



# NORWICH City Council

**Committee name:** Council

**Committee date:** 31/01/2023

**Report title:** Report of the Independent Remuneration Panel

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

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

**Wards:** All wards

## OPEN PUBLIC ITEM

### Purpose

This report sets out the recommendations of the Independent Remuneration Panel with regards to the increase in Councillor Allowances for the 2022/23 financial year.

### Recommendation:

It is recommended by the Independent Remuneration Panel to:

- a) All Councillor allowances are increased by 5.6%, being the median increase in staff pay, to be backdated to 1 April 2022;
- b) Council considers the alternative recommendations assessed by the Remuneration Panel and whether it would have a preference for adoption of an alternative rate;
- c) Council recommends for officers to liaise with group leaders and the members of the Independent Remuneration Panel on whether a full review of the scheme of allowances should be undertaken prior to January 2025

It is also recommended for the Head of Legal and Procurement be delegated to appoint at least 4 permanent members of the Independent Remuneration Panel

### 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. 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. However, for 2022/23, the NJC has determined a rate of £1,925 to be applied to all salary increases.
4. Applying the £1,925 uplift to the basic councillor allowance would result in councillors receiving a near 30% uplift, significantly more than the staff average increase, and would result in some special responsibility allowances more than doubling.
5. The Council is not alone in this challenge – many other Councils have adopted the approach of increasing councillor allowances in line with the NJC rate and now need to determine how to approach allowance increases for the current financial year.
6. The NJC settlement was reached in November, and for staff this was then backdated to April 2022. Councillors have continued to receive remuneration at the rates set for 2021/22.
7. The Independent Remuneration Panel have been requested to assess the most appropriate rate to apply for councillor allowances for 2022/23.

## **The Panel**

8. Unfortunately, two members of the Norwich Independent Remuneration Panel were unable to take part in the review. However, we were grateful that two members of the Norfolk County Council Independent Remuneration Panel were able to step in to assist the current review. The County Council Remuneration Panel have recently concluded a review, which is due to be presented to the County Council, and as such have very recent experiences of such considerations.

9. The Panel therefore consisted of:

- a. Kate Money (Chair), a Trustee and former Chair of Age UK Norwich
- 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 16 January to deliberate the single issue.

### Considerations of the Panel

11. The Panel considered a range of options. The following two options were discounted by the panel:

12. **To not increase Councillor allowances.** The Panel recognised that Councillors are not immune from the cost of living crisis and it would be unfair for staff salaries to increase but Councillor allowances to remain static. As a result, the Panel discounted this option.

13. **To increase Councillor allowances by the rate of inflation.** The Panel reviewed relevant inflation rates; in April 2022, CPI was at 7.8%. The most recent published figure at the time of the panel meeting was 9.3%. The panel were concerned that increasing at this level would leave Councillors receiving significantly higher increases than staff, and were also mindful that it may be difficult for Councillors and the public to accept such increases.

14. The Panel then considered in detail 3 specific options. Whilst the panel are recommending option 1 below, they are mindful that Councillors may wish to adopt a different amount and therefore have set out the arguments in respect of these as follows:

Option	Merits
1. Increase Councillor allowances by the same median rate as the increase in staff allowances. The Council's HR team have confirmed that the median rate of staff salary increases is 5.6%	<p>The current allowances scheme expects that each year, Councillor and staff allowances should rise at the same rate. 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.</p> <p>The option of using the median salary rate maintains this principle in the scheme and ensures equitable increases across all Councillor allowances. The Panel noted that several other authorities were looking at adopting the median rate for their increases this year.</p>
2. Increase the basic rate by a set amount, nominally £400	<p>The adopted NJC approach for the year is to increase staff allowances by a fixed amount, namely £1,925. Increasing basic allowances by a £400 amount would maintain the same principle adopted by NJC (the Panel confirmed this would represent a 5.8% increase in the basic allowance)</p>

	The panel considered this approach has significant merits albeit recognised it was problematic when considering the Special Responsibility Allowances, which would not rise in this approach; on balance, the panel felt option 1 was therefore more logical.
3. Increase the basic rate by 4.04%	<p>The NJC settlement of £1,925 also includes a separate increase for special allowances of 4.04%. These special allowances relate to items such as London uplifts and standby allowances and it is understood that some London authorities are looking to use the 4.04% as the Councillor increases this year.</p> <p>The 4.04% was based on what was the expected national median increase in salaries that the £1,925 represented. However, as above, £1,925 in Norwich represents a 5.6% uplift in salary.</p> <p>The panel recognised that this rate was established for specific types of allowances, and thus should not be seen as the default basis for members allowances. Given the basis for the rate is the median nationally, which does not equate to the local situation in Norwich, this option was discounted.</p>

15. In undertaking their work, the Panel noted that the last full review of the Norwich City Council allowances scheme was adopted by Council in January 2021, and therefore would not be due for review until January 2025. The panel heard that officers are already considering the timing of the next review and the potential this may be undertaken earlier in 2024, given the next general election may not be called until the latest possible date (being January 2025) and the desire to avoid undertaking the panel review at the same time as operating a general election.

16. The panel highlighted that the general economic situation may mean that it is prudent to undertake a full review of the allowances scheme at an earlier stage than originally planned. In particular, the panel expressed the view that if a similar problem arose in relation to the increases for the 2023/24 year it would be preferable to undertake a full review rather than introduce another one-off arrangement. With this in mind, the panel has requested a further recommendation be made for officers to work with the panel and group leaders to determine the date of the next full review.

### **Further Recommendation**

17. Whilst not part of the work of the Independent Remuneration Panel, given their recommendation relating to the timing of the next full review of the scheme of allowances, it is felt prudent at this stage to ensure that the Independent Remuneration Panel is fully appointed to on a permanent basis.

18. At present, the panel has the statutory minimum of 3 members, which can present challenges if members are unable to attend. It is therefore recommended to delegate authority to the Head of Legal and Procurement to

confirm whether the current panel members wish to retain their appointment, and then make arrangements to permanently appoint to the panel so that there is at least 4 members.

## **19. Consultation**

20. The Local Authorities (Members Allowances) (England) Regulations 2003 require that the Independent Remuneration Panel reports to Council on its recommendations regarding Councillor Allowances. The Council has a duty to take its views into account when determining the level of allowances.
21. Group leaders were asked to provide their views to the panel ahead of its meeting on behalf of their groups.

## **Implications**

### **Financial and resources**

Any decision to reduce or increase resources or alternatively increase income must be made within the context of the council's stated priorities, as set out in its Corporate Plan 2022-26 and budget.

22. As part of the Council's budget setting process, the 2022/23 budget for Councillor allowances was increased by 3.25% to £400,329.
23. The current forecast outturn is £431,041; this is based on the proportion of councillors able to claim special responsibility allowances being slightly higher than anticipated and because from November, recognising the pay award for staff, the Democratic Services team have forecast a 5.35% pay award to councillors.
24. As such, the proposal to increase allowances to 5.6% will have a £1,000 impact on the current forecast 2022/23 out-turn.
25. Any increases above this level will result in an approximate £4,000 impact for each additional 1%.
26. The longer-term impact will be adjusted for in the future MTFS projections

## **Legal**

27. 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**

<b>Consideration</b>	<b>Details of any implications and proposed measures to address:</b>
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

<b>Consideration</b>	<b>Details of any implications and proposed measures to address:</b>
Health, social and economic impact	None
Crime and disorder	None
Children and adults safeguarding	None
Environmental impact	None

### **Risk management**

<b>Risk</b>	<b>Consequence</b>	<b>Controls required</b>
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 accept the recommendations of the Panel	This may lead to Councillors adopting an alternative approach	Careful consideration by the panel, including review of evidence and taking into account the views of Councillors which is set out in this report.

### **Other options considered**

28. The options considered by the independent remuneration panel are considered in this report. Whilst Councillors may elect to propose an alternative rate, this would require further consideration particularly in relation to its financial impact.

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

29. As set out above, the current scheme of allowances provides for Councillor remuneration to rise at the same rate as staff. This cannot be applied fairly for the 2022/23 financial year, and as such it is necessary to consider an alternative approach.

**Background papers: None**

**Appendices: None**

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