

**COUNCIL
19 JANUARY 2023**

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: PEOPLE FIRST; SUSTAINABILITY AND A BRIGHTER FUTURE TOGETHER

1. EXECUTIVE SUMMARY

1.1 To agree the Member's Allowances Scheme 2023/2024 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 2023/2024 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 4.9 of Appendix A and 8.11 of this report.

2.4. Agrees the allowance to the Independent Non-Voting Member on the Finance, Audit and Risk Committee as detailed in 4.7 of Appendix A and 8.12 of this report.

2.5. Express its appreciation to the IRP for their work over the last 4 years.

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

¹ Amended as per the tracked changes.

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 20 October 2022.

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 2022. The current IRP was appointed as notified by delegated decision on 5 February 2019, for a 4-year term. The following people form the IRP:

Dr Hazel Bentall
Christopher Clark
Stephen Vinall
- 7.4 Any future reviews of the Members' Allowances Scheme will be by an IRP with a new membership.

8. RELEVANT CONSIDERATIONS

IRP considerations:

- 8.1 The IRP acknowledged that Members were very aware of the costs of the Scheme. Previously the IRP recommended 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]. The pay award for 2022 was unusual as a flat rate had been agreed of

£1,925 on each scale point per annum. Therefore, the IRP have recommended an increase to the Basic Allowance of 6% (being the nearest whole percentage between the mean and median salary increase for the current year). Resulting in a basic allowance for 2023/2024 of £5,406.

- 8.2 The 6% increase had also been applied to the Independent Non-Voting Member on the Finance, Audit and Risk Committee, Independent Person and Reserve Independent Persons of the Standards Committee as well as to the Chair and Vice Chair of Council.
- 8.3 The Panel noted that when their recommendations for the financial year 2022/2023 were considered Council decided to retain the previous (2021/2022) allowance scheme (subject to the increase to the Independent Person and Reserve Independent Persons allowances at 1.75% and also an allowance for the Independent Non-Voting Member on the Finance, Audit and Risk Committee). Consequentially there has not been any increase to the Members Basic Allowance for the past two financial years.
- 8.4 The IRP considered that it is preferable for small annual incremental increases rather than irregular large increases.
- 8.5 The IRP Panel noted the Council's preference to pay multiple SRAs and had accepted this continue for 2021/2022. However, considered it should be reviewed in detail for the 2022 /2023 financial year. The Panel 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.
- 8.6 That SRAs should continue to be expressed as a multiplier of the BA for clarity and ease of calculation.
- 8.7 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 on the 6% increase to the Basic Allowance):

Role	BA multiplier	Amount (£) (rounded to nearest pound)
Leader of the Council	BA x 2.8	15,137
Deputy Leader of the Council	BA x 0.5	2,703
Cabinet Executive Members (x7)	BA x 1.2	6,487
Chair - Area Committees (x 5)	BA x 0.2	1,081
Chair - Finance, Audit and Risk Committee	BA x 0.7	3,784
Chair - Overview and Scrutiny Committee	BA x 0.7	3,784
Chair - Planning Control Committee	BA x 1.2	6,487
Chair - Licensing and Appeals Committee	BA x 0.3	1,622
Leader of each Opposition Group	BA x 0.5	2,703* (*Subject to a minimum of 3 members)

- 8.8 There was some discussion regarding the appropriate level of allowance for the Chairs of the Area Committees. The IRP had reflected on the information provided in the

meeting with the Group Leaders and it was agreed that the current SRA for that role should remain unchanged.

- 8.9 **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 £11.95.

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

- 8.10 **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 allowance for the Chair and the Vice Chair was previously agreed. However, for transparency the allowances were incorporated in the 2020/21 Scheme as a recommendation by the IRP.

The IRP recommends that the allowances are increased in line with the same inflation as the Basic Allowance – 6%:

Chair of Council	£5,830
Vice Chair of Council	£1,124

[The current allowance is £5,500 and £1,060 respectively.]

- 8.11 **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. The IRP agreed to consider and incorporate these roles into the 2021/2022 Members' Allowances Scheme (as the allowance for these roles had previously not been assessed for several years and the role had also expanded to include potentially sitting on a Panel to consider complaints against statutory officers).

The IRP recommends that the allowances are increased in line with the same inflation as Basic Allowance – 6%:

Independent Person	£2,697
Reserve Independent Person	£648 per Reserve IP

[The current allowance is £2,544 and £611 respectively.]

- 8.12 **Independent Non-Voting Member 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. Last year the IRP agreed to consider and recommend an allowance for the role.

The IRP recommends that the allowance is increased in line with the same inflation as Basic Allowance – 6% - £1,060. [The current allowance is £1,000.]

8.13 **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, and potential changes to Council structure, operating procedures and meeting arrangements. Therefore, the IRP recommendations only apply to the 2023/2024 financial year.

8.14 **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).

8.15 Other considerations:

Sickness Absence: The IRP were requested to consider an allowance for the Deputy Executive Member who 'acted up' in the event of sickness absence by an Executive Member. The IRP noted that the vast majority of Councils do not provide any sickness absence benefits and after some discussion regarding possible qualifying period and duration / rate of any potential payments the IRP concluded that it would not be appropriate to introduce a sickness absence scheme.

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 6% increase, the additional budget required to fund the scheme would be £20,500 as detailed below:

	Current Allowances 2022/23			Proposed Allowances 2023/24			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	5,406	264,894	14,994
Special Responsibility Allowances							
Leader	1	14,280	14,280	1	15,137	15,137	857
Deputy Leader	1	2,550	2,550	1	2,703	2,703	153
Cabinet Exec Members	7	6,120	42,840	7	6,487	45,409	2,569
Chair - Area Committees	5	1,020	5,100	5	1,081	5,405	305
Chair - Finance, Audit & Risk Committee	1	3,570	3,570	1	3,784	3,784	214
Chair - Overview & Scrutiny Committee	1	3,570	3,570	1	3,784	3,784	214
Chair - Planning & Control Committee	1	6,120	6,120	1	6,487	6,487	367
Chair - Licensing & Appeals Committee	1	1,530	1,530	1	1,622	1,622	92
Leader of the largest opposition group*	1	2,550	2,550	1	2,703	2,595	153
Total			332,010			351,820	19,918
Chair of Council	1	5,500	5,500	1	5,830	5,830	330
Vice Chair of Council	1	1,060	1,060	1	1,124	1,124	64
Total			6,560			6,954	394
Independents							
Independent Person	1	2,544	2,544	1	2,697	2,697	153
Reserve Independent Person	2	611	1,222	2	648	1,296	74
Finance Audit and Risk Committee – Non-Voting Member	1	1,000	1,000	1	1,060	1,060	60
Total			4,766			5,053	287
TOTAL			343,336			363,827	20,599
Budget			343,400				
Additional Budget Required							20,500

*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 The financial implication to the budget regarding the Childcare and Dependent Carers' 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 for decision making.

10.3 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.

10.4 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.

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 8.9, which is important 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. Members are 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 2023/2024.

16.2. Appendix B Proposed Members' Allowances Scheme with tracked changes (2023/2024 with proposed Scheme highlighted)

17. CONTACT OFFICERS

Melanie Stimpson, Democratic Services Manager
melanie.stimpson@north-herts.gov.uk

Jeanette Thompson, Service Director: Legal and Community (and Monitoring Officer)
jeanette.thompson@north-herts.gov.uk

Ian Couper, Service Director-Resources
ian.couper@north-herts.gov.uk

Tim Everitt, Performance and Risk Officer
Tim.everitt@north-herts.gov.uk

Reuben Ayavoo, Policy and Communities Manager
Reuben.ayavoo@north-herts.gov.uk

Jo Keshishian, HR Operations Manager
Jo.keshishian@north-herts.gov.uk

17. BACKGROUND PAPERS

17.1 [The Local Authorities \(Members' Allowances\) \(England\) Regulations 2003](#)

17.2 [Councillors' Allowance Council webpage](#)

17.3 [Delegated Decision – Appointment of IRP – 5 February 2019](#)

17.4 [Agenda for Council on Thursday, 11th November, 2021, 7.30 pm - North Hertfordshire District Council \(north-herts.gov.uk\) – Minute No. 63 Refers – Independent Member of Finance, Audit and Risk](#)

17.5 [Agenda for Council on Thursday 20 January 2022 - Minute No. 84 Refers – Review of Members' Allowances Scheme](#)

Questions emailed to Group Leaders on behalf of the IRP:

Members' Allowances

At the Council meeting in January 22, the Council resolved that the 2021/22 Members' Allowances Scheme continue unchanged for 2022/23. Members did however agree the increase to the Independent Person and Reserve Independent Persons allowances at 1.75% and also agreed the allowance to the Independent Member on the Finance, Audit and Risk Committee.

The reasons given by Members for their decisions were - given that the cost of living is increasing for the electorate, and that some have lost their employment, it was felt that an increase in the Members Allowance was not justifiable at the current time. Members also felt it would be preferable to await the outcome of the pay award so that a definitive metric for increase was used. It was noted that by not increasing Members' Allowance could be creating an issue in the future as a large increase to the Allowances would be less than ideal.

Given that the basic allowance for Members has not been increased for the last 2 years, the IRP would like to know Members views on whether they think an increase is acceptable for the 2023/24 Scheme. The reasons previously provided for not approving an increase to the basic allowance have not improved and the IRP are mindful that by not increasing the basic allowance may deter those from standing as a Councillor, particularly those who are on a low income.

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 2020 to 30 September 2021 (3.8%); or
- the NJC for Local Government Services for Council Officers' pay for 2021/2022

Since this meeting the pay award for April 2021 was agreed. An increase of 2.75% for Grade 1 only, 1.75% for Grades 2 - 12 and 1.5% for chief officers (Grades 13-16) was applied to the payroll in March salaries and backdated to 1st April 2021.

Regarding the pay award for 2022 - the National Employers have recently made a final pay offer of £1,925 to all staff, which the Unions are now considering. The flat rate is unusual as we would normally see a percentage rate increase.

It will be difficult for the IRP to recommend the same increase to basic allowance as that being negotiated for the 2022 pay award. Therefore, what do you suggest should be used as a formula for indexation?

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.

The IRP considers 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 is again minded to recommend that North Herts Council only award a single SRA in addition to the basic allowance.

What would you consider to be the rationale for the continuation of more than one SRA?

Sickness Payments to Deputy Executive Members

The IRP are aware that there has been a request for the IRP to consider an SRA to cover sickness payments to Deputy Executive Members.

There is the ability for the Leader to reorganise the Cabinet, such as in the event of long-term sickness, and the IRP would like to better understand why this would not be the preferred option? Also, if such a recommendation was agreed when should the allowance be payable?

Is there anything else you want to tell us?

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

- Any increase should be in line with government and public sector salary increases.
- Given the unusual pay award in 2022 it would be advisable to use the 2021 indexation measure. Allowances should be increased this year to avoid the risk of a significant jump in future.
- There should only be one SRA payable to Members.
- Deputy Executive Members should receive an SRA as some perform significant additional duties assisting Cabinet members, in recognition of the work undertaken and diversion from their “day jobs”. Limiting members to only one SRA and reducing the Leader and Cabinet Member allowances could be utilised to ensure the work of deputies is recognised and they are fairly compensated for their losses incurred undertaking council work.
- No other employer would in effect sack an individual who was unwell and reduce their income at a time when compassion and security were needed. In a recent scenario the Deputy Executive Member was undertaking more work, but the Executive Member was still present.
- For some Members their allowance is the only earned income they have. Removing it will trigger a review of Universal Credit which takes time and the reduction in income would result in significant hardship.
- The Leader would struggle to remove an Executive Member of the other party who wasn't performing.
- A fair solution would be an allowance for Deputies Executive Members set at 50% of what the Executive Member receives, depending on budgets and where reallocations can be made. Failing this, a special reserve which can be used to pay an uplift to Deputies acting up could be created, funded by a reduction of Cabinet Member SRAs. The risk with this is that the fund may be drawn on before sufficient contributions are received to meet demand.
- It is known local government does not fairly remunerate members who hold key roles and devote proper time to their responsibilities. There is no pension scheme. Younger Councillors, in particular women, must continue to work in order to avoid prejudicing their retirement position, or ability to re-enter the workplace should an election go the wrong way.
- If we want a diverse and representative body of Councillors we need to do everything possible to compensate members for the economic sacrifices they make to serve their communities. The current allowances at North Herts do not do this. And budgets mean they will never do this. However, we can make the system feel fairer by ensuring those who give more of themselves are recognised. An agreed annual percentage increase to allowances will overcome the politics whenever this matter comes before Full Council.
- There should be a small increase to the allowances – not greater than the average percentage increase for staff and below the rate of inflation.
- Where there is a joint administration, the Deputy Leader does more work than a Deputy Leader in a majority ruling group. If the SRAs are to be reduced to one, then the Deputy Leader allowance needs to be more than an ordinary Cabinet Member.

- Area Committee Chairs should be paid to reflect the number of members on that Area Committee, rather than the same rate for all 5. Some Area Committees have more Members than the others.
- Deputy Exec Members should get an allowance.
- Should be some way to transfer the allowance during periods of ill health.
- Should compare level of responsibility for a Deputy Executive Member in comparison to the Area Committee Chairs. Deputy Executive Members do more than an Area Committee Chair.
- Vice Chairs and Deputy Executive Members do a lot of work but do not receive an SRA.
- The IRP should suggest recommendations based on consideration of the roles, changes and comparisons with similar authorities. Members must decide if changes to Members allowances are the priority when balancing budgets.
- An SRA is paid to recognise those additional responsibilities and if a Group Leader or Committee appoint to a role then the additional allowance should be paid irrespective of whether the member already receives another SRA. It is about getting the right skillset and member time into a role, and I would see the opposite with Members not taking on additional roles if they don't get recognition. It is for Group Leaders to appoint members to roles and spread the work, but you have to be minded that not all members if they are working can take on roles and have the time while other Members who may be retired or working more flexible hours can.
- The Constitution decision making is with the Executive Member not the Deputy. Group leaders need to manage and rearrange positions in the event of long-term sickness.