

Appendix G: Options Paper: Independent Remuneration Panel Recommendations

Background:

- From a review of the benchmarking data, Herefordshire Council pays our members the 9th lowest basic allowance within the cohort of comparator local authorities. The Panel were unanimously of the view that this position needed correcting and that Herefordshire Councillors should receive a basic allowance more commensurate to other local authorities within the benchmarking cohort.
- The Panel concluded that the formula for calculating the Basic Allowance should be as follows:
71.5 monthly hours less a public services discount of 33.3% multiplied by the mean HC8 officers hourly rate multiplied by 12 (months).

$$((71.5 - 33.3\%) \times £16.44) \times 12 = \text{a basic allowance of } £9,394.28$$

This equates to following real term change in the basic and Special Responsibility allowances - as follows:

	Current allowance rates	New calculated figures if IRP recommendations accepted
Basic Allowance	£7,935.00	£9,394.28
Leaders SRA	£31,741.00	£32,879.98
Cabinet Members	£13,887.00	£16,439.99
Cabinet Support	Unchanged - an allowance of up to 50% of the band 2 allowance	
Chairperson of the council	£9,920.00	£11,273.14
Chairpersons of Scrutiny	£9,920.00	£11,273.14
Chairperson of the Planning and regulatory Committee	£9,920.00	£11,273.14
Chairperson of Licensing Sub-Committee	£5,951.00	£7,045.71
Chairperson of A+G	£5,951.00	£7,045.71
Member of the adoption panel	£5,951.00	£7,045.71
Group Leader	£1,747.00	No change, but Increasing by 1 additional GL + £248 per member
If annual Council accepts the IRP recommendation, this creates a new budget requirement in the region of £145k. This budget requirement has not been factored into this F/Y financial considerations		

The proposals set out below provide councillors with due regard to the panel's recommendations and provides some options to consider.

Option 1: Council could accept the recommendation in full, but look to deliver the full increase incrementally over a four year period and accept the recommendation to continue to link the annual uplift to the NJC. This will lead to an annual budget pressure of £37k, for the four years.

This would allow Herefordshire Council to elevate its position, in comparison to its cohort benchmark authorities, over a four year period. This would equate to a cumulative budget requirement over a four year period.

If council decides to accept the recommendation that the new allowance schemes should start from 28, May 2021 this would equate to an unfunded budget pressure of £37k in 2021/22. From 2022/23 onwards, the increased commitment would be included in the annual budget setting process for future years.

This equates to following real term change¹ in the basic and Special Responsibility allowances - as follows:

	Current Basic and SR Allowance rates	New Allowances backdated to May 28 F/Y 2021/22	F/Y 2022/23	F/Y 2023/24	F/Y 2025/26
Basic Allowance	£7,935.00	£8,299.82	£8,664.64	£9,029.46	£9,394.28
Leaders SRA	£31,741.00	£32,025.75	£32,310.45	£32,595.24	£32,879.98
Cabinet Members	£13,887.00	£14,525.25	£15,163.50	£15,801.74	£16,439.99
Cabinet Support	Unchanged - an allowance of up to 50% of the band 2 allowance				
Chairperson of the council	£9,920.00	£14,525.25	£15,136.50	£15,801.74	£11,273.14
Chairpersons of Scrutiny	£9,920.00	£10,258.29	£10,596.50	£10,934.86	£11,273.14
Chairperson of the P and R Committee	£9,920.00	£10,258.29	£10,596.50	£10,934.86	£11,273.14
Chairperson of Licensing Sub-Committee	£5,951.00	£6,224.68	£6,498.36	£6,772.00	£7,045.71
Chairperson of A+G	£5,951.00	£6,224.68	£6,498.36	£6,772.00	£7,045.71
Member of the adoption panel	£5,951.00	£6,224.68	£6,498.36	£6,772.00	£7,045.71
Group Leader	£1,747.00. No change, but Increasing by 1 additional GL + £248 per member				
If annual Council accepts the IRP recommendation, this creates an unfunded budget pressure in the region of £145k. The budget pressure will need to be included in the 2022/23 budget setting process.					

Option 2: Council accept the recommendation in full, but defer the new allowance scheme to begin in 2023/24 (following all-out local elections) to deliver the new increase.

This would allow Herefordshire Council to elevate its position, in comparison to its cohort benchmark authorities, by 1 April, 2023. This has the desired intention that those considering standing for election have certainty about the level of remuneration they may expect if successfully elected.

This would allow the proposed increase to be factored into budget setting process for 2023/24. This would mean that the current scheme would remain in place for the remainder of this electoral term.

¹ Please note, these calculated figures for FY 2022/23 to 2025/26 do not have the NJC increase applied to them. The NJC uplift will be applied annually and backdated to 1 April in each consecutive year.

Subject to council's approval, the NJC uplift would be applied for the next 4 years to the current and future basic and special responsibility allowances, which for 2021/22 has already been budgeted for. The expectation that only the normal NJC uplift would be applied and backdated to April 1st, 2021.

	Current allowance rates	F/Y 2022/23 +NJC	New calculated figures if IRP recommendations accepted
Basic Allowance	£7,935.00	£7,935.00	£9,394.28
Leaders SRA	£31,741.00	£31,741.00	£32,879.98
Cabinet Members	£13,887.00	£13,887.00	£16,439.99
Cabinet Support	Unchanged - an allowance of up to 50% of the band 2 allowance		
Chairperson of the council	£9,920.00	£9,920.00	£11,273.14
Chairpersons of Scrutiny	£9,920.00	£9,920.00	£11,273.14
Chairperson of the Planning and regulatory Committee	£9,920.00	£9,920.00	£11,273.14
Chairperson of Licensing Sub-Committee	£5,951.00	£5,951.00	£7,045.71
Chairperson of A+G	£5,951.00	£5,951.00	£7,045.71
Member of the adoption panel	£5,951.00	£5,951.00	£7,045.71
Group Leader	£1,747.00 - No change, but Increasing by 1 additional GL + £248 per member		
If annual Council accepts the IRP recommendation, this creates a budget pressure in the region of £145k. This budget pressure will need to be included in the 2023/24 budget process.			

Option 3: Council Accept the recommendation in full, but defer the new allowances scheme to begin in 2022/23 to deliver the full increase.

This would allow Herefordshire Council to elevate its position, in comparison to its cohort benchmark authorities, by 1 April, 2022. This would allow the proposed increase to be factored into budget setting process for 2022/23. This would mean that the current scheme would remain in place for the remainder of this 2021/22. The NJC uplift would be applied for the next 4 years, which for 2021/22 has already been budgeted for, with the expectation that only the normal NJC uplift would be applied and backdated to April 1st, 2021.

	Current allowance rates	F/Y 2022/23
Basic Allowance	£7,935.00	£9,394.28
Leaders SRA	£31,741.00	£32,879.98
Cabinet Members	£13,887.00	£16,439.99
Cabinet Support	Unchanged - an allowance of up to 50% of the band 2 allowance	
Chairperson of the council	£9,920.00	£11,273.14
Chairpersons of Scrutiny	£9,920.00	£11,273.14
Chairperson of the Planning and regulatory Committee	£9,920.00	£11,273.14
Chairperson of Licensing Sub-Committee	£5,951.00	£7,045.71
Chairperson of A+G	£5,951.00	£7,045.71
Member of the adoption panel	£5,951.00	£7,045.71
Group Leader	£1,747.00 -No change, but Increasing by 1 additional GL + £248 per member	

If annual Council accepts the IRP recommendation, this creates a budget pressure in the region of £145k. This budget pressure will need to be included in the 2022/23 budget process.

Option 4: Council accepts the IRP recommendation but instead opts to apply the ONS calculated hourly rate to the IRPs calculation.

Scenario 1: Council chooses to use the hourly rates for 2020 from the ONS 'where they live data' using that hourly rate of £14.54p as the basis of a revised calculation. All other elements of the IRPs recommendations/calculations staying the same.

What would this look like?

(71.5hrs – 33.3%) X's 14.54p X's 12 = a basic allowance of £8,308

This equates to following real term change in the basic and Special Responsibility allowances - as follows:

	Current allowance rates	New calculated figures in this scenario
Basic Allowance	£7,935.00	£8,308.00
Leaders SRA (Based on a multiplier of 3.5)	£31,741.00	£29,079.97
7 - Cabinet Members (Based on a Multiplier of 1.75)	£13,887.00	£14,539.00
Cabinet Support	Unchanged - an allowance of up to 50% of the band 2 allowance	
Chairperson of the council (Based on a multiplier of 1.2)	£9,920.00	£9,969.60
3 - Chairpersons of Scrutiny (Based on a multiplier of 1.2)	£9,920.00	£9,969.60
Chairperson of the Planning and regulatory Committee (Based on a multiplier of 1.2)	£9,920.00	£9,969.60
Chairperson of Licensing Sub-Committee (Based on a multiplier of 0.75)	£5,951.00	£6,231.00
Chairperson of A+G (Based on a multiplier of 0.75)	£5,951.00	£6,231.00
Member of the adoption panel	£5,951.00	£6,231.00
Group Leader	£1,747.00 - No change, but Increasing by 1 additional GL + £248 per member	
If annual Council were to propose this it creates a unfunded budget pressure in the region of £25k.		

Scenario 2: Council chooses to use the hourly rates for 2020 from the ONS 'where they work data' using that hourly rate of £14.96p as the basis of a revised calculation. All other elements of the IRPs recommendations/calculations staying the same.

What would this look like?

(71.5hrs – 33.3%) X's 14.96p X's 12 = a basic allowance of £8,548.56p

This equates to following real term change in the basic and Special Responsibility allowances - as follows:

	Current allowance rates	New calculated figures in this scenario
Basic Allowance	£7,935.00	£8,548.56
Leaders SRA (Based on a multiplier of 3.5)	£31,741.00	£29,919.96
7 - Cabinet Members (Based on a Multiplier of 1.75)	£13,887.00	£14,959.98
Cabinet Support	Unchanged and be an allowance of up to 50% of the band 2 allowance	
Chairperson of the council (Based on a multiplier of 1.2)	£9,920.00	£10,258.27
3 - Chairpersons of Scrutiny (Based on a multiplier of 1.2)	£9,920.00	£10,258.27
Chairperson of the Planning and regulatory Committee (Based on a multiplier of 1.2)	£9,920.00	£10,258.27
Chairperson of Licensing Sub-Committee (Based on a multiplier of 0.75)	£5,951.00	£6,411.42
Chairperson of A+G (Based on a multiplier of 0.75)	£5,951.00	£6,411.42
Member of the adoption panel	£5,951.00	£6,411.42
Group Leader	£1,747.00 - No change, but Increasing by 1 additional GL + £248 per member	
If annual Council were to propose this it creates an unfunded budget pressure of £44k.		

Option 5: Council simply rejects the IRP recommendations around the basic and special responsibility allowance, adopts the existing scheme and adopts the annual uplift link to the NJC.

This would maintain the status quo.

- The current budget for allowances is £450k basic and special allowances, £224k mileage and £20k subsistence
- If Council were to agree to the current recommendations from the IRP - members could look to offset the increased allowance by foregoing their ability to claim mileage using the basic allowance to cover all of their respective council duties.
 - Given the anticipated legislative changes that will allow a continuation of remote meetings, the rural dimension of required car use for some members would be offset by this change
 - This would also serve as a direct incentive for many members to reduce their use of a personal vehicle and allow the council to continue with its efforts to reach carbon neutrality address the climate change emergency.