

Agenda Item No.

**5B**

# Hertfordshire County Council

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

*December 2016  
(for the 2017/18 Scheme of Allowances)*

## HERTFORDSHIRE COUNTY COUNCIL

### REPORT OF THE INDEPENDENT PANEL ON MEMBERS' ALLOWANCES FOR 2017/18

#### 1. Introduction

- 1.1 The Independent Panel on Members' Allowances comprised 4 independent members: Hazel Bentall, Michelle Drapeau, Nicholas Eldred and Christopher Clark. Apologies were received from Alan Lawrence. Hazel Bentall chaired the meeting. The Panel met on 20 December 2016, 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 regarding their groups' views on the content of the Members' Allowances Scheme.
- 1.3 At the meeting, Robert Gordon, Leader of the Council, and David Williams, Deputy Group Leader attended on behalf of the Conservative Group, and Leon Reefe, Leader of the Labour Group attended on behalf of the Labour Group. Stephen Giles-Medhurst, Leader of the Liberal Democrat Group had written to the Panel 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 submissions concerning the removal of access for members to the Local Government Pension Scheme at the end of their current terms (*LGPS (Transitional Provisions, Savings and Amendment) Regulations 2014*).

#### 2 Summary of Recommendations

- 2.1 The Panel recommends to Council that:
  - (a) The Basic Allowance should be increased by 1% to £9,978 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 2016/17.

- (d) The maximum for Dependants' Carers' Allowance for child care be increased in accordance with the National Minimum Wage and National Living Wage (April 2017). (Rates are dependent upon the age of the worker):
- Under 18 - £4.05 per hour.
  - 18 to 20 - £5.60 per hour.
  - 21 – 24 - £7.05 per hour.
  - 25 and over - £7.50 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 to remain at £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, and David Williams, Deputy Group Leader on behalf of the Conservative Group, and Leon Reeve, Leader of the Labour Group. The Panel also received a written correspondence from Stephen Giles-Medhurst (SGM), Leader of the Liberal Democrat Group.
- 3.2 Robert Gordon (RG) and David Williams (DW) 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 scheme for Special Responsibility Allowances remains appropriate. However he noted that there is a county council election in May 2017, thus there may be a need to reconvene the Panel. The Panel requested views as to whether portfolios and division of responsibilities continue to be appropriately represented in the current scheme of Special Responsibility Allowances, for example with the increased responsibilities for Public Health. RG suggested that the totality of responsibilities is broadly the same; however noted that some roles have changed for example the responsibilities associated with the Local Enterprise Partnership (LEP). Whilst there are different demands associated with different portfolios, RG is of the view that it remains appropriate for Special Responsibility Allowances to be consistent across the portfolios.
- 3.4 RG commented that the removal of county councillors' access to the local government pension scheme will have a significant impact on those members who are currently in the scheme and presents the county council with significant savings. The savings being projected are £136,165 per annum in pension contributions by the county council. He noted that there would be particular impact on members who have senior roles within the council, where time

commitment does not allow for significant other employment. He suggested the Panel consider whether the identified savings could be reallocated to members.

- 3.5 The Panel requested RG's and DW's view with regards the Basic Allowance. 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 which is 1%.
- 3.6 The Panel asked whether any other issues had been raised by members of their group which they wished the Panel to consider. DW explained that the responsibilities associated with Pensions Committee had changed significantly during the transitional period to new pooling and governance arrangements. He noted that there is significant technical understanding and personal responsibility required. It was noted that the responsibility currently lies with the Executive Member, Resources and Performance as chairman of the Pensions Committee.
- 3.7 The Panel asked to what extent the level of allowances impacted candidates' decision to stand for election. RG expressed the view that it was not evident that this is a significant factor in the decision, however noted that the allowances are not comparable with employment and could present issues for candidates who would rely on allowances as their primary income. DW noted that as roles can be incompatible with full-time employment, there is a risk that the pool of candidates is restricted. Both noted that the primary motivation of members is to serve their communities and public duty.
- 3.8 The Panel thanked RG and DW for attending.
- 3.9 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.
- 3.10 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.
- 3.11 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 May 2017. LR said that the removal of access to the Local Government Pension Scheme was not considered a key issue within his group generally; however he noted that some members had expressed serious concern as it would affect them and were opposed to the government decision.
- 3.12 The Panel asked to what extent the level of allowances impacted candidates' decision to stand for election. LR expressed the view that allowances are not the motivation for candidates; rather the motivation is public service and interest in politics. He noted that allowances are recognition for responsibilities and not

remuneration. LR noted that time commitment to fulfilling duties is a more significant restraint on candidates and members rather than financial considerations.

3.13 The Panel thanked LR for attending.

3.14 Stephen Giles-Medhurst (SGM) on behalf of the Liberal Democrat Group requested that the Panel consider the issues and effect of removal of access to the local government pension scheme from May 2017 when deciding future allowance levels.

#### **4. Basic Allowance**

4.1 The Panel noted that the Basic Allowance is £9,879 per annum and a 1% increase had been applied in 2016/17.

4.2 The Panel reviewed the formula for calculation of the Basic Allowance as devised in 2004 and examined the National Census of Local Authority Councillors with regards hours spent on council business.

4.3 The Panel considered the Public Sector and Whole Economy National Wage Inflation Rate average for the three months up to June 2016 and the inflation figures for the Consumer Price Index and Retail Prices Index as at July 2016. The Panel noted that the pay settlement for local government workers was 1% for 2017.

4.4 The Panel reviewed the allowances schemes of 12 comparative County Councils and all Hertfordshire District and Borough Councils.

4.5 The Panel noted that all political groups supported a modest increase.

4.6 The Panel recommends a 1% increase be applied to the Basic Allowance to £9,978 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 the current multiplier schedule for Special Responsibility Allowances and submissions regarding the respective responsibilities of Executive portfolios and recommends that the current schedule 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 considers that they were not presented with sufficient information to form a view as to whether the role of Chairman of the Pensions Committee should attract a Special Responsibility Allowance.

## **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 continue to be consistent with the National Minimum Wage rates and the National Living Wage. Both rates are set according to age. Sums paid must not exceed actual amount paid
- 6.4 The rates for National Minimum Wage (April 2017) will be:
- Under 18 - £4.05 per hour.
  - 18 to 20 - £5.60 per hour.
  - 21 – 24 - £7.05 per hour.
- The rate for National Living Wage (April 2017) will be:
- 25 and over - £7.50 per hour.
- 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 - £4.05 per hour.
- 18 to 20 - £5.60 per hour.
- 21 – 24 - £7.05 per hour.
- 25 and over - £7.50 per hour.

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 £500 per annum. They are also entitled to claim reasonable expenses for travel and subsistence in accordance with the scheme
- 7.2 The Panel recommends that the Co-optees' Allowance remains at £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 as from May 2017 members of the County Council will cease to be eligible to have access to the LGPS. This will affect both current members who are re-elected and new members to the County Council.
- 9.2 At the present time County Councillors who are part of the LGPS make pension contributions of 6% and HCC makes a contribution of 20.6% for each County Councillor who contributes to the LGPS. HCC's contributions currently amount to £136,165.67 per annum.
- 9.3 Currently, 44 County Councillors out of 77 are active members of LGPS. There are 12 deferred members, 21 pensioners and 2 dependent pensioners.
- 9.4 The Panel considered the implications of removal of access to the LGPS after the County Council Election in May 2017.
- 9.5 The Panel reflected on the submissions from Groups on the Council and the responses received from other councils regarding on the issue. The Panel also noted the written statement of the Under-Secretary of State for Communities and Local Government (19 December 2014):
- 'This will not prevent councillors contributing to a personal pension: if they put aside part of their taxable allowances into such a pension, then that is a matter for them; they will continue to receive income tax relief like any ordinary member of the population, subject to prevailing tax rules... There is absolutely no case for increasing councillor allowances to compensate'.*
- 9.6 The Panel acknowledged the commitment of local councillors to their communities and to the provision of local authority services. They were also mindful of the financial constraints on local authorities. Wider economic factors and responsibilities to the community needed to be brought into the balance as well.
- 9.7 Having considered carefully the issue and the matters mentioned in the preceding paragraphs the Panel recommends that there is no adjustment to the allowances paid to members to take account of the removal of the ability for members of the County Council to have access to the LGPS after May 2017.

## **10. Costs**

- 10.1 The total cost of implementing the Panel's recommendations on Basic Allowances and Special Responsibility Allowances would be £1,201,442 against the cost of the equivalent allowances in the current scheme of £1,189,521.
- 10.2 The cost of Basic Allowance would be £768,306 as opposed to £760,683 within the current scheme.

10.3 The cost of Special Responsibility Allowances would be £433,136 as opposed to £428,838 in the current scheme.

## **11. Other Matters**

11.1 The Panel noted that as a result of changes recommended by the Local Government Boundary Commission for England the Council would comprise 78 members after the election in May 2017.

11.2 The Panel noted that there had been some queries raised concerning mileage rates for the use of electric vehicles and agreed that they would review this once the position concerning mileage rates for such vehicles for officers of the Council had been settled.

11.3 The Panel noted that they may need to meet again after the County Council election in May 2017 to consider changes to the Scheme of allowances. This would be the case particularly if there were any significant changes to the balance of political groups on the Council or to member roles which might attract a special responsibility allowance.

## **12. Future meetings**

12.1 The Panel suggested the following dates for their next meetings:

- Thursday 25 May or Thursday 1 June 2017 at 10am (if a meeting was required after the May 2017 election)
- Friday 17 November 2016 at 10am.

12.2 The Panel requested the following information for the next meeting:

- Survey of Hertfordshire County Councillors time spent on council business, as the most recent national survey dates back to 2013, unless the Local Government Association commissions the National Foundation of Educational Research to carry out a further survey in the intervening period.

**Hazel Bentall,  
Michelle Drapeau  
Nicholas Eldred  
Christopher Clark**

DECEMBER 2016



**SPECIAL RESPONSIBILITY ALLOWANCES 2017/18**

## APPENDIX 1

<b><u>Post</u></b>	<b><u>Formula</u></b>	<b><u>£ per annum</u></b>
Leader of the Council	4xBA	£39,912
Deputy Leader of the Council	3xBA	£29,934
Cabinet Member for:		
Adult Care & Health	2xBA	£19,956
Children's Services	2xBA	£19,956
Community Safety & Waste Management	2xBA	£19,956
Enterprise, Education & Skills	2xBA	£19,956
Environment, Planning & Transport	2xBA	£19,956
Highways	2xBA	£19,956
Public Health, Localism & Libraries	2xBA	£19,956
Resources & Performance	2xBA	£19,956
<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	£20,410
Leader of the Liberal Democrat Group (16)	3.5xBA / 77x16	£7,257
Leader of the Labour Group (15)	3.5xBA / 77x15	£6,803
Chairman of Overview & Scrutiny Committee	1.5xBA	£14,967
Vice-Chairmen of Overview & Scrutiny Committee (2)	0.5xBA	£4,989
Chairman of Health Scrutiny Committee	1.5xBA	£14,967
Vice-Chairman of Health Scrutiny Committee	0.75xBA	£7,484
Liberal Democrat Spokesmen (4) on:		
Environment, Planning, Waste & Community Safety	0.5xBA	£4,989
Resources, Performance & Localism	0.5xBA	£4,989
Education, Skills & Children	0.5xBA	£4,989
Adult Care & Health	0.5xBA	£4,989
Labour Spokesmen (4) on:		
Public Health, Localism & Libraries	0.5xBA	£4,989
Children's Services	0.5xBA	£4,989
Community Safety & Waste Management	0.5xBA	£4,989
Adult Care & Health	0.5xBA	£4,989
8 Deputy Executive Members:		
Adult Care & Health	1xBA	£9,978
Children's Services	1xBA	£9,978
Community Safety & Waste Management	1xBA	£9,978
Enterprise, Education & Skills	1xBA	£9,978
Environment, Planning & Transport	1xBA	£9,978
Highways	1xBA	£9,978
Public Health, Localism & Libraries	1xBA	£9,978
Resources & Performance	1xBA	£9,978
Chairman of Audit Committee	1xBA	£9,978
Chairman of Development Control Committee	1xBA	£9,978
Chairman of the Council	1xBA	£9,978
Vice-Chairman of the Council	0.25xBA	£2,495

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