

Title of report: Councillors Allowance Scheme – Correction Supplement

Meeting: Council

Meeting date: Friday 20 May 2022

Report by: The Director of Governance and Law

Summary of correction:

What we haven't changed:

- Both options remain unchanged in the formula being applied

What we have corrected:

- We mistakenly used the current basic responsibility of £8,074 to calculate the new DL SRA @ 2.25 x's the basic salary. We should have applied the new basic allowance rate (of £9,394) as agreed by Council in 2021, deferred until after the 2023 election.
- We have now corrected this and applied the 2023 basic allowance figures in the updated supplement

The text below replaces the existing section in appendix a – report of the independent remuneration panel – May 2022.

The Panel's View

50. On balance, the evidence returned by members indicated more support than not for the proposed rate of £21,137.13 p/a – equivalent to 2.25 x the basic allowance. However, the Panel are mindful of the number of requests from members to ensure that if a new SRA is recommended, it is introduced on a cost neutral basis.
51. On instruction from the Panel, officers have explored ways in which a cost neutral SRA at 2.25 x the basic allowance could be achieved. There were two principal options offered to the Panel for their consideration. These are set out in Table 1, below.

Table 1: Options to introduce a new, cost neutral, Deputy Leader SRA.

Option 1 – transfer the 0.5 x the basic rate reduction to Leader's SRA (which takes place after the next election) to the Deputy Leader Post	
1 cabinet member SRA would no longer be paid (because it would need to be a cabinet member occupying the DL position).	£16,439.99

The SRA for a cabinet member post is £16,439.99 p/a (based on 2023/24 basic allowance rate)	
After the election, the Leader's SRA reduces from 4 x to 3.5 x the Basic Allowance at the 2023/24 rate =£32,879.98 This 0.5 reduction transfers to a Deputy Leader Post. 0.5 x £9,394.28 (2023/24 Basic Allowance rate) = £4,697.14 p/a	£4,697.14 p/a
Total:	£21,137.13
Equivalent to a 2.25 x the current Basic Allowance	
Option 2 – the Leader's SRA sacrifices a further proportion of the 3.5 x basic allowance at the 2023/24 to 3 x the 2023/24 basic allowance rate to a deputy leader post	
1 cabinet member SRA would no longer be paid (because it would need to be a cabinet member occupying the DL position). The SRA for a cabinet member post is £16,439.99 p/a (based on 2023/24 basic allowance rate)	£16,439.99
+	
0.5 x £9,394.28 (2023/24 Basic Allowance rate) = £4,697.14 p/a	£4,697.14 p/a
Total:	£21,137.13
Equivalent to a 2.25 x the current Basic Allowance	

RECOMMENDATION

3. **A new SRA for the role of Deputy Leader, at a rate of 2.25 x the basic allowance, following the 2023 local elections, in line with the commencement of the new uplifted Basic Allowances rates.**
4. **That option 1 in Table 1 above be applied to the new SRA to ensure it is introduced on a cost neutral basis.**

Text for additional clarification:

It is important to note that reviewing and making any recommendations on changes to the basic responsibility allowance was not in scope of the IRPs deliberations.

Based upon the above calculations – if recommendation 3 is accepted and adopted by Council, the following changes, in comparison to our benchmarking cohort of local authorities, would be presented.

- The new uplifted 2023/24 Basic Allowance Rates places Herefordshire as the fifth largest basic allowance rate. This is a move in three places from being the second lowest.
- The Deputy Leader SRA would be the second highest within the benchmark cohort of LAs
- The rate of 3.5 x the basic responsibility allowance for the Leader Herefordshire's position from the second highest to the third highest SRA with our comparator cohort of local authorities
- If option 2 – presented in the table above – were to be selected (where the leader's SRA would reduce further to 3 x the basic responsibility allowance) this would equate to £28,182.84 p/a. This would take Herefordshire to the fifth highest SRA within the benchmarking cohort.