

**CONSTITUTION COMMITTEE – 26 SEPTEMBER, 2001**

**CONSULTATION PAPERS ON MEMBER REMUNERATION**

**JOINT REPORT OF THE CHIEF EXECUTIVE  
AND COUNTY TREASURER**

**Purpose**

1. The purpose of this report is to outline proposals set out in two consultation papers issued by the Department for Transport, Local Government and the Regions and to enable members to consider how the County Council might respond. The consultation papers relate to:-
  - (a) Travel, subsistence and certain other allowances for members of local authorities and other bodies,
  - (b) Pensions for elected members.

**Background**

2. The Government is making arrangements to draw all aspects of member remuneration, including travel and subsistence allowances into a consolidated regime. It has already made regulations on certain aspects of allowances, including the requirement upon local authorities to establish and maintain independent remuneration panels. It has now issued its proposals relating to the remaining elements in the form of two consultation papers, on which responses are required by 26<sup>th</sup> October, 2001.
3. Copies of the respective consultation papers are attached as Appendices 1 and 2 to this report. The main proposals as they affect the County Council are outlined below.

**Travel, subsistence and certain other allowances (Appendix 1)**

- Travel and subsistence allowances are to be discretionary allowances. This will allow local authorities and others to decide for themselves whether they wish to pay these allowance or to set basic allowance (and meeting allowance in the case of non-elected members) at a level which might reasonably be expected to cover a member's travel and subsistence costs.
- Travel and subsistence allowances are to be determined locally with no involvement from the Secretary of State. Local authorities may reimburse actual costs incurred, rather than maintaining an allowances structure, and may establish systems of direct invoicing for, particularly, overnight subsistence.

- It will be for each principal authority to determine its scheme for travel and subsistence allowances, having regard to a recommendation of its independent remuneration panel.
- Provision is to be made to allow principal authorities to pay a cycling allowance if they wish to do so.
- Travel and subsistence allowances may only be paid in respect of those duties specified as “approved duties” by the Secretary of State.
- Principal authorities are to be required to keep a record of all payments made by way of travel and subsistence allowances which should be available at all reasonable times for inspection by any local government elector for the area who may make a copy of any part of it.
- Principal authorities may make provision for the payment of a new meeting allowance to their co-opted members and must make provision for such allowances for their appointed members on the authority’s overview and scrutiny committee dealing with education.
- Principal authorities may make provision for the payment of a meeting allowance to non-elected members which the authority has appointed or nominated to certain other bodies. These bodies will include joint committees, joint boards, and other combined bodies, a school organisation committee, a school exclusion appeals panel and a school admission appeals panel.
- Meeting allowances are to be determined locally, following the recommendation of an independent remuneration panel.
- The meeting allowance will be an annual allowance which may vary from one co-opted member to another depending on the nature of the co-option, or appointment, and the expected time commitment of the co-optee or appointee.
- The Government is minded to make provision for the combined fire authorities and the Broads Authorities to establish a scheme of allowances. This would ensure that those councillors with special responsibilities on these authorities could be appropriately recompensed for their services to the “secondary authority”. Such authorities will also be able to establish their own schemes of travelling and subsistence allowances on a similar basis to those of principal authorities.
- Currently, special responsibility allowance may only be paid for duties specified in the Local Authority (Members’ Allowances) Regulations 1991. The Government is minded to give consideration to extending these provisions to enable special responsibility allowance to be paid for certain quasi-judicial duties such as service on adoption panels.

## **Comments on Proposals**

### **Travel and Subsistence**

4. The proposals amount to a deregulation of a system which at present is determined to a detailed extent by the Secretary of State. One particular example is the very rigid qualifying period which applies to meals allowances. The Authority will need to be careful when determining its own arrangements to ensure that it is clear when members should and should not be entitled to claim.
5. Officers are unaware of any demand for cycling allowances to be made available to elected members.
6. The list of approved duties proposed appears to be in line with the current arrangements. The details of the Council's current scheme can be covered under the broad headings provided.

### **Co-opted and Appointed Members**

7. Co-opted members and members of School Admission Appeals are currently entitled to claim Financial Loss Allowance but these are rarely, if ever claimed.
8. Apart from the appointed members representing church school interests and parent governors serving on the Education and Heritage Scrutiny Committee at present there are no other non-elected members who serve on County Council Committees. However, Independent Members are to be appointed to the Standards Committee shortly.

### **Combined Fire Authority**

9. It has been the County Council's practice to apply its scheme of travel and subsistence allowances to service on the Combined Fire Authority in a way that applies to County Council committees. It has also been the practice to pay a Special Responsibility Allowance where the Chairman of the Combined Fire Authority (CFA) is a County Councillor. Other authorities who appoint to the CFA make their own arrangements. A scheme covering the Combined Fire Authority would mean that all members of that Authority would be treated equally and that the County Council will no longer need to make such arrangements.

## **Pensions for Elected Members (Appendix 2)**

10. The consultation paper seeks views on the Government's proposal that:
  - a. members of a local authority's executive, and chairs of its overview and scrutiny committees who have been appointed to that position for a period of at least 6 months, may be eligible for pensionable remuneration through the Local Government Pension Scheme (LGPS);

- b. a council should only be able to make pensionable remuneration available to such members where its independent remuneration panel has made a recommendation to that effect; and
  - c. for the purposes of the LGPS Regulations elected members are to be treated as employees and receive benefits from the Scheme based on career average salaries and with a normal retirement age of 70.
11. With a view to framing guidance for independent remuneration panels and statutory guidance for councils, the paper also seeks views on whether a minimum level of remuneration and the level of time commitment should be taken into account in deciding to provide a member with access to the LGPS or an alternative pension provision.

### **Comments on Proposals**

12. The proposal to limit eligibility to “members of the Executive and Chairs of Overview and Scrutiny Committees”, it could be argued, is too prescriptive. For example, in the case of Leicestershire it would mean that the Spokesmen of the Commission would be ineligible yet they are regarded as in more responsible positions and therefore are in receipt of higher special responsibility allowances than the Chairman of Scrutiny Committees.
13. It is difficult to see why Chairmen of Overview and Scrutiny Committees will be required to have occupied the position for six months to qualify when the same condition is not to be applied to members of the Executive.
14. The proposal to require at least one member of the Independent Remuneration Panel to have “knowledge of the operation of pension schemes” would not seem to be justified given that the role of the panel will be to do nothing more detailed than recommend what positions are appropriate for pensionable remuneration.

### **Expanding Role of the Independent Remuneration Panel**

15. The proposals contained in both of the Consultation Papers referred to in this report involve the expansion of the role of the Independent Remuneration Panel, the appointment of which is the subject of a separate report to this meeting of the Committee. The consultation paper on Pensions for Elected Members includes a proposal that at least one independent member should have knowledge of the operation of pension schemes.

### **Recommendation**

16. That the proposals contained in the consultation papers outlined in this report be welcomed and that members indicate whether there are any detailed comments which the County Council should put forward in its response to the DTLR.

## **Circulation Under Sensitive Issues Procedure**

None.

## **Background Papers**

Letter dated 12<sup>th</sup> September, 2001, from the Department for Transport, Local Government and the Regions.

## **Officers to Contact**

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