

Meeting:	Council
Meeting date:	Friday 14 February 2020
Title of report:	Councillors' allowance scheme and link to the National Joint Council (NJC) index
Report by:	Solicitor to the council

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose and summary

To approve the extension of the National Joint Council (NJC) pay award until May 2021 in relation to the basic allowance and special responsibility allowances received by councillors.

Details of the current allowances are set out in the Councillors' Allowance Scheme and were last approved in 19 May 2017 and updated to reflect the NJC pay award in April 2018 and 2019.

Recommendation(s)

That:

- (a) **The National Joint Council (NJC) pay award applying to the basic allowance and the special responsibility allowances received by councillors in 2020 and 2021 be approved.**

Alternative options

1. Not to approve the extension. This is not recommended as Herefordshire has historically relied on an index for the annual adjustment of allowances. Regulations state that where a council does rely on an index, it must not do so for more than four years before seeking a

further recommendation from the independent remuneration panel on the application of the scheme. Council could agree:

- the adoption of a different index – this is not recommended because other indices do not provide a natural link to local government pay restraints and have not been considered by the IRP;
 - no index link at all – this is not recommended because it would require an annual assessment of the allowance levels in place and whether an annual adjustment is appropriate
2. The council could request that the monitoring officer convene an independent remuneration panel to look at this area only. This is not recommended as an IRP will need to be convened after the recommendations for the council's governance model has been taken at Council in October 2020 so that a full review of the councillors' allowance can be undertaken.

Key considerations

3. The member's allowances scheme may make provision for a annual adjustment.
4. The scheme must be recommended by an Independent Remuneration Panel (IRP)..
5. An IRP was convened during January to May 2017 and made recommendations to Council on 17 May 2017. Two of the recommendations were in connection with linking the basic allowance and special responsibility allowances to the NJC pay award for four years. A copy of the May 2017 IRP report is available on the council's website.
6. At Council on 17 May 2017 it was resolved to adopt the NJC pay award (which applies to officers) for two years (2018 and 2019).
7. As the IRP in May 2017 made a recommendation to link the allowances to the NJC pay award until 2021, under paragraph 21.1 (e) of the Local Authorities (Members' Allowances) (England) Regulations 2003 the council may rely on this without the need to re-convene an IRP to recommend this extension to council.
8. Applying the NJC uplift will enable an inflationary increase for 2020 and 2021 whilst the council reviews the governance model of the council. A working group has been convened to carry out this review and make recommendations to the Audit and Governance Committee in September 2020 for onward recommendation and approval to Council in October 2020. Once any changes to the constitution have been approved by council in October 2020, an IRP will be convened and they will be requested to make recommendations to the May 2021 council meeting.
9. Under section 30 and 31 of the Localism Act 2011 ('the Act'), members have an other interest in this item because receipt of allowances affects the financial position of all members. As a result the members may not participate in any discussion or vote on the matter.
10. The monitoring officer, having received a written request on behalf of all members affected by the preceding paragraph, has granted a dispensation to all members.
11. The dispensation is granted under section 33 (2)(a) of the Act, as it is considered that without the dispensations the number of persons prohibited by section 31(4) from

participating in the item in question would be so great a proportion of the members of Council as to impede the transaction of the business. This dispensation is from both section 31(4)(a) and section 31(4)(b) of the Act.

12. All members may therefore participate in the discussion and vote on all of the recommendations

Community impact

13. Consideration of members' allowances needs to take account of the current financial climate. The independent remuneration panel members are independent of the council and represent the wider interests of the county. The adoption and publication of a scheme of allowances ensures there is transparency regarding the remuneration of elected members.

Equality duty

14. Under section 149 of the Equality Act 2010, the 'general duty' on public authorities is set out as follows:

A public authority must, in the exercise of its functions, have due regard to the need to -

- (a) eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
 - (b) advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
 - (c) foster good relations between persons who share a relevant protected characteristic and persons who do not share it.
15. The annual adjustment applies to all members. There are no equality implications.

Resource implications

16. The forecasted revenue budget for basic and special allowances is 2020/21 is £662,000. This includes a 2% annual uplift.
17. If the NJC agreement exceeds the estimated 2%, the corporate contingency within the council's revenue budget will fund any additional budget requirements.

Legal implications

18. The requirement to have a members allowance scheme is set out in Members Local Authorities (Members' Allowances) (England) Regulations 2003/1021.
19. In accordance with regulation 10 (4) the scheme may make provision for an annual adjustment of allowances by reference to such index as may be specified by the authority.
20. The recommendation will apply an annual adjustment as specified by the authority. Without this approval there will be no annual uplift to allowances in 2020 and 2021.

Risk management

21.

Risk / opportunity	Mitigation
Risk: If allowances are not established in an open and transparent way the reputation of the council and public service in general may be brought into disrepute	Mitigation: By virtue that this proposal is a full Council decision the public will be able to review the recommended decisions and the council debate in full.
Risk: Failure to appropriately remunerate elected members for the responsibilities they take on and the expenses they incur may act as a disincentive to stand for public office.	Mitigation: Use of an indexed linked allowance rate allows members allowances to keep pace with future earnings,
Risk: Some members currently have more than one area of special responsibility. This may lead to a perception that some members are taking on greater responsibility simply to receive a higher allowances than other members.	Mitigation: Members, regardless of how many special responsibilities they hold, can only receive one special responsibility allowance at any one time.
Risk: That following a governance review, a greater number of special responsibility allowances (SRA) might be identified and higher than anticipated increase in SRA might be incurred.	Mitigation: Any changes to the number of SRAs and/or the remuneration value attached to those allowances would need to be reviewed and recommendations made by the IRP. It would be for full Council to determine how it wishes to respond to those recommendations.
Opportunity: members of the public and businesses can be reassured that matters relating to changes to members allowances are proposed and recommended by an independent remuneration panel.	Maintaining the link with the NJC index is a continuation of what was recommended by the IRP in May 2017.

22. The above risks will be monitored and managed at the service level.

Consultees

None.

Appendices

None.

Background papers

None identified.