

**COUNCIL
20 JANUARY 2022**

PART 1 – PUBLIC DOCUMENT

TITLE OF REPORT: REVIEW OF MEMBERS' ALLOWANCES SCHEME

REPORT OF: DEMOCRATIC SERVICES MANAGER

EXECUTIVE MEMBER: Allowances - Non-Executive function.
(Democratic Services: COMMUNITY ENGAGEMENT)

COUNCIL PRIORITY: BE A MORE WELCOMING AND INCLUSIVE COUNCIL/BUILD
THRIVING AND RESILIENT COMMUNITIES

2022-2027 PEOPLE FIRST; SUSTAINABILITY AND A BRIGHTER FUTURE TOGETHER

1. EXECUTIVE SUMMARY

- 1.1 To agree the Member's Allowances Scheme 2022/2023 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 2022/2023 as set out in Appendix B¹ of the submitted report (based on the pay settlement being agreed at 1.75% as per 4.10 of Appendix A) or based on the pay award settlement for a specific Grade.
- 2.3. Agrees the increase to the Independent Person and Reserve Independent Persons allowances as detailed in 4.8 of Appendix A and 8.9 of this report (based on the pay settlement being agreed at 1.75%) or based on the pay award settlement for a specific Grade.
- 2.4. Agrees the allowance to the Independent Person on the Finance, Audit and Risk Committee as detailed in Appendix A and 8.12 of this report and should this figure not attract any suitable candidates that the Service Director in consultation with the Executive Member of Finance and IT be authorised to increase this to a maximum of £1500 per annum.

¹ Amended as per the tracked changes.

3. REASONS FOR RECOMMENDATIONS

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

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. The questions and a summary of the responses made are detailed as an Annex to this report.
- 5.2. The Group Leaders were invited to discuss the responses further with the IRP at a meeting on 19 October 2021.

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 2021. 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 the officers pay award 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 LGA settlement is not normally available for the forthcoming year in time for the Council's budget setting, so the current year's settlement is used for calculating the forthcoming year. However, the National Employers group and the National Joint Council (representing Unison, Unite and GMB unions) have not been able to agree a pay settlement to date for 2021/22. The pay offer which has been made would provide an increase of 2.75% for Grade 1 staff, 1.75% for Grades 2 -12 and 1.5% for Chief Officers and Chief Executives (grades 14-16).
- 8.3 The Panel noted that when their recommendations for the financial year 2021/2022 were considered Council decided to retain the previous (2020/2021) allowance scheme (subject to the inclusion of the allowance for the Independent Person and Reserve Independent Persons of the Standards Committee) rather than accept the IRP's recommendations for a number of increased allowances. These increases were intended to compensate for recent inflation in the costs of living. The IRP considered that it is preferable for small annual incremental increases rather than irregular large increases.
- 8.4 The IRP Panel noted the Council's preference to pay multiple SRAs, accepted that this should continue for 2021/2022 but considered it should be reviewed in detail for the 2022 /2023 financial year. 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 IRP recommends that in addition to the Basic Allowance Councillors are paid only one Special Responsibility Allowance, as per 3.4 of the Panel's report.
- 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 2020 to 30 September 2021 (3.8%); or
 - the NJC for Local Government Services for Council Officers' pay for 2021/2022

and should be paid to each Councillor (x49) for the financial year 2022/2023.

On the basis that the pay settlement is agreed at 1.75% would mean that the BA would therefore equate to £5,189 (rounded to nearest pound). Or should Members opt to increase BA in line with Chief Officers and Chief Executives pay award this would equate to £5,176 (rounded to nearest pound).

- 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 (the amount provided are based if the pay settlement is agreed at 1.75%):

Role	BA multiplier	Amount (£) (rounded to nearest pound)
Leader of the Council	BA x 2.8	14,530
Deputy Leader of the Council	BA x 0.5	2,595
Cabinet Executive Members (x7)	BA x 1.2	6,227
Chair - Area Committees (x 5)	BA x 0.2	1,038
Chair - Finance, Audit and Risk Committee	BA x 0.7	3,632
Chair - Overview and Scrutiny Committee	BA x 0.7	3,632
Chair - Planning Control Committee	BA x 1.2	6,227
Chair - Licensing and Appeals Committee	BA x 0.3	1,557
Leader of each Opposition Group	BA x 0.5	2,595* (*Subject to a minimum of 3 members)

- 8.7 **Childcare and Dependent Carers' Allowance:** This was previously 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 continues to be increased in line with the London Weighted Real Living Wage 2020/2021 to £11.05.

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 2020/21 Scheme as a recommendation by the IRP.

The IRP Panel recommends no change to these Allowances having not been made aware of any reason why these allowances should be increased, noting the reduced demand for attendance at engagements due to the pandemic during the last civic year as well as the Shared Internal Audit Service Report on '*North Herts District Council Members' Allowances Benchmarking 2019/2020*' which included an audit of the Chairs Allowances.

- 8.9 **Independent Person (IP) and Reserve Independent Person:** The allowance of the Independent Person (IP) and the Reserve Independent Persons 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 expanded to include potentially sitting on a Panel to consider complaints against statutory officers. Therefore, last year the IRP agreed to consider this allowance, where they met with the IP and considered both written and verbal

representations regarding the role and the responsibilities, as well as noting that the payment had not been changed since 2012. The IRP were also provided with comparative data of what neighbouring authorities paid to the IP and the Reserve IP.

The IRP recommends that the allowance is increased in line with the same inflation as Basic Allowance. On the basis that the pay settlement is agreed at 1.75% would mean (rounded to the nearest pound):

Independent Person	£2544
Reserve Independent Person	£611 per Reserve IP

[The current allowance was £2500 and £600 respectively.]

- 8.10 **Frequency of Reviews and future considerations:** The IRP were informed 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 was required given the current economic climate, on-going pandemic and potential changes Council structure, operating procedures and meeting arrangements. Therefore, the IRP recommendations only apply to the 2022/2023 financial year.
- 8.11 **Travel and Subsistence Allowances:** No changes were proposed to these allowances and the IRP agreed that these should be linked directly to the payment of staff claims (at the rate set and from time to time amended by the HMRC).
- 8.12 Other considerations:

Independent Person on the Finance, Audit and Risk Committee – The Chartered Institute of Public Finance and Accountancy (CIPFA) set the standards that local authorities should follow in relation to finance, accountancy, and related matters. CIPFA have issued guidance that it is best practice to have an independent (non-political) person on the audit committee. Council at its meeting on 11 November 2021 approved the appointment of this role as of the 2022/2023 civic year. The IRP were requested to consider the appropriate allowance for this role, which is included within 4.6 of the Panel's report.

In considering the function of the role, number of meetings per year and allowance by other councils, the IRP recommend an allowance of £1,000pa plus travel expenses. It was noted that this was a new role and not all councils have yet recruited/appointed the Independent Person. Therefore should this figure not attract any suitable candidates the IRP suggest that the Service Director in consultation with the Executive Member of Finance and IT be authorised to increase this to a maximum of £1500 per annum.

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 pay settlement being agreed at 1.75%, and including £1,000 for the Independent Person on the Finance, Audit and Risk Committee, the financial implications would be as follows:

	Current Allowances 2021/22			Proposed Allowances 2022/23			Increase
	No of roles	Annual Allowance	Total Allowance	No of roles	Annual Allowance	Total Allowances	
Members Allowance		£	£				
Basic Allowance	49	5,100	249,900	49	5,189	254,261	4,361
Special Responsibility Allowances							
Leader	1	14,280	14,280	1	14,530	14,530	250
Deputy Leader	1	2,550	2,550	1	2,595	2,595	45
Cabinet Exec Members	7	6,120	42,840	7	6,227	43,589	749
Chair - Area Committees	5	1,020	5,100	5	1,038	5,190	90
Chair - Finance, Audit & Risk Committee	1	3,570	3,570	1	3,632	3,632	62
Chair - Overview & Scrutiny Committee	1	3,570	3,570	1	3,632	3,632	62
Chair - Planning & Control Committee	1	6,120	6,120	1	6,227	6,227	107
Chair - Licensing & Appeals Committee	1	1,530	1,530	1	1,557	1,557	27
Leader of the largest opposition group*	1	2,550	2,550	1	2,595	2,595	45
Total			332,010			337,808	5,798
Independents							
IP	1	2,500	2,500	1	2,544	2,544	44
Reserve IP	2	600	1,200	2	611	1,221	21
Finance Audit and Risk Committee IP - NEW	0	0	0	1	1,000	1,000	1,000
Total			3,700			4,765	1,065
TOTAL			335,710			342,573	6,863
Budget			335,800				6,800

*Assumes one opposition group but could be more in the future (subject to a minimum of 3 Members in each group). Budget would be adjusted accordingly.

Excludes provision for Childcare and Dependent Carers' Allowances for which there is a separate budget of £500.

- 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 had been a reduced demand for the childcare and dependent carers' allowance and travel and subsistence allowance. However, 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 ceased on 7 May 2021 and therefore decisions cannot be made virtually meaning that the demand for childcare and dependent carers' allowance and travel and subsistence allowance has increased.
- 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 there will be any further changes to legislation to enable meetings via 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 £841.54.
- 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 As referenced in 8.2 of this report the Members Allowance Scheme inflation is based on either:
- the annual rate of CPIH for the 12 months as measured by the rate published in October 2020 to 30 September 2021 (3.8%); or
 - the NJC for Local Government Services for Council Officers' pay for 2021/2022.

The LGA pay settlement for 2021/2022 has not yet been agreed. Once it is and if members approve an increase in allowances, the allowances will be backdated.

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 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 2022/2023.

16.2. Appendix B Proposed Members' Allowances Scheme 2021/2022 with tracked changes (2022/2023 with proposed Scheme highlighted, should the pay settlement be agreed at 1.75%).

17. CONTACT OFFICERS

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17. BACKGROUND PAPERS

17.1 The Local Authorities (Members' Allowances) (England) Regulations 2003
<https://www.legislation.gov.uk/ukxi/2003/1021/introduction/made>

17.2 Councillors' Allowance Council webpage [Councillors' allowances | North Herts Council \(north-herts.gov.uk\)](http://north-herts.gov.uk)

17.3 Delegated Decision – Appointment of IRP – 5 February 2019 [Delegated Decisions in 2019 | North Herts Council \(north-herts.gov.uk\)](http://north-herts.gov.uk)

- 17.4 Council – 21 January 2021 [Agenda for Council on Thursday, 21st January, 2021, 7.30 pm - North Hertfordshire District Council \(north-herts.gov.uk\)](#)
- 17.5 Council – 11 November 2021 [Agenda for Council on Thursday, 11th November, 2021, 7.30 pm - North Hertfordshire District Council \(north-herts.gov.uk\)](#)

Questions emailed to Group Leaders on behalf of the IRP:

At the Council meeting in January 21, the Council resolved to increase the Independent Person and Reserve Independent Persons allowances; and not to agree the Scheme of Allowances as recommended by the IRP, instead retaining the Members' Allowances Scheme 2020/21. Prior to us making recommendations regarding the 2022/23 Scheme, please can you explain any areas of the Scheme that you would like the IRP to focus on? For instance are there any aspects of the Members' Allowance Scheme that you think should be increased, decreased or amended in any way?

Indexation - At the last review the indexation suggested was that the basic allowance 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.

What do you think of this as a formula for indexation and what would you suggest?

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, particularly given that the Council is currently going through a boundary review and may resolve to change its electoral cycle.

Special Responsibility Allowance

The IRP notes that the Council has previously not accepted the IRP recommendation that Councillors are paid only one Special Responsibility Allowance. The Shared Internal Audit Service report 'North Herts District Council Members' Allowances Benchmarking 2019/2020' provided local comparators and confirmed that council comparators do not pay more than one SRA. The Council's preference is to pay multiple SRAs, and although it was accepted by the IRP last year that multiple SRA's continue to be paid, it did express that this should be reviewed in detail the following financial year. Therefore in the opinion of your group, what would you consider to be the rationale for the continuation of more than one SRA to be allowed?

Is there anything else you want to tell us?

Summary of responses to questions to Group Leaders by the IRP:

Role of Deputy Leader of the Council not properly recognised. The business of the Council needs both sides of the administration to agree and therefore adds workload to the Deputy Leader. While as a member of the Cabinet the Deputy also has a portfolio (allowance payable) that requires time and effort involved in that on its own.

Other Councils recognise the role of Deputy Leader more favourably, such as East Herts who allow £12,226, Welwyn & Hatfield £11,114 and Broxbourne £7,661. North Herts allow £2,550 for the Deputy which with a portfolio allowance of £6,120 = £8,670. It is then comparable but the two allowances should be made into one. Someone acting as a Deputy has to deputise, hold a portfolio and should be paid the joint amount.

A Deputy Leader in a joint administration tends to be the respective Group Leader and is expected to carry out the duties associated with that role and the time and effort that requires at present is a separate payment that is not taken due to a joint administration.

Deputy Executive Member - due to the nature of the joint administration deputise when the Executive Member is away or ill and need to commit time and effort, so should be recognised.

Limiting special allowances to only one additional responsibility per member could enable funding to be more evenly spread across all councillors and so increase the basic allowance without increasing the cost of the budget.

Finance is a barrier to younger people becoming councillors and can prevent them taking on roles with additional responsibility. It also negatively impacts parents and women. Greater recognition required of the employment sacrifices people make (loss of income, reduced pension contributions etc.) if local government is going to be representative of the communities we serve.

There is an argument that deputies within the current administration should receive a special allowance given the additional work some undertake. This could be funded by only one special responsibility allowance. It should not be financed by reducing the basic or existing special allowance bands for roles as doing so could result in financial hardship for some councillors.

Matching officer pay feels fairer.

Reviews may be fixed at four yearly, with the option for early review if felt necessary. It is not prudent to coincide these with all out elections given the risk of broad change across the council, so suggest they run after the first full year of each council period in that circumstance which allows new members to upskill, and also live as a councillor and understand their needs.

The payment of more than one SRA recognises the additional work done by members, but limiting to one SRA is more cost effective and could result in fairer remuneration to all across the board so is a preferable option.

North Herts Council remains one of the lowest remunerated councils in the country. Being leader of this council is very much a full time job and it should not be the preserve of the already comfortably off or retired. Worry that failure to compensate members for their time and sacrifice will soon result in a loss of talent. We already face a lack of diversity. Money should not ever be the reason someone chooses to be a councillor, but if we are to create a professional council which has a clear vision, values, and can deliver its mission we must find more ways to empower and support those people within our communities entering into local government.

Overall the scheme recognises that councillors who take on additional responsibilities like leader / cabinet / committee chairs etc are given additional allowances and that these are comparable to other authorities.

Allowances should be indexed linked with senior officers pay (if officers get a pay freeze then councillors do too) and reviewed annually as committees can change or number in the cabinet could change.

Continue to pay multiple SRAs. It is up to the group leaders to appoint members to the roles and if a member agrees to take on extra only fair they receive the SRA that goes with that responsibility.