

SOUTH STAFFORDSHIRE COUNCIL

STANDARDS AND RESOURCES COMMITTEE – 24 NOVEMBER 2022

MEMBER ALLOWANCES

REPORT OF INDEPENDENT REMUNERATION PANEL – TO BE PRESENTED BY THE COUNCIL'S MONITORING OFFICER ON BEHALF OF THE PANEL

PART A – SUMMARY REPORT

1. SUMMARY OF PROPOSALS

- 1.1 This report sets out the recommendations of the Council's Independent Remuneration Panel which met on 29 September 2022 and 20 October 2022. The Committee must now make a recommendation to the Council as to the level of Member Allowances, having regard to the recommendations of the Council's Independent Remuneration Panel.

2. RECOMMENDATIONS

- 2.1 That the Committee recommends the level of Member Allowances to Council.

3. SUMMARY IMPACT ASSESSMENT

POLICY/COMMUNITY IMPACT	Do these proposals contribute to specific Council Plan objectives?	
	Yes	Vibrant and Prosperous Communities.
	Has an Equality Impact Assessment (EqIA) been completed?	
	No	No changes are being recommended and therefore no new impacts arise.
SCRUTINY POWERS APPLICABLE	No – goes to Standards and Resources Committee on 24.11.22 and Council on 20.12.22.	
KEY DECISION	No	
TARGET COMPLETION/ DELIVERY DATE	1.4.23	
FINANCIAL IMPACT	Yes	The recommended status quo would have no impact on budgets as the known reduction in the number of elected members from May 2023 had already been built into budget projections. There would be a varying cost thereafter depending on the level of the settlement for Local Government Chief Officers (which the Panel recommends that the increases are tied to). Any increase in the allowances will be built into the budget which is due to be approved by Council on 21.2.2023.
LEGAL ISSUES	Yes	The Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended) apply. The decision on the

		setting of allowances rests with Council.
OTHER IMPACTS, RISKS & OPPORTUNITIES	No	
IMPACT ON SPECIFIC WARDS	No	

PART B – ADDITIONAL INFORMATION

4. INFORMATION

4.1 Legal Framework for Member Allowances

The main provision in legislation is the Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended).

4.2 Key Provisions in the Law

The Panel noted that the law on member allowances is rigid as to what can and cannot be paid to members in terms of allowances.

In short it provides that each authority must have a scheme for payment of member allowances approved each year before 1 April. The schemes can allow for a number of categories of allowance that an authority can chose to pay to its members these are:

- a. Basic Allowance
- b. Special Responsibility Allowance
- c. Carers Allowance
- d. Travelling & Subsistence Allowance

In deciding what level to set these allowances the authority must take into account the recommendations of that authority's Independent Remuneration Panel (the Panel).

4.3 The rules make specific provision about each of these payments to members of the authority. It is important to note that only these payments can be made and no other for the role as a member.

- **Basic Allowance** – the rules provide that each member should be paid a basic allowance in respect of their functions along with any other allowance provided for by the scheme. It also provides that if a member is in office for part of the year he/she is to get a proportionate payment.

The allowance is not intended to serve as a salary rather it is intended to be a small contribution to recognise the significant time commitment of all councillors including calls on their time of meetings, and other council work and a contribution towards the incidental costs of being a councillor such as use of their homes, telephone calls and meetings.

- **Special Responsibility Allowance** – a scheme may provide for a special responsibility allowance to be paid (in addition to the basic allowance) to members with certain

(specified) roles these include the leader of a political group, deputy leader of a political group, members of cabinet/leader (and deputy leader) of the Council, chairmen of committees/sub-committees or someone who is required to carry out such other activities as require the member an amount of time greater or equal to the other categories.

- **Carers' allowance** – a scheme may provide for the payment to members in respect of expenses for care of children or dependents for attending certain meetings.
- **Travelling and subsistence allowance** – a scheme may provide for the payment of an allowance in respect of travelling and subsistence in respect of travel undertaken in connection with or relating to certain specified duties such as attendance of Council/Committee meetings or other functions specified by the authority.

4.4 **Length of a scheme** - Whilst the scheme needs to be made for each year the law provides that a Council may choose to set a scheme for a period of years (subject to being re-approved each year by Council) with an annual adjustment by reference to an index, where it does so it may set the scheme for a period of no more than 4 years without going back to the Panel.

This approach, of setting a scheme for a 4-year period, was agreed in 2018/9 with an annual increase linked to Chief Officer pay. The Panel considered this issue again and made a

Recommendation: that the setting of a scheme for a 4-year period continues.

Claims by a certain date - Where payments are made under the Carers' or Travelling and Subsistence Allowances the scheme must provide a date for these payments to be claimed by.

Publicity for schemes - There are also detailed rules concerning publicity for the making or amendment of a scheme including advertising it in the local paper and also in relation to the recommendations of the Panel.

4.5 **Independent Remuneration Panel** – The Panel is a critical part of the process. The Panel is designed to ensure that there is independent oversight as to how much the allowances are set at. The responsibilities are set out at Regulation 21, the relevant parts of which are repeated below:

(1) An independent remuneration panel shall produce a report in relation to the authority or authorities in respect of which it was established, making recommendations–

(a) as to the responsibilities or duties in respect of which the following should be available–

(i) special responsibility allowance;

(ii) travelling and subsistence allowance; and

(iii) co-optees' allowance;

(b) as to the amount of such allowances and as to the amount of basic allowance;

(c) as to whether dependants' carers' allowance should be payable to members of an authority, and as to the amount of such an allowance;

(d) as to whether, in the event that the scheme is amended at any time so as to affect an allowance payable for the year in which the amendment is made, payment of allowances may be backdated in accordance with regulation 10(6);

(e) as to whether adjustments to the level of allowances may be determined according to an index and if so which index and how long that index should apply, subject to a maximum of four years, before its application is reviewed;.....

4.6 The Panel must have at least 3 members who cannot be a member of the authority or disqualified from being a member and may pay the members of the Panel. The Panel is appointed by Council and was appointed at Annual Council in May 2022 and amended in September 2022 – it currently comprises:

- Mr R Garbett – Local Businessman
- Mr R Wright – Alderman of South Staffordshire Council
- Mr A MacLaughlin – Local Businessman

4.7 **Decision on allowances** – whilst the Panel makes recommendations to the Committee (and ultimately to Council) the decision on allowances is reserved to the Council (but is made following a recommendation from the Standards and Resources Committee). It is a matter for the Council to determine what allowances should be paid and at what level. The Council must have regard to the recommendations of the Panel and if it decides not to follow them should explain why and will of course need to act reasonably.

4.8 **Timing of decisions -**

This year the process is as follows:

- **Meeting 1 of the Independent Remuneration Panel – 29 September 2022**
- **Meeting 2 of the Independent Remuneration Panel – 20 October 2022**
- **Report of the Independent Remuneration Panel to Committee - 24 November 2022**
- **Setting of the allowances – Council – 20 December 2022**

4.9 **Current Scheme for South Staffordshire Members**

The current scheme (attached at Appendix 1) provides for:

- **A basic allowance** – of £5,997
- **Special responsibility allowances** - as set out in Part 6 of the Constitution and attached as Appendix 1.
- **Travel allowances** – for travel other than to the Council offices on the same basis as officers

The scheme does not provide for a carers' allowance (as set out above it does not have to do so, it is an optional allowance).

4.10 The current budget for member allowances is £370,900. In 2021/22 the total expenditure for allowances was £361,731 (against a budget of £363,700).

4.11 The Panel noted that the number of elected members will reduce at the May 2023 elections. A Local Government Boundary Review was undertaken in 2021 and this will result in a reduction of members from the current 49 to 42 members. With no change to the current scheme, this will result in a saving of £41,979 against the previous budget in a full year.

4.12 **Completed Questionnaires and representations**

The Panel considered 8 completed questionnaires (out of 49 members) setting out members' views (Appendix 2). The majority of those responding favoured no change to the current scheme. One member suggested an increase to allowances to reflect the current increased cost of living. One member suggested an alternative use of allowance monies to fund community projects.

The Panel considered the responses, and noted the low response rate, which they took as indicating that the issue of allowances was not significant for the majority of members.

Whilst noting the proposal for an increase to reflect the cost of living situation, the Panel considered that the current level of allowances, when compared against similar authorities figures, provided a reasonable level of recompense.

The Panel noted the proposal from one councillor for an alternative use of allowance monies. However, the Panel considered that any such proposal was outside of their remit – which was to consider if the scheme of allowances payable was reasonable. Any decision regarding diverting funds to other uses was not one for the Panel to make.

4.13 **Benchmarking - Other Authorities**

The panel received the benchmarking information as set out in Appendix 3; containing information on allowances paid at 18 other District/Borough Councils. The Panel noted the average basic allowance is £5,187. This compares to an allowance of £5,997 at this Council. The Panel also noted that not all allowances are paid at each authority; this impacts on the veracity of the mean and median figures given due to, in some instances, small comparator groups. The Panel noted the level of basic allowance compared with other authorities and were of the view that the current allowance did not need amending when compared against comparator authorities.

4.14 **Key issues and findings of the Panel:**

The Panel considered the following key issues, having had regard to the law, the reports received from the officers and the representations it received:

1. **Basic Allowance**

The Panel noted the following points:

- a. The current basic allowance was in-line with the mean figure for benchmarked authorities.
- b. Whilst some Committee Chairman allowances differed from the mean figure, when considered with the basic allowance figure, the difference was minimal.
- c. Travel costs were not raised as a key issue by members.

The Panel considered the issue of amending the scheme for travel expenses. On balance, although it was acknowledged that travel costs will have increased, the Panel do not recommend any amendment to the current scheme. The key consideration was the costs in administration of a more complex scheme. The Panel thought that the benefits would be outweighed by the additional burden. The Panel also noted here the introduction of technology and the use of virtual meetings, reducing the need for attendance at the Council Offices for member briefing sessions, Challenge Panels etc.

Recommendation: The current scheme to continue with no changes to allowances other than the annual increase as provided for by the scheme.

2. **Indexation** – As the intention is that the allowances are set for 4 years (ie from 2023 through to 2027) the Panel discussed the issue of potential indexation in relation to Members allowances.

The Panel's conclusion was that the fairest approach was for the allowances of members to continue to be tied to increases awarded to senior officers, namely Chief Officers' pay award, by the relevant pay body, whether or not the Council chooses to implement the award.

Recommendation: that the annual increase in allowances continues to be tied to the Chief Officer pay award as currently.

The Panel also considered the issue that had (at the time of the meeting) arisen in respect of this year's pay award. It was likely that the pay award would be a set figure (possibly £1925) this year rather than a percentage increase. The Panel was provided with information on how this set figure would translate into a percentage increase for Chief Officers at this authority. If the pay award was the anticipated £1925 then that would equate to a 2.2% average pay increase for Chief Officers at South Staffordshire. The Panel were of the view that this average pay increase should be the basis for the increase in member allowances for the current year.

Recommendation: that once the final Chief Officer Pay Award is known, if a set amount is given rather than a percentage increase, then the equivalent average increase for Chief Officer pay is used to determine the percentage increase for Members Allowances.

Update: the pay award for Chief Officers has been set at £1925 and thus the percentage equivalent average increase of 2.2% is the recommended amount for the current year.

3. **Triggers** –

The Panel's view was that the Council could at any point reconvene the Panel and ask for the Panel to come back and consider the issue afresh and that this was a more appropriate method rather than setting a particular level of inflation or other trigger for a review of the

scheme within the four-year period.

Recommendation: That the Panel can be reconvened within the four-year period of the scheme by resolution of Council.

4. **Special Allowances –**

The Panel were content for the Special Responsibility allowances to remain as they; there was no evidence before the Panel to indicate that any of the allowances required amendment or were significant

Recommendation: The current scheme to continue with no changes to allowances other than the annual increase as provided for by the scheme.

5. **Conclusion**

In short the recommendation of the Panel is that the current scheme should continue:

- *The scheme should be in place for a 4-year period from 1.4.2023 to 31.3.2027*
- *That the Council can recall the Panel at any point in that period should it wish for the allowances scheme to be revisited for whatever reason*
- *That all allowances should be subject to a yearly increase on 1st April each year (from 1.4.2023) based on the recommended increase for Chief Officer's pay (whether implemented or not by the authority)*
- *That the basic allowance should remain at £5,997.*
- *That all special responsibility allowances should remain at the current rates.*

A draft of the proposed scheme is attached at Appendix 4.

4.15 Parish Council Allowances

Between the first and second meetings of the Remuneration Panel, a request to consider parish allowances was received from a parish council in the area. The Panel considered that there was insufficient time to fully consider the position with regard to parish allowances, which was noted to be complex and varied. The Panel therefore declined to consider the issue at the current time but agreed to reconvene in 2023 as a Parish Remuneration Panel and consider the issue in full.

5. **IMPACT ASSESSMENT – ADDITIONAL INFORMATION**

N/a.

6. **PREVIOUS MINUTES**

N/a.

7. **BACKGROUND PAPERS**

Schemes of comparator authorities
Relevant Legislation

Previous reports of the Independent Remuneration Panel

Appendix 1 - The current scheme

Appendix 2 – Member questionnaire responses

Appendix 3 – Benchmarking chart

Appendix 4 – Draft proposed scheme

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