

For publication

Independent Remuneration Panel on Members' Allowances (GVO50)

Meeting:	Council
Date:	13 December 2023
Cabinet portfolio:	Governance
Directorate:	Corporate
For publication	

1.0 Purpose of the report

- 1.1 To enable Full Council to consider the recommendations of the Independent Remuneration Panel (IR Panel) following its recent review of the Members' Allowances Scheme.
- 1.2 This report was due to be considered by the Cabinet at its meeting on 12 December 2023.

2.0 Recommendations

- 2.1 That Full Council considers the report of the IR Panel and determines whether or not to approve some or all of the Panel's recommendations.
- 2.2 That Full Council considers any recommendations that the Cabinet might make following their consideration of the IR Panel report.
- 2.3 That the IR Panel's report be published in the press and on the Council website as set out at paragraph 6.
- 2.4 That a supplementary estimate to meet the additional costs outlined in para 5.1 is approved.
- 2.5 That Full Council expresses both its appreciation and thanks to the members of the IR Panel for the thorough and efficient way in which they carried out the review.

2.6 That the basic allowance, special responsibility allowances, subsistence allowance and Mayoral Allowance are updated annually in line with the annual percentage pay increase given to Chesterfield Borough Council employees (or by a percentage equivalent to that of the mean/median pay increase, in the event of a flat rate increase) as agreed for each financial year by the National Joint Council for Local Government Staff until 31 March, 2027 unless the Council has before then sought a further recommendation from its IR Panel on their application in this scheme.

3.0 Reason for recommendations

3.1 The Council's Members' Allowances Scheme must be reviewed on a periodic basis, as required by the Local Government Act 2000 and The Local Authorities (Members' Allowances) (England) Regulations 2003.

3.2 The Council has a legal duty to have regard to the IR Panel's recommendations.

4.0 Report details

This report was considered by Cabinet at its meeting on 12 December, 2023 where it was resolved that the report and its recommendations be supported and referred to Council for approval.

4.1 This report is a synopsis of the deliberations and recommendations made by the statutory Independent Remuneration Panel ('IR Panel') appointed by Chesterfield Borough Council to advise the Council on its Members' Allowances Scheme.

The IR Panel was convened in accordance with a resolution by Cabinet on 19 September 2023 (and adopted by Council on 18 October) to carry out a full review of the members allowance scheme and to report back to the Council. The Panel was given terms of reference, and asked to make recommendations on:

- The amount of Basic Allowance
- The roles for which a Special Responsibility Allowance (SRA) will be payable and the amount of such allowances;
- Any Dependent Carers Allowances
- Pensions for Members
- Arrangements for SRAs in the event of long term illness.

In undertaking the review, the Panel would be expected to take into

account:

- Allowances schemes from authorities that are comparable to Chesterfield Borough Council which may include neighbouring authorities and other councils of similar size and characteristics (Family Group).
- The views of Members, both written and oral.
- Any other consideration as directed by the Council or brought to the Panel's attention through Member representations.
- Any other matters that the Council obliges the IRP to take into account.
- The current financial constraints facing the Council and a general expectation that the recommendations will not be financially arduous.
- Ensure that the Panel operates effectively with mutual trust and in a way that secured and maintained public confidence in its impartiality.

4.2 The Panel

Chesterfield Borough Council reconvened its Panel and the following Members were appointed to carry out the independent review of allowances, namely:

Andy Watterson (Chair) - A resident of Chesterfield, and a Director of a Chesterfield-based mortgage business, who was previously a Member of the Independent Remuneration Panel for Leicester City Council.

Peter Clay - Former Banker, Retired Magistrate, Non-Executive Director NHS, Audit Chair, former Chair of Lincolnshire IRP, and a current Chair of Derbyshire County Council IRP.

Gemma Shepherd-Etchells - Legal Specialist and Law lecturer, a Magistrate, and also a Member of the Independent Remuneration Panels for Derbyshire and Staffordshire County Councils.

4.3 The Basic Allowance

The Basic Allowance set after the 2019 Review was £6,118. By 2021 it had increased to its current level of £6,396 through indexation. Thereafter, the council has taken the decision to forego further index-linked increases. Had the Council applied the recommended indexation (the 'NJC' index), it would produce a Basic Allowance of £7,017.

Benchmarking shows that the mean Basic Allowance in the Derbyshire group of comparative authorities is £6,536 and, in the Family Group Comparator

data the mean £5,822. Indicating that Chesterfield's Basic Allowance is at the upper end of the average range paid to peers.

2006 Statutory Guidance states: "*Having established what local councillors do, and the hours which are devoted to these tasks the local authorities will need to take a view on the rate at which, and the number of hours for which, councillors ought to be remunerated*". The Statutory Guidance expands on the above by breaking it down to three variables - time, public service and worth of remunerated time.

4.3.1 Time to fulfil duties for which the Basic Allowance is paid

After considering the previous benchmark of 14 hours per week, and taking into account the additional time requirements imposed by the reduction in the size of the council by 20%, from 48 to 40 members, it was deemed that the mean time commitment for councillors had increased by a similar amount, which equates to around 17 hours per week (885 hours or 110.5 days per year - based on an 8-hour working day).

4.3.2 The Public Service Discount (PSD)

This recognises the principle that not all of what a Councillor does should be paid, due to an element of public service. The normal range for public service discount is 33%-40%.

4.3.3 The rate for remuneration

According to the 2023 Office of National Statistics (ONS) Annual Survey of Hourly Earnings (ASHE - 2023), the median gross weekly salary for all full-time employee jobs within the area of the Chesterfield Borough Council was £518.80, yielding an average daily rate of £103.76. By following the methodology as set out in the 2006 Statutory Guidance with the updated variables to take into account the most recent data available, and applying a 33% Public Service Discount, suggests a Basic Allowance of £7,681.87.

4.3.4 Setting the Basic Allowance

Given the previous panel's recommendations, and the fact that the Members have forgone their annual NJC index linked increases for the past year, the Panel was minded, if at all possible, to try and find a way of increasing the Basic Allowance, if affordable in the context of the wider scheme.

The panel believed that the NJC adjusted Basic Allowance of £7,017 took no

account of the increased workload associated with the new structure of the council, and the panel wished to recognise the increased workload associated with this new structure.

However, it was felt that increasing the Basic Allowance to the £7,681.87 suggested by the 2006 Statutory Guidance was not appropriate and, therefore, sought to achieve a suitable middle ground figure which was above the NJC Indexed figure, and below this higher amount.

By applying a slightly less generous public service discount of 36% to the 2006 Statutory Guidance, resulting in 70.72 remunerated days per year, rather than 74.035 as per the 33% discount. This yielded at figure of £7,337.91, which the panel felt would be a suitable compromise, as it offers Members an increase over the NJC indexed Basic Allowance, whilst also meeting a number of the Panels guiding principles.

The Panel recommends setting the Basic Allowance at £7,337.91.

This represents a 14.7% on the current allowance paid (2021/22 rate).

4.4 Special Responsibility Allowances

The Panel reviewed the suitability of SRAs payable to various roles across the Council, gave consideration to the levels thereof, and made the recommendations set out below:

All SRAs are increased by 5.6% from their current levels.

The Panel also received testimony on a range of issues, and set out any additional recommendations below:

4.4.1 Chairs and Vice Chairs of Scrutiny Committees

The Panel heard that the scrutiny function of the Council had been reprofiled since they last met. However, whilst structured differently, the overall function, and the number of remunerated roles remained the same.

Therefore, the panel recommends that the SRAs for the Chairs and Vice Chairs be transposed to the new structure and be increased in line with the other SRAs.

4.4.2 Vice Chairs of Committees

Despite hearing testimony questioning the validity of SRAs for Vice Chairs, the panel believed that the current scheme for remunerating Vice Chairs was adequate.

However, the panel once again highlighted the anomaly of there being no SRA for the Vice Chair of the Standards and Audit Committee. Therefore, the Panel recommends that the **SRA for Chairs and Vice Chairs increase in line with the other SRAs**, and also recommends the **introduction of a Vice Chair SRA for the Standards and Audit Committee**, at a level similar to that of the other scrutiny committees (**£1,750.85**).

4.4.3 Deputy Leader of the minority political group

There was no appetite within the minority group for the re-introduction of an SRA for the post holder.

4.5 The Panel also recommends:

4.5.1 Maintaining the One SRA only rule

The Council continues to adopt an across the board 'One SRA only' rule, in that, regardless of the number of remunerated posts a Member may hold, they are only able to receive one SRA (excluding Civic Allowances).

4.5.2 Other Allowances

The conditions and maximum rates of the following allowances are maintained:

- Travel & Subsistence Allowance
- Telecommunications Allowance

However, the panel wishes to clarify the wording of the Telecommunications Allowance to ensure that Councillors are not negatively affected for using mobile phones instead of landlines.

The panel recommends that the wording be amended to: "**An allowance of up to £10 per month towards telecommunications charges incurred by Members (paid by monthly instalments)**".

4.5.3 The Dependents' Carers' Allowance (DCA)

The panel heard that the current scheme did not come close to meeting the costs associated with arranging care for dependents whilst undertaking their duties.

Having reviewed details of the costs incurred by some members and considered the rates of DCA paid by other Authorities, the panel agreed that an increase in the **DCA to £15 per hour**, whilst not meeting the demonstrated costs in their entirety, would lessen the financial impact to those concerned.

4.5.4 Mayoral Allowance

The Panel were informed that, whilst the Basic Allowance and SRAs had been frozen since 2012/22, the Mayoral Allowance had continued to be indexed, and had already been increased for the 2023/24 financial year. Therefore, the panel recommends that the **Mayoral Allowance remains at its current level.**

4.6 Arrangements for long term illness of a Committee Chair

The Panel heard that there was currently no provision for extending SRAs to a Member if covering the responsibilities of another when they were unable to perform their duties for a prolonged period due to serious illness.

Following consideration, the Panel felt that the existing provisions of the Members' Allowances Scheme did not address the issue being raised, and it may discourage councillors from stepping forward to cover a colleague's duties.

The Panel was informed that there was already a mechanism in place, whereby Members with a prolonged leave of absence due to illness can apply to the Council for an exemption from the triggering of a by-election due to non-attendance (Section 85(1) of the Local Government Act 1972) and felt that this exemption could be adopted as the triggering event for SRA Cover eligibility.

The Panel recommends extending an SRA to any Member, whilst substituting for another Member, whilst on long term illness, under the following conditions:

- **It is only applicable when the above illness exemption has been applied.**
- **It is limited to the duration of the illness or the period of substitution, whichever is shortest.**
- **The One SRA only rule will apply.**

4.7 Confirmation of Indexing

The following allowances are indexed for 4 years from 2023/24 to 2026/27, the maximum period permitted by legislation, without reference to the Panel as follows: Basic Allowance, SRAs, Subsistence and Mayoral Allowances.

Updated annually in line with the annual percentage pay increase given to Chesterfield Borough Council employees (and rounded to the nearest £, as appropriate) as agreed for each year by the National Joint Council for Local Government Staff.

The panel recommends that, where a flat rate increase is applied to Council staff, that these **Allowances be increased by a percentage equivalent to the increase in the annual salary of the average council employee.**

4.7.1 Dependants' Carers' Allowance

The panel suggests that the Dependants' Carers' Allowance rises in line with the Basic Allowance and SRAs.

4.8 Terms of Reference

The current IRP Terms of Reference still includes the review of pensions for Members. Due to the withdrawal by Government in 2014 of the ability of Members to participate in the Local Government Pension Scheme (LGPS) means that Members now have to make their own pension provision. Therefore, the Panel **recommends the removal of this element of the Terms of Reference.**

4.9 Implementation

The new scheme of allowances based on the recommendations contained in this report is adopted from **1 April 2023** or any date thereafter as agreed by the Council.

5.0 Alternative options

5.1 *Details of alternative options considered and why they are not being recommended.*

6.0 Implications for consideration – Financial and value for money

- 6.1 The Local Government Boundary Commission completed a review of electoral arrangements for Chesterfield Borough Council in 2022/23. This included a reduction in Council Size from 48 members to 40, which was applied from the borough election in May 2023. This reduction in Council Size led to a saving of £51,168 in basic allowances (8 x £6,396 based on 2021 allowance figures).
- 6.2 Following the borough election, changes were made to Cabinet size with the deletion of two Assistant Cabinet Members roles. Each of which, if utilised would receive a special responsibility allowance of £4,066.
- 6.3 It was, however flagged at this time that the IRP be meeting again after the borough election and as the members allowances had not increased since 2021/22, it is likely that there will be some increased scheme costs from 2024/25.
- 6.4 The IRP recommendations will increase the members allowance costs by £55,234 for 2024/25. This is however, in line with forecasts due to similar rises in employee costs. The recommendation revised scheme gives clarity around future annual rises and the link to employee pay increases which is helpful for financial planning.

7.0 Implications for consideration – Legal

- 7.1 The Council's Members' Allowances Scheme must be reviewed on a periodic basis, as required by the Local Government Act 2000 and The Local Authorities (Members' Allowances) (England) Regulations 2003.
- 7.2 The Council has appointed a panel to conduct the review and has a legal duty under the above regulations to have regard to the IR Panel's recommendations.

8.0 Implications for consideration – Human resources

- 8.1 There are no specific impacts relating to human resources.

9.0 Implications for consideration – Council plan

- 9.1 The role of Elected Member is key to ensuring the community needs, aspirations and views are taken into account during the development of the Council Plan. Elected members approve the Council Plan at Full Council and regularly monitor and challenge progress via Cabinet and Scrutiny Select Committees.

10.0 Implications for consideration – Climate change

10.1 There are no specific Climate Change impacts, however having a fit for purpose members allowance scheme enables members to effectively contribute to the Climate Change agenda.

11.0 Implications for consideration – Equality and diversity

11.1 Equality analysis has been a key consideration during the development of the scheme. A full Equality Impact Assessment has been developed. Enhanced provisions around sickness, ill health and disability are positive impacts as is the increase in dependant carers allowance. The overall scheme helps to attract a more diverse range of potential elected members by providing fair remuneration and increased support.

12.0 Implications for consideration – Risk management

Description of the Risk	Impact	Likelihood	Mitigating Action	Impact	Likelihood
Inadequate remuneration and support limit diversity of potential candidates for elected members roles and this can adversely effect community representation and decision making.	M	H	Benchmarked, independently assessed scheme developed to provide fair remuneration. Increased dependant carer allowance and new provisions around sickness.	M	M
Unsustainable scheme costs.	H	M	Benchmarked, independently assessed scheme developed to provide fair remuneration. Future rises clearly linked to employee wage increases, enabling sound financial planning. Increased costs are inline with forecasts.	M	L

Decision information

Key decision number	<i>All key decisions must be in the Forward Plan at least 28 days in advance. There are constitutional consequences if an item is not in the Forward Plan when it should have been. Contact Democratic Services if in doubt.</i>
Wards affected	

Document information

Report author	
<i>Name, job title and directorate of the report author. Where possible the report author should be encouraged to attend Cabinet with Service Director support where appropriate.</i>	
Background documents	
These are unpublished works which have been relied on to a material extent when the report was prepared.	
<i>This must be made available to the public for up to 4 years.</i>	
Appendices to the report	
Appendix 1	IRP Report
Appendix 2	EIA