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# **Members' Allowances**

## **Report by the Head of Democratic and Central Services**

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### **1. INTRODUCTION**

- 1.1 The current Members' Allowances Scheme was approved by the Council on 21st February 2007 and came into effect from 16th May 2007. This forms part of the Council's Constitution.
- 1.2 The Local Authorities (Members' Allowances) (England) Regulations 2003 require an authority to have regard to recommendations made to it by an Independent Remuneration Panel (IRP) before making or amending a scheme of members' allowances.
- 1.3 In addition, the Regulations require that where an authority has regard to an index for the purpose of annual adjustment of allowances it must not rely on that index for longer than a period of four years before seeking a further recommendation from the Independent Remuneration Panel.
- 1.4 On this occasion, therefore, the Huntingdonshire Panel was convened in response to the statutory requirement for a review of the index used for the past four years. The Panel also took the opportunity to undertake a review of the scheme and to deal with several anomalies which had arisen, in practice, during the preceding four year period. Principally these issues related to
- ◆ the suitability of the retail price index as the automatic mechanism;
  - ◆ the payment of a special responsibility allowance to the Independent Member who serves as Vice-Chairman to the Standards Committee and whether it would be appropriate to create an additional allowance for the Chairman of the Referrals (Assessment) Sub-Committee;
  - ◆ the payment of an allowance to the co-opted Members of the Overview and Scrutiny Panels;
  - ◆ a recognition of the IT and telephone support provided for Members;
  - ◆ the question of pensions for Members; and
  - ◆ travel allowances.
- 1.5 Given their previous decision to meet as the Parish Remuneration Panel at the same time as undertaking a district review, the Panel also undertook to review the allowances scheme for town and parish councils in Huntingdonshire.

- 1.6 As a prelude to their review, the Panel was advised of the Council's financial strategy and in making their recommendations was cognizant of the difficulties facing the District Council, local government and the public sector in general.
- 1.7 The Panel's report has been circulated separately to all Members. This report is based on the Panel's discussions and summarises the principal issues.

## **2. AREAS OF REVIEW AND CONCLUSIONS DRAWN**

### **2.1 Annual Adjustment to Allowances**

The last report of the IRP recommended that the Council should continue to link basic allowances, SRAs, co-optees and dependent carers' allowances to the retail price index. Although the Council endorsed this recommendation, Members have expressed concern at the continued use of the index given its lack of any correlation with salary increases.

- 2.2 The Panel considered that for the purposes of the basic, special responsibility and co-opted allowances, any annual increase should be indexed to that percentage increase agreed by the National Joint Councils for Local Government Staff Services. This index would link Members to the nationally agreed award for Officers in local government. Although the salaries of the Council's own employees have been determined locally for many years, this is not considered appropriate for use as an index for allowances as Members would, in effect, be determining their own annual increase. The Panel did not however address the question of how to deal with increases of variable rates within local government which, in recent years, have been weighed towards the lowest paid employees. When first calculating the basic allowance, the Panel estimated the time spent by Members on local authority work for the District Council which was then discounted by an element which represented public service for which no remuneration was judged to be payable. The remaining time was then multiplied by an hourly rate to result in the basic allowance which all Members receive. If that time element was extrapolated to a full time position, it would equate to spinal column point 33 on the local government salary scales and it is therefore recommended that the percentage increase agreed annually for employees on that point be used as the figure for the Council's Members Allowances Scheme.

- 2.3 The Council is advised that it can choose not to implement an annual percentage increase even if the index adopted suggests an entitlement to one or can indicate a preference for a lower index if desired.

#### **2.4 Special Responsibility Allowances – Co-opted Independent Members**

In accordance with Government guidance, the Standards Committee appointed an Independent Member as Vice-Chairman in 2010/11. The current scheme does not provide for the allowance for the Vice-Chairman of the Standards Committee to be payable to an Independent Member who might be filling that role. (The Chairman of the Standards Committee is also an Independent Member and already receives a co-optees allowance equivalent to the SRA that would be payable if the post was filled by an elected Councillor.) The Panel felt that the allowance should continue to be paid as it reflects the duties and functions of the Vice-Chairman and has recommended therefore that the Independent Member be entitled to the allowance formerly received by the Councillor acting in that position.

In terms of the two co-opted persons appointed to each of the three Overview and Scrutiny Panels, the Panel did not consider they should be eligible for the ordinary co-optees allowance payable to Standards Committee co-optees as it was only intended that they should be reimbursed with traveling and other expenses incurred in attending meetings of the Panels when the co-optees scheme was established.

#### **2.5 Members IT Support**

In the interests of transparency and given the financial implications for the Council, the Panel has proposed that an explanation of the IT and telephony equipment and support provided to Members should be reflected in the scheme and has recommended accordingly. It is understood that other authorities already adopt this practice. The Panel therefore recommend that a summary of the IT support be attached to the Members' Allowance Scheme.

#### **2.6 Allowances for Members of Parish Councils**

Following their last review, the Panel made recommendations in relation to town and parish councillors under the 2003 Regulations. At that time, none of the parishes in Huntingdonshire had requested a review of allowances and as far as is known, no parishes are paying the parish basic allowance to their Chairmen. The Panel has however, taken the opportunity to reaffirm its previous recommendations thus providing parish and town councils with the necessary authority should they wish to implement an allowance scheme in the future.

#### **2.7 Local Government Pension Scheme**

Similarly, the Panel has taken the opportunity to reaffirm its view that councillors should be eligible to join the local government pension scheme. However, it is for the Council to determine whether its

Members should be entitled to join the scheme and if so, whether eligibility should apply to recipients of a basic allowance and/or special responsibility allowances.

## **2.8 Travel Allowances**

The Panel was made aware that the Council currently administers three types of reimbursement for mileage incurred in traveling on Council duties. This situation has arisen because Members have opted to claim mileage under HMRC rates, been elected after 1st October 2008 after which allowances for new Members were emissions based or continued to claim under the National Joint Council casual user scheme. The Panel concluded that this situation was unnecessarily complicated and cumbersome to administer and recommend that a single system should be adopted. In considering a uniform approach, the Panel was informed that some authorities no longer pay travel for Members' attendance at meetings but the Panel felt that Members should be permitted to continue to claim reimbursement for mileage given the distances they are expected to travel within the District to undertake approved duties. Therefore, the Panel recommend that the Council adopt the HMRC mileage rates for all Members which equates to 40p per mile by car for the first 10,000 business miles in the tax year. On the same theme, the Panel recommend that subsistence allowances for attending approved duties within the District should be abolished but maintained for attending those meetings/events beyond the district boundary.

## **2.9 Level of Allowances**

The Panel also took the opportunity to review the level of basic and special responsibility allowances particularly in the light of the changes implemented by the Council's democratic structure review in 2009. Evidence presented to the Panel suggested that overall, the basic and special responsibility allowances payable in Huntingdonshire compare favorably with the allowances paid to comparable authorities.

Having regard to the impact of the democratic structure review, the Panel noted that there had been an increase in the number of Overview and Scrutiny Panels from two to three with a consequential increase in SRAs. Whilst acknowledging that this change has made the overview and scrutiny function more effective, the Panel did not receive any evidence to suggest that the role and responsibilities of the Chairmen and Vice-Chairmen had remained unchanged. Therefore, the Panel decided to re-assess the role of Chairmen and Vice-Chairmen and recommends a reduction in the allowance payable for those positions.

Having received evidence regarding the role of the leader of the principal opposition party, the Panel concluded that this should not be dependent upon the size of the group (a convention that the Panel introduced in an earlier report). Evidence was received that in at least ten out of the fourteen comparable authorities, the SRA for this position was fixed.

Therefore, the Panel recommends that the SRA for the leader of the principal opposition group should be fixed, regardless of the size of the group. The Panel agreed that the SRA for the deputy leader of the principal opposition group should remain un-changed.

Although the Local Government and Housing Act 1989 permits any two Members to register as a political group on the Council, the Panel questioned whether a group of two Members was sufficient to enable the leader of the minor opposition group to be entitled to a SRA (another convention introduced by the Panel in an earlier report). Therefore, the Panel recommends that in order for the group leader of the minor opposition group to be eligible for an SRA, that group should comprise a minimum of five Members or at least 10% of the Council membership. Not wishing to apply this retrospectively to the current minor opposition group, the Panel recommends that the allowance should remain in place so long as that group is currently represented on the District Council.

- 2.10 Lastly and in terms of overall allowances, the Panel recommends that the level of allowances payable in 2009/2010 should be adopted as the new operative scheme for 2011/2012 subject to the aforementioned minor variations.

### **3. FINANCIAL IMPLICATIONS**

- 3.1 As a result of the decision of individual Members not to take the full basic and special responsibility allowances under the current scheme, the actual amount paid in 2010/11 is forecast to be £21,000 less than the current budget.
- 3.2 If the proposed basic and special responsibility allowances are adopted, a further annual saving of £4,000 would be achieved from 2011/12 onwards. In addition the proposed changes to the mileage rate are estimated to save a further £4,500 per annum.
- 3.3 Therefore, the total annual forecast savings are £21,000 in 2010/11 and £29,500 in 2011/12 and each subsequent year.
- 3.4 In addition an increase in budget of £4,000 would be avoided as the assumed inflation provision would not be needed.

### **4. RECOMMENDATIONS**

- 4.1 **The Council is invited to consider the Panel's recommendations and to implement with effect from 18th May 2011 -**
- (a) the level of basic allowance for all District Councillors as outlined in the attached Appendix;**
  - (b) the levels of special responsibility allowances as outlined in the attached Appendix;**

- (c) the abolition of entitlement to subsistence allowances whilst undertaking approved duties within Huntingdonshire but the retention of subsistence allowances in line with National Joint Council subsistence rates for local government employees for approved duties outside the District boundaries;
- (d) the adoption of the mileage rates published by Her Majesty's Revenue and Customs for reimbursement of mileage incurred in undertaking approved duties;
- (e) the payment of a co-optees allowance of £927 per annum to the Independent Vice-Chairman of the Standards Committee which is the sum equivalent to that which would be payable were that position to be held by an elected Member;
- (f) the use of the percentage change for spinal column point 33 approved by the National Joint Council for Local Government Staff Services negotiated as the pay award for local government employees as the automatic index mechanism to enable the Members' Allowances Scheme to be adjusted until 30th April 2015;
- (g) the continuation of the arrangements for the payment of dependant carer's allowances using as the basis for the allowance the rates recommended by the Panel;
- (h) the retention of a special responsibility allowance for the leader of the current minor opposition group so long as that group comprises at least two Members and is registered as a political group;
- (i) the inclusion of the Members IT and telephone support Guidelines as an Appendix to the main scheme;
- (j) to consider whether Members should be entitled to join the local government pension scheme and if so, whether eligibility should apply to recipients of the basic allowance and/or special responsibility allowances.

4.2 The Council is also invited to revoke the existing Members' Allowances Scheme with effect from 17th May 2011 and to authorise the Chief Executive to prepare a new scheme of Members' Allowances to reflect the outcome of the Council's deliberations and to take any consequential action arising therefrom.

**BACKGROUND PAPERS**

**The Sixth Report of the Independent Remuneration Panel dated October 2010.**

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AMENDED APPENDIX

Allowance	Existing Scheme 2010/11	Recommended Scheme wef 18.05.11
	Per annum	Per annum
	£	£
<b>BASIC ALLOWANCE</b>		
Each District Councillor	4,459	4,235
<b>SPECIAL RESPONSIBILITY<sup>1</sup> ALLOWANCES</b>		
The Executive Leader	14,753	14,010
Deputy Leader	11,095	10,537
Other Cabinet Members	8,839	8,394
<b>Chairmen</b>		
Overview and Scrutiny Panels	6,645	5,604
Development Management Panel	6,645	6,311
Council	3,962	3,763
Licensing and Protection Panel/ Licensing Committee	6,645	6,311
Employment Panel	2,926	2,779
Corporate Governance Panel	2,072	1,968
<b>Vice-Chairman</b>		
Overview and Scrutiny Panels	2,987	2,242
Development Management Panel	2,987	2,837
Council	1,646	1,563
Licensing and Protection Panel/ Licensing Committee	2,987	2,837
Employment Panel	976	927
Corporate Governance Panel	683	649
<b>Opposition Group</b>		
Leader - Principal Opposition	8,126	7,005
Deputy Leader	<del>3,643</del> 2,987	2,837
Leader Minor Opposition <sup>2</sup>	761*	723
<b>Development Management Panel</b>		
Ordinary Members <sup>4</sup>	653*	620
<b>Co-Optees Allowances</b>		
Each co-opted member and parish council representative	243*	231

Allowance	Existing Scheme 2010/11	Recommended Scheme wef 18.5.2011
	Per annum	Per annum
Standards Committee - Chairman <sup>3</sup>	£ 2,926	£ 2,779
Standards Committee - Vice-Chairman <sup>3</sup>	976	927
<b>Dependant Carer's Allowance</b> Each qualifying District Councillor with children or elderly/disabled dependant		Up to a maximum of 7.5 hours per week at the minimum wage level in the case of childcare and for an elderly or disabled dependant at the County Council's recommended "home carer" rate.

**Notes:**

1. No Member may receive more than one Special Responsibility Allowance
2. Subject to the party having a minimum of 5 Members and being registered as a political group.
3. An Independent Member (non-elected) acting as Chairman/Vice-Chairman of the Standards Committee shall receive a special responsibility allowance equivalent to that payable to a Member elected to that post.
4. Excluding the Chairman and Vice-Chairman of the Panel and any Cabinet Member appointed to the Panel.