

REPORT TITLE: INDEPENDENT MEMBERS' REMUNERATION PANEL

6 JULY 2022

REPORT OF CABINET MEMBER: Councillor Margot Power - Cabinet Member for Finance and Value

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WARD(S): ALL

PURPOSE

Local authorities are required to have a members' allowances scheme approved by Full Council which can be rolled forward annually with any agreed indexation applied for a maximum four-year period. The current scheme took effect from April 2017. An interim review was undertaken in 2019 having regard to changes to some committees as a consequence of the council's new constitution implemented that year.

The current agreed indexation for members' allowances is the same percentage increase as the nationally agreed pay increase for local government employees (linked to Spinal Column Point 49 of the NJC Scheme) which has been applied four times since 2017. This indexation can no longer be applied without a full review being undertaken, as the four-year term of the current scheme expired on 31 March 2022.

It is also timely that the current scheme is reviewed to ensure that the level of payments remain appropriate, including the existing Special Responsibility Allowances (SRAs).

To undertake the review, the council is required to establish a new Independent Remuneration Panel (IRP) to exercise the functions specified in Regulation 21 of the Local Authorities (Members Allowances) (England) Regulations 2003 (as amended).

## RECOMMENDATIONS:

1. That the council establishes a new Independent Remuneration Panel (IRP) to act from 7 July 2022 which will exercise the functions specified in Regulation 21 of the Local Authorities (Members Allowances) (England) Regulations 2003 (as amended).
2. That authority be delegated to the Strategic Director: Resources & Monitoring Officer, in consultation with the Leader and the Leader of the Opposition, to finalise the membership of the IRP to be made up of a professional advisor from South East Employers (SEE) and two lay members.
3. That the IRP be requested to produce a report recommending a scheme of allowances and an annual index that could be applied to such a scheme for the period of four years from April 2023, for the council's consideration.
4. That the council considers the report of the IRP at its meeting of 2 November 2022, decides whether (if at all) the existing scheme be amended, and in any event reviews the annual inflation allowance.

## IMPLICATIONS:

### 1 COUNCIL PLAN OUTCOME

- 1.1 There is a statutory requirement to undertake a periodic review of members' allowances (and the process in doing so is set out in statute). Adopting a scheme which has been the subject of consideration by an independent panel balances the desirability of just and fair recompense to Members for the work they do as a councillor, with the economic demands on the council's resources.

### 2 FINANCIAL IMPLICATIONS

- 2.1 Other than officer time in supporting the work of the panel, the two lay members of the panel will each be paid a fee of £200 per day of the IRP convening (total costs therefore expected to be £800). The Panel will meet virtually so reducing costs as there will be no associated room hire and catering costs. The fee of the professional advisor from South East Employers (SEE) (who will facilitate the review process, chair the IRP and produce its final report and recommendations) is £3000. This compares extremely favourably with previous reviews undertaken and associated costs of the professional advisor. For example, equivalent costs were £4,400 for a Panel in 2014 and £3,750 in 2017.
- 2.2 Budget provision has been made in 2022/23 to cover these costs. Any increase to members' allowances as a result of recommendations from the

IRP (including indexation) would be factored into the budget process for 2023/24.

### 3 LEGAL AND PROCUREMENT IMPLICATIONS

- 3.1 Before a scheme of allowances for members can be adopted, legislation defines specific processes that must be followed. The council must also consider the report of the IRP before adopting any such scheme.

### 4 WORKFORCE IMPLICATIONS

- 4.1 None

### 5 PROPERTY AND ASSET IMPLICATIONS

- 5.1 None

### 6 CONSULTATION AND COMMUNICATION

- 6.1 Prior to the Panel meeting, an evidence-gathering exercise would follow. This would include:-

- a) a survey of all Members of the Council which would then be analysed for the Panel to consider;
- b) a survey of all Parish and Town Clerks which would then be analysed for the Panel to consider (the IRP will also recommend an allowances scheme for Parish and Town Councils);
- c) collection of benchmark comparative data for all Hampshire Districts and Boroughs which will then be used as part of the report.

This would be undertaken by the SEE consultant in association with Council officers.

### 7 ENVIRONMENTAL CONSIDERATIONS

- 7.1 None.

### 8 PUBLIC SECTOR EQUALITY DUTY

- 8.1 A members' allowances scheme enables the payment of allowances to members based on their responsibilities, irrespective of their personal circumstances or consideration of any protection characteristics.

- 8.2 The Independent Remuneration Panel (IRP) will refer to the council's existing scheme, which is inclusive of a Dependent Carers' Allowance. The IRP will refer to comparative allowances schemes and whether, for example, a parental leave policy may further help to improve equalities amongst councillors and lead to a broader diversity of age and experience as it helps to remove barriers that councillors, or perspective councillors, could experience.

9 DATA PROTECTION IMPACT ASSESSMENT

9.1 None required

10 RISK MANAGEMENT

10.1

<b>Risk</b>	<b>Mitigation</b>	<b>Opportunities</b>
<p>Financial Exposure</p> <p>IRP recommends Scheme which exceeds budget provision</p>	<p>Council has final decision on scale of allowances, and will take that decision in the context of the overall budget consideration.</p>	<p>An independent review of allowances paid to elected members not only provides assurance that members are considering an allowances scheme that is recommended by a panel not associated with the council , but will also have regard to benchmarking data, providing assurances that the scheme proposed is appropriate to a) provide suitable recompense to help support members in their work and recognition to their level of special responsibility (where applicable), and b) be at a level that will continue to attract future candidates of all backgrounds to be councillors without their having to firstly reflect on financial burden/implication of taking on this role</p>
<p>Exposure to challenge</p> <p>Challenge to adoption of Allowances Scheme.</p>	<p>Adoption will follow independent assessment by IRP. Experienced SEE consultant will have undertaken review process.</p>	

Innovation  N/A		
Reputation  Adverse comments from public if an increase in allowances is recommended	Any increase proposed will have been recommended by an independent panel.	Payments of appropriate level of allowances etc (independently recommended) will continue to attract future candidates to be councillors from all backgrounds
Achievement of outcome  Not completed early enough to allow new Scheme to commence in April 2023	Appointment of SEE substantially reduces impact on officers. SEE have set aside necessary time to carry out the Review within the proposed timescales.	Greater understanding of the work inherent in the role of councillors, and comparison of the allowances schemes from across the south east
Property  N/A		
Community Support  Adverse comments from public if an increase in allowances is recommended.	Any increase proposed will have been recommended by an independent panel.	Transparency of the process to bring forward a revised allowances scheme – and assurances that this is independently assessed and recommended to the council
Timescales  Review not completed early enough to allow new Scheme to commence in April 2023.	SEE are very experienced in dealing with IRPs and will project manage the review to meet relevant timescales. Officers will assist with facilitation of the process	
Project capacity	SEE are very experienced in dealing with IRPs and will project manage the review to meet relevant timescales.	

	Officers will assist with facilitation of the process. SEE have set aside necessary time to carry out the review within the proposed timescales	
Other	N/A	

## 11 SUPPORTING INFORMATION:

- 11.1 The IRP takes evidence and then makes recommendations to the council on a Members' Allowance Scheme. Before a scheme can be adopted, the council must have regard to the IRP's recommendations.
- 11.2 SEE have previously facilitated the work of an IRP for the council in 2017 and for the interim review in 2019 and officers have informally met with their consultant who has been appointed to once again carry out this work. The consultant has considerable expertise in this area, having undertaken and led on a number of reviews across the south east and would be one of the panel members along with two others. It is recommended that authority be delegated to the Strategic Director: Resources & Monitoring Officer, in consultation with the Leader and the Leader of the Opposition, to finalise the membership of the IRP.
- 11.3 The timetable for this review is for the IRP to convene on 6 and 7 September 2022, having firstly surveyed members during the summer period. All members are invited to make representations directly to the IRP when it convenes. It is proposed that the IRP will produce its final report making recommendations to the Council meeting on 2 November 2022 (having been first considered by Cabinet), which would fit sensibly with the budget process for 2023/24 and an introduction date for a new scheme of 1 April 2023 (if the Council decided to introduce a new scheme).
- 11.4 As noted in Section 6 above (Consultation), an evidence-gathering exercise would take place in advance of the IRP convening.
- 11.5 The Panel would then meet over two days (6 and 7 September 2022), as follows:-

- **Day 1**

Introduction for Panel, and initial discussions and review of comparative benchmarking data.

Workshop/Interviews of Members in receipt of Special Responsibility Allowances.

- **Day 2**

Workshop/Interviews of other Members (and also any parish councillor who may wish to speak to the Panel).

- Review of evidence considered, including interviews.
- Consideration and issues for draft Report

11.6 The IRP's report would then be finalised in late September 2022, before being reported to Cabinet in October, in advance of a report being taken to full Council on 2 November 2022. The council does not have to accept the recommendations from the panel, and could therefore leave the scheme as it is at present (although it must review the annual inflation allowance). The council must however have regard to the recommendations if it wishes to amend the scheme.

11.7 This timetable would allow provision to be made in the council's budget as necessary, with any new Scheme operating from April 2023.

## 12 OTHER OPTIONS CONSIDERED AND REJECTED

12.1 Delay Review until 2023/24. This is an option, which could be considered, but the existing indexation arrangements can no longer be applied. It is also recommended that a review should be undertaken this year to ensure the council continues to have a Scheme that is up to date and reflects workload and responsibility of members and also compares favourably with current benchmarking data of comparative local authorities

### BACKGROUND DOCUMENTS:-

#### Previous Committee Reports:-

[CL149 – Interim Report of Independent Remuneration Panel - 20 January 2020](#)

#### Other Background Documents:-

None

### APPENDICES:

None