

<b>Committee:</b>	Council	<b>Date:</b>
<b>Title:</b>	Member Allowance Scheme Review 2022-23	Tuesday, 7 December 2021
<b>Report Author:</b>	The Independent Remuneration Panel: Diane Drury (Chair), Linda Riley and Melissa Challinor; assisted by Ben Ferguson, Democratic Services Manager <a href="mailto:bferguson@uttlesford.gov.uk">bferguson@uttlesford.gov.uk</a>	

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## Summary

1. The Council is required to maintain an Independent Remuneration Panel to make annual recommendations as to the level of the Basic Allowance and the type and level of Special Responsibility Allowances (SRAs).
2. In making a scheme of allowances, the Council is required to have regard to the recommendations of an independent panel but is not bound by them.
3. This report sets out the recommendations of the Independent Remuneration Panel for the Members' Scheme of Allowances for the year 2022/23.

## Recommendations

That the Council:

- a. Adopts the recommended scheme of allowances for the year 2022/23 as set out in Appendix A to the report, effectively increasing the current level of basic allowance and all existing special responsibility allowances (SRAs) by 1.75%.
- b. Notes the Panel's recommendation to introduce a collective Special Responsibility Allowance for Portfolio Holders in 2023/24. Details of the amended SRA will be presented to Council in December 2022.

## Financial Implications

4. There would be additional cost to the Council due to the 1.75% increase in the level of the basic and special responsibility allowances. The estimated cost of implementing this rise is an increase of £4,711.83. Provisionally, this has been included within the General Fund budget subject to Council approval in February 2022.

## Background Papers

5. [Local Government Association – National Councillor Census 2018](#)

## **Impact**

Communication/Consultation	All district councillors were invited to complete a survey and six members addressed the Panel.
Community Safety	None
Equalities	None
Health and Safety	None
Human Rights/Legal Implications	None
Sustainability	None
Ward-specific impacts	All wards
Workforce/Workplace	None

## **Situation**

### **The Independent Remuneration Panel**

6. The Panel this year consists of, Diane Drury (Chair), Linda Riley and Melissa Challinor.
7. In conducting its appraisal, the Panel paid special regard to the workload of Members in the current climate, including external responsibilities related to employment and caring duties, and what role the Allowance played, if any, in attracting prospective councillors to stand for local government. The Panel also wish to record its gratitude to Members who contributed to the review process this year.

### **Summary of Review**

8. Therefore, the Independent Remuneration Panel's starting point this year was to ask three key questions in relation to the review:
  - a. What weight should be attached to the basic allowance in terms of its influence on encouraging people to enter public life?

- b. Whether the basic allowance is commensurate with workload, compared with the national average?
  - c. Whether employment or caring responsibilities prohibit/deter people from standing as a district councillor?
- 9. As in previous years, the Panel were mindful of the [Local Government Association's National Councillor Census](#), the latest of which was undertaken in 2018. The questions asked in the survey were drawn from the 2018 census to allow comparison with the most recent nation-wide statistics.
- 10. A voluntary survey was circulated in August 2021 and has been attached as Appendix B.
- 11. Fifteen responses were received and results to the survey were anonymised before being presented to the Panel. As fewer than half of members responded, the Panel exercised caution in giving weight to the answers received. However, as a general indicator of member views the following points were considered:
  - Members entered public life for personal, political and social reasons – 100% of responses said they had entered public life in order to serve the local community.
  - Overall, the average number of hours spent on council work was comparable with the national average of approximately 26 hours per week.
  - In terms of employment circumstances, only 6.6% of respondents were in full-time employment. This contrasts with 16.2% nationally.
  - The survey results suggest that UDC has fewer members with caring responsibilities than the national average (20% compared with 36.1% nationally).
- 12. The Panel also instructed officers to setup a number of interviews following the completion of the survey. It was felt that a direct method of enquiry was required to ascertain Members' views on how much the Allowances Scheme factored into the thinking of prospective councillors, and whether more could be done to attract those in employment and/or with caring responsibilities. Furthermore, the Panel took this opportunity to garner views on the minority Opposition Group Leaders' Allowance and Portfolio Holder Allowance, and whether any changes to these scheme were warranted.
- 13. The IRP asked four questions of each interviewee. The questions were:
  - a. The survey results suggest that people enter public life for personal, social and political reasons. Do you feel that the Members' Scheme of Allowances i.e., financial considerations, has any bearing on people when they are thinking of standing as a councillor?
  - b. Did additional personal or professional commitments, such as child-care and full-time employment, deter you from standing for Council at any point? Could the Council, with particular attention paid to the Members' Scheme of Allowances, have done more to attract potential councillors with such commitments?

- c. During the previous review we suggested that the Special Responsibility Allowance for Portfolio Holders be disregarded as an individual allowance due to the budgeting risk of having anywhere between 2 and 10 cabinet members. Instead, a Portfolio Holder ‘pot’ could be established, in readiness for incoming councillors following the 2023 election, and shared between cabinet members, regardless of the numbers in Cabinet, to ensure that the Members Allowances’ Scheme can be accurately budgeted for, and any financial risk mitigated against. Considering the responsibilities held by Portfolio Holders, do you feel this is fair? If not, why not?”
  - d. A similar budgetary issue has emerged with Opposition Group Leaders. Before 2019, there were only 3 Groups in Council. The Council now has 5 Groups, but earlier in 2020, there were 6. In a similar vein to the Portfolio Holder question, do you feel it would be fair to have a collective ‘pot’ for opposition group leaders, or should the individual allowance remain? Please explain your reasoning.
14. All Group Leaders were invited to attend, as well as a number of members who had completed the survey. Councillors Lodge, Pavitt, Smith, Khan, Lees and Emanuel accepted the invitation and a range of answers were given. Councillor Caton also provided a written response to the questions. The Panel were mindful of the varied and subjective nature of the responses but felt that a number of common themes were raised. In summary:
- a. Financial considerations and, by extension, the Members’ Allowances Scheme, had little to no bearing on the deliberations of councillors when thinking of standing for election, corroborating the results of the survey. However, a reoccurring theme to these discussions was the observation that younger people were more likely to be in employment but less likely to be financially secure and, owing to the amount of time and dedication it took to be a councillor, would potentially be more mindful of financial considerations.
  - b. There was general agreement that being a councillor was very time consuming and balancing these duties with work or caring responsibilities was extremely difficult. It was suggested that the Caring Responsibility allowance be better advertised to prospective councillors, via the political Groups, but it was also acknowledged that people with young children might delay standing for election until they were older.
  - c. A number of Members raised the sentiment that claiming expenses was politically discouraged and it was difficult to say councillors deserved to be paid more in the current climate.
  - d. In regard to the SRAs relating to Portfolio Holders and Opposition Group Leaders, there were a range of views on the proposal to establish a collective monetary pot rather than continuing with the current approach of individual allowances. Some felt individual payments should be made based on performance, or the degree of responsibility held by the Member for the purposes of best value e.g. Opposition Leaders to receive an allowance in accordance with the number of members in their Group. Others felt that establishing a collective pot was sensible from a budgetary and/or best value

perspective. With specific reference to the Opposition Group Leaders' Allowance, another view raised was that budgetary factors should not constrain the plural nature of democracy and the individual allowance should remain.

### **Basic Allowance**

15. The aim of the payment of the basic allowance is that some element of the work of members continues to be voluntary but that financial recompense is available to elected members to avoid a disincentive for anyone wishing to come forward to serve their local community.
16. In comparison to comparable and neighbouring authorities, the Council's proposed scheme continues to be roughly the average of what is offered elsewhere. The same Local Authorities have been used to ensure the benchmarking exercise is consistent with previous years. This has been attached as Appendix C.
17. In previous years, the Panel has recommended increases which reflect the local government staff pay award, although this link has not been formalised to maintain flexibility in determining the appropriate level of the allowance in future years. Currently, there is no staff pay award for 2021-22 although negotiations are ongoing and an offer of 1.75% has been rejected by the Unions.
18. The Panel were mindful of the Consumer Price Index (CPI) 12-month inflation rate for [September 2020- September 2021 was 2.9%](#).
19. The Panel considered the question of raising the Basic Allowance and felt that a rise of 1.75% was justified. The following factors contributed to their decision:
  - a. The economic climate was uncertain but inflation had increased to 2.9% compared to the previous year's increase of 0.7%. The Panel were mindful of keeping pace with the rate of inflation and, having frozen the Basic Allowance last year, a higher percentage increase in future years would be undesirable. The Panel felt that whilst the Basic Allowance appeared to play little part in the deliberations of prospective Members standing for office, it certainly should not be a barrier or disincentive, and a modest rise was warranted.
  - b. Whilst a staff pay award had not been confirmed, the latest offer of 1.75% should be reflected in the Basic Allowance and SRA calculation.
  - c. The Panel had considered the number of meetings in comparison to previous years, as well as the results of the Member survey and comments made during the interviews, that had provided an indication of the average number of hours worked as a councillor at UDC, and felt a successive 'freeze' of the allowance was not conducive with the principle of fair recompense for elected Members.

## **Special Responsibility Allowances (SRAs)**

20. The Panel focused on two particular SRAs, as referenced in the previous year's report; the Portfolio Holders SRA and the Opposition Group Leaders' SRA.
21. The Portfolio Holder's SRA – in 2019, the Cabinet increased from five members to the maximum of ten. Since this time, Cabinet members have voluntarily agreed to a 45% reduction in their allowance (£3,468.00 claimed per Portfolio Holder; they were entitled to £6305.45). As signposted during the previous review, the Panel felt this required examination, with any changes to be implemented in the lead up to the next scheduled district election in May 2023.
22. The Panel have considered introducing a collective Portfolio Holders 'pot' that would be divided between Portfolio Holders, rather than the existing individual SRA. The Panel were asked to give further thought to this approach; firstly, did the Panel feel that a change was justified? If so, what would constitute the 'pot' i.e. would the monetary value of the collective SRA be the equivalent of five individual Portfolio Holder allowances? Secondly, and if a pot was to be established, should the pot be divided equally between Portfolio Holders, or should the pot be apportioned by the Leader as they wish?
23. The Panel have concluded that a collective Portfolio Holders' pot should be established. Under the current scheme, the total annual cost of this SRA could be anywhere between £12,610.90 (for the minimum of two Cabinet Members) and £63,054.50 (for the maximum of ten Cabinet Members). The Panel felt that the collective workload of Cabinet would largely remain the same and therefore a collective SRA should be established.
24. However, as previously stated, any changes would not come into effect until May 2023. That being the case, this report recommends that Council note the IRP's intention to propose this change during next year's review. Group Leaders, current Portfolio Holders and members will be consulted and the precise details of the SRA will be brought to Council for Members' approval in December 2022.
25. In a similar vein, the Panel considered proposing a collective Opposition Group Leaders' Allowance that would be divided between Group Leaders of minority opposition groups, rather than the existing individual SRA.
26. The Panel considered this SRA and felt a change was not justified. Unlike the Portfolio Holder allowance, whereby a ruling Group or Groups would only be affected, this could impact upon the wishes of the electorate in the event that a more politically diverse council was elected.

## **Looking forward**

27. The Panel ask that the Carers' Allowance be more widely advertised in the lead up to the 2023 local elections. It is proposed that the Members' Allowance Scheme, with specific attention paid to the Carers' Allowance, be shared with Group Leaders in the lead up to the nomination process, and that prospective councillors be explicitly made aware of the said scheme.

28. The Panel intend to bring proposals regarding the Portfolio Holders' SRA to Council during next year's review. This proposal will include details on the total amount of the collective pot and how it is to be allocated to each Portfolio Holder.
29. The Panel note that £1,618.45 had been claimed on travel and mileage expenses in the financial year to date. This is in contrast to 2019-20 when £8,597.22 was claimed and to 2018-19 when £9796.37 was claimed. This could suggest that the roll-out of remote meeting technology has reduced travel movements, or that behaviour has been modified during the pandemic, but this trend will be monitored by the Panel in future years.
30. Melissa Challinor, who has been an IRP member since 2018, has completed her term and will be leaving the Panel at the end of this review. The Democratic Services Manager would like to put on record his thanks to Mrs Challinor for her commitment and dedication to each review.

### Risk Analysis

Risk	Likelihood	Impact	Mitigating actions
That member allowances do not continue to be set at a realistic level reflecting duties undertaken, which may deter future prospective councillors	2 – allowances paid to elected members do not reflect the time commitment and level of responsibility demanded	3 – the Council may not be able to attract a diverse range of councillors that reflect the makeup of the community they serve.	Adoption of suitable levels of allowances taking account of relevant commitment and responsibility of members

1 = Little or no risk or impact

2 = Some risk or impact – action may be necessary.

3 = Significant risk or impact – action required

4 = Near certainty of risk occurring, catastrophic effect or failure of project.