

Arun District Council

REPORT TO:	Audit & Governance Committee – 19 February 2024
SUBJECT:	Review of the Members' Allowances Scheme – Report of the Independent Remuneration Panel
LEAD OFFICER:	Daniel Bainbridge, Group Head of Law and Governance (Monitoring Officer)
LEAD MEMBER:	Councillor James Walsh – Chair of the Committee
WARDS:	All
CORPORATE PRIORITY / POLICY CONTEXT / CORPORATE VISION: To comply with The Local Authority (Members' Allowances) (England) Regulations 2003 in terms of how regularly a council should conduct a review of its Members' Allowances Scheme, which should be reviewed at least every four years, and what a review should cover in terms of the allowances that Members can claim.	
DIRECTORATE POLICY CONTEXT: Responsibility for these matters sits within the remit of the Group Head of Law & Governance.	
FINANCIAL SUMMARY: The financial implications associated with the IRP's report are set out in Paragraphs 4.5 to 4.9 of this report.	

1. PURPOSE OF REPORT

- 1.1 The Audit & Governance Committee has responsibility for reviewing Councillor Allowances based on reports received from the Council's Independent Remuneration Panel (IRP) created under the Local Authorities (Members' Allowances) Regulations 2003.
- 1.2 The last full review of the Members' Allowances Scheme was approved by Council in July 2019. An interim review was undertaken by the IRP in November 2020 and reviewed the Special Responsibility Allowances of the Leader and Deputy Leader of the Council and Cabinet Members in preparing for the Council's move from a Leader and Cabinet form of governance over to a Committee system. This review examined the Special Responsibility Allowances (SRAs) that should be paid to the Service Committee Chairs and Vice-Chairs forming the structure. The recommendations approved by the Audit & Governance Committee were then approved by Council in January 2021.
- 1.3 Following the District Elections held in May 2023, and as it has been four years since a last full review of the Members' Allowances Scheme was undertaken, the Independent Remuneration Panel (IRP) has been working on and has now concluded its latest review of the Council's Members' Allowances scheme.

2. RECOMMENDATIONS

- 2.1 The Audit & Governance Committee is requested to consider the report of the Independent Remuneration Panel on its tenth review of the Members' Allowances Scheme, together with the financial appraisal set out in Paragraphs 4.4 to 4.8 which should be read in conjunction with the Panel's report and recommendations.
- 2.2 The Committee is asked to make any recommendations in approving a new scheme to Full Council on 13 March 2024 for final adoption.

3. EXECUTIVE SUMMARY

- 3.1 Now that the Committee system has been in place for some time [since May 2021] it is timely to undertake a review of all Councillor allowances, and because the last full review was undertaken in July 2019.
- 3.2 The Regulations require the Council's IRP to review its Members' Allowances Scheme every four years.

4. DETAIL

- 4.1 For the benefit of the Committee, it received a scoping report at its meeting held on 25 July 2023 confirming the Terms of Reference of the Panel and the general principles that should be applied in reviewing the next review of the Members' Allowances Scheme.
- 4.2 The report also set out the timetable for the review that has been undertaken and the Committee will note that all the proposed actions listed have been undertaken by the Panel. This included a Seminar for all Members of the Council on 4 September 2023, the opportunity for Members to complete a questionnaire; and Councillor and officer interviews. The report that was submitted to the 25 July Audit & Governance Committee has been attached to this report as a background paper.
- 4.3 The Panel's Report setting out its recommendations can be viewed at Appendix 1 to this report.

Issues and Budget Summary

- 4.4 There are budgetary issues to consider in relation to the following recommendations:
 - (i) The Basic Allowance – in setting the budget for 2024/25, as the BA is linked to Officer pay awards, the 5.72% increase [confirmed in December 2023] as part of the 2023/24 staff pay award was added to the 2022/23 budget for BA backdated to 1 April 2023. Although the % uplift for the 2024/25 pay award is not known, as it is still to be confirmed, an estimate percentage has been built into the

budget. If Members choose to agree the Panel's recommendation to increase the BA [Recommendation 1 in the Panel's report] this will represent a modest increase to this budget.

- (ii) The IRP recommends changes to the amounts of Special Responsibility Allowances (SRAs) and other allowances in respect of:
- The Leader and Deputy Leader of the Council
 - The Chair and Vice-Chair of the Planning Committee
 - The Chairs and Vice-Chairs of the six Service Committees being the Policy & Finance Committee; the Corporate Support Committee; the Economy Committee; the Environment Committee, the Housing & Wellbeing Committee and the Planning Policy Committee
 - The Vice-Chair of the Standards Committee
 - The Leader of the Opposition
 - The Appeals Panel and Co-Optee Allowance
 - The Carer's Allowance [Childcare and Dependent Adult Allowances
- (iii) The majority of SRAs are index linked to the staff pay award and the 5.72% increase confirmed in December 2023, has been built into the 2023/24 budget and an estimate percentage increase into the 2024/25 budget in anticipation of the 2024/25 pay award. The Panel's recommendations can be accommodated within the budget for 2024/25.
- (iv) No changes are proposed to the SRAs set out below:
- Chair and Vice-Chair of the Council
 - Chair and Vice-Chair of Licensing
 - Member of Licensing
 - Member of Planning
 - Named Substitute for Planning
 - Chair of Standards
 - Independent Persons of the Standards Committee
 - Chair and Vice-Chair of Audit & Governance
 - Leaders of smaller Minority Groups
- (v) No change is proposed for Town and Parish Council Allowances, but Members are asked to note that the Parish Basic Allowance is linked to District Basic Allowance [10%] and is also subject to being inflated in line with officer pay.
- (vi) The Panel is recommending that the effective date for changes if agreed by Council to the scheme be 1 April 2024.

4.5 A table setting out the Members' Allowances Budget and impact of the IRP's proposed recommendations can be found below:

<u>Budget</u>	<u>No of Cllrs</u>	<u>Budget 2023/24</u>	<u>Budget for 2024/25</u>	<u>Change</u>	<u>New Total</u>	<u>Change</u>
Basic Allowance	54	£6,378 x 54 = £344,412	£366,810	£6,638 [+£260]	£358,452	£344,412 [+14,040] = £358,452
<u>SRAs</u>		£111,268	£118,500		£98,807	See below
Leader	1	£6,654	£6,654	£8,000	£8,000	£+1,346
Deputy Leader	1	£2,355	£2,355	£2,400	£2,400	£+ 45
Chairs of Service Committees	6	£5,667	£34,002	£4,000 [-1,667]	£24,000	£-10,002
Vice-Chairs Of Service Committees	6	£1,869	£11,214	£1,200 [-£669]	£7,200	£-4,014
Chair of Planning	1	£6,982	£6,983	£7,500	£7,500	£+ 518
Vice-Chair Planning	1	£2,305	£2,305	£2,500	£2,500	£+ 195
Vice-Chair Standards	1	£0	£0	£ 349	£ 349	£+ 349
Leader of the Opposition	1	£4,559	£4,559	£4,000	£4,000	£ - 559
The Appeals Panel and Co-optees Allowance incl IRP	5 [IRP]	£60 per meeting attended	£2,000	£65 per meeting	Depends on No of meetings	£ +5 per meeting attended
Carer's Allowance Childcare	Any Cllr can claim	£10 ph Up to limit £4k pa	Part of SRA budget	£12 ph (1 child) £15 ph (2 + Children No cap	Part of SRA budget	£ +2 ph No cap

Carer's Allowance Dependent Adult Allowance	Any Cllr can claim	£18.49 ph Up to limit £6k pa	Part of SRA budget	£24.95 ph No cap	Part of SRA budget	£ + 6.46 ph No cap
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- 4.6 The Member's Basic Allowance total if approved for 2024/25 would be £358,452. The Panel's recommendations, if accepted, represent an increase of £14,040, which would mean a small overspend in respect of the 2024/25 budget, dependent upon what pay award percentage is confirmed. The budget for 2024/25 is £366,810. Built into this is an assumption of what the staff pay award and uplift in the Basic might mean for 2024/25. The proposed budget for 2024/25 is subject to Council approval as part of the overall consideration of the Council's budget.
- 4.7 The Special Responsibility Allowance total if approved for 2024/25 would be £98,807. The Panel's recommendations, if accepted, would represent a decrease in the budget of £12,461, however, part of this has been passed onto funding the proposed increase in BA. The budget for SRAs for 2024/25 is proposed to be £118,500. Built into this is the assumption of what the staff pay award and uplift in SRAs might mean for 2024/25. The proposed budget for 2024/25 is subject to Council approval as part of the overall consideration of the Council's budget.
- 4.8 The total increase in costs if all of the Panel's recommendations are approved to include changes to the BA and SRAs is £1,577.
- 4.9 The Co-Opted Member and Members of the IRP; Members and Witnesses to Committees and Panels uplift means a £5 per hour increase for any meeting attended against a budget proposed for 2024/25 totalling £2,000. No concerns are expressed if this recommendation is approved.

Overall cost of Allowances and Expenses

- 4.10 The IRP has stated in its report that it is mindful and conscious that any Scheme proposed for allowances and expenses must be appropriate for the Council and affordable in relation to budget provision.
- 4.11 It has set out the financial effect of its recommendations within its report, however, this does not provide line by line detail as to the financial effect of its recommendations if Members choose to approve and take up full entitlement of all the allowances that they are entitled to and especially in respect of the childcare and adult care allowance. It is recommended that Officers will pay particular attention to the recommendations in the Panel's report regarding the Carer's Allowance by keeping this under review. In view of the recommendations proposed for this part of the Allowances Scheme, an Equalities Impact Assessment has been completed and can be found at Appendix 2.

4.12 The overall financial effect of the IRP's recommendations compared with the allowances being paid for 2023/24 represents an increase of £1,577. Having consulted with the Finance Team, if approved, this small increase in cost can be accommodated from within the existing Committee Services budget and would not represent growth within the overall budget.

5.0 **CONSULTATION**

5.1 In line with the Constitution at Part 3 – Responsibility for Functions, the Audit & Governance Committee has responsibility for overseeing the work of the Independent Remuneration Panel in its periodic consideration of members' allowances. Having already reported to the Committee on 25 July 2023 by providing a scoping report setting out how the Members' Allowances Review would be undertaken, and the Committee agreeing that process, this report now presents the findings and recommendations of the Panel.

5.2 The Panel's report details the results of the Member Survey that all Members had the opportunity to complete and the Member and Officer interviews that were held. It also provides detail on the issues that were debated at the Members' Seminar held on 4 September 2023.

5.3 All Town and Parish Clerks were provided notification of the review and were provided with an opportunity to raise concerns. This is covered in the Panel's report.

6 **OPTIONS / ALTERNATIVES CONSIDERED**

6.0 At the time of writing this report, there are no other alternative proposals in place in terms of the review that has been undertaken of the Members' Allowances Scheme.

6.1 The Local Authority (Members' Allowances) (England) Regulations 2003 require the Council to have regard to the recommendations made to it by an IRP before it agrees or amends its Members' Allowances Scheme [Regulation 19.1]. The regulations have been attached to this report as a link and as a background paper.

6.2 The Committee may accept the IRP's recommendation as set out in Appendix 1 to the report or it can recommend alternatives to the IRP's recommendations, but it should state its reasons for doing so. The Committee could recommend to not continue with the review at this stage or could ask the IRP to reconsider or revisit any of its proposed recommendations.

6.3 To not agree the Panel's recommendations could put the Council at risk as this would mean that the Council would not be complying with The Local Authority (Members' Allowances) (England) Regulations 2003 in terms of how regularly a council should conduct a review of its Members' Allowances Scheme.

- 6.4 The Committee will recall that at its meeting held on 28 February 2023, it extended the terms of office of the IRP to 31 March 2023. If the Committee should decide to ask the Panel to revisit any of its recommendations, this would require the Panel to undertake further work. It is important to highlight in this instance that this would mean that it would be highly unlikely that the Panel's recommendations would be able to be reported to Full Council on 13 March 2024, as further consideration of its recommendations would require a further report to be brought to the Audit & Governance Committee first, most likely via a Special Meeting.
- 6.5 In that were to happen, the Committee would be asked at this meeting to extend the terms of office to all members of the Panel in 2024.
- 6.6 An implication of this action that the Committee would also need to accept is that this would delay the planned recruitment process for a new IRP in 2024.

7 COMMENTS BY THE INTERIM GROUP HEAD OF FINANCE/SECTION 151 OFFICER

- 7.0 The cost of the proposals in this report can be met within existing budget proposals provided the draft 2024/25 budget is approved by Special Council on 21 February 2024.

8 RISK ASSESSMENT CONSIDERATIONS

- 8.0 None associated with this report.

9 COMMENTS OF THE GROUP HEAD OF LAW AND GOVERNANCE & MONITORING OFFICER

- 9.1 The Council must have regard to the recommendations of the Panel when determining the scheme of Members' Allowances.
- 9.2 The 2003 Regulations place certain duties on local authorities in connection with publicising the recommendations made by the Independent Remuneration Panel, the scheme of allowances adopted, and the actual allowances paid to Members in any given year. The Regulations also place the responsibility on the Council to ensure that copies of the Independent Remuneration Panel's report and recommendations are available for inspection at the Council's principal offices at all reasonable times and publish a notice in at least one newspaper circulating in the area.
- 9.3 The subsequent guidance to the Regulations, issued jointly by the Office of the Deputy Prime Minister and the Inland Revenue, urges local authorities to publicise more widely the report from the Independent Remuneration Panel, the scheme of allowances and the sums paid to each Councillors with the suggestion that, where possible, this information be published on the Council's website. Supporting information and explanations are also encouraged.

10 HUMAN RESOURCES IMPACT

10.0 None associated with this report.

11 HEALTH & SAFETY IMPACT

11.0 None associated with this report.

12 PROPERTY & ESTATES IMPACT

12.0 None associated with this report.

13 EQUALITIES IMPACT ASSESSMENT (EIA) / SOCIAL VALUE

13.0 If the Panel's recommendations are approved, this scheme of allowances provides financial assistance and support to those who might wish to stand for election in the future and those existing Councillors that require financial assistance with childcare or adult caring responsibilities.

13.1 The Panel acknowledges that the ability to claim Child and Dependent Carers' Allowances has a potentially significant impact on the ability of people to stand for election and work effectively as a Councillor, who might not otherwise be able to do so.

13.2 The Panel has made recommendations to increase these allowances to more realistic rates. A full EIA can be found at Appendix 2 of this report.

14 CLIMATE CHANGE & ENVIRONMENTAL IMPACT/SOCIAL VALUE

14.0 None associated with this report.

15 CRIME AND DISORDER REDUCTION IMPACT

15.0 None associated with this report.

16 HUMAN RIGHTS IMPACT

16.0 None associated with this report.

17 FREEDOM OF INFORMATION / DATA PROTECTION CONSIDERATIONS

17.0 None associated with this report.

CONTACT OFFICER:

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BACKGROUND DOCUMENTS:

Links to background papers mentioned in the report to be added here:

Audit & Governance Committee 28 February 2023 – Report

[Report](#)

Audit & Governance Committee 25 July 2023 - Report

[Scoping Report to Committee](#)

The Local Authority (Members' Allowances) (England) Regulations 2003

<https://www.legislation.gov.uk/id/uksi/2003/1021>