

WELWYN HATFIELD BOROUGH COUNCIL
COUNCIL – 26 JULY 2022
REPORT OF THE CHIEF EXECUTIVE

MEMBERS' ALLOWANCE SCHEME

1 Executive Summary

- 1.1 This report considers the recommendations of the Independent Remuneration Panel (IRP) following the review of the Members' Allowances during 2021. This follows the Council's request in January 2020 for Officers and the IRP to carry out a comprehensive review of the Members' Allowance Scheme for the financial year 2021/22 and subsequent years.
- 1.2 The minutes and recommendations of the IRP meeting on 3 December 2021 are set out as background papers to this report (Appendix A). An informal consultation with Members, through their group leaders, took place in early 2022 to review the recommendations.

2 Recommendation

- 2.1 That Council agrees the recommendations of the Independent Remuneration Panel and approves the proposed level of Members' Basic and Special Responsibility Allowances (SRAs) as set out in Appendix B, payable with effect from 1 July 2021.
- 2.2 That the Council agree that an annual index linked adjustment to be made in line with the Consumer Price Index (CPI) (capped at 4% per annum) and applied with effect from 1 June in 2022, 2023 and 2024.
- 2.3 Note that the proposed Member Allowance Scheme would end in May 2025, with a new four-year scheme required to be developed by Officers and the IRP in 2024/25 and take effect from 1 June 2025.

3 Explanation

- 3.1 Following a successful recruitment campaign for additional independent persons to join the IRP in the summer of 2020, the new Panel was convened on 29 September 2020. Officers, under the direction of the Panel, undertook a number of desk top research projects as part of a review of the Member Allowance Scheme. This included a survey of Members in early 2021. The results of that research and Members' survey have informed the IRP's recommendations.
- 3.2 A review of allowance schemes across the country failed to produce an example or model which the council could use as a basis for setting its own allowance scheme. Officers therefore sought to build a new framework which reflected the council's locality and priorities. The IRP used the model at their meeting on 3 December 2021 to determine their recommendations for the Members' Allowance Scheme for 2021/22. Their deliberations can be seen in Appendix A.

- 3.3 Despite research, Officers could not identify why the Standards Committee Chairman SRA attracted a lower amount in comparison to the Chairman SRAs of other Committees. The IRP therefore agree to bring the Standards Committee Chairman SRA in line with the other Committee Chairman SRAs. However, the IRP noted that the Standards Committee Chairman SRA was not currently claimed, as that role was fulfilled by the Leader of the Council.
- 3.4 For Group Leaders it was agreed that their SRA should reflect their responsibility within the Council and the number of Members they were responsible for. The IRP recognised the responsibility of the Deputy Leader of the Council and determined that they too should receive an SRA which reflected the responsibility of their role and the size of the group they are responsible for. However, the IRP decided that the Deputy Leader of the Council should receive a smaller compensation, in comparison to the Leader of the Council, for the number of members they were responsible for.
- 3.5 The IRP also noted the Members' strong support for an index linked annual adjustment to allow the scheme to continue for a period lasting no longer than four years, in line with legislation.
- 3.6 Historically, the panel has proposed indices in line with the nationally agreed local government pay award, which included freezes in times of austerity. (The council has assumed a 2.5% increase for 2022/23 for the staff pay award, and subsequent year in the medium term financial strategy, although this is yet to be negotiated nationally).
- 3.7 The panel has this year recommended CPI as they felt the pay award was subject to political pressures and was not very well known by the public. They recognised CPI may be volatile and proposed a cap at 4% in any one year. The October 2021 CPI was 4.2%.
- 3.8 Again, despite research, officers could not identify why new Members' Allowance Schemes commenced on the 1 July of each year. It is therefore proposed that future Members' Allowance Schemes should commence on 1 June of each year, soon after the meeting of the Annual Council.

Implications

4 Legal Implications

- 4.1 Each council must set members' allowances in accordance with the Local Government and Housing Act 1989 and the Local Authorities (Members' Allowances) (England) Regulations 2003. Before an authority makes or amends a scheme, it has a legal duty to have regard to the recommendations made by its IRP.
- 4.2 The IRP must form at least 3 members, none of whom is a councillor of the authority nor would be so disqualified from being a councillor. The current IRP consists of 5 members who meet these criteria.
- 4.3 The council must ensure that any IRP recommendations and agreed members' allowance schemes are duly publicised in accordance with the statutory requirements. The new scheme, if agreed, will be publicised on the council's website and in one local newspaper.

- 4.4 The Local Authorities (Members' Allowances) (England) Regulations 2003, Part 3, Regulation 10, sets out the requirements for members' allowance schemes, including the ability for councils to have regard to an index for the purpose of annual adjustments of allowances. However, council cannot rely on this annual adjustment for longer than a period of four years before seeking further recommendations from the IRP.

5 Financial Implications

- 5.1 It is proposed that the level of basic allowance and special responsibility allowances (SRAs) are increased and decreased in line with the IRP recommendations.
- 5.2 As in previous years, some members hold more than one office: the scheme provides that they only receive the highest of the allowances due.
- 5.3 The budget for 2021/22 was £373,000. The budget for 2022/23 is £382,800. The proposed allowances for 2021/22 would equate to £386,000. The proposed allowances for 2022/23 would equate to £407,862.09. Should members wish to maintain allowances within existing budgets, this would equate to a reduction in proposed allowances of around 3.4% for 2021/22 and 5.6% for 2022/23.
- 5.4 The panel has recommended an annual index linked adjustment to be made in line with the Consumer Price Index (capped at 4% per annum) and applied from 1 June in 2022, 2023 and 2024. If members agree to adopt CPI as the inflationary indices, CPI indices would be taken from the October preceding the year of the uplift, to ensure this is captured adequately for budget setting purposes.

6 Risk Management Implications

- 6.1 Failure to agree the recommendations may cause the Council to have an allowance scheme which was not fit for purpose. This would likely impact the effectiveness of the Council body and may reduce the pool of Councillors available within the borough.
- 6.2 Any increase in an allowance may be viewed negatively. However, the value of the proposed Basic Member Allowance is in keeping with equivalent allowances across Hertfordshire and represents a fraction of a percent of the Council's overall expenditure. Proposed decreases to specific Special Responsibility Allowances may also be viewed as negatively if it was interpreted as a reduction in the status of a particular role.

7 Procurement Implication(s)

- 7.1 None.

8 Climate Change Implication(s)

- 8.1 None.

9 Human Resources Implication(s)

- 9.1 None.

10 Health and Wellbeing Implication(s)

- 10.1 None.

11 Communication and Engagement Implication(s)

11.1 Any new scheme will require publication in accordance with the legal requirements.

12 Link to Corporate Priorities

12.1 The subject of this report is linked to the Council's Corporate Priority "A well-run council which puts our customers first", and specifically to promoting equality and fairness and supporting our councillors so that they may better work for, and represent, local communities.

13 Equality and Diversity

13.1 An Equality Impact Assessment (EqIA) was not completed because this report does not propose changes to existing service-related policies or the development of new service-related policies.

BACKGROUND PAPERS

1. Minutes of the IRP meeting held on 3 December 2019 (Appendix A)
2. Proposed new Members' Allowances Scheme and Care Allowances to commence from 2021/22 (Appendix B)

Ka Ng
Chief Executive
July 2022