

Mayor and Councillors
COUNCIL

2 MARCH 2017

Meeting Status: **Public**

Purpose of Report: For Decision

FEES FRAMEWORK FOR NON-ELECTED MEMBERS

PURPOSE OF REPORT

- 1 This report seeks Council's approval of a proposed new Fees and Expenses Framework for the payment of Non-Elected Members who are acting in a governance role on Council decision-making bodies.

DELEGATION

- 2 Only Council may consider this matter.

BACKGROUND

- 3 The Local Government Act 2002 (Schedule 7, Section 31(3)) provides that the Council may appoint to a committee or subcommittee a person who is not an elected member if that person has the skills, attributes and knowledge that will assist the work of the committee or subcommittee.
- 4 Currently Council allows for the appointment of a range of non-elected members on different decision-making and/or advisory bodies (including iwi members, community and youth representatives, and Māori representatives, for a total of 19 non-elected members). These appointments and current remuneration arrangements have evolved disparately over time without a consistent policy context and with an uneven application of increases. (Details of current payments are at Appendix 1.)
- 5 A fees framework would provide equity, consistency, flexibility and transparency for the payment of non-elected members. A draft fees framework is at Appendix 2.
- 6 The framework does not make provision for the following:
 - Elected Members appointed as Hearing Commissioners – these have been remunerated through the Remuneration Authority's determinations applying to councils, although the Authority has signalled that this arrangement (which they extended to a number of councils in response to repeated entreaties regarding workloads incurred during district plan reviews) is under review currently.
 - The three advisory groups (Cycleway, Walkway and Bridleway, Accessibility, and Road Safety). Also excluded are the Youth Council and the Older Persons' Council, and the Public Art Panel.

- Iwi or other non-elected members assisting through Working Parties associated with specific projects (eg Water, PDP, Town Centres). Their remuneration is covered off through project budgets.
 - List members of the District Licensing Committee (DLC) – their remuneration is prescribed through the Sale and Supply of Alcohol Act 2012 (with reference to the Cabinet fees framework).
 - Payment of iwi through rūnanga contractual arrangements
 - Payment for attendance at Council briefings.
- 7 Underpinning principles for development of the framework included:
- Recognising the factor of public service
 - Containing expenditure of public funds within reasonable limits
 - Payments would not be backdated
 - The framework, if approved, would be subject to three yearly evaluation
- 8 A table listing some other councils' current arrangements which provides a snapshot for the payment of non-elected members is at Appendix 3.
- 9 Two councils have developed a framework for the payment of fees to non-elected members: Christchurch City Council, and Auckland Council and both of these are based on the Cabinet Fees Framework CO(12) 6. The Kāpiti Coast District Council framework is largely based on the Auckland version.

ISSUES

- 10 Appendix 2 offers a suggested framework based on the Cabinet fees framework and it is the officer recommendation that this be adopted by Council. The proposed framework uses an assessment process to score the decision-making body, using the following criteria:
- skills, knowledge and experience required of members;
 - function, level and scope of authority;
 - complexity of issues;
 - public interest and profile.
- 11 The assessment would be carried out by the Democracy Services Manager in consultation with the Iwi Relationships Manager and the Finance Team (not an unusual arrangement in using a fees framework.)
- 12 The assessment of the criteria is in reference to the majority of the members, not any one particular individual, and results in a total score which corresponds to a remuneration band. It is proposed to use the midpoint of the band to calculate the fee (see Appendices A and B of the Framework at Appendix 2).
- 13 The remuneration bands are expressed as daily rates. A “meeting fee”, based on the daily rate can be set and applied to all meetings and would include

preparation for and attendance at the meeting. Typically this is between three and six hours. Any additional amounts of work would need to be minuted and approved beforehand by the decision-making body on which the non-elected member sat.

- 14 A framework facilitates a consistent method for fee determination while also having sufficient flexibility to recognise the different skills and experience required for the different decision-making bodies. The framework proposed is aligned to the Cabinet Fees Framework, which is used by many Government bodies whose fees are not determined by the Remuneration Authority.

CONSIDERATIONS

Policy considerations

- 15 If the framework was adopted it would become Council policy.

Legal considerations

- 16 There are no legal considerations.

Financial considerations

- 17 The financial implications of adopting a mid-point of the suggested bands would result in a total budget requirement across all non-elected members of approximately \$26,000 per annum. This amount could be met through existing budgets.

POSITION	NO OF MTGS PER YEAR	PROPOSED MEETING FEE (5.5hrs, includes preparation)	ANNUAL \$
Chair of Te Whakaminenga o Kāpiti (TwoK) (1)	8	\$272	\$2,176
Chair of TWOK attending Council meetings and workshops	8 meetings	\$272	\$2,176
	4 Annual Plan or Long Term Plan workshops	\$272	\$1,088
Other iwi members of TWOK (5)	8	\$190	\$7,600
Māori rep Strategy & Policy Cttee (1)	8	\$190	\$1,520
Māori rep Operations & Finance Cttee (1)	8	\$190	\$1,520
ART Chair (1)	8	\$272	\$2,176
ART members (2)	8	\$190	\$3,040
Independent member of Audit and Risk Committee	4 (minimum)	\$190	\$760

POSITION	NO OF MTGS PER YEAR	PROPOSED MEETING FEE (5.5hrs, includes preparation)	ANNUAL COST
Grants Allocation Committee – Creative Communities NZ programme (7)	2	\$190	\$2,660
Grants Allocation Committee – Community Grants (3)	1	\$190	\$570
GRAND TOTAL			\$25,286

Tāngata whenua considerations

18 The appointment of Māori on various decision-making bodies aligns with Council's obligations under the Local Government Act 2002.

SIGNIFICANCE AND ENGAGEMENT

Degree of significance

19 This matter has a moderate degree of significance under Council policy.

Engagement planning

20 An engagement plan is not needed to implement this decision.

Publicity

21 Council's decision will be communicated via the regular communication channels.

RECOMMENDATIONS

22 That Council approves/does not approve the Draft Fees Framework and Expenses Policy for Non-Elected Members as at Appendix 2 of report Corp-17-085.

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ATTACHMENTS

Appendix 1 Current payment arrangements for non-Elected Members performing a governance role

Appendix 2 Draft Fees and Expenses Framework and Expenses Policy for Non-Elected Members 2017

Appendix 3 Some councils' payment arrangements

APPENDIX 1 – CURRENT ARRANGEMENTS

Type of non-EM	Name of decision-making/advisory body	How appointed?	Workload	Current rate
Māori representative (2)	1 each on 2 major Standing Committees (S&P, Ops & \$)	Resolution of Council on recommendation from TWOK, via Clause 30, Schedule 7, LGA	Minimum of 8 meetings per year, plus pre-meeting prep (not just reading, consultation with iwi groups in order to represent Māori worldview), travel expenses, consultation	Meeting fee of \$153.47 each plus mileage at 74c per km
Iwi Chair (1)	Te Whakaminenga o Kāpiti	Through Council/iwi Memorandum of Partnership	8 meetings of Te Whakaminenga o Kāpiti per year plus pre-meeting preparation and post-meeting communication; The Chair (or his alternate) is also able to attend Council meetings (with speaking but not voting rights) and Annual Plan/LTP workshops.	Meeting fee of \$153.47 plus mileage 74c p/km Same rate for these.
Other Iwi members (5)	Te Whakaminenga o Kāpiti	Through Council/iwi Memorandum of Partnership	8 meetings per year plus pre-meeting preparation and post-meeting communication	Meeting fee of \$153.47 plus mileage at 74c per km
External appointee (1)	Audit and Risk Committee	Resolution of Council	Quarterly meetings plus pre-meeting preparation	Meeting fee of \$153.47 plus mileage at 74c per km
Iwi members (3)	ART Confederation	Internally through iwi	8 meetings per year plus pre-meeting preparation and post-meeting communication	\$50 per hour plus mileage at 74c per km
Community representatives (5) Iwi representatives (4) Youth representative (1)	Grants Allocation Committee – CCNZ and Community Grants work programmes	By resolution of Council (with recommendation by Te Whakaminenga o Kāpiti for iwi reps)	CCNZ – biannual meeting plus pre-meeting reading and discussion Community Grants – annual meeting plus pre-meeting reading and discussion	Meeting fee of \$130 plus mileage of 74c per km

DRAFT Fees and Expenses Framework for Non-Elected Members

This document sets out the policy on payment of fees and expenses to non-elected members.

This policy is administered by Kāpiti Coast District Council's Democracy Services Manager.

This policy may be reviewed annually and is current until superseded.

What this document covers

Kāpiti Coast District Council Fees Framework

1. The Kāpiti Coast District Council Fees Framework is used for setting the fees of appointed members of committees, or other bodies established by Council.
2. The Framework does not apply:
 - if payment is set by the Remuneration Authority, or by legislation
 - if payment is made from some other source (for example, if a professional consultant is paid by his or her employer to attend)
 - to any appointments made by the Council or a Community Board to an outside organisation
 - if the Council has formally resolved a different form of payment
 - if payments are made on a contractual basis e.g. independent commissioners.

Expenses policy

3. The Expenses Policy sets out the criteria and type of expense that will be reimbursed and applies to all non-elected members, unless personal expense is compensated in some other way.

Kāpiti Coast District Council Fees Framework

4. The Kāpiti Coast District Council Fees Framework is aligned to the Cabinet Fees Framework, which is used by many Government bodies whose fees are not determined by the Remuneration Authority. The Kāpiti Coast District Council Fees Framework ensures consistency between fees paid to non-elected members of Kāpiti Coast District Council bodies and fees paid by Government to those on entities in which the Crown has an interest.
5. Most appointments that are made by the Council will be to bodies which can be described as "Group 4 - all other committees and other bodies" within the Cabinet Fees Framework. The assessment criteria for Group 4 have been adapted for use by Kāpiti Coast District Council. The Cabinet Fees Framework was last reviewed in December 2012 (and is currently being reviewed by the SSC).

Assessment process

6. The body (committee, subcommittee, advisory body) will be scored on the following factors:
 - skills, knowledge and experience required of members
 - function, level and scope of authority

- complexity of issues
 - public interest and profile.
7. The assessment criteria are based on the Cabinet Fees Framework but modified for Kāpiti Coast District Council. The assessment criteria to be used for scoring are attached as Appendix A.
 8. The resulting total score is used to identify a remuneration band within the Cabinet Fees Framework. The Council decides the remuneration to be paid from within that band. Proposed fees for the 2016-2019 Triennium are at Appendix B.

Daily rates

9. The remuneration bands are expressed as daily rates.
10. A daily rate is a good basis for calculating fees to be paid for attending meetings of groups such as committees, subcommittees and working groups. This is because the length of a meeting tends to be relatively consistent from one meeting to the next. A “meeting fee”, based on the daily rate, is set and applied to all meetings.
11. The daily fee applies to all work, including that performed outside of meetings (e.g. preparation, representing the body at other forums, or administrative work) that is required for the body to carry out its role. All work that is required to be performed for the body by the member should be paid at the approved daily rate.
12. Work other than preparation for meetings must be approved and recorded by the body before it is undertaken. Individual members should not be in a position where they could be considered to be setting their own work programmes without the endorsement of the body. The ability of the body to approve additional meetings or work is subject to agreement by the Council.

Hourly rates

13. Hourly pro-rata rates will be calculated by dividing the daily rate by 8 and multiplying by the number of hours worked.

Deputy chair

14. Where a body's non-elected member is elected or appointed as a deputy chair who shares the business workload with the chair between meetings, an additional fee of 25% of a member's fee will be paid.
15. Where a body does not appoint a deputy chair, then in any instance where a member chairs a meeting that member will receive the daily rate of the chair for that meeting.

General absence

16. Where a member fails to attend a significant number of meetings, or otherwise perform their duties as a member, the chair needs to raise the issue of expectations about performance with the member and if necessary with the Mayor. Consideration should be given at the time of reappointment of members to the issue of continued absences from body business.

Reimbursement of expenses

17. The principles on which reimbursement of expenses will be approved are:
 - Payments will be for actual and reasonable expenses; this requires receipts to be produced and expenditure to be modest

- For payment of work conducted other than attending the normal monthly meetings it must be properly approved and recorded prior to the work being carried out.
18. Reimbursement for the costs of travel (and other expenses) will be based on the Elected Member Allowances and Expenses Policy.

APPENDIX A - Assessment criteria**Skills, knowledge and experience required of members**

*Skills, knowledge and experience will vary between members on a particular body. The score below should reflect the level of skill **required by the majority** of members, and should not be based on any particular individual. This factor has a higher weighting than others, to reflect that it is the **application** of the skills, knowledge and experience in carrying out their responsibilities that is a major contributor to the successful operation of the committee or body.*

	Definition	Score
Pre-eminent	Outstanding and authoritative knowledge, recognised nationally and internationally for expertise in a particular field.	12
Distinguished	Deep and broad knowledge in a specific area or as a leader. Widely respected as a subject matter expert or authority in their field.	10
Substantive	Substantial range of knowledge and experience in a field or professional discipline sometimes associated with senior level functional or technical leadership, executive management or governance roles. May include widely respected people with broad community support.	8
Technical	A number of years' experience in a technical, professional field or in a leadership role is a pre-requisite.	6
Specialised experience	No specific experience is required but members would have broad general knowledge and may represent a body of opinion.	4

Function, level and scope of authority

	Definition	Score
Strategic decisions	Sets policy or work programme for a major area of economic activity or policy area of importance to the Council's strategic priorities.	6
Policy decisions	Sets policy or work programme and/or exercises regulatory/disciplinary powers.	5
Expert advice	Provides expert counsel and advice to the Mayor, Governing Body or local boards on technical or policy issues that are of strategic importance. At this level the body would be expected to be proactive in identifying emerging issues and contributing to policy direction.	4
Professionally targeted	Exercises regulatory/disciplinary powers at the individual/professional level. This will include the power to impose sanctions	3
Technical	Provides a broad range of advice on technical and/or policy issues.	2
Ad hoc	Provides ad hoc advice on minor matters. Generally a limited focus at a single output level.	1

Complexity of issues

	Definition	Score
Innovative	The development of new concepts is required to find innovative and path finding solutions. There will be little or no external guidance (NZ or internationally) to aid resolution of these issues.	5
Constructive	The development of new policy or advice is required where the issues are complex, multidimensional and involve substantial research, consideration of possible alternatives and their consequences. The body may commission research or utilise the findings to inform their policy development or advice.	4
Evaluative	Issues will include circumstances, facts and concepts different to those that have been experienced in the past. Analytical thinking and evaluative judgement will be required to identify realistic alternatives and apply/recommend a solution.	3
Judgement	Solutions will be found from application of professional or personal judgement and generally guided by previous decisions. Circumstances may be different from those previously experienced but there will be a sufficient frame of reference to make a considered decision/recommendation.	2
Operational	Issues to be resolved are generally within existing policy and prior decisions. Decisions can generally be made quickly and with reasonable certainty.	1

Public interest and profile

	Definition	Score
Widespread	Widespread public interest in outcomes would be expected. Members will attract strong media interest. Potential risk to personal and/or the body's reputation is high.	5
Strong	Strong public and stakeholder interest and importance would be associated with these issues. Media interest would also be expected, but potential risk to personal or the body's reputation is unlikely.	4
Moderate	Moderate but widespread public interest is likely. Reputational risk is minimal.	3
Limited	Public interest is likely to be limited, but the issues would be of interest to other members of the particular profession or sector.	2
Little	There is likely to be little or no wider public interest in the decisions.	1

Fee levels

Total score	Level	Fees range - Chair	Fees range - members
26 - 29	1	\$640 – \$1,000	\$410 - \$638
22 - 25	2	\$580 - \$855	\$380 - \$527
17 – 21	3	\$530 - \$720	\$340 - \$470
13 – 16	4	\$450 - \$560	\$290 - \$360
12 or less	5	\$340 - \$500	\$270 - \$325

APPENDIX B – Determination of fees***Council, Strategy and Policy Committee, Operations and Finance Committee, Te Whakaminenga o Kāpiti and the ART Confederation, Audit and Risk Committee***

Skills, knowledge & experience	The committees and subcommittees include widely respected community leaders in their various communities of interest.	8
Function, level & scope	The committees and subcommittees provide advice on a range of policy matters that are relevant to the communities they represent.	2 - 4
Complexity of issues	Analytical thinking and evaluative judgement are required to consider alternatives and make recommendations.	3
Public interest and profile	There is widespread public interest in their work and reputational risk is moderate to high.	3 - 4
TOTAL		16 - 19

Equivalent daily rates

Remuneration level	Chair	Member
3	\$260 - \$530	\$190 - \$364

Fees for these decision-making bodies will be based on the midpoint of the daily rates for this level (\$395 for chair and \$277 for member). The daily rate constitutes 8 hours. A meeting fee is calculated by applying the equivalent hourly rate to the average length of a meeting, including preparation time.

Meeting fees

Meeting fee	2016-2019	Current fee
Member (based on 5.5 hours per meeting including preparation)	\$190	\$154
Chair (based on 5.5 hours per meeting including preparation)	\$272	\$154

Where an appointed person is elected or appointed as deputy chair to share the workload of the chairperson, he or she will receive a payment that is 25% higher than that of a member.

Grants Allocation Committee

Skills, knowledge & experience	No specific experience is required but members would have broad general knowledge and may represent a body of opinion.	4
Function, level & scope	Provide advice on a range of policy matters that are relevant to the communities they represent.	2
Complexity of issues	Analytical thinking and evaluative judgement are required to consider alternatives and make recommendations.	2 – 3
Public interest and profile	Public interest is likely to be limited, but the issues would be of interest to other members of the youth community	2
TOTAL		10 - 11

Equivalent daily rates

Remuneration level	Chair	Member
4	\$230 - \$336	\$175 - \$252

Fees will be based on the midpoint of the daily rates for this level (\$283 for chair and \$214 for member). The daily rate constitutes 8 hours. A meeting fee is calculated by applying the equivalent hourly rate to the average length of a meeting, including preparation time.

Meeting fees

Meeting fee	2016-2019	Previous term
Member (based on 5.5 hours per meeting including preparation)	\$147	\$130

Where an appointed person is elected or appointed as deputy chair to share the workload of the chairperson, he or she will receive a payment that is 25% higher than that of a member.

Additional work

Where work is undertaken with prior approval and a meeting fee is not appropriate in the circumstances, the Manager Democracy Services may determine payment on an hourly rate based on the daily rate, subject to the terms of reference as agreed with the Council (refer paragraph 14 above).

APPENDIX 3

PAYMENT OF NON-ELECTED MEMBERS – OTHER COUNCIL'S ARRANGEMENTS

COUNCIL	BODY	RATE
Gisborne District Council	Iwi members of Wastewater Management Committee	\$140 per mtg
GWRC Te Upoko Taiao (Natural Resources Management Ctte)	Iwi natural resource management committee – meets quarterly	\$500 per mtg/workshop
South Wairarapa District Council	Iwi members of Māori Standing Committee – meets six-weekly	Chair - \$4,255 p.a. Members - \$162 per mtg
Porirua City Council	External member of Audit and Risk Committee, meets quarterly	\$10,000 per annum
Auckland Council	Advisory Panels (eg, Ethnic Peoples, Pacific Peoples, Seniors and Disability Strategy Advisory Panels)	Members - \$250 per mtg Chair - \$530 per meeting
Wellington City Council	2 external appointees to Finance, Audit and Risk Management Subcommittee	Member - \$3,300 p.a.