

## **REPORT OF STANDARDS COMMITTEE**

(Meeting held on 4 April 2003)

### **1. MEMBERS' ALLOWANCES SCHEME – REPORT BY INDEPENDENT REMUNERATION PANEL (REPORT A) (MINUTE NO. 21)**

The Committee has considered the report of the Independent Remuneration Panel appointed to make recommendations for any amendments to the current scheme of Members' Allowances. The Panel's report is attached as Appendix 1. The Council is not obliged to adopt the recommendations but must have regard to them before making or amending their scheme of allowances.

Mrs Madeleine Sumsion, Regional Director South East Employers, and Chairman of the Independent Remuneration Panel, presented the Panel's report to the Committee. She explained that the responses to a questionnaire sent to all members had been carefully reviewed together with detailed information gleaned from interviews with several members, as well as the Chief Executive. From this information, the Panel had concluded that there was broad satisfaction with the structure of the current scheme, and that some adjustments to, rather than a major review of, the current scheme was appropriate. The Panel had reviewed time inputs of various Member roles and explored whether these and the responsibilities and duties had changed.

The Committee noted the factors that the Panel had taken into account in setting the Basic Allowance. The Basic Allowance was intended to take account of various tasks performed by all councillors, including community leadership, helping constituents, attending council meetings, and representing the Council on outside bodies.

In view of members' apparent satisfaction with the overall structure of the scheme the Panel concluded that the Basic Allowance should continue to be arrived at by calculating the time input X a notional hourly rate, less the Public Service Discount currently set at 33%, or one-third. Each of these elements was separately reviewed and tested with members, either at interview or in questionnaires.

The Committee was reminded that the hourly rate upon which the current allowances was based were £10.30 per hour. The previous Panel's recommendation had been £11.18 per hour, being the average English hourly rate for full time adults in 2001. The Council had opted for £10.30 so as to achieve an overall rise in allowances of 3%. This year, the Panel had tested members' opinions on various rates and most felt it appropriate to adopt the average New Forest gross hourly rate, which for 2002 was £10.73 per hour.

A second factor was the estimated weekly time input for all members for purposes of calculating their basic allowance, which was currently 10 hours per week. From interviews and questionnaires, there appeared to be a feeling among members that the work demands and required time input were increasing. Based on these views, the Panel felt it appropriate to recognise this additional commitment by recommending the weekly hourly time input figure at 12 hours, rather than 10.

The third factor used to calculate the Basic Allowance was the 'Voluntary Service Discount', which was currently set at 33%. It was noted that this discount ranged from 25-50% in other authorities. Whilst noting that some NFDC members had felt that there should be no voluntary discount, statutory guidance was that there should be a deduction for a voluntary element. The Panel found that the majority of members was still in favour of retaining the discount at 33%, which was the level used by most authorities.

The above conclusions resulted in a recommended new Basic Allowance of £4464 for 2003/4, compared with the current level of £3600. The Panel's recommendations had been made in the knowledge that the average basic allowance for authorities with a population between 100,000 and 250,000 was £4,516.

The Panel recommended that the time input for the Leader's allowance, increase by 3 hours from 25 to 28 hours per week. This had been arrived at following evidence from a number of members that the Leader's role had increased. This together with the increase in the hourly rate gave an annual allowance of £15,624. The Committee noted that the average Leader's rate for an authority with a population between 100,000 and 250,000 was £13,097, but given that New Forest was the second largest District Council in England, the Committee feels that this figure was reasonable.

The quoted averages for Basic and Leader's Allowances are provided by the Improvement and Development Agency (I&DeA) and are based on responses from over 70% of all local authorities. I&DeA's averages were quoted in the Remuneration Panel's report on page 13 of Appendix 1, but members may wish to note the Agency's more recent statistics published on 13 January 2003, which are attached to this report as Appendix 2. The relevant comparisons to NFDC are marked with an asterisk and provide 3 types of analysis; by size of population, geographical region, and type of council.

Draft regulations expected to come into force in May are likely to allow principal authorities to pay a 'meetings allowance' to co-opted members serving on the authority. At present, the only co-opted members are the independent and parish/town council members serving on the Standards Committee. The Committee supports the Panel's recommendation for the payment of an allowance to these members, as set out in paragraph 47 of Appendix 1, but considers that the 'voluntary discount' should be applied to the allowances to the independent members.

Members noted that the same hourly rate of pay was still being suggested for all members, regardless of their different roles and responsibilities. The Committee heard that the Panel had found no support for differentiating between members' roles by using varying rates of pay for the Cabinet, Leader etc. It was noted that some councils' schemes provided for different hourly rates, which were mostly arrived at by using job assessments. It was accepted that this topic might be usefully explored in future member questionnaires.

The Committee noted the Panel's suggestions for enhancing accountability. There was some interest in the idea of members being asked to keep diaries, to record periodically time inputs or activities and achievements. Some members felt their time was already limited and that this might be bureaucratic with limited benefits. It was pointed out that keeping a record of members' activities would help provide future evidence of work level trends, which could be used in future reviews. The Committee feels that this is an issue that could beneficially be pursued by the Council in due course.

The Committee was generally supportive of the Panel's recommendations, but in respect of the calculation of the new Basic Allowance, felt there was currently insufficient evidence to support the suggested increase in members' weekly time input from 10 hours to 12 hours. The Committee felt the Basic Allowance should continue to be calculated on an expected average weekly time input of 10 hours per week, with a continued voluntary discount of one third, and the proposed new hourly rate of £10.73 per hour (being the New Forest average). This would give a new Basic Allowance of £3722 for 2003/4, compared to the current level of £3600.

It was noted that the total cost of the members' allowances for a full year, based on the recommendations of the Review Panel was £378,642. The current budget provision for 2003/2004 is £321,330. This includes provision for inflation, two extra Councillors from May 2003 and an approximate notional allocation for any adjustments recommended by the Remuneration Panel. A supplementary estimate of £57,312 would be required if all the Panel's recommendations were adopted without amendment. If the Council is minded to agree all the Panel's recommendations the Council will need to authorise a supplementary estimate of £57,312.

If the Council adopts the Committee's suggested Basic Allowance of £3,722, the total cost of members' allowances for 2003/4 (including the proposed allowance for co-opted members of the Standards Committee) would be approximately £335,000, requiring a supplementary estimate of approximately £14,000.

The Committee was mindful of the imminent elections on 1 May and recognised that the Council might wish to defer the matter to allow the new Council the opportunity to decide its own allowances.

Alternatively, the Committee was also mindful of the administrative complications in paying members for a short period on the 'old rates', before implementing amended allowances.

On balance, the Committee wished to leave the matter open for the Council to consider, subject to the Committee's amendments to the Panel's recommendations.

**RECOMMENDED:**

- (a) That the Independent Remuneration Panel's recommendations be adopted, subject to the amendments set out in (b) below, but that the Committee recognises that the Council may wish to defer consideration of the Panel's and the Committee's recommendations until after the 1 May elections; and**
- (b) That the following amendments to the Panel's recommendations be made:-**
  - (i) That the basic allowance continue to be calculated on the time input of 10 hours per week, rather than the recommended 12 hours, giving a basic allowance of £3,722;**
  - (ii) That the allowances recommended for the Parish/Town Council and Independent members of the Standards Committee be subject to the 'voluntary discount' of 33%, in line with other allowances;**

- (c) *That consideration of the question of pensions for members be deferred until the appropriate enabling legislation is in place and a further detailed report has been made to the Committee;*
- (d) *That an amended scheme of members' allowances, based on (a) and (b) above, be adopted with effect from 5 May 2003; and*
- (e) *That the Council authorises any amendments to the budget arising from its decision.*

## **2. MEMBERS' ALLOWANCES – NEW REGULATIONS (REPORT B) (MINUTE 22)**

The Committee has received an initial assessment of the implications of draft Regulations on Members' Allowances, which are expected to come into force in May 2003.

A further report will be brought to the Committee once the Regulations are made:-

The Committee noted that, because most of the changes had already been suggested in earlier consultation papers, this Council was already operating some of the proposed provisions, where these were allowable under existing legislation.

The regulations provide for the use of an annual adjustment of allowances by reference to an index as may be specified by the authority. The Independent Remuneration Panel has this year recommended the use of such an index. If no other changes are required for the allowances in 2004/05, there is no requirement for the Panel to meet in 2004. However it is stipulated that an authority must not rely on that index for more than 4 years at a time, before referring back to an Independent Panel.

The draft regulations also allow Basic and Special Responsibility Allowances to be pensionable. The Independent Remuneration Panel has this year made recommendations in anticipation of these regulations, and has recommended that this facility be open to all members. It will be for the Council to decide in due course whether it wishes to make its allowances pensionable. Much work on assessing the implications will need to be done and a detailed report will be made to members as soon as practicable.

The Committee noted that Councils will for the first time be able to set the rates for their own travel and subsistence allowances, without involvement by the Secretary of State. The Independent Remuneration Panel's recommendations on this will come forward to the Committee and the Council in due course.

Town and Parish Councils will also have the option to pay their members allowances, but, like the District Council, they must seek a recommendation on these allowances from the Independent Remuneration Panel. The Panel must be the same as that making recommendations for the District Council's allowances.

It will be the District Council's responsibility to arrange these Parish Remuneration Panel meetings but the costs must be borne by the Parish/Town Councils. With 37 town and parish councils in the District, this will require considerable time input by District Council officers, though it is hoped that the Panel will be able to make recommendations for several similar parish or town councils at a time.

Once the Regulations are in force Parish and Town Councils will be asked to consider whether they wish to pay allowances to their members, so that arrangements can be made for the Independent Remuneration Panel to make recommendations.

**Cllr J A G Hutchins  
Chairman**