

<b>SUBJECT:</b>	<b>INDEPENDENT REMUNERATION PANEL – COMPREHENSIVE REVIEW OF THE MEMBERS’ ALLOWANCES SCHEME</b>
<b>REPORT BY:</b>	<b>INDEPENDENT REMUNERATION PANEL</b>
<b>LEAD OFFICER:</b>	<b>CHERYL EVANS – DEMOCRATIC SERVICES AND ELECTIONS MANAGER</b>

## **1. Purpose of Report**

- 1.1 To advise on the recommendations of the Independent Remuneration Panel for Members’ Allowances for the financial year commencing on 1 April 2023.
- 1.2 To decide whether to adopt the recommendations made by the Independent Remuneration Panel for Members’ Allowances the financial year commencing on 1 April 2023.

## **2. Background**

- 2.1 Each local authority is required to adopt a remuneration scheme for its elected members and is also required to appoint an Independent Remuneration Panel, which has a responsibility to make recommendations to the Council meeting of each local authority on the level of allowances to be paid to members of the Council. Each local authority’s scheme must be subject to regular review by the Independent Remuneration Panel. Before making any changes to its scheme a local authority must have regard to recommendations made by its Independent Remuneration Panel.
- 2.2 The recognised principles for each Independent Remuneration Panel when considering a scheme are that the scheme should:
  - be justifiable and defensible, based on logical construction;
  - be transparent and simple to understand and administer; and
  - neither discourage nor encourage candidates for elected office on the basis of financial considerations.
- 2.3 The City of Lincoln Council’s Independent Remuneration Panel consists of three people, who are completely independent from the Council. The Panel is chaired by an experienced independent person, who has previously served on the Council’s Independent Remuneration Panel. This report, which reflects the findings and recommendations of the Panel, has been prepared in accordance with current legislation and guidance.
- 2.4 The last review of the Members’ Allowances Scheme recommended a flat rate increase of £250 per annum to the basic allowance to assist in reducing the disparity between the level of the City of Lincoln’s basic allowance and the average basic allowance paid by district councils in Lincolnshire. This

recommendation was not supported by Council, which instead resolved to apply an increase of £88 per annum to the basic allowance with effect from 1 April 2022, which represented an increase of 1.75% in-line with the anticipated staff pay award. It was also recommended and resolved by Council that the levels of Special Responsibility Allowances remained the same for 2022/23 and be subject to a comprehensive review by the Panel in readiness for implementation from 1 April 2023.

### **3. Comprehensive Review of the Members' Allowances Scheme**

- 3.1 The Independent Remuneration Panel has carried out a comprehensive review of the City of Lincoln Council's Members' Allowances Scheme and compared the rates of the Basic Allowance and Special Responsibility Allowances with the Council's statistical neighbours (Cambridge, Ipswich, Welwyn Garden City and Oxford).
- 3.2 This analysis showed that the City of Lincoln Council's Special Responsibility Allowances are lower than those paid by its statistical neighbours and the Panel is concerned that if adjustments are not implemented, the position will deteriorate.
- 3.3 The Panel invited all holders of special responsibility allowances to meet with it either in person or remotely; send comments via email to any or all of the Panel; or telephone the Chair of the Panel directly; to submit any comments to the Democratic Services and Elections Manager; or to complete an online survey in order that the views of councillors on the current Members' Allowances Scheme could assist the Panel in reaching any recommendations in respect of special responsibility allowances paid under the Scheme.
- 3.4 The Panel would like to place on record its thanks to those members who participated in the review, which enabled the Panel to gain a thorough understanding of the role of each post holder. The Panel was pleased with the level of engagement from the holders of special responsibility allowances.
- 3.5 Of the comments received, there were concerns regarding the disparity of some Special Responsibility Allowances, which it was suggested did not necessarily reflect the responsibility, time commitment and workload associated with the respective roles. This related specifically to the rate paid for the scrutiny committee chairs, which are currently the same for all scrutiny committees, and that of the Chair of the Audit Committee.
- 3.6 The Panel also considered the basic allowance paid to all councillors. In previous years this has increased in-line with the 'Green Book' employees pay award in percentage terms. As a flat rate of £1,925 had been awarded to 'Green Book' employees irrespective of their position or existing salary, it was not possible to consider replicating a percentage increase to the basic allowance paid to all councillors. Therefore, the Panel is recommending an increase of 4.04% to the basic allowance from 1 April 2023, which mirrors the percentage increase applied to certain staff allowances as part of the 2022/23 pay staff award.
- 3.7 The Panel, as a minimum, is also recommending an increase of 4.04% applied to all special responsibility allowances from 1 April 2023. However, to address the significant disparity between the levels paid by the Council and that of its statistical

neighbours, the Panel is also recommending the adoption of one of three options, as detailed in Appendix A. The existing figure is also detailed in Appendix A.

- 3.8 Option One consists of increases made up of the averages paid by the statistical neighbours or a flat percentage increase of 4.04%, whichever is the greater figure.

Option Two consists of the average recommended between Options One and Three or a flat percentage increase of 4.04%, whichever is the greater figure.

Option Three consists of the lowest paid by the statistical neighbours or a flat percentage increase of 4.04%, whichever is the greater figure.

The Panel's preferred option is Option One. If Council decide not to adopt any of the recommended options in Appendix A, the Panel expects to see an across-the-board increase applied to the basic allowance and special responsibility allowances of 4.04% from 1 April 2023.

Furthermore, if none of the options in Appendix A are adopted for implementation for 1 April 2023 onwards, the Panel will revisit these options in future reviews and use them as a recommended baseline for their future calculations.

## 4. Conclusion

- 4.1 The Panel is recommending an increase of 4.04% to the basic allowance and special responsibility allowances from 1 April 2023. In addition, the Panel is recommending the adoption of one of the three options, as detailed in Appendix A, to address the significant disparity in special responsibility allowances. Option One in Appendix A is the preferred option of the Panel. In the event of any one of the options detailed in Appendix A being approved, the 4.04% increase in 6.1 above would not be applied, as this has already been factored into the recommended allowances in Appendix A.

## 5. Organisational Impacts

### 5.1 Financial Implications

The cost of each of the three options, along with the impact of an across the board increase to the basic allowance and special responsibility allowances of 4.04%, in comparison to the 2023/24 budget is as set out below:

	<b>Option One £</b>	<b>Option Two £</b>	<b>Option Three £</b>	<b>Alternative £</b>
Basic Allowances	179,124	179,124	179,124	179,124
Special Responsibility Allowances	96,775	90,440	85,210	76,735
<b>Total</b>	<b>275,899</b>	<b>269,564</b>	<b>264,334</b>	<b>255,859</b>
2023/24 Budget	267,360	267,360	267,360	267,360
<b>Budget Surplus/(Shortfall)</b>	<b>8,539</b>	<b>2,204</b>	<b>(3,026)</b>	<b>(11,501)</b>

Options one and two would result in an annual cost in excess of the 2023/24 budget provision, this would need to be funded from existing cash limited budgets. Option three and an across the board increase of 4.04% would result in an underspend against the 2023/24 budget provision.

## **5.2 Legal Implications**

- 5.3 The Council has a duty to appoint an Independent Remuneration Panel who must make recommendations to the Council in accordance with the Local Authorities (Members Allowances) (England) Regulations 2003. The Council is required to have regard to the recommendations of the Panel but is not required to follow them. However, if the Council were to make any decision which was not in accordance with recommendations from the Panel, it should put forward and record its reasons for deviating from the Panel's recommendations. It is not possible for Council to exceed in monetary terms the recommendations of the Panel.

## **6. Recommendations**

The Independent Remuneration Panel recommends:

- 6.1 That an increase of 4.04% be applied to the existing basic allowance and special responsibility allowances from 1 April 2023.
- 6.2 That one of the three options, as detailed in Appendix A, be adopted to address the significant disparity in special responsibility allowances compared to statistical neighbours. In the event of any one of the options detailed in Appendix A being approved, the 4.04% increase in 6.1 above would not be applied, as this has already been factored into the recommended allowances in Appendix A.
- 6.3 That Schedule 3 – Travelling and Subsistence Allowances as detailed in the Members' Allowances Scheme, be updated to reflect HMRCs rates to 45p the first 10,000 miles and 25p above 10,000 miles as detailed in Appendix B.
- 6.4 That the Members' Allowances Scheme, as detailed in the Council's Constitution, be amended accordingly to reflect what is resolved by Council in respect of the basic allowance and special responsibility allowances.

<b>Key Decision</b>	No
<b>Do the Exempt Information Categories Apply?</b>	No
<b>Call in and Urgency:</b> Is the decision one to which Rule 15 of the Scrutiny Procedure Rules apply?	No
<b>Does the report contain Appendices?</b>	Two Appendix A – Special Responsibility Allowance – Options by the Panel ( <i>including existing allowances</i> ) Appendix B– Existing Members’ Allowances Scheme
<b>List of Background Papers:</b>	None
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