

Agenda Item No.

5B

Hertfordshire County Council

REPORT OF THE INDEPENDENT PANEL ON MEMBERS' ALLOWANCES

*November 2017
(for the 2018/19 Scheme of Allowances)*

HERTFORDSHIRE COUNTY COUNCIL

REPORT OF THE INDEPENDENT PANEL ON MEMBERS' ALLOWANCES FOR 2018/19

1. Introduction

- 1.1 The Independent Panel on Members' Allowances comprised 4 independent members: Hazel Bentall, Michelle Drapeau, Nicholas Eldred and Christopher Clark. Christopher Clark chaired the meeting. The Panel met on 17 November 2017, 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, David Williams, Leader of the Conservative Group attended on behalf of the Conservative Group, Stephen Giles-Medhurst, Leader of the Liberal Democrat Group attended on behalf of the Liberal Democrat Group and Judi Billing, Leader of the Labour Group attended on behalf of the Labour Group. Judi Billing had also made a written submission to the Panel prior to the meeting. 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. They reviewed data from the 2013 National Census of Local Authority Councillors, Hertfordshire 'End of Term' survey of councillors (May 2017), inflation figures from the Consumer Price Index and Retail Prices Index, and national wage inflation rates.
- 1.5 The Panel considered submissions and reviewed benchmarking data regarding the provision of Special Responsibility Allowances for the Chair of the Pensions Committee and Opposition Group Leaders.
- 1.6 The Panel was sad to hear of the untimely passing of Robert Gordon and asked that condolences be passed on to the family.

2 Summary of Recommendations

- 2.1 The Panel recommends to Council that:
 - (a) The Basic Allowance for 2018/19 should be increased by 1% unless the settlement of the National Joint Council (NJC) for Local Government Employees is higher than 1% when the Basic Allowance should be increased in line with the % settlement of the National Joint Council (NJC) for Local Government Employees up to a maximum of 2%.

- (b) The role of Chairman of the Pensions Committee should be paid a Special Responsibility Allowance of one x Basic Allowance.
- (c) The role of Group Leader of second largest Group on the Council should be paid a Special Responsibility Allowance calculated as follows:
- 3.5 x Basic Allowance divided by number of members of the Council multiplied by number of members in the relevant Group but subject to a minimum Special Responsibility Allowance of 0.75 x Basic Allowance.
- (d) The role of Group Leader of the third largest Group on the Council should be paid a Special Responsibility Allowance calculated as follows:
- 3.5 x Basic Allowance divided by number of members of the Council multiplied by number of members in the relevant Group but subject to a minimum Special Responsibility Allowance of 0.5 Basic Allowance.
- (e) The remaining posts qualifying for Special Responsibility Allowance and the formula (multiplier of Basic Allowance) applying to each post to be unchanged, and be paid as set out in the Appendix to this report.
- (f) 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 2017/18.
- (g) The maximum for Dependants' Carers' Allowance for child care to be increased in accordance with the National Minimum Wage and National Living Wage (April 2018). (Rates are dependent upon the age of the worker):
- Under 18 - £4.20 per hour.
 - 18 to 20 - £5.90 per hour.
 - 21 – 24 - £7.83 per hour.
 - 25 and over - £7.83 per hour.
- (h) The maximum Dependants' Carers' Allowance for care of an adult remains at £15.00 per hour.
- (i) Co-optees' Allowance for Parent Governor Representatives on the Overview & Scrutiny Committee to remain at £500 per annum.
- (j) Travel and Subsistence Allowance should continue to be paid at the same rates as the Council's Business Travelling and Subsistence Policy for Employees
- (k) 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 David Williams, Leader of the Conservative Group on behalf of the Conservative Group, Stephen Giles-Medhurst, Leader of the Liberal Democrat Group, and Judi Billing, Leader of the Labour Group. The Panel also received a written submission from Judi Billing prior to the meeting.
- 3.2 David Williams (DW) had recently been elected as Leader of the Conservative Group and was acting Leader of the Council. Full Council on 21 November would be appointing the Leader of the Council for the period until the Annual Meeting of the Council in 2021.
- 3.3 DW indicated that his intention should he be appointed Leader of the Council was not to change at this time the executive member portfolios as these had only been established relatively recently following the County Council election in May 2017.
- 3.3 DW considered that the scheme for Special Responsibility Allowances remains appropriate and that the level of Executive Member responsibilities remained similar. There were two areas, however, that he asked the Panel to consider:
- i. Introduction of a Special Responsibility Allowance for the Chairman of the Pensions Committee.
 - ii. Future review of the level of Special Responsibility Allowance for Executive Members.
- 3.4 DW indicated his support for a baseline threshold for the Leader of the Labour Group, to ensure that the Leader of the Group receives a minimum allowance in line with Group Spokespersons.
- 3.5 DW commented that the local authority benchmarking data provided showed that most other authorities paid an allowance to the Chairman of Pensions Committee. He noted that currently the Chairman of Pensions Committee is also the Executive Member for Resources, Property and the Economy and thus in accordance with the Allowances Scheme the member only receives one of the Special Responsibility Allowances to which he would otherwise be entitled. However, circumstances can be envisaged where there would be merit in appointing a Chairman of the Pensions Committee who did not have Executive Member responsibilities, in which case it was considered that the role should attract a Special Responsibility Allowance.
- 3.6 DW expressed the view that the responsibilities of Chairman of the Pensions Committee were significant and had increased with the pooling of eleven Local Government Pension Scheme (LGPS) funds within ACCESS (A Collaboration of Central, Eastern & Southern Shires). The Chairman is on the joint governance committee (ACCESS JNC) and is responsible for managing the pool of fund assets with the investment managers. This includes consideration of complex investments including equity and gilts as well as other investments

such as property and hedge funds. The Hertfordshire pension fund is valued at c£4.4 billion. He noted that there is a need for expertise and knowledge to fulfil the role, and the post holder is required to attend regular ACCESS meetings in addition to the Pensions Committee.

- 3.7 DW requested that the Panel consider the level of special responsibility allowance for Executive Members. He considered that the scheme in Essex would be an appropriate benchmark as there are similarities with Hertfordshire in geography and demography. He noted that Essex also worked on a multiplier of Basic Allowance, but provide 3 x Basic Allowance for Executive Members, 3.5 x Basic Allowance for the Deputy Leader of the Council and 4.5 x Basic Allowance for the Leader of the Council. DW explained that he considered the scale and complexity of the organisation together with the high level of responsibility vested in Cabinet Members, resulted in the requirement to take high profile decisions of high value. He also considered that an increased allowance for Cabinet Members could serve to increase the pool of members interested in fulfilling these important roles – particularly those in a position to pursue executive roles in District/Borough Councils. DW asked that the Panel review the level of special responsibility allowances at a future meeting of the Panel.
- 3.8 The Panel thanked DW for attending.
- 3.9 Stephen Giles-Medhurst (SGM) expressed the view that it did not seem appropriate that the Leader of the Labour Group received an Special Responsibility Allowance which was less than Group Spokespersons. He suggested that a ‘safety net’ should be devised in order to avoid this anomaly. He suggested this could be achieved if a minimum SRA of 1 x Basic Allowance for the Leader of the Official Opposition and 0.5 x Basic Allowance for the Leader of the third largest Group. He noted that the size of Group does impact the workload of the Leader and the multiplier approach continued to be appropriate.
- 3.10 The Panel requested SGM’s view regarding the provision of an SRA for the Chairman of Pensions Committee. SGM felt there was a good case to support identifying a separate SRA for the role, due to the time commitment and knowledge required to fulfil the duties. He noted that the role is complex and requires a person with relevant experience and knowledge. He noted that the separation of the role from that of Executive Member for Resources is a matter for the Cabinet.
- 3.11 The Panel requested SGM’s view regarding a potential increase in the level of SRA for Cabinet members. He noted the responsibilities of members of the Cabinet are significant and he did not disagree that this should be considered. He noted that many members are also on District / Borough Councils and therefore it is important that the level of SRAs encouraged commitment to County Council roles.
- 3.12 The Panel thanked SGM for attending.

3.13 Judi Billing (JB) on behalf of the Labour Group provided a written submission prior to the meeting:

3.14 *Following the County Council elections in May 2017 the Opposition Groups position changed considerably.*

- *The Lib Dems rose from 16 to 18*
- *The Labour Group shrank from 15 to 9*

Apart from making me obviously politically depressed it also made much clearer the Lib Dems position as main opposition and ours as third party as was the case from 2009-2013.

3.15 *I was only elected in a by election in September 2013 so had not taken a lot of notice of remuneration issues until I was elected Leader of the Labour Group in May 2017 and invited to consider the issues and attend the meeting of the panel in June. At that meeting I made an oral presentation highlighting an issue inherent in linking Group Leaders SRA's solely to the number of members of the group.*

3.16 *At no time have my comments been offered as a matter of personal interest although I realise it may seem so but I felt there was a serious point to be made about the role and scope of opposition leadership, as well as the anomaly produced in a group of 9 in which the leader receives a smaller SRA than those she nominates for Opposition Spokespersons SRAs*

3.17 *I would like to refer first to the role and scope of opposition leadership. It is certainly the case that a group of 5 or 9 members is able to make less impact and have less influence than a group of 16 or 20. Proportionality currently means that for instance we only have one place on each panel and committee and this is totally understood, respected and accepted.*

3.18 *But curiously this does not make the leadership role any less. The county still consists of 1.2 million people, its budgets and services remain as large and complex and the Leader of a group of 9 arguably has to work harder than the leader of a larger group to ensure that the voice of her group and her party is heard throughout the council and the county. It could be argued that with so few seats it doesn't need to be heard very much, but that doesn't seem to have been the ethos or intention of the County Council as I have perceived it.*

3.19 *It is also the case that with only one member on each committee and panel when that member is unable to attend for reasons of illness or employment then the need to find a substitute is both more urgent and more difficult to ensure representation. This means that the Leader is likely to have an increased work load covering for colleagues and ensuring that she is fully read and briefed to do so. Leaders of groups are invited to the same number of events, organisations and consultations whatever the size of their group and this is another reason why maybe size of group should only be one factor in determining Leaders SRA.*

3.20 *Finally I do want to mention the fact that in a group smaller than 10 the formula used of 5% of BA times number of members means that the Group Leader will*

receive a smaller allowance than the 50% of SRA currently paid to Opposition Spokespersons. A strange anomaly.

- 3.21 *There is a wide range of practice expressed in the table on page 40 of your report some of it rather lacking in information about the rationale used and it is clear that some authorities pay no leadership SRA to the leaders of third parties. I am unclear if this follows through into spokespersons SRAs as well but this has not I think been the Hertfordshire ethos since the introduction of allowances and SRA's some 18 years ago now. I have certainly always had the impression of a county committed to the maximum sensible approach to leadership, opposition and democracy as exemplified in the councils approach to Cabinet Panels and Locality Budgets.*
- 3.22 *Finally I would like to re-iterate the point that I am not making these points on a crusade for personal gain but more for future leaders from any political party or none who might find themselves as bemused as I have by this. Once again I make it clear that in the scale of anything this is not an important problem, but one that I thought the remuneration panel should know about and be able to consider.*
- 3.23 JB attended the Panel and spoke to the points made in her written submission.
- 3.24 The Panel asked JB for suggestions to resolve the issue of Group Leader SRA. JB suggested that a 'safety net' of 0.5 x Basic Allowance could be applied to ensure that Group Leaders receive a minimum SRA which is comparable with Group Spokespersons. JB noted that the role of effective opposition was crucial. She noted that the size of the Group did not diminish the responsibilities of the Group to provide effective opposition. Leaders of smaller Groups were presented with challenges in ensuring appropriate representation across the functions of the Council and this resulted in increased workload.
- 3.25 JB suggested that Group Leader's SRA could be based on a two element calculation; a base sum to recognise the basic responsibilities of a Group Leader and a multiplier to recognise of the size of the Group.
- 3.26 The Panel requested JB's view regarding the provision of an SRA for the Chairman of Pensions Committee. JB confirmed that she supported the development of such an SRA as the role requires significant knowledge and time commitment.
- 3.27 The Panel thanked JB for attending.

4. Basic Allowance

- 4.1 The Panel noted that the Basic Allowance is £9,978 per annum and a 1% increase had been applied in 2017/18.
- 4.2 The Panel reviewed the formula for calculation of the Basic Allowance as devised in 2004. The Panel examined the latest National Census of Local Authority Councillors (2013), and examined the results of the 'End of Term' Survey of Councillors (May 2017) 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 August 2017 and the inflation figures for the Consumer Price Index (CPI) and Retail Prices Index (RPI) as at October 2017. The Panel noted that year on year data showed that the whole economy achieved a 2.2% three month average increase and the Public Sector achieved a 1.4% three month average increase (August 2017). The Panel noted that 12 month inflation rates were CPI 3.0% and RPI 3.9% (October 2017).
- 4.4 The Panel noted that the pay settlement for local government workers was yet to be announced. Most public sector bodies received a 1% cost of living increase in 2017. Public sector offers are currently expected to remain around the 1% mark for the foreseeable future, with the Chancellor of the Exchequer capping public sector pay increases at a 1% maximum increase per year for a 4 year period commencing from 2016 / 2017. However, although the Government policy on public sector pay remains, there have been some suggestions that this may be reviewed in the next year.
- 4.5 The Panel reviewed the level of Basic Allowance of 12 comparative County Councils and noted that the average was £9,909 which is consistent with Hertfordshire's allowance.
- 4.6 The Panel recommends that for 2018/19 Basic Allowance should be increased by 1% unless the settlement of the National Joint Council (NJC) for Local Government Employees is higher than 1% when the Basic Allowance should be increased in line with the % settlement of the National Joint Council (NJC) for Local Government Employees up to a maximum of 2%. Should the NJC settlement result in a percentage increase higher than 2% then the Panel would reconvene to consider.

5. Special Responsibility Allowance

- 5.1 The Panel recommends the schedule of 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 the percentage increase to Basic Allowance as set out in Section 4 above.
- 5.4 The Panel considered the submission made and benchmarking information regarding the provision of a Special Responsibility Allowance for the Chairman of the Pensions Committee. The Panel

noted the level of responsibility, knowledge and time commitment of the role and therefore recommends that the role should attract a Special Responsibility Allowance of one times Basic Allowance. The Panel considered that the Special Responsibility Allowance should be reviewed should the responsibilities of the role change in the future.

5.5 The Panel considered the submissions and benchmarking information regarding the Special Responsibility Allowances for Leaders of Opposition Groups and accepted that a change should be made to ensure that Group Leaders' Allowances do not fall below the level of Group Spokespersons.

5.6 The Panel recommends that the role of Group Leader of the second largest Group on the Council should be paid a Special Responsibility Allowance calculated as follows:

3.5 x Basic Allowance divided by number of members of the Council multiplied by number of members in the relevant Group but subject to a minimum Special Responsibility Allowance of 0.75 x Basic Allowance

5.7 The Panel recommends that the role of Group Leader of the third largest Group on the Council should be paid a Special Responsibility Allowance calculated as follows:

3.5 x Basic Allowance divided by number of members of the Council multiplied by number of members in the relevant Group but subject to a minimum Special Responsibility Allowance of 0.5 Basic Allowance

5.8 The Panel noted the request for the level of Special Responsibility Allowances for Executive Members be reviewed and requested that further information and submissions be presented to the next meeting of the Panel, where further consideration will be given to the responsibilities of these roles.

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 Living Wage (April 2018) will be:

- Under 18 - £4.20 per hour.
- 18 to 20 - £5.90 per hour.
- 21 – 24 - £7.83 per hour.
- 25 and over - £7.83 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 (April 2018). Rates are dependent upon the age of the worker:

- Under 18 - £4.20 per hour.
- 18 to 20 - £5.90 per hour.
- 21 – 24 - £7.83 per hour.
- 25 and over - £7.83 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. Costs

9.1 The total cost of implementing the Panel’s recommendations on Basic Allowances and Special Responsibility Allowances would be a percentage increase consistent with the settlement of the National Joint Council (NJC) for Local Government Employees up to a maximum of 2% plus the addition of one times Basic Allowance for the Special Responsibility Allowance for Chairman of the Pensions Committee and the impact of the 0.5 x Basic Allowance baseline for Leader of the second Opposition Group.

10. Future meetings

10.1 The Panel suggested the following dates for their next meeting:

- Friday 16 November 2018 at 10am.

- 10.2 The Panel noted that they would reconvene should the settlement of the National Joint Council (NJC) for Local Government Employees up exceed 2%.
- 10.3 The Panel requested the following information for the next meeting:
- Submissions and benchmarking data regarding the level of Special Responsibility Allowance for Executive Members.

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

NOVEMBER 2017

SPECIAL RESPONSIBILITY ALLOWANCES 2018/19

APPENDIX 1

<u>Post</u>	<u>Formula</u>
Leader of the Council	4xBA
Deputy Leader of the Council	3xBA
Cabinet Member for:	
Adult Care & Health	2xBA
Children's Services	2xBA
Community Safety & Waste Management	2xBA
Education, Libraries & Localism	2xBA
Environment, Planning & Transport	2xBA
Highways	2xBA
Public Health, Prevention & Performance	2xBA
Resources, Property & the Economy	2xBA
<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 (50)	3.5xBA / 78x50
Leader of the Liberal Democrat Group (18) (Minimum 0.75xBA)	3.5xBA / 78x18
Leader of the Labour Group (9) (Minimum 0.5xBA)	3.5xBA / 78x9
Chairman of Overview & Scrutiny Committee	1.5xBA
Vice-Chairmen of Overview & Scrutiny Committee (2)	0.5xBA
Chairman of Health Scrutiny Committee	1.5xBA
Vice-Chairmen of Health Scrutiny Committee	0.75xBA
Liberal Democrat Spokesmen (5) on:	
Adult Care & Health	0.5xBA
Education & Children's Services	0.5xBA
Environment, Planning & Transport	0.5xBA
Public Health & Community Safety	0.5xBA
Resources, Property & Enterprise	0.5xBA
Labour Spokesmen (3) on:	
Adult Care & Health	0.5xBA
Children's Services	0.5xBA
Public Health, Prevention & Performance	0.5xBA
8 Deputy Executive Members:	
Adult Care & Health	1xBA
Children's Services	1xBA
Community Safety & Waste Management	1xBA
Education, Libraries & Localism	1xBA
Environment, Planning & Transport	1xBA
Highways	1xBA
Public Health, Prevention & Performance	1xBA
Resources, Property & the Economy	1xBA
Chairman of Audit Committee	1xBA
Chairman of Pensions Committee	1xBA
Chairman of Development Control Committee	1xBA
Chairman of the Council	1xBA
Vice-Chairman of the Council	0.25xBA

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

