA	19758
Enterprise, Education & Skills	2xBA	19758
Environment, Planning & Transport	2xBA	19758
Highways	2xBA	19758
Public Health, Localism & Libraries	2xBA	19758
Resources & Performance	2xBA	19758
<i>(Note: The Leader has the power to change the composition of his Cabinet and individual portfolios at any time subject to a maximum of 9 members of Cabinet)</i>		
Leader of the Conservative Group (45)	3.5xBA / 77x45	20207
Leader of the Liberal Democrat Group (16)	3.5xBA / 77x16	7185
Leader of the Labour Group (15)	3.5xBA / 77x15	6736
Chairman of Overview & Scrutiny Committee	1.5xBA	14819
Vice-Chairmen of Overview & Scrutiny Committee (2)	0.5xBA	4940
Chairman of Health Scrutiny Committee	1.5xBA	14819
Vice-Chairman of Health Scrutiny Committee	0.75xBA	7409
Liberal Democrat Spokesmen (4) on:		
Environment, Planning, Waste & Community Safety	0.5xBA	4940
Resources, Performance & Localism	0.5xBA	4940
Education, Skills & Children	0.5xBA	4940
Adult Care & Health	0.5xBA	4940
Labour Spokesmen (4) on:		
Public Health, Localism & Libraries	0.5xBA	4940
Children's Services	0.5xBA	4940
Community Safety & Waste Management	0.5xBA	4940
Adult Care & Health	0.5xBA	4940
8 Deputy Executive Members:		
Adult Care & Health	1xBA	9879
Children's Services	1xBA	9879
Community Safety & Waste Management	1xBA	9879
Enterprise, Education & Skills	1xBA	9879
Environment, Planning & Transport	1xBA	9879
Highways	1xBA	9879
Public Health, Localism & Libraries	1xBA	9879
Resources & Performance	1xBA	9879
Chairman of Audit Committee	1xBA	9879
Chairman of Development Control Committee	1xBA	9879
Chairman of the Council	1xBA	9879
Vice-Chairman of the Council	0.25xBA	2470

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