

Report to Council
26 January 2021
Report of Interim director of resources
Subject Members allowances scheme

Item

8

Purpose

To consider the recommendations of the independent panel set up to make recommendations on the members allowances scheme as required by the Local Authorities (Members' Allowances) (England) Regulations 2003.

Recommendation

To consider the recommendation of the independent panel to retain the current scheme of members' allowances, as detailed in the panel's report.

Corporate and service priorities

The report helps to meet the corporate priority a healthy organisation

Financial implications

The recommendations are to continue with the current scheme of allowances, therefore the budget for this has already been built into projections.

Ward/s: All Wards

Cabinet member: Councillor Kendrick - Resources

Contact officers

Annabel Scholes, interim director of resources and S151 01603 213426

Stuart Guthrie, democratic and elections manager 01603 989389

Background documents

None

Report

Background

1. The Local Authorities (Members' Allowances) (England) Regulations 2003 states that it is for the council to decide its scheme of allowances and how much the allowance should be.
2. The council is required to establish an independent panel to review and provide advice on the scheme. Council must have regard to this advice when making recommendations on the allowances scheme.

Review by independent panel

3. An independent panel undertook a full review of the council's members allowance scheme in 2016 and the recommendations were agreed at council and implemented in March 2017.
4. Under the relevant legislation, a full review of member's allowances must be undertaken every four years by an independent panel. Council must agree a scheme of allowances and give regard to the recommendations of the panel.
5. The current independent panel's report is attached at appendix A to this report and details the considerations it made when forming the recommendations to council.
6. Members are asked to consider the report and the recommendations in order that a new member's allowance scheme can be implemented from 1 April 2021.

Integrated impact assessment



NORWICH
City Council

The IIA should assess **the impact of the recommendation** being made by the report

Detailed guidance to help with the completion of the assessment can be found [here](#). Delete this row after completion

Report author to complete

Committee:	Council
Committee date:	26 January 2021
Director / Head of service	Director of resources
Report subject:	Members allowance scheme
Date assessed:	1 December 2020

	Impact			
Economic (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Finance (value for money)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	As the recommendations are to continue with the current scheme of allowances, the budget for this has already been built into projections.
Other departments and services e.g. office facilities, customer contact	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
ICT services	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Economic development	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Financial inclusion	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Social (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Safeguarding children and adults	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
<u>S17 crime and disorder act 1998</u>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Human Rights Act 1998	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Health and well being	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

	Impact			
Equality and diversity (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Relations between groups (cohesion)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Eliminating discrimination & harassment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Advancing equality of opportunity	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Environmental (please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Transportation	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Natural and built environment	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Waste minimisation & resource use	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Pollution	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Sustainable procurement	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
Energy and climate change	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	
(Please add an 'x' as appropriate)	Neutral	Positive	Negative	Comments
Risk management	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	

Recommendations from impact assessment

Positive

Negative

Neutral

Issues

NORWICH CITY COUNCIL

INDEPENDENT PANEL

INTO MEMBERS ALLOWANCES

REPORT TO THE COUNCIL

Members of the independent panel

- | | | |
|---------------------|---|---|
| Philip Hyde (Chair) | - | Chair of the independent panel, Solicitor |
| Jackie Bush | - | Social care consultant |
| Kate Money | - | Vice chair of Age UK Norwich |

Terms of Reference

1. The Terms of reference of the panel were –

“To make an independent assessment of the current Members Allowances Scheme and to make recommendations on amendments to the scheme, if required, to Council”
2. The independent panel was asked to recommend a scheme which it believes fairly recognises the workload and responsibilities of councillors. The question of affordability of the scheme was not a matter for the panel, which understands that it is up to the council to consider if and how to implement the recommended scheme in the light of other priorities and the budget position.

Background

3. The current scheme detailed in Appendix 1 has been in place since 2017 and is indexed linked to pay increases awarded to staff by the National Joint Council for Local Government Services. Regulations limit such indices to run for a maximum of four years and the independent panel was convened to enable the council to consider the allowances scheme before that time period expires.

What allowances can be paid?

9. Under the provisions of the Local Government Act, 2000 and the Local Authorities (Members Allowances) (England) Regulations, 2003 the following allowances can be paid:-

Basic Allowance

10. Each local authority must make provision in its scheme of allowances for a basic, flat rate allowance payable to all members. The allowance must be the same for each councillor. This is intended to recognise the time commitment of all councillors, including such inevitable calls on their time as meetings with officers and constituents and attendance at political group meetings. It is also intended to cover incidental costs such as the use of their homes and private telephones, faxes, computers, etc.
11. Government guidance suggests that it is important that some element of the work of councillors continues to be voluntary. This must be balanced against the need to ensure that financial loss is not suffered by elected members, and further to ensure that, despite the input required, people are encouraged to come forward as elected members and that their service to the community is retained.

Special Responsibility Allowance

12. Each local authority may also make provision in its scheme for the payment of special responsibility allowances (SRA) for those councillors who have significant responsibilities. They can also be paid to members of a committee that meets with exceptional frequency or for exceptionally long periods.

13. Where one political group is in control, and where an authority has decided to pay special responsibility allowances, the authority must make provision for the payment of a special responsibility allowance to at least one member of a minority group.

Dependants' Carers Allowance

14. A scheme of allowances may also include the payment of dependants' carers allowance to those councillors who incur expenditure for the care of children or other dependants whilst attending Council meetings or other approved duties.

Travelling and Subsistence Allowance

15. Travel and subsistence allowances can be paid for attending council meetings or other approved duties. This can include an allowance for those who travel by bicycle or other non-motorised transport.

Co-optees Allowance

16. Each local authority may make provision in the scheme for the payment of a co-optees allowance to any co-opted and appointed members of a council's committee or sub-committee.

Backdating Allowances

17. When a scheme of allowances is amended an authority may, having regard to the recommendations of the panel, chose to apply the amendment retrospectively to the beginning of the financial year in which the amendment is made.

Annual Adjustments for Allowance Levels

18. A scheme of allowances may make provision for an annual adjustment of allowances to be ascertained by reference to an index e.g. inflation or increases in staff salary levels. If a panel makes a recommendation that allowance levels should be determined according to an index, it should also make recommendations as to how long the index should run before reconsideration. In any case, an index may not run for more than four years before a further recommendation on it is sought from an independent remuneration panel.

The Work of the Panel

19. The panel received guidance and information from the democratic and elections manager, the democratic team leader and a legal representative to the council including :-
 - a) Details of what allowances can be paid under the current regulations
 - b) Comparative data on the allowances paid by other similar local authorities.
 - c) The Council's current members allowances scheme

- d) Special Responsibility Allowances for councillor appointments as executive directors of Norwich City Services Limited
25. A representative of each of the three political groups on the council was invited to individually address the panel with an overview of their group's thoughts on the current scheme of allowances.
26. The panel considered the points made by the representatives which included:
- a) The difference in time commitment between the committees which were eligible for a tier 3 SRA
 - b) The lack of pension contributions and the allowance not being similar to a minimum wage meaning that this affected who would stand for election
 - c) The significant time commitment that was needed to be a councillor including the time to read and understand complex documents.
 - d) Access to childcare / carers for meetings
 - e) Councillors who were self-employed having to turn down work to attend committees and other meetings and the allowance not being proportionate to working time that was lost
 - f) The councillor appointments as executive directors of Norwich City Services Limited being given a tier 3 SRA
27. The representatives all commented that there should not be an increase in member's allowances at this time.
28. The panel discussed each of the points made by the political group representatives. Although the points made at paragraph 27 (a) – (c) above were compelling and certainly not without merit, the panel felt that the scheme should not be changed on these grounds. With regards to points d and e, these were not issues that the panel could address in terms of the allowances scheme.
29. In terms of point (f), the panel considered an opinion on this from nplaw (the council's legal advisors) and asked for further information around other councils paying an allowance for a similar role which was considered at a second meeting of the panel.
30. The information found from three other councils with wholly owned companies was that they were not paying an SRA to councillors who were appointed as executive directors of such boards.
31. The panel also noted that there was potential for a conflict of interest if a member allowance was to be paid to a director, as the city council is also a shareholder of the Company. Furthermore, the city council would potentially be setting a precedent if it did decide to make such a payment. As such, the suggested

allowance was not something that the panel considered to be strictly within its remit and therefore the panel could not make a recommendation at this point.

32. The panel considered the comparative data in the initial report and the fact that the political groups on the council were not asking for an increase in allowances.
33. Following these discussions, the panel believed that the basic allowance and the tiered system of SRAs, including the structure and limiting the number of SRAs should remain the same.
34. It was noted that if the council did wish to review the scheme of allowances before the end of the four year period, it could do so and the views of the independent panel would be sought at that time.
35. The panel noted that the Local Government Pensions Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 removed the eligibility of councillors to have access to the Local Government Pension Scheme so it was no longer necessary for the panel to make a recommendation on this issue.
36. With regards to the payments for carers and dependants allowances, the panel believed that this figure should be linked to percentage increases in the living wage to ensure that the hourly rate did not fall below the net living wage. .
37. The panel also felt that the amount paid to co-opted members should remain the same.
38. The panel agreed that travel and subsistence allowances should continue to be paid at the same level as those to officers.
39. Finally, panel members believed 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.

Recommendations

To recommend the following member's allowance scheme:-

MEMBERS' ALLOWANCE SCHEME

To recommend council to retain the current scheme of members allowances and implement, with effect from 1 April, 2021 , the following allowances to be increased annually on 1 April, indexed linked up to 31 March, 2025 to pay increases awarded to staff by the National Joint Council for Local Government Services :-

	£
1) BASIC ALLOWANCES (Payable to all councillors)	6,687
2) SPECIAL RESPONSIBILITY ALLOWANCES	

Tier 1
Leader of the Council 11,145

Tier 2
Cabinet members & the Leader of the major minority group 5,573

Tier 3
Chairs of Audit, Licensing, Planning Applications and Scrutiny committees and the Leader of any minority group that comprises minimum of 10% of the Council 2,788

Tier 4
Members of Audit, Licensing, Planning Applications and Scrutiny committees 1,671

Tier 5
Co-opted members of Standards committee 366

- Only one SRA to be paid from Tiers 1, 2 and 3
- Only one SRA to be paid from Tier 4
- A councillor shall not receive a Tier 3 as chair as well as a Tier 4 as a member of the same committee

3) **TRAVEL AND SUBSISTENCE ALLOWANCES**

To be paid at the same rates as Norwich City Council employees and be subject to the same requirements for claims and payments

4) **CHILDCARE AND DEPENDENT CARERS' ALLOWANCES**

To be paid at the rate of £10 per hour per child/dependant etc., which allowance should be increased in accordance with the percentage increase in the living wage from time to time.

(The director of resources to be authorised to make additional payment in cases where specialist care is required)

Philip Hyde
Chair of the independent panel

