

# Members Allowances

## Consideration of the Report of the Independent Remuneration Panel

- 1.1 The Council’s Independent Remuneration Panel last reported in October 2015 and the rates in the scheme of allowances have basically remained unchanged since they came into effect in January 2016. It was therefore timely to ask the Council in February 2022, to appoint a new Panel to undertake a full review of the scheme to ensure the Scheme was current and complies with up-to-date policies and properly recommends councillors operating in a large, visionary local authority, bears comparison with other Councils, is mindful of the current economic situation and individuals’ personal finances and is completely transparent about what can or cannot be claimed; and is justifiable to the public.
- 1.2 In February 2022, the Council formally appointed an Independent Remuneration Panel and agreed its Terms of Reference as follows:

### ***Essex Independent Remuneration Panel, 2022, Terms of Reference***

#### ***Membership:***

<b><i>Name</i></b>	<b><i>Biographical information</i></b>
<i>Mark Palmer</i>	<i>Development Director, South East Employers (for EELGA) (Chair)</i>
<i>Fiona Bodle</i>	<i>Higher Education Professional and local resident of Essex</i>
<i>Russell Everard</i>	<i>Former senior Local Government Officer and resident of Essex</i>
<i>George Yerosimou</i>	<i>Former Head Teacher, Education Appeals Panel Member and local resident of Essex</i>

#### ***Role:***

1. *To review the County Council’s Members’ Allowances Scheme, taking in to account the roles and responsibilities of Members (both in the Council and in serving their communities) set out in the County Council’s agreed role profiles and elsewhere.*
2. *To take account of comparative data on the remuneration paid by other comparable local authorities in terms of size, location and budget and other non-local authority public sector organisations, social enterprises, charities and public sector or private sector companies.*
3. *To hear representations from elected Members*

4. *To make recommendations to the Council on: (a) the amount of Basic Allowance which should be paid to all Members; (b) the responsibilities or duties for which Members should receive Special Responsibility Allowances and the amount of such allowances; (c) the amount of the Childcare and Dependents' Carers' Allowances; (d) Travelling and Subsistence Allowances; (e) Independent and Co-opted members' allowances; (f) whether allowances should be index-linked and if so what the suitable index might be; and (g) the timing of implementation of the recommendations.*
5. *To consider the introduction of a parental leave policy.*

## **2. Statutory Requirements**

- 2.1 Under the Local Authorities (Members' Allowances) (England) Regulations 2003, every relevant local authority is required to establish a Members' Allowances Scheme. Whenever they adopt or revise their scheme of allowances, they are required to have regard to a report of an Independent Remuneration Panel, whose function is to provide the local authority with advice and recommendations on its scheme and the amounts to be paid.
- 2.2 Local Authorities must include in their scheme of allowances a basic allowance, payable to all members, and may include provision for the payment of special responsibility allowances and a dependents' carer's allowance. In addition, the 2003 Regulations allow for the inclusion of a travel and subsistence allowance and a co-optees' allowance, within the allowances scheme.
- 2.3 Although the authority must have regard to the recommendations made in relation to it by an independent remuneration panel, it is not obliged to abide by all or any of the panel's recommendations.

## **3. The Independent Remuneration Panel's Report**

- 3.1 All members of the council were invited to complete a questionnaire regarding allowances. The questionnaire was returned by 56 members of the Council, the breakdown is available within the panel's report. Thirteen interviews/workshops were also held with members; all members were given the opportunity to participate in one. The Panel's report and its full set of recommendations to the Council are set out in Appendix 1 to this report. The Council now needs to set the scheme of allowances having regard to what amendments if any it wants to make to its scheme of allowances.
- 3.2 The recommendations can be summarised as follows:
  - Increase the basic allowance by £292 per annum to £12,292. This is equivalent to an annual increase of 0.34% per annum over seven years.
  - Maintain the rule that a member may only receive one Special Responsibility Allowance at any one time.

- Make a number of changes to the rate paid for Special Responsibility Allowances, see full details in Table 1, below.
- Minority group leaders should receive an allowance of £5,531 and that to receive this the Group should constitute at least 5% of all members (four members in a group).
- The co-optee member of the Pension Strategy Board who is not paid by any appointing organisation receive an allowance of £16.08 per hour, on a per meeting basis, to include all reasonable expenses. This is only available for those who are not entitled to payment for time spent on the role. Further guidance will be made available regarding this for the Pension Strategy Board members.
- No changes to be made to the travel and subsistence scheme, although the Panel recommend that a travel for electric vehicles and the ability to claim should be promoted.
- A recommendation that the Dependent Carers' Allowance for childcare and more specialist care should be based on actual reasonable costs upon production of receipts and that the Council should promote this to new and prospective councillors.
- A Parental Leave Policy should be adopted and promoted (Council adopted this policy in May).
- An annual indexation of the basic allowance, each of the SRAs and the Co-optee(s)' Allowance should be introduced. The panel recommend that allowances should be increased annually in line with the percentage increase in staff salaries from April 2023 for a period of up to four years. After this period, the Scheme shall be reviewed again by an independent remuneration panel.
- No changes to the Approved duties for councillors.

Table 1.

**Summary of Panel's Recommendations**

Allowance	Current Amount for 2021-22	Number	Recommended Allowance	Recommended Allowance Calculation
<b>Basic allowance</b>				
<b>Total Basic:</b>	<b>£12,000</b>	<b>75</b>	<b>£12,292</b>	

<b>Special Responsibility allowances :</b>				
Leader of the Council	£54,000	1	£55,314	450% of Basic allowance
Deputy Leader	£42,000	1	£44,251	80% of Leader's Allowance

Cabinet Member	£36,000	8	£37,060	67% of Leader's Allowance
Chairman of the Council	£21,600	1	£22,126	40% of Leader's Allowance
Leader of Main Opposition Group	£16,200	1	£16,594	30% of Leader's Allowance
Scrutiny Board Chairman	£16,200	1	£16,594	30% of Leader's Allowance
Deputy to Cabinet Member	£12,000	11	£13,829	25% of Leader's Allowance
Committee Chairman	£13,500	8	£13,829	25% of Leader's Allowance
Vice Chairman of Council	£10,800	1	£11,063	20% of Leader's Allowance
Minority Group Leaders	No SRA	2	£5,531	10% of Leader's Allowance *
Co-Opted Member for the Pension Strategy Board	No SRA		£16.08 per hour	Nomis median hourly rate for Essex county area

\*SRA only payable to Group Leaders with at least 5% of all Members within the Group (5% of 75 Members ie 4 Members).

### **Indexation of allowances**

- 3.3 In previous years allowances have not been subject to indexation. The law allows the use of an index for only four years – after four years we either need to review the scheme or 'freeze' allowances. The lack of indexation means that:
- the real term value of allowances has eroded
  - there is no four-year expiration, meaning that there is no natural 'trigger' to review allowances.
- 3.4 The panel have formally recommended that ECC introduce indexation of allowances, based on officer pay increases. Whilst this is relatively easy in local authorities which apply a national pay award, this is extremely difficult for ECC to achieve owing to our unique (and award winning) pay arrangements.
- 3.5 Advice from officers is that linking to ECC officer pay is difficult owing to our local pay arrangements which do not see an annual increase being awarded to all employees. However the Office for National Statistics publishes an index which looks at pay growth across the public sector. This index is clear, certain and means that Members allowances will remain in line with public sector pay. It is therefore recommended that this is the allowance that the Council should apply. The regulations require that indexation can last for four only years after which allowances will be frozen until the panel reviews the scheme again.

### **Draft Scheme of Allowances**

- 3.6 The draft allowances scheme at Appendix 2 reflects the recommendations of the panel together with the revised indexation proposal as set out in paragraph 3.5. The draft scheme also takes account of the proposed changes to abolish the 'foreign travel committee' which are dealt with elsewhere on this agenda.

#### **4. Recommendation**

- 4.1 That the findings and recommendations of the Council's Independent Remuneration Panel as set out in Appendix 1 to this report be noted.
- 4.2 That the recommendations of the panel be accepted except that the indexation for a period of four years should be in accordance with the public sector pay growth (excluding bonuses) as published by the Office of National Statistics.
- 4.3 That the Council's Members' Allowances Scheme be as Appendix 2 with effect from 1 September 2022.