

Title of report: Councillors Allowance Scheme

Meeting: Council

Meeting date: Friday 20 May 2022

Report by: The Director of Governance and Law

Classification

Open

Decision type

This is not an executive decision

Wards affected

(All Wards);

Purpose

To approve and update the Herefordshire councillors allowances scheme having regard to the recommendations of the council's independent remuneration panel (IRP). The council must have regard to the IRP report when making or amending the allowances scheme.

Recommendation(s)

That Council:

- a) **Having regard to the recommendations made by the independent remuneration panel, council**
 - I. **Does not introduce a sliding basic allowance scheme linked to committee attendance at the current time, but instead seeks to review this position after one year, following the changes introduced from 20 May 2022**
 - II. **Introduces a new Special Responsibility Allowance (SRA) for the role of Deputy Leader on a cost neutral basis of 2.25 x the basic allowance, following the 2023 local elections, in line with the commencement of the new uplifted Basic Allowances rates.**
 - III. **Provides all five chairpersons of the scrutiny committees an SRA at the current rate of 1.25 x the basic allowance.**
 - IV. **That the SRA rate paid to the Chairperson of the Strategic Management Board is reviewed again in one year's time to examine whether this role does merit a higher rate of allowance**

- V. **Does not introduce a one off SRA to Task and Finish group chairpersons at the current time. But instead allows time for the scrutiny improvement programme to influence current scrutiny practices, reviewing this position one year on from the changes introduced from 20 May 2022**

Alternative options

1. The council can decide not to accept the Independent Remuneration Panel's (IRP) recommendations in full or part as it sees fit, subject to possible referral back to the IRP in relation to any matters on which the IRP has not made a recommendation. Alternative options are described in more detail within the report.

Key considerations

2. To comply with the requirement that, under the Local Authorities (Members' Allowances) (England) Regulations 2003, before amending its councillors' allowances scheme, the council must have regard to the recommendations made in relation to it by an IRP.
3. The council is required to establish and maintain an IRP to make recommendations on the scheme of allowances for members. The council is also required to publish details of the IRP's recommendations and the main features of any scheme that the council adopts.
4. The IRP have concluded their review and have produced the attached report (see appendix A). The Director of Law and Governance is grateful to the IRP members for the work they have undertaken.
5. The IRP agreed the following principles to underpin their review, as set out by the Dame Jane Roberts Councillors Commission, Members Remuneration, Models, Issues, Incentives and Barriers, 2007:
 - a. The basic allowance should encourage people from a wide range of backgrounds and with a wide range of skills to serve as local councillors
 - b. Those who participate in, and contribute to, the democratic process should not suffer unreasonable financial disadvantage
 - c. Councillors should be compensated for their work and the compensation should have regard to the full range of commitment and complexity of their roles
 - d. The system should be transparent, simple to operate and understandable.
 - e. The system should not encourage the proliferation of meetings or provoke councillors into spending more time on council business than is necessary; And
 - f. The level of remuneration should relate to a commonly accepted benchmark.
6. The main differences between the allowances recommended by the IRP and those contained within the current scheme are:
 - g. Under the current Members Allowance Scheme, the full basic allowance is payable on the completion of mandatory training. The IRP propose that the basic allowance should not be on a sliding scale, this will reflect the level of engagement members have with council committees. Instead, the IRP recommend reviewing member engagement in a years' time, to allow time to assess the impact two new committees are having on member engagement. That the IRP assess whether any additional steps are required to encourage great member engagement one year on from the new constitutional provisions adopted on 20 May 2022.

- h. The current Members Allowance Scheme introduces a new SRA to remunerate the Deputy Leader post. The IRP propose that that the Deputy Leader should receive an SRA of 2.25 x the basic allowance. Having regard to the consultation, the introduction of the SRA for the Deputy Leader is to be cost neutral. This can be achieved by the planned reduction of the Leaders SRA from 4 to 3.5 x the basic allowance, with 0.5 x the basic allowance being transferred to and combined with the cabinet member SRA of 1.75 x the basic allowance.
7. The recommendations of the IRP do not result in any new budget requirements. The £18k, additional requirement to provide two new SRAs to the existing three SRAs provided to the scrutiny chairs was approved and agreed at full Council on 4 March 2022.
8. Under section 30 and 31 of the Localism Act 2011 ('the Act'), members have a pecuniary interest discussion of this item as basic allowances are required to be paid to all members. Members nominated to posts attracting an SRA have a further pecuniary interest. As a result the members may not participate in any discussion or vote on the matter.
9. The Director of Law and Governance, having received a written request on behalf of all members affected by the preceding paragraph, has granted a dispensation to all members.
10. 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.
11. Those members affected may therefore participate in the discussion and vote on all of the recommendations.

Community impact

12. Consideration of members' allowances needs to take account of the current financial climate. The IRP 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.

Environmental Impact

13. The council provides and purchases a wide range of services for the people of Herefordshire. Together with partner organisations in the private, public and voluntary sectors we share a strong commitment to improving our environmental sustainability, achieving carbon neutrality and to protect and enhance Herefordshire's outstanding natural environment.
14. This decision relates to a back office function so will have minimal environmental impacts, consideration has been made to minimise waste and resource use in line with the council's Environmental Policy, for example by utilising energy efficient methods of communication..

Equality duty

15. 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.
16. The Equality Act 2010 established a positive obligation on local authorities to promote equality and to reduce discrimination in relation to any of the nine 'protected characteristics' (age; disability; gender reassignment; pregnancy and maternity; marriage and civil partnership; race; religion or belief; sex; and sexual orientation). In particular, the council must have 'due regard' to the public sector equality duty when taking any decisions on service changes.
17. In support of delivery of the public sector equality duty the current childcare and dependants' carers' allowance scheme already seeks to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it. Further, the IRP recommendations are underpinned by seeking to ensure that its recommended basic allowance should encourage people from a wide range of backgrounds and with a wide range of skills to serve as local councillors. And that those who participate in and contribute to the democratic process should not suffer unreasonable financial disadvantage.
18. The stated principles that underpinned the work of the IRP were as follows:
- a. The basic allowance should encourage people from a wide range of backgrounds and with a wide range of skills to serve as local councillors
 - b. Those who participate in, and contribute to, the democratic process should not suffer unreasonable financial disadvantage
 - c. Councillors should be compensated for their work and the compensation should have regard to the full range of commitment and complexity of their roles
 - d. The system should be transparent, simple to operate and understand
 - e. The system should not encourage the proliferation of meetings or provoke councillors into spending more time on council business than is necessary.
 - f. The level of remuneration should relate to a commonly accepted benchmark

Resource implications

19. The budget for members' allowances for 2021/22 is £674k made up of £450k for the basic allowance (inclusive of National Insurance payments) and £224k for special responsibility allowances.
20. The budget for 2022/23 includes the additional £18k agreed by full Council in March. Any pressures for subsequent years will be picked up as part of the Councils annual budget setting process.

Legal implications

21. In order to comply with the Local Authorities (Members' Allowances) (England) Regulations 2003, it is necessary for council to have regard to the IRP recommendations.

Risk management

Risk / opportunity	Mitigation
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.	The IRP recommendations will be debated, openly, in public. Councillors will determine whether or not to accept the proposed allowances schemes. The accepted schemes will be published and open to all to review.
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.	The IRP recommendations are set out to mitigate this risk. It is for Councillors to determine whether or not to accept the proposed allowances schemes.

Consultees

The report of the IRP sets out what consultation was undertaken to inform their recommendations.

Political group leaders and all members through the members' survey have been consulted directly.

Appendices

- Appendix A - The Report of the Herefordshire Independent Remuneration Panel, 13 May 2022
- Appendix B - Independent Remuneration Panel – Members Survey, April/May 2022
- Appendix C - Benchmarking Data

Background papers

None Identified.