

REPORT AND RECOMMENDATIONS
BY THE INDEPENDENT REMUNERATION PANEL (IRP)
ON THE
MEMBERS' ALLOWANCES SCHEME 2021/22

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1. Introduction

- 1.1 The report presents the recommendations of the Independent Remuneration Panel (IRP) to Council for its consideration and approval.
- 1.2 The current Panel was appointed under the delegated authority of the Service Director, Legal and Community as reported as a delegated decision on 5 February 2019. This is the second review of Members' Allowances that the Panel has undertaken for the Authority.
- 1.3 The following people form the IRP:
- Dr Hazel Bentall
Christopher Clark
Stephen Vinall
- 1.4 Support was provided to the Panel by the Democratic Services Manager and PA to the Service Director – Legal and Community.
- 1.5 The Panel first convened virtually on 30 July 2020, plus communicated independently outside of the meetings.

2. Terms of Reference

- 2.1 The Panel must work within the legislative constraints of the Local Authorities (Members' Allowances) (England) Regulations 2003 and associated Government Guidance on regulation for Local Authority Allowances.
- 2.2 These Regulations/Guidance require the IRP to make recommendations on:
- The amount of Basic Allowance payable to Councillors;
 - The responsibilities and duties that lead to payment of a Special Responsibility Allowance (SRA) and the amounts of such allowances;
 - Backdating of allowances;
 - The amounts and duties for which travelling, and subsistence allowances can be paid;
 - Allowances for Co-opted Members;
 - Whether the Scheme should include an allowance for the expenses of arranging care for children and dependents and, if so, the amount of the allowance;
 - Whether annual adjustments should be made to allowance levels by means of an index and, if so, for how long such a measure should last, up to a maximum period of 4 years;
 - Whether the Basic Allowance (BA) and SRA should be pensionable and which Members should be entitled to pensions (no longer applicable as Government announced that Councillors who are not existing members of the Local Government Pension Scheme on 1 April 2014 may not join the scheme after that date).

3. Review of Members' Allowances

- 3.1 Following their recruitment in 2019 the Panel were provided with a comprehensive information pack relating to the existing allowances scheme and general information on



North Hertfordshire District Council (NHDC). This information pack also contained comparative data for the Members' Allowances Schemes of other Councils of a similar size and nature to NHDC locally.

3.2 Prior to its first meeting in July 2020 the IRP were provided with:

- Initial areas that Group Leaders had indicated that they would like the Panel to explore (namely the indexation and how long it should last, being 4 years).
- The report by the Shared Internal Audit Service '*North Herts District Council Members' Allowances Benchmarking 2019/2020*'.
- The 2020/2021 Member's Allowances Scheme.
- The link to the IRP Report to Council on 16 January 2020 and associated minutes.

The Panel also requested information of Chairs, Vice Chairs, Executive Members, Deputy Executive Members and those that received more than one SRA.

3.3 Having considered this information, Group Leaders were emailed on behalf of the IRP with a series of questions to assist the Panel in formulating the recommendations regarding any future allowances, as attached as Annex A to this report.

Although limited emails of response were received, a summary of the verbal representations made to the Democratic Services Manager are as follows:

- 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 recognise this. In addition, 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.
- Agreed that any increase in allowances should not exceed the Local Officer pay award and that the next review should be in four years (or prior if there was a need).
- Regarding a cap on allowances no opinion was expressed as every Councillor had different circumstances.
- No further comments to make in addition to those last year.
- Noted that Members could decide to forego all or part of the allowance.
- Regarding whether to opt for an indexation linked to CPI or RPI whichever chosen should be the lowest.

3.4 Although the allowance of the Independent Person and the Reserve Independent Person of the Standards Committee was not within the remit of the Local Authorities (Members' Allowances) (England) Regulations 2003, 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.

The Independent Person (IP) (Nicholas Moss) and the Reserve Independent Person (Peter Chapman), were emailed a series of questions on behalf of the IRP, as attached as Annex B to this report.

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An email of response was received from Peter Chapman and a virtual meeting was held between the IRP and Nicholas Moss, a summary of the responses are as follows:

- The IP and Reserve IP were originally Chair and Vice Chair of the Standards Committee prior to the introduction of the present system.
- Both the IP and Reserve IP provided a comprehensive account of the roles, which included:
- **IP** - involved when a complaint was received by the Monitoring Officer (MO). If the complaint was not a Code of Conduct matter the IP would assist the MO/Deputy Monitoring Officers (DMO) in compiling a response. Or if the complaint required further investigation the IP would discuss this with the MO/DMO. All correspondence sent by the MO/DMO usually referenced that the views of an IP had been sought. Involved in writing reports, consulted upon and reviewed various codes, guidance and procedures.
- **Reserve IP** - available to those involved in a complaint offering advice about procedural matters; substitute for the IP as necessary;

Both the IP and Reserve IP had regular meetings with the MO/DMO for updates on complaints and on developments in standards matters at national level, attended Standard Committee meetings; attended training courses.

- Not all complaints were dealt with as a formal complaint and some were more difficult to resolve than others, but all required careful handling. The decision needed to be clearly explained which could be complicated and time-consuming contributing to the drafting of an appropriate response.
- Reserve IP allowance seemed fair although would not be the case if there was an increase in the current level of work and involvement in cases.
- IP role required an increase given level of involvement in cases and the immense experience which was valued by the MO and DMOs.
- The IRP should consider when determining the level of honorarium, the number of Parishes within the District which tended to generate the most complaints.
- Both the IP and Reserve IP had been in post since 2012 and the honorarium had remained the same throughout this time.

Comparative data of what neighbouring authorities paid to the IP and the Reserve IP was considered by the IRP and supplied to Nicholas Moss and Peter Chapman.

In assisting to make its recommendations the IRP was also supplied with:

- The Annual Report of the Standards Committee
- The complaints handling procedure for matters relating to the Councillors' Code of Conduct, which included the role of the IP and Reserve IP.



- At the time of consulting with the IP and Reserve IP the Council had been recruiting a second Reserve IP and the link to the recruitment page on the Council's website was provided.

4. IRP Conclusions and Recommendations

- 4.1 The IRP has considered carefully a wide variety of relevant information, including last year's Panel report, contributions from Members and officers, and comparators with adjoining and similar councils.
- 4.2 It notes that North Hertfordshire District Council Members are very aware of the costs of the Scheme and that a preference to linking any inflationary rises to CPI has been made.
- 4.3 In principle, the IRP considers 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. It was noted that for 2020/2021 this was set at 2.75%.

The NJC for Local Government Services settlement is not normally available for the current year in time for the Council's budget setting, so the previous year's settlement will be used for calculating the current year.

- 4.4 The Panel recommends that SRAs continue to be expressed as a multiplier of Basic Allowance (BA) for clarity and ease of calculation.
- 4.5 The Panel noted the Council did not accept last year's 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 accept that this should continue for 2021/2022 but consider it should be reviewed in detail the following financial year.
- 4.6 The Panel considered whether the level of Executive Member SRA remained appropriate and took into consideration the changes to allowances that the Council had made following last year's report and recommendations. These included reducing the Leader's allowance from the recommended 3.0 times basic allowance to 2.8 and increasing the Deputy Leader's and opposition Group leaders' allowances from 0.3 to 0.5.
- 4.7 The table below shows the amendments resolved by Council to those recommendations made by the IRP for 2020/2021 Scheme:

	As resolved by Council for the 2020/21 Scheme		As recommended by the IRP for the 2020/21 Scheme	
Leader of Council	BA x 2.8	£14,280	BA x 3	£15,300
Deputy Leader of Council	BA x 0.5	£2,550	BA x 0.3	£1,530
Leader of each Opposition Group	BA x 0.5	£2,550	BA x 0.3	£1,530



- 4.8 **Leader's SRA** – the Panel recognises the Council's decision to set the Leader's SRA at 2.8 x BA for the previous Scheme and recommends that this is applied for 2021/2022.
- 4.9 **Area Committee Chair SRA** - the Panel recommends that the Area Committee Chair SRA continues at BA x 0.2. Differing representations were previously made to the Panel regarding the importance of these roles and the Panels' view regarding the appropriate allowance has not changed. In addition, no new information was provided regarding this role. Should the responsibilities change, the Panel will review this element of the Scheme.
- 4.10 **Licensing Chair SRA** – the Panel recommends that the Licensing Chair SRA continues at BA x 0.3.
- 4.11 **Chair of Finance Audit and Risk** – this role is considered to be an equally important responsibility as Overview and Scrutiny and the recommendations reflect that.
- 4.12 **Group Leaders** – the Panel recommends a single amount payable to a Leader of an Opposition Group (subject to a group consisting of a minimum of 3 Members) of BA x 0.5.
- 4.13 **Chair and Vice Chair Allowance** - For the 2021/2022 year the Panel recommends no change.

The Panel was provided with the number of engagements that the Chair and Vice Chair of Council attended during the last civic year, being 97 events for Chair and 18 events for the Vice Chair.

The Panel also notes that the '*North Herts District Council Members' Allowances Benchmarking 2019/2020*' included an audit of the Chairs Allowances.

- 4.14 **Childcare 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.

Childcare and dependent carers allowance is recoverable at the amount actually paid up to the limit specified.

- 4.15 **Independent Person and Reserve Independent Person**

The IRP was asked by the Council to consider the Allowance paid to both the IP and the Reserve IPs.

Having met with the Independent Person 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 recommends the allowance is



increased to £2500 for the Independent Person and £600 for the Reserve Independent Persons.

4.16 Frequency of Reviews

It is noted that the Council would prefer the IRP to set allowances for a period of 4 years. In the current economic climate and with the current pandemic changing Council operating procedures and meeting arrangements, the IRP consider that an annual review is required and therefore the recommendations in this report only apply to the 2021/2022 financial year. Also as noted in clause 4.5 we consider that the matter of multiple SRA's requires review for 2022/2023.

4.17 Basic Allowance

As of 21 March 2017, the Consumer Prices Index including owner occupiers' housing costs (CPIH) became the principal inflation index and the most comprehensive measure of inflation as it includes owner occupiers' housing costs and Council Tax, which are excluded from the CPI. Therefore, it is recommended that:

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; or
- the NJC Local Government Services increase for council officers' pay.

And should be paid to each Councillor (x49) for the financial year 2021/2022.

The annual rate of CPIH for the 12 months as measured by the rate published in October 2020 was 0.9%.

The Council Officers' pay award for 2020/2021 was 2.75%.

Therefore, the IRP recommends that the BA should be increased by the CPIH rate.

4.18 Special Responsibility Allowance

For each year a Special Responsibility Allowance in the amounts indicated below shall be paid to those Councillors who hold the following special responsibilities:

Role	BA multiplier	Proposal
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 of 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 of 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)

4.19 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 needs 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.

Questions emailed to Group Leaders on behalf of the IRP:

Indexation – At the last review the indexation used was that negotiated by the LGA for Council Officer pay – that any increase in Members’ Allowances should not exceed that. This year, having been informed that from initial feedback preference is for it to be related to CPI or RPI, the IRP are considering the indexation to be linked to CPI, but never more than the local pay award (whichever is the lesser). If this was to be recommended what are your thoughts on this?

- If the Scheme provided for an annual adjustment of allowances by reference to such an index, the next review could be in four years, if no other amendments were required. What is your view on the frequency of reviews?
- Would you agree that Members would rather keep any increase low?
- Do you think there is a ceiling where some Members might refuse an increase in allowances?

SRA’s – It’s noted that the current Scheme continues to allow multiple SRA’s and one of the recommendations last year was the removal of this. Please could you provide the rationale to this and why the Council continues to be supportive of multiple SRA’s?

- If the recommendation was made again, that only one SRA should be paid (the highest), would you be of the view that it would receive a more favourable response? If not, why?

The IRP notes the SIAS Internal Audit Report of Members Allowances Benchmarking 2019/2020 (dated April 2020) which notes of those responding Authorities North Herts is the only authority to award multiple SRAs.

Standards Independent Member and Deputy Independent Member

The IRP has been requested to consider the allowance paid to both the Independent Member and the Reserve Independent Member. Do you have any comments that you wish the IRP consider if it makes any recommendations on these allowances. (NB the IRP have approached both the Independent Member and the Reserve Independent Member with a number of questions).

Chair and Vice Chair of Council

In the absence of any historic information as to how the allowance had been established for both the Chair and Vice Chair of Council, and for transparency, the IRP included this within the Review of the Members’ Allowances Scheme last year.

There has since been the SIAS Audit of allowances paid to the Chair and Vice Chair of Council. Given the Audit and the current climate where there has been no civic engagements to attend for a number of months, is there any comments that you would like to make for the IRP to consider in regards to these allowances?



Again, the IRP notes the SIAS Internal Audit Report of Members Allowances Benchmarking 2019/2020 (dated April 2020) which notes of those responding Authorities North Hertfordshire is the Authority providing the lowest allowance to the Chair and Vice Chair of Council.

Please can you explain the roles and what the roles involve?

Approved Duties

6 a. – e. of the Members' Allowances Scheme lists the approved duties that Members may claim mileage. We understand that there has been some challenge on this and would like to know if there are any additional duties that you consider should be included? If so, what is your rationale for these suggestions?

For your information we have received the following representation regarding a request for an amendment to the additional duties that should be included within the Scheme:

'When a member is involved in casework within their ward they can claim mileage expenses. This is especially true for Rural Wards.

When a member is developing a community involvement and engagement, such as attending parish or town council meetings, visiting and building relationships with ward schools, churches and community groups. Community groups include toddlers and youth care groups, food banks and charities working with the ward. In these cases, the member can claim expenses.

I make this request to ensure low income members such as myself can afford to continue to be District councillors.

These motions/proposals are for all members, even if they are in a town ward. I should be an option where members do not wish to claim expenses that can.'

Public Health Responsibilities as a result of the Pandemic

The IRP are very aware that the pandemic may have increased pressures on the way Councillors are having to work as well as budgetary pressures for the Council. Are there any such considerations that the IRP needs to be aware of when considering its recommendations to the Scheme? If so, please explain?

Any further information

Is there anything further that you would like to add to help inform the IRP?



Questions emailed to the Independent Person and Reserve Independent Person of the Standards Committee:

- Please can you explain the role?
- Please can you explain how involved you are when dealing with a complaint and at what stage do you become involve with any complaint?
- Do you have any decision-making powers or is the role of a consultative nature with the Monitoring/Deputy Monitoring Officer (i.e. who has the final say)?
- How difficult are the complaints to resolve?
- On average how much of your time would you consider each complaint requires?
- Regarding the meetings held with the yourself and the Monitoring/Deputy Monitoring Officer are these held informally, in person, on the phone, correspondence by email etc?
- Would you consider the role is one which is difficult to recruit? If so, why?
- Is there any way in which the role could be more appealing?
- At any stage are you responsible for formulating and writing any reports? If so, please explain.
- We have received the Annual Report of the Standards Committee which was presented to Annual Council in June. We note that there were 10 formal complaints received since the last Annual Report in May 2019. All were considered by the Monitoring Officer or Deputy Monitoring Officers with an Independent Person before a decision was reached on initial assessment. Would you consider that to be an average amount of formal complaints received throughout a year?
- In addition the report refers that complaints are also made informally to the Monitoring officer by Councillors or employees – this covers situations where the individuals do not wish to pursue something formally and, as per agreement, are dealt with by raising them with the relevant Group Leader. Informal complaints are not included within the Annual Report at the request of the Standards Committee. However, since the last report there have been 5 dealt with in this way. Again, would you consider that to be an average amount of informal complaints received throughout a year?
- Do you attend the 2 Standards Committee meetings held per year which you are invited to attend in your capacity as the Independent Person/Reserve Independent Person.
- Do you have a suggested figure as to what you consider would be an acceptable allowance? If so, what is the amount and what is your rationale for this?
- Is there anything that you would like to add to help inform the IRP?