



# NORWICH City Council

**Committee name:** Council

**Committee date:** 30/01/2024

**Report title:** **Members Allowances 2023-24: Independent Remuneration Panel recommendations**

**Portfolio:** Councillor Kendrick, Cabinet member for resources

**Report from:** Head of legal and procurement

**Wards:** All Wards

## **OPEN PUBLIC ITEM**

### **Purpose**

The purpose of this report is to seek members agreement to the increase in members allowances for 2023/24, based on the recommendations of the Independent Remuneration Panel

### **Recommendation:**

It is recommended that members adopt the proposal of the Independent Remuneration Panel to increase all members allowances by 5.17% for 2023/24, to be backdated to 1 April 2023

### **Policy framework**

The council has five corporate priorities, which are:

- People live independently and well in a diverse and safe city.
- Norwich is a sustainable and healthy city.
- Norwich has the infrastructure and housing it needs to be a successful city.
- The city has an inclusive economy in which residents have equal opportunity to flourish.
- Norwich City Council is in good shape to serve the city.

This report meets the Norwich City Council is in good shape to serve the city priority.

## Report details

1. The current scheme of allowances for Norwich City Councillors was agreed in January 2021. The next full review of the allowances scheme will therefore need to take place by January 2025.
2. In their 2021 review, the Panel considered that “the current system of linking future increases to staff salary levels should continue and the index should then be applied for the maximum allowable period of four years.” This approach ensures that there is parity between councillors and staff, recognising the contribution they both make to the authority, and can also be helpful in avoiding larger uplifts to councillor allowances when the formal review is undertaken every 4 years.
3. Last year (2022/23) the pay settlement for staff was a £ value figure, rather than a % figure. As a result, specific consideration needed to be given to the pay increase for members allowances, as the £1925 per staff member could not be applied to Councillors. The remuneration panel recommended councillor allowances be increased by 5.6%, being the median rate of staff salary increase, and this was adopted by Council.
4. As part of its recommendations, the Panel suggested the Council consider bringing forward the next full review of the members allowances scheme. Whilst this was considered, given the ongoing uncertainty over the economic outlook and inflation forecasts, as well as the constitution review the Council is beginning which could alter roles and responsibilities, it was felt sensible to again undertake an interim review this year, and hold back the full allowances review until autumn as originally scheduled.
5. Ahead of the full review in Autumn, the composition of the remuneration panel will need consideration, as two members are temporary and ideally the panel should comprise 4 members minimum. Council delegated the Monitoring Officer to appoint members to the panel in January 2022.

## Current situation

6. In local government, most staff salary increases are established and agreed with the National Joint Council (NJC) – this is a group of key trade unions who agree rates in negotiation with local government representatives (a small number of Councils have opted out of this approach and reach a local settlement). In the past, the NJC have usually settled with a % figure (often 1% or 2%), and thus it is relatively straightforward to apply the same % increase given to staff salaries to Councillor allowances.
7. For 2023/24, the NJC have derived a split figure; the majority of staff on the main pay scales have received £1,925 per staff member. However, staff on higher pay scales, generally those at a more senior manager level and above, received 3.88%
8. Again, as the pay settlement across the majority of staff was not a single % figure, it could not be neatly applied to Councillor allowances and therefore the remuneration panel undertook a review of allowances.

## The remuneration panel

9. The Panel consisted of:

- a. Philip Hyde (chair), a solicitor with significant experience in local government, including being a former employee of Norwich City Council
- b. Gill Bannister, a CQC bank inspector and former Audit Commission inspector
- c. Clare Whelan OBE DL, a former London Councillor and local government advisor

10. The Panel met on 11 January 2024 to consider their recommendations.

## Panel deliberations

11. The panel considered a range of options, as set out in the table below. It should be noted that again it was considered an increase was acceptable given ongoing increases in the cost of living, and the panel considered data relating to comparative councils which demonstrated to their satisfaction that the allowances being received by Norwich City Councillors overall was not disproportionate to the size of the Council or its local population.

Option	Merits
Increase Councillor allowances by the same median rate as the increase awarded to the majority of staff. The majority of staff were awarded £1,925; the median for those staff is 6.35% and the mean 6.38%	The current allowances scheme expects that each year, Councillor allowances increase at the same rate as the increase awarded to the majority of staff. This is to maintain a sense of proportionality and fairness between allowances, recognising both parties make a contribution to the effective running of the Council. The option of using the median salary rate maintains this principle in the scheme and ensures equitable increases across all Councillor allowances.
Increase Councillor allowances by the same median rate as the increase awarded across all staff. Across all staff, the median increase is 5.17% and the mean 5.6%	This would be the same principle as adopted by the remuneration panel last year. This ensures equitable increases across all Councillor allowances, and ensures parity between all staff and Councillors.
Increase Councillor allowances by the same rate as awarded to senior staff, i.e. 3.88%	Councillors are responsible for setting the strategy direction of the Council, as well as the most significant decisions that it believes should be made by Councillors, rather than staff. With that in mind, there is the option of using the 3.88% awarded to senior staff, who also hold significant responsibility in the organisation.

	However, Councillors may feel this doesn't adequately reflect the totality of what they do in terms of ward work, supporting residents, rather than decision making.
Increase the rate by a set amount, nominally £450	The adopted NJC approach for the year for the majority of staff is to increase staff allowances by a fixed amount, namely £1,925. Increasing basic allowances by a £450 amount would maintain the same principle adopted by NJC (this would represent a 6.5% increase in the basic allowance) This approach was discounted last year as different nominal rates would need to be established for special responsibility allowances, which could create a complex picture.
Increase the rate by the rate of inflation	This is particularly challenging due to fluctuations in the rate of inflation and the different ways of measuring this. The Panel did not feel this could be reliably used.

12. Based on their considerations, the panel felt an increase of 5.17%, the median rate of increase of all staff, would be the fairest rate to increase allowances by, maintaining equity between all staff and Councillors, and is consistent with the position taken by the panel last year.

13. The panel also considered the recommendations in the context of the Council's budget and whilst it is slightly higher than the budgeted 4%, it can still be accommodated within the overall budgetary envelope.

14. In addition to the consideration above, the panel also noted that a full review of the scheme is required by January 2025. The panel noted that there is a significantly higher proportion of Councillors receiving special responsibility allowances at Norwich compared to other Councils, and this may need to be an area of focus for the next review.

### **Consultation**

15. The recommendations in this report, and the report itself, have been subject to consultation with the Independent Remuneration Panel. All group leaders have been informed of the panel's conclusions and offered opportunity to raise concerns.

### **Implications**

#### **Financial and resources**

16. The current forecast outturn for members allowances as at Q3 is £441,575. A further budgetary increase of £5,484 will need to be made to accommodate the

5.17% proposed increase. This can be accommodated within the Council's budget.

## Legal

17. In preparing its scheme of allowances, the Council must comply with the Local Authorities (Members Allowances) (England) Regulations 2003. These make provision allowing authorities to consider indexation of their rate of allowances and allow for authorities to make amendments to their schemes during the year, the effect of which can be backdated to the start of the financial year.

## Statutory considerations

Consideration	Details of any implications and proposed measures to address:
Equality and diversity	Initial assessment has indicated that due to the specific nature of the increase proposed, a formal equality impact assessment is not required
Health, social and economic impact	None
Crime and disorder	None
Children and adults safeguarding	None
Environmental impact	None

## Risk management

Risk	Consequence	Controls required
If an increase is not recommended, this may deter Councillors or people from standing	This may reduce the amount of people attracted to the role of Councillor or who could afford to fulfil the role of Councillor	Review of the overall rate of allowances paid by the Council; as above, if no increase is recommended an equality assessment may be required
Councillors do not agree the recommendations put forward by the panel	Councillors would be required to consider their own increase, or, if no increase can be agreed, none would be awarded.	Ensuring there is a clear rationale Councillors have the right to put forward alternatives

## Other options considered

18. As set out in this report, several options were considered by the panel.

## **Reasons for the decision/recommendation**

19. In line with the members allowances regulations, members of the Council receive an allowance in recognition of the role they undertake. Allowances are generally modest, and whilst they do not reflect a salary, should be sufficient to enable Councillors to perform the role.

20. **Background papers: None**

**Appendices: None**

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