

**COUNCIL
21 JANUARY 2021**

PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: REVIEW OF MEMBERS' ALLOWANCES SCHEME

REPORT OF: DEMOCRATIC SERVICES MANAGER

EXECUTIVE MEMBER: Allowances - Non-Executive function.
(Committee Member and Scrutiny Services: COMMUNITY ENGAGEMENT)

COUNCIL PRIORITY: BE A MORE WELCOMING AND INCLUSIVE COUNCIL

1. EXECUTIVE SUMMARY

- 1.1 To agree the Member's Allowances Scheme 2021/2022 having taken into account the recommendations of the Independent Remuneration Panel ('IRP').

2. RECOMMENDATIONS

That the Council:

- 2.1. Considers the report and recommendations of the IRP, as attached as Appendix A of the submitted report.
- 2.2. Agrees the Members' Allowances Scheme for 2021/2022 as set out in Appendix B¹ of the submitted report.
- 2.3. Agrees the increase to the Independent Person and Reserve Independent Persons allowances as detailed in Appendix A and 8.9 of this report.

3. REASONS FOR RECOMMENDATIONS

- 3.1. To ensure that the Council meets its statutory requirements of an annual review and adoption of the scheme.

¹ Amended as per the tracked changes.

4. ALTERNATIVE OPTIONS CONSIDERED

- 4.1. None, as the Council is required to undertake an annual review prior to the beginning of the financial year and approve a Scheme of basic and other prescribed allowances for Members. In making or amending a Scheme the Council shall have regard to the recommendations made by the Panel. The Council can amend the Scheme as per the IRP recommendations either partly or wholly or to retain the current Scheme.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

- 5.1. The Panel invited the Leader of the Council and Group Leaders to respond to a series of questions. A summary of the responses made to the Democratic Services Manager is detailed in paragraph 3.3 of the Report and Recommendations of the IRP and the questions attached as an Annex to their report.
- 5.2. The allowance of the Independent Person (IP) and the Reserve Independent Person of the Standards Committee was not within the remit of the Local Authorities (Members' Allowances) (England) Regulations 2003. However, the allowance had not been assessed since 2012 and the role had also since expanded to include potentially sitting on a Panel to consider complaints against statutory officers. Therefore, the IRP agreed to consider this allowance.
- 5.3. The IP and the Reserve IP (one at the time of the Review), were emailed a series of questions on behalf of the IRP. A summary of the responses is detailed in paragraph 3.4 the Report and Recommendations of the IRP and the questions are attached as an Annex to their report. A meeting was held and an email response was received from the them respectively.

6. FORWARD PLAN

- 6.1. This report does not contain a recommendation on a key Executive decision and has therefore not been referred to in the Forward Plan.

7. BACKGROUND

- 7.1. The Council is required under the Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended) to agree on an annual basis a Scheme of Allowances payable to Members' for the following financial year. Under the Regulations, when making or amending a Scheme, the Council 'shall have regard to the recommendations' of an IRP (Regulation 19). The Regulations state that before the beginning of each year the authority shall make a Scheme for the allowances for that year. The Members Allowance Scheme is comprehensive and includes Basic Allowances ('BA'), Special Responsibility Allowances ('SRA') (for posts which carry specific responsibilities) and other allowances and expenses that may be claimed.
- 7.2. A Scheme may make provision for an annual adjustment of allowances by reference to an indexation which can be used for up to four years before another review of allowances is required.

- 7.3. The Scheme was last approved by Council in January 2020. The current IRP was appointed as notified by delegated decision on 5 February 2019. The following people formed the IRP:

Dr Hazel Bentall
Christopher Clark
Stephen Vinall

8. RELEVANT CONSIDERATIONS

IRP considerations:

- 8.1 As per paragraph 4.2 of their report, the IRP acknowledged that Members were very aware of the costs of the Scheme and that a preference to linking any inflationary rises to CPI had been made. The IRP considered that any increase in allowances for Members should not exceed that negotiated by the National Joint Council (NJC) for Local Government Services for Council Officers' pay or the annual rate of CPIH for the 12 months as measured by the rate published in October (whichever is the lowest). [As the headline CPI rate was actually CPIH (including owner occupiers housing costs), this was the preferred rate].
- 8.2 The Panel noted the Council did not accept the previous recommendation that "in addition to the Basic Allowance Councillors are paid only one Special Responsibility Allowance". The Panel have also noted the Shared Internal Audit Service report '*North Herts District Council Members' Allowances Benchmarking 2019/2020*' giving local comparators and confirming that council comparators do not pay more than one SRA. The Panel however noted the Council's preference to pay multiple SRAs and accepted that this should continue for 2021/2022. However, considered that it should be reviewed in detail the following financial year.
- 8.3 That SRAs should continue to be expressed as a multiplier of the BA for clarity and ease of calculation.
- 8.4 A basic allowance of £5,100 should be increased by the lower of either:
- the annual rate of CPIH for the 12 months as measured by the rate published in October (0.9%); or
 - the NJC for Local Government Services for Council Officers' pay
- and should be paid to each Councillor (x49) for the financial year 2021/2022.
- The BA would therefore equate to £5,146.
- 8.5 In considering the SRA the IRP considered the changes to the recommendations made by the IRP during the last review. Any justifications offered by the IRP are included in section 4 of their report.

- 8.6 For each year an SRA in the amounts indicated below shall be paid to those Councillors who hold the following special responsibilities:

Role	BA multiplier	Amount (£) (rounded to nearest pound)
Leader of the Council	BA x 2.8	14,409
Deputy Leader of the Council	BA x 0.5	2,573
Cabinet Executive Members (x7)	BA x 1.2	6,175
Chair - Area Committees (x 5)	BA x 0.2	1,029
Chair - Finance, Audit and Risk Committee	BA x 0.7	3,602
Chair - Overview and Scrutiny Committee	BA x 0.7	3,602
Chair - Planning Control Committee	BA x 1.2	6,175
Chair - Licensing and Appeals Committee	BA x 0.3	1,544
Leader of each Opposition Group	BA x 0.5	2,573* (*Subject to a minimum of 3 members)

- 8.7 **Childcare and Dependent Carers' Allowance:** This was considered during the last Review and increased in line with the London Weighted Real Living Wage to reflect the actual cost of childcare, to encourage diversity in the composition of the Council and to be more reflective of the actual costs for using a suitably qualified and competent carer.

It is recommended that this is increased in line with the London Weighted Real Living Wage 2020 to £10.75.

All other aspects in relation to this part of the Scheme remain unchanged.

- 8.8 **Chair and Vice Chair Allowances:** The allowances for the Chair and Vice Chair of Council are covered by Sections 3(5) and 5(4) of the Local Government Act 1972 and are not a matter which the IRP are obliged to make recommendations on. Historically, the Chair and Vice Chair of Council have received an allowance which is expected to recompense for the additional costs associated with these roles. It is not clear how the current allowance of £5,500 for the Chair and £1,060 for the Vice Chair was agreed. However, for transparency the allowances were incorporated into the Scheme last year as a recommendation by the IRP.

For the 2021/2022 year the IRP Panel recommends no change to these Allowances and in making its recommendation considered the Shared Internal Audit Service Report on '*North Herts District Council Members' Allowances Benchmarking 2019/2020*' which included an audit of the Chairs Allowances and also noted the number of engagements that the Chair and Vice Chair of Council attended during the last civic year.

8.9 **Independent Person (IP) and Reserve Independent Person:** Having met with the IP and considered both written and verbal representations regarding the role and the responsibilities, as well as noting that the payment has not been changed since 2012. The IRP recommended the allowance is increased to £2500 for the IP and £600 for the Reserve IP. [The current allowance was £2205 and £550 respectively.]

The IRP was also provided with comparative data of what neighbouring authorities paid to the IP and the Reserve IP.

8.10 **Frequency of Reviews and future considerations:** The IRP were informed regularly that the Council would prefer a Scheme that made provision for an annual adjustment by reference to an index. However, the IRP considered that an annual review would be needed, given the current economic climate: with the current pandemic changing Council operating procedures and meeting arrangements, and therefore the recommendations made by the IRP were only to apply to the 2021/2022 Scheme, with the need to review again for 2022/23.

The IRP were notified of comments received in regard to SRA's, as summarised below.

- The need to recognise that within the Authority there is a joint administration and with that extra time required to come to a consensus and make decisions. Therefore, multiple SRAs recognised this.
- Groups with less Members, or without a high portion of local government experience, will have Members that need to take on multiple roles.
- The issues of multiple SRAs was fully considered in the 2019 Review and subsequently debated and voted on at Full Council - there is no reason to reconsider this matter again.

However, the IRP have concluded that the matter of multiple SRAs requires a review again next year.

Other considerations:

8.11 **Travel and Subsistence Allowances:** The IRP acknowledged that there had been an individual request to consider amending the list of approved duties that Members may claim mileage. The IRP does not consider any amendments are required to this list. There were no recommendations made by Group Leaders and the IRP considered that there needed to be a limit to what was considered an approved duty. There is a basic allowance paid which is expected to recompense for some of the activities involved in the role of District Councillor.

9. LEGAL IMPLICATIONS

9.1. The Local Government and Housing Act 1989, Local Government Act 2000 and the Local Authorities (Members' Allowances) (England) Regulations 2003/1021 (as amended) make provisions regarding the setting of Members Allowances.

9.2. Regulation 10(1)-(2) provides that before the beginning of each year, an authority shall make the Scheme required for payment of basic and other allowances.

- 9.3. Regulation 19 requires that before an authority makes or amends a scheme it must have regard to the recommendations made in relation to it by the IRP.
- 9.4. The function of making any Scheme authorised or required by regulations under section 18 (Schemes for basic, attendance and special responsibility allowances for local authority members) of the Local Government and Housing Act 1989, or of amending, revoking or replacing any such Scheme, is a Full Council responsibility, by virtue of The Local Authorities (Functions and Responsibilities) (England) Regulations 2000/2853. This is therefore detailed as a function and reserved to Full Council under section 4.4.1(i) of the Council's Constitution *'considering recommendations from the Independent Remuneration Panel and adopting an allowances scheme or assessing, revoking or replacing the whole or part of any such scheme'*.
- 9.5. The adopted Scheme must be published in at least one or more newspapers circulating" in the District area under Regulation 16.

10. FINANCIAL IMPLICATIONS

- 10.1 Should the proposed Members' Allowances Scheme be approved, based on the amendments to the Basic Allowance and SRAs, and including the Independent/Reserve Independent Persons, the financial implications would be as follows:

	Current	Proposed	Increase
	£	£	£
Basic Allowance	249,900	252,154	2,254
SRA	82,110	82,848	738
Independent Person and Reserve Independent Persons	3,305	3,700	395
Total	335,315	338,702	3,387

The current budget of £341,100 also includes the allowance paid to three IRP Panel Members, which is outside of this scheme and provision for childcare and dependent carers' allowance. Therefore, additional budget of £3,387 is required for the proposed scheme.

- 10.2 As a result of the Covid-19 pandemic and the Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority Police and Crime Panel Meetings) (England and Wales) Regulations 2020 No.392 to enable the conduct of remote meetings there has been a reduced demand for the childcare and dependent carers' allowance and travel and subsistence allowance.
- 10.3 The financial implication to the budget regarding this allowance is difficult to calculate as there are variables that will affect this i.e. the number of new Members elected in May who will need to make use of the allowance, number of meetings scheduled and personal circumstances as to whether it is required, also whether meetings will continue on a virtual platform, return to in person or as suspected a hybrid model.
- 10.5 There is a requirement to advertise the Scheme in one or more local papers. The cost to advertise the Scheme following the last review in both the Royston Crow and The Comet was £701.28.

- 10.6 The amounts in the Members' Allowances Scheme are currently cumulative – it is possible for Members to be entitled to more than one SRA in addition to the BA.
- 10.7 One of the savings suggested via the recent Budget Challenge exercise was £1500 per annum for three years – the honorarium received in total by the three IRP Members in a year that a review is conducted. However, this will not be achieved as the IRP have not provided for an indexation that can be used as per Regulation 10(4) & (5) for up to four years, for the reasons set out under 4.16 of the IRP report so this will again require an annual review in 2021.

11. RISK IMPLICATIONS

- 11.1. None contained within this report.

12. EQUALITIES IMPLICATIONS

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2. The inclusion of the dependent carers and childcare allowance continues to aid Councillors' to fulfil their responsibilities and provide recompense to them as noted at 8.7. Although the demand for this allowance has reduced during the pandemic, there may be greater demand in the future to avoid disadvantaging those with commitments.

13. SOCIAL VALUE IMPLICATIONS

- 13.1. As the recommendations made in this report do not constitute a public service contract, the measurement of 'social value' as required by the Public Services (Social Value) Act 2012 need not be applied.

14. ENVIRONMENTAL IMPLICATIONS

- 14.1. There are no known Environmental impacts or requirements that apply to this report.

15. HUMAN RESOURCE IMPLICATIONS

- 15.1 Members allowances are paid by the payroll provider Liberata via the iTrent system and any changes need to be notified to the provider to ensure the correct rates are paid. As of 1 April 2020 the payroll provider changed and Members are now required to submit expenses via the self-service online portal. The Committee, Member and Scrutiny Team provide advice where needed and the Committee, Member and Scrutiny Manager reviews and approves the Councillors' allowance claims.

16. APPENDICES

- 16.1. Appendix A - Report and Recommendations by the IRP on the Members' Allowances Scheme 2021/2022.
- 16.2. Appendix B - Proposed Members' Allowances Scheme 2021/2022 with tracked changes (2020/2021 with proposed Scheme highlighted).

17. CONTACT OFFICERS

- 17.1 Melanie Stimpson, Democratic Services Manager
melanie.stimpson@north-herts.gov.uk,
- 17.2 Jeanette Thompson, Service Director: Legal and Community (and Monitoring Officer)
jeanette.thompson@north-herts.gov.uk
- 17.3 Ian Couper, Service Director-Resources
ian.couper@north-herts.gov.uk
- 17.4 Tim Everitt, Performance and Risk Officer
Tim.everitt@north-herts.gov.uk
- 17.5 Reuben Ayavoo, Policy and Community Engagement Manager
Reuben.ayavoo@north-herts.gov.uk
- 17.6 Jo Keshishian, Acting HR Services Manager
jo.keshishian@north-herts.gov.uk

18. BACKGROUND PAPERS

- 18.1 The Local Authorities (Members' Allowances) (England) Regulations 2003
<https://www.legislation.gov.uk/uksi/2003/1021/introduction/made>
- 18.2 Councillors' Allowance Council webpage
<https://www.north-herts.gov.uk/home/council-and-democracy/councillors/councillors-allowances>
- 18.3 Delegated Decision – Appointment of IRP – 5 February 2019
<https://www.north-herts.gov.uk/home/council-and-democracy/decisions/delegated-decisions-2019>
- 18.4 Council – 16 January 2020
<https://democracy.north-herts.gov.uk/ieListDocuments.aspx?CId=136&MId=2338&Ver=4>