

REPORT AND RECOMMENDATIONS

BY THE INDEPENDENT REMUNERATION PANEL (IRP)

ON THE

MEMBERS' ALLOWANCES SCHEME 2023 / 2024

Dr Hazel Bentall
Christopher Clark
Stephen Vinall

November 2022

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 13 September 2022 and 20 October 2022 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and Special Responsibility Allowances (SRA) should be pensionable and which Members should be entitled to pensions (no longer applicable as Government announced that Councillors who are not existing members of the Local Government Pension Scheme on 1 April 2014 may not join the scheme after that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 subsequent reviews.

3.2 The IRP invited Group Leaders/Deputy Group Leaders to meet to discuss the Members' Allowances Scheme at its meeting in October 2022. Prior to this Group Leaders/Deputy Group Leaders were sent a number of questions, and the IRP were provided with emails / notes from:

- Cllr Claire Strong
- Cllr Elizabeth Dennis-Harburg
- Cllr Ruth Brown

At the meeting the Councillors presented their views on the levels of Members allowances and explained why the council had decided not to accept the IRP's recommendations for increases in previous years.

3.3 The IRP noted that the recommendations of the Panel for the financial year 2022/2023 were considered at the Council meeting held in January 2022 and that the Council decided to retain the existing allowance scheme largely unchanged. 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 current allowance scheme has effectively remained unchanged since 2021/2022.

The IRP considered that it is preferable for small annual incremental increases rather than irregular large increases. The IRP also considered the current and predicted inflation rates.

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

Further research was provided by council officers into other Hertfordshire Councils and it was again noted that NHDC were unusual in permitting the payment of multiple Special Responsibility allowances.

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 considered the issue again, heard the views of Councillors and having found no other local authorities who award multiple SRAs took into account the practice of other local authorities. The leaders did not, in the Panel's opinion, explain any exceptional reasons why NHDC should differ from other councils in regard to the payment of 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. There was no compelling reason why NHDC should be different to other councils in this respect. 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.

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.

The CPIH rate for the twelve month period from 1 October 2021 to 30 September 2022 was 8.8%.

<https://www.ons.gov.uk/economy/inflationandpriceindices>

It was noted that for 2022/2023 the Local Government Officer offer was based on a lump sum of £1925 equivalent to:

Average (mean) salary: £33,587	5.73% increase
Median salary: £28,030	6.87% increase

The IRP decided that any increase to basic allowance 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 two years

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

The IRP discussed the role of Area Committee Chairs and reflected on the information provided in the meeting with councillors. It was agreed that the current SRA should remain unchanged.

The IRP considered whether it was appropriate to pay an SRA to Deputy Executive members and noted that although this role would involve a degree of time and work the responsibility remained with the Executive member and therefore did not consider it appropriate to recommend extending the SRA to Deputy Executive members.

The issue of a sickness absence scheme for Members was considered. It was noted the vast majority of councils do not provide any sickness absence benefits. 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.

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. 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.
- 4.3 The IRP therefore recommend that the Basic Allowance is increased by 6% which is midway between the average and median salary increase for the current year. The basic allowance for 2023 / 2024 will therefore be £5406.
- 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 IRP recommend that in addition to the Basic Allowance Councillors are paid only one Special Responsibility Allowance.
- 4.6 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:

Role	BA multiplier
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

- 4.7 Independent Non-Voting Member to the Finance, Audit and Risk Committee (INV FARC) - the IRP recommend the allowance of £1,000pa is increased by 6%. Travel expenses to be paid in line with the travel and subsistence allowance below.
- 4.8 **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 £11.95.

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.

4.9 Independent Person and Reserve Independent Person

The IRP recommend this is increased at the same rate as Members allowances - 6%.

4.10 Chair and Vice Chair Allowance - For the 2023/2024 year the Panel recommends an increase of 6%.

4.11 Travel and Subsistence Allowances

The travel and subsistence allowance should be linked directly to the council officers scheme rates for the year 2023 /2024.

4.12 Frequency of Reviews

In the current economic climate and potential changes to 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 2023/2024 financial year.