

**REPORT AND RECOMMENDATIONS**

**BY THE INDEPENDENT REMUNERATION PANEL (IRP)**

**ON THE**

**MEMBERS' ALLOWANCES SCHEME 2022 / 2023**

Dr Hazel Bentall  
Christopher Clark  
Stephen Vinall

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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 third 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, PA to the Service Director – Legal and Community and Democratic Services Apprentice.
- 1.5 The Panel convened virtually on 29<sup>th</sup> September 2021, and 19<sup>th</sup> October 2021 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 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 and Special Responsibility Allowances (SRA) should be pensionable and which Members should be entitled to pensions (no longer applicable as Government announced that Councillors who are not existing members of the Local Government Pension Scheme on 1 April 2014 may not join the scheme after that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.

Additional information was provided for the 2021/2022 review.

For the 2022/ 2023 review the IRP were also asked to consider the allowance for the Appointment of an Independent Non-Voting Member to the Finance, Audit and Risk Committee (INV FARC).

3.2 The IRP invited Group Leaders/Deputy Group Leaders to meet to discuss the Members' Allowances Scheme at its meeting in October 2021. Prior to this Group Leaders/Deputy Group Leaders were sent a number of questions, and the IRP were provided with emails / notes from:

- Cllr Paul Clark
- Cllr Claire Strong
- Cllr Dennis-Harburg

At the meeting Cllr Elizabeth Dennis-Harburg and Cllr Claire Strong presented their views on the levels of Members allowances. Apologies were received from Cllr Paul Clark / Cllr Brown who were unable to attend. The IRP however considered that the email from Cllr Clark provided sufficient information.

Subsequent to the meeting the IRP were provided with additional information.

3.3 The IRP noted that the recommendations of the Panel for the financial year 2021 / 2022 were considered at the Council meeting held on the 21 January 2021 and that the 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 noted that their report had been prepared during the Covid 19 pandemic and that the Council meeting was during lockdown.

The IRP considered that it is preferable for small annual incremental increases rather than irregular large increases.

3.4 The issue of multiple SRAs was considered in the 2019 IRP Review and subsequently debated and voted on at Full Council. The Council voted to continue to be able to pay multiple SRAs.

The IRP Panel noted the Council's preference to pay multiple SRAs and previously accepted that this should continue for 2021/2022 but considered it should be reviewed in detail for the 2022 / 2023 financial year.

The Panel 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 noted that there are two councillors currently claiming more than one SRA.

The IRP considered the issue again, heard the views of Councillors and took into account the practice of other local authorities who predominantly only award single SRAs. The

IRP consider that paying a single SRA will act as a deterrent to individual Councillors taking on too much responsibility and help to ensure the workload is spread across Members. The IRP therefore recommend that NHDC only award a single SRA in addition to the basic allowance.

The IRP agreed that any increase in allowances should not exceed the Local Government Officer pay award or CPIH (The Consumer Prices Index including owner occupiers' housing costs - CPIH), whichever is the lower. It was decided that any increase should be based on current allowances and that there was no requirement to consider a further increase to take into account that allowances were not increased for 2021 / 2022.

It was also noted that Members could decide to forgo all or part of the increase/allowance.

#### **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.

4.3 In principle, the IRP considers that any increase in allowances for Members should not exceed that agreed by the National Joint Council (NJC) for Local Government Services for council officers' pay. It was noted that for 2021/2022 the offer was set at 2.75% and that the pay award is still to be agreed.

The LGA 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.

4.3 The Panel recommends that SRAs continue to be expressed as a multiplier of Basic Allowance (BA) for clarity and ease of calculation.

4.4 The IRP recommend that in addition to the Basic Allowance Councillors are paid only one Special Responsibility Allowance.

4.5 The Panel considered the appropriateness of the levels of Executive Member SRA and recommend they remain unchanged as detailed in the table below. For each year a Special Responsibility Allowance shall be paid to those Councillors who hold the following special responsibilities:

<b>Role</b>	<b>BA multiplier</b>
Leader of the Council	BA x 2.8
Deputy Leader of the Council	BA x 0.5
Cabinet Executive Members (x7)	BA x 1.2

Chair - Area Committees (x 5)	BA x 0.2
Chair of Finance, Audit and Risk Committee	BA x 0.7
Chair – Overview and Scrutiny Committee	BA x 0.7
Chair - Planning Control Committee	BA x 1.2
Chair of Licensing and Appeals Committee	BA x 0.3
Leader of each Opposition Group (Subject to a minimum of 3 members)	BA x 0.5

- 4.6 Independent Non-Voting Member to the Finance, Audit and Risk Committee (INV FARC) is a new role that will involve a minimum of 6 meetings a year and will require understanding and review of financial information prior to the meetings. Ideally the person appointed will have an audit / accountancy / financial background.

The IRP considered information regarding other councils' proposed allowances for the INV FARC and the Hertfordshire County Council allowance of £1,000pa. It was also noted that not all councils have yet recruited / appointed INV FARC.

The IRP recommend an allowance of £1,000pa plus travel expenses. However 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.

- 4.7 **Childcare Allowance** – this was previously increased in line with the London Weighted Real Living Wage in order 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 to £11.05.

[https://www.livingwage.org.uk/what-real-living-wage?qclid=EAlalQobChMIqPTgm8X08wIVAu3tCh0akwBFEEAYAiAAEgKTy\\_D\\_BwE](https://www.livingwage.org.uk/what-real-living-wage?qclid=EAlalQobChMIqPTgm8X08wIVAu3tCh0akwBFEEAYAiAAEgKTy_D_BwE)

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

- 4.8 **Independent Person and Reserve Independent Person**

The IRP recommend this is increased at the same rate as Members allowances.

- 4.9 **Frequency of Reviews**

In the current economic climate, on-going pandemic and potential changes Council structure, 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 2022/2023 financial year.

- 4.10 **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:

The basic allowance of £5,100 should be increased by the lower of either:

- the annual rate of CPIH for the 12 months from 1 October 2020 to 30 September 2021; or
- the LGA (Local Government Association) increase for council officers' pay (grades 2-12) for 2021/2022.

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

The CPIH rate for the twelve month period from 1 October 2020 to 30 September 2021 was 3.8% (data released on 17 November 2021). <https://www.ons.gov.uk/economy/inflationandpriceindices/bulletins/consumerpriceinflation/october2021#main-points>

The LGA Council Officers' pay award for 2021/2022 has not yet been agreed. It is noted that 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).

- 4.11 **Chair and Vice Chair Allowance** - For the 2022/2023 year the Panel recommends no change.

Having reviewed the allowance last year, where the number of engagements attended by the Chair and Vice Chair of Council during the previous civic year were considered, the Panel were not made aware of any reason why these allowances should be increased, particularly given that the number of engagements had decreased as a result of the pandemic Covid.

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

- 4.12 **Travel and Subsistence Allowances**

The travel and subsistence allowance should be linked directly to the council officers scheme rates for the year 2022 /2023.