

# Governance and Ethics Committee

10 December 2021

<b>Report title</b>	Information presented to the Independent Remuneration Panel	
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<b>Report to be/has been considered by</b>	N/A	

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## Recommendation for noting:

The Governance and Ethics Committee is asked to note:

1. The information to be presented to the Independent Remuneration Panel.

## 1.0 Purpose

- 1.1 To inform the Committee of the information that will be presented to the Independent Remuneration Panel for consideration when making recommendations on Councillor Allowances.

## 2.0 Background

- 2.1 An independent external review of the Councillors' Allowance Scheme by the Independent Remuneration Panel has been commissioned by the Council as the current scheme is set to expire in May 2022. **Legal Framework for Member Allowances** – The law relating to member allowances changed by virtue of the Local Government Act 2000 (LGA 2000).
- 2.2 The LGA 2000 introduced s.99 which altered the law on member allowances replacing s.15 of the Local Government and Housing Act 1989 with a new provision which essentially provides that the details of what can be paid through member allowances scheme is to be set out in subordinate legislation.
- 2.3 The main provision in subordinate legislation is the Local Authorities (Members' Allowances) (England) Regulations 2003. These Regulations have had some amendments, a copy of the current version (as amended), are available from the Monitoring Officer on request.
- 2.4 **Key Provisions in the Law** - The law on member allowances is rigid as to what can and cannot be paid to members in terms of allowances. In short it provides that each authority must have a scheme for payment of member allowances approved each year before 1 April. The current scheme was set in 2018 and expires in 2022, a copy of the current scheme can be seen at Appendix 1, and therefore a new scheme must be put in place by May 2022.
- 2.5 Under the law, schemes can allow for a number of categories of allowance that an authority can chose to pay to its members these are:
  - a. Basic Allowance
  - b. Special Responsibility Allowance
  - c. Carers Allowance
  - d. Travelling & Subsistence Allowance

In deciding what level to set these allowances the authority must take into account the recommendations of that authority's Independent Remuneration Panel ("the IRP"). We will now deal with what the rules say about each of these payments to members of the authority. It is important to note that only these payments can be made and no other for the role as a member.

- 2.6 **Basic Allowance** – the rules provide that each member should be paid a basic allowance in respect of their functions along with any other allowance provided for by the

scheme. It also provides that if a member is in office for part of the year he/she is to get a proportionate payment.

The relevant guidance detailed below makes it clear that the allowance is not intended to serve as a salary as such, indeed as Councillors are office holders and not employees, rather it is intended to be a contribution to recognise the significant time commitment of all Councillors including calls on their time of meetings, and other council work and a contribution towards the incidental costs of being a councillor such as use of their homes, telephone calls and meetings.

The only guidance is old, ie from 2003 and can be found here [ARCHIVED CONTENT] Local Government Councillors and civic dignitaries in England: ODPM guidance: Part One: members' allowances (nationalarchives.gov.uk)

It is interesting to note that it states re basic allowances that:

Basic allowance

*9. Each local authority must make provision in its scheme of allowances for a basic, flat rate allowance payable to all members of the authority. The allowance must be the same for each member. The allowance may be paid in a lump sum, or in instalments through the year.*

*10. Basic allowance 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.*

It goes on to say that:

*67. Paragraph 10 details the sorts of things basic allowance is intended to cover. 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.*

*68. It is important that some element of the work of members continues to be voluntary - that some hours are not remunerated. 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.*

- 2.7 **Special Responsibility Allowance** – a scheme may provide for a special responsibility allowance to be paid (in addition to the basic allowance) to members with certain (specified) roles these include the leader of a political group, deputy leader of a political group, members of cabinet/leader (and deputy leader) of the Council, chairmen of committees/sub-committees or someone who is required to carry out such other activities as require the member an amount of time greater or equal to the other categories.
- 2.8 **Carers' allowance** – a scheme may provide for the payment to members in respect of expenses for care of children or dependents for attending certain meetings.

- 2.9 **Travelling and subsistence allowance** – a scheme may provide for the payment of an allowance in respect of travelling and subsistence in respect of travel undertaken in connection with or relating to certain specified duties such as attendance of Council/Committee meetings or other functions specified by the authority.
- 2.10 **Length of a scheme** - Whilst the scheme needs to be made for each year the law provides that a Council may choose to set a scheme for a period of years (subject to being re-approved each year by Council) with an annual adjustment by reference to an index, where it does so it may set the scheme for a period of no more than 4 years without going back to the Panel.
- 2.11 **Claims by a certain date** - Where payments are made under the Carers' or Travelling and Subsistence Allowances the scheme must provide a date for these payments to be claimed by.
- 2.12 **Publicity for schemes** - There are also detailed rules concerning publicity for the making or amendment of a scheme including advertising it in the local paper and also in relation to the recommendations of the Panel.

### **3.0 Independent Remuneration Panel**

- 3.1 The Panel is a critical part of the process. The Panel is designed to ensure that there is independent oversight as to how much the allowances are set at. The responsibilities are set out at Regulation 21, the relevant parts of which I repeat here:

(1) An independent remuneration panel shall produce a report in relation to the authority or authorities in respect of which it was established, making recommendations—

(a) as to the responsibilities or duties in respect of which the following should be available—

(i) special responsibility allowance;

(ii) travelling and subsistence allowance; and

(iii) co-optees' allowance;

(b) as to the amount of such allowances and as to the amount of basic allowance;

(c) as to whether dependants' carers' allowance should be payable to members of an authority, and as to the amount of such an allowance;

(d) as to whether, in the event that the scheme is amended at any time so as to affect an allowance payable for the year in which the amendment is made, payment of allowances may be backdated in accordance with regulation 10(6);

(e) as to whether adjustments to the level of allowances may be determined according to an index and if so which index and how long that index should apply, subject to a maximum of four years, before its application is reviewed;

3.2 The Panel must have at least 3 members and cannot be a member of the authority or disqualified from being a member and may pay the members of the Panel. The Panel is appointed by Council – it currently comprises:

- Mr Miceal Barden – Dean of the Faculty of Social Sciences, Wolverhampton University
- Mrs Sylvia Parkin – Formerly Deputy Lieutenant
- Reverend David Wright – Representing the Rector of St. Peters Church Wolverhampton (Chair)

The IRP at this authority is not paid for their assistance. The IRP can be added to by Council if it so wishes.

3.3 **Comparative Allowances** – The Panel will look at the allowances paid to Councillors performing similar roles at similar sized Councils. The Panel will review allowances for Councils in the CIPFA family group, Black Country authorities and West Midlands Metropolitan Authorities, these are detailed in Appendix 2.

3.4 **Survey on Councillor Allowances** – The Panel will look at the responses received by Councillors to understand the views of councillors and time commitment involved for various roles, a copy of the survey and responses are detailed in Appendix 3.

#### **4.0 Financial implications**

4.1 The overall budget for members allowances, inclusive of provision for employers national insurance and pension fund contributions, is currently just under £998,000. Any financial implications emerging through the process of review of allowances will be considered as part of the 2022-2023 budget setting process and MTFS preparation, with the intention that allowances are set at the budget setting meeting of the Council on 2 March 2022.  
[GE/26112021/G]

#### **5.0 Legal implications**

5.1 The detailed legal position is set in the report above. Under the LGA 2000 a scheme must be set and can be set for a maximum of 4 years. The approach above is legally compliant.  
[TC/26112021/G]

#### **6.0 Equalities implications**

6.1 Equalities implications will carefully be taken into account when the allowances are set by the Council and during the process of the Independent Remuneration Panel's consideration of the issues.

#### **7.0 All other Implications**

7.1 There are no other implications arising from this report.

## **8.0 Schedule of background papers**

- 8.1 Process for Setting Councillor Allowances, Governance and Ethics Committee, 22 October 2021.

## **9.0 Apprentices**

- 9.1 Appendix 1: Current Scheme of Councillor Allowances
- 9.2 Appendix 2: Comparative Data on Councillor Allowances
- 9.3 Appendix 3: Survey on Councillor Allowances