

<b>Report to:</b>	Independent Remuneration Panel	<b>Date of Meeting:</b>	30 June 2023
<b>Subject:</b>	Members' Allowance Scheme 2023/24 to 2026/27		
<b>Report of:</b>	Chief Legal and Democratic Officer	<b>Wards Affected:</b>	All
<b>Cabinet Portfolio:</b>	Regulatory, Compliance and Corporate Services		
<b>Is this a Key Decision:</b>	No	<b>Included in Forward Plan:</b>	No
<b>Exempt / Confidential Report:</b>	No		

### Summary:

To seek the views of the Independent Remuneration Panel on a Scheme of Members' Allowances for 2023/24 to 2026/27.

### Recommendation(s):

That the Panel review Sefton's Scheme of Members' Allowances and consideration be given to:

- (1)
  - (a) Whether an increase in the allowance should be recommended to Council and that if so;
  - (b) Should the increase be linked to one of the indexation options referred to in paragraph 4 of the report and that if so;
  - (c) How long should the annual adjustments in accordance with the indexation continue (up to a maximum of four years);
- (2) the Special Responsibility Allowances paid to Chairs of committees as referred to in paragraph 6 of the report; and
- (3) the payment of Special Responsibility Allowances to Party Group Leaders as referred to in paragraph 7 of the report.

### Reason for Recommendation(s):

The Independent Remuneration Panel is required to recommend to the Council a Scheme of Members' Allowances.

### Alternative Options Considered and Rejected: (including any Risk Implications)

None. The Independent Remuneration Panel is required to recommend to the Council a Scheme of Members' Allowances.

**What will it cost and how will it be financed?**

**(A) Revenue Costs** – Inflationary adjustments in respect of the Scheme of Members’ Allowances will be built into the 2023-24 and subsequent years revenue budget. Appendix 3 to the report and paragraph 4 details a list of indexation options for consideration by the Panel. If any increases in Members’ allowances are recommended by the Panel and subsequently approved by Council, then budgetary provision will be made centrally for such increases.

**(B) Capital Costs**

**Implications of the Proposals:**

<b>Resource Implications (Financial, IT, Staffing and Assets):</b> See revenue costs section above	
<b>Legal Implications:</b> The Local Authorities (Members Allowances) (England) Regulations 2003 (as amended) require authorities to make a scheme for the payment of allowances for members and before it makes or amends a scheme, to have regard to the recommendations of an Independent Remuneration Panel.	
<b>Equality Implications:</b> There are no equality implications.	
<b>Impact on Children and Young People:</b> None	
<b>Climate Emergency Implications:</b>	
The recommendations within this report will	
Have a positive impact	No
Have a neutral impact	Yes
Have a negative impact	No
The Author has undertaken the Climate Emergency training for report authors	Yes
There are no direct climate emergency implications arising from this report.	

**Contribution to the Council's Core Purpose:**

Protect the most vulnerable: Not applicable
Facilitate confident and resilient communities: Not applicable
Commission, broker and provide core services: Not applicable
Place – leadership and influencer: Not applicable
Drivers of change and reform: Not applicable
Facilitate sustainable economic prosperity: Not applicable
Greater income for social investment: Not applicable

Cleaner Greener: Not applicable
---------------------------------

## What consultations have taken place on the proposals and when?

### (A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD7246/23) has been consulted and any comments have been incorporated into the report. The Chief Legal and Democratic Officer (LD5446/23) is the author of this report.

### (B) External Consultations

Contact has been made with Liverpool City Region local authorities to find out information relating to their Schemes of Members' Allowances.

## Implementation Date for the Decision

With immediate effect. The decision of the Independent Remuneration Panel will however be submitted to Cabinet and Council for consideration and approval.

<b>Contact Officer:</b>	Paul Fraser
Telephone Number:	0151 934 2068
Email Address:	<a href="mailto:paul.fraser@sefton.gov.uk">paul.fraser@sefton.gov.uk</a>

## Appendices:

The following appendices are attached to this report:

Appendix 1 – Current Scheme of Members' Allowances

Appendix 2 - Liverpool City Region Local Authorities – Comparison of Members' Allowances

Appendix 3 - Financial Impact of the Potential Indices

Appendix 4 – HMRC Employment Income Manual – Local Government Councillors and civic dignitaries in England: ODPM guidance: Part One: Members' Allowances

Appendix 5 – Guidance Note for Councillors on the Scheme of Members' Allowances

## Background Papers:

There are no background papers available for inspection.

### 1. Introduction/Background

1.1 The Council, at its meeting held on 18 July 2019, approved a recommendation of the Independent Remuneration Panel (the Panel) that the Scheme of Members' Allowances be adjusted annually in accordance with the Local Government Pay Settlement each year, for a period of 4 years commencing 2019/20. A copy of the current Scheme of Members' Allowances is attached as **Appendix 1**.

1.2 Bearing in mind the time that has lapsed since the last review the Panel is requested to

consider whether it wishes to amend the Scheme of Members' Allowances; continue with the current practice of adjusting the Scheme annually in accordance with the average of any pay increase awarded to Sefton Council employees; or choose a different indexation option.

1.3 The Local Authorities (Members' Allowances) (England) Regulations 2003, Part Three section 10 (4) states:

“(4) A scheme may make provision for an annual adjustment of allowances by reference to such index as may be specified by the authority and where the only change made to a scheme in any year is that effected by such annual adjustment in accordance with such index the scheme shall be deemed not to have been amended”.

A copy of the Regulations can be accessed using the link

<http://www.legislation.gov.uk/ukxi/2003/1021/made/data.pdf>

1.4 The Scheme of Members' Allowances for 2022/23 is set out in paragraph 2 below.

1.5 If the Panel chooses an indexation option this does not prevent the Panel from reviewing the Scheme at any time but allows for the Scheme to continue without a full review subject to the annual adjustment being applied.

## 2. Cost of 2022/23 Members' Allowances

2.1 The following table provides information on the costs of the 2022/23 Scheme of Members' Allowances.

2.2

Position	How the Allowance is calculated	Level of Payment	Number of Councillors holding this position	Total Cost
Leader of the Council	Basic Allowance x 2.5	£25,663.78	1	£25,663.78
Cabinet Members (excluding the Leader of the Council)	Basic Allowance x 1.5	£17,109.17	9	£153,982.53
<u>Political Group Leaders:</u> Liberal Democrat Leader (8 Members)	Leaders with a membership of 10 or more members will receive a Special Responsibility Allowance which is 50%	£4,153.10	4	£9344.46
Conservative Group Leader		£2,595.68		

(5 Members) Independent Group Leader (3 Members) Independent Group Leader (2 Members)	of the Basic Allowance (£5,191.38) and any Political Group Leaders with fewer than 10 members will receive one tenth of £5,191.38 per Member of the Group	£1,557.41  £1,038.27		
Committee Chairs				
Licensing and Regulatory	Basic Allowance x 1	£10,382.76	1	£10,382.76
Overview and Scrutiny	Basic Allowance x 0.5	£5,191.38	4	£20,765.52
Audit and Governance	Basic Allowance x 0.5	£5,191.38	1	£5,191.38
Councillors	Basic Allowance	£10,382.76	66	£685,262.16
			<b>Total</b>	<b>£910,592.59</b>

### 2.3 Political Balance of the Council 2023/24

The information in the table above relates to the scheme of allowances for 2022/23. Following the local elections in Sefton on 4 May 2023 the new political balance of the Council is set out below.

Labour	51
Liberal Democrat and Progressive Alliance	9
Conservative	5
Independent	1

### 3. Mayoral Allowance

3.1 The allowance paid to the Mayor does not fall within the Regulations for Members' Allowances. However, for ease of administration it has been linked to the Special Responsibility Allowance rates. The allowance allocated to the Mayor for 2022/23 is £15,574.14.

### 4. Indexation Options

4.1 A range of options are available to the Panel in which the basic allowances could be up

lifted. In the following paragraphs what are considered to be the most appropriate indices, have been identified for consideration. An indicative financial impact of the options is shown in Appendix 3 (using the latest available indices). This may assist the understanding of the options.

- 4.2 The indices identified fall, principally, into two categories; employee benefits and general inflation indices. Each has their own benefits and pitfalls. Employee benefits reflect the increases in remuneration that certain sectors (or all parts) of the economy are receiving, whilst general inflation provides an indication of the price increases affecting the wider economy.

#### 4.2.1 Employee Benefits

- (i) **Local Government Pay Settlement** – This is agreed annually and reflects the national pay bargaining between the national employers and the trade unions (the National Joint Council – NJC). Sefton has in the past kept its pay structure in line with national annual increases.

For 2022/2023 a flat pay award of £1,925 was agreed. This resulted in different % increases across spinal column points (SCP) varying from an increase of 10.5% for SCP1 to 4.04% for SCP43. SCP25 (the top of Grade G) is used as a proxy for average Council pay and oncosts; so by using SCP25 results in the use of the pay award that applied to the majority of SCPs. For 2022/2023 the flat pay award of £1,925 equated to an increase of 6.4% at SCP25

The Pay award for 2023/24 has not yet been agreed. The trade unions on the NJC have called for a pay increase of inflation plus 2% – based on the Treasury's annual forecast for RPI for 2023 and this would amount to 12.7%. See link below.

[NJC: Council and school pay 2023 | Campaigns | UNISON National](#)

A Local Government Association employment circular on local government pay published on 8 March 2023 details their offer from 1 April 2023, of an increase of £1,925 (pro rata for part-time employees) to be paid as a consolidated, permanent addition on all NJC pay points 2 to 43 (see link below). This offer, if accepted, would result in different % increases across spinal column points (SCP) varying from an increase of 9.42% for SCP1 to 3.88% for SCP43. If a similar methodology is implemented as referred to above and SCP25 (the top of Grade G) is used as a proxy for average Council pay and oncosts, for 2023/2024 then the flat pay award of £1,925 would equate to an increase of 6.01% at SCP25.

[Employer circular - Local government pay 2023 | Local Government Association](#)

**Latest situation** – As can be seen from the link above the trade unions on the NJC have rejected the employers' offer. Unison is currently conducting a ballot for industrial action and the deadline of the ballot is 4 July 2023.

- (ii) **National Pay Scales** – Information released on 16 May 2023 by the Office for National Statistics shows that the average regular pay growth for the private sector was 7.0% in January to March 2023. A link to the ONS information can be accessed using the link:

[Average weekly earnings in Great Britain - Office for National Statistics \(ons.gov.uk\)](https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/czbh/mm23)

#### 4.2.2 General Inflation

- (i) **Retail Price Index (RPI)** - Another option to consider would be to increase Members’ Allowances in line with the Retail Price Index (RPI). Information from the Office of National Statistics published on 24 May 2023 shows that the RPI was 11.4%

<https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/czbh/mm23>

- (ii) **Consumer Price Index (CPI)** - The final appropriate option to consider is to increase the Basic allowance by the CPI. Information from the Office of National Statistics published on 24 May 2023 shows that the RPI was 8.7%.

<https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/d7g7/mm23>

4.3 As mentioned in paragraph 4.2.1 (i) above a complicating factor is that the local government pay award for 2023/24 has not yet been settled. Accordingly, Appendix 3 contains information on increases of 12.7% (the trade union pay claim); and 6.01% the top of Grade G as a proxy for average Council pay and oncosts, as contained in the employers’ pay award offer.

### 5. Other Authorities Increases

5.1 Sefton Council’s neighbours in the Liverpool City Region increase their Members Allowances on the following basis:

Authority	Basis of Indexation
Liverpool	No index linking for 2023/24. The Panel agreed to not recommend an uplift in allowances
Knowsley	Indexed to the national pay awards for Local Government Officers
St Helens	Indexed to the national pay awards for Local Government Officers
Wirral	Indexed to the national pay awards for Local Government Officers
Halton	Indexed to the national pay awards for Local Government Officers – Where different increases are awarded to different sections of the NJC workforce the percentage increase applicable at spinal column 29 shall apply.

5.2 **Appendix 2** attached to the report provides information on the Liverpool City Region local authorities – comparison of members’ allowances at 1 March 2023

## 6. Committee Chairs

6.1 At present, SRAs are paid to Chairs of Committees as follows:

Committee	How Allowance Calculated	Level of Payment	Number of Councillors holding this position	Total Cost
Licensing and Regulatory	Basic Allowance x 1	£10,382.76	1	£10,382.76
Overview and Scrutiny	Basic Allowance x 0.5	£5,191.38	4	£20,765.52
Audit and Governance	Basic Allowance x 0.5	£5,191.38	1	£5,191.38
			<b>TOTAL</b>	<b>£36,339.66</b>

6.2 The views of the Panel are now sought as to whether they may like to re-visit the SRAs paid to Committee Chairs. For example, if the Panel wanted to allocate the same SRA to all Committee Chairs then the total cost of the SRA (£36,339.66) could be divided by the number of Chairs (6) to give a cost neutral figure of £6056.61 per Committee Chair.

6.3 It should be noted that Councillor Veidman, Cabinet Member – Planning and Building Control is also the Chair of the Planning Committee. In accordance with the Scheme of Members’ Allowances only one Special Responsibility Allowance is paid per Member and therefore no allowance is claimed for the responsibility of Chairing the Planning Committee.

## 7. Party Group Leaders

7.1 Party Group Leaders receive a Special Responsibility Allowance as this is specifically referred to in the “Guidance on Members’ Allowances for Local Authorities in England” published by the Department for Communities and Local Government. The guidance stipulates that:

“16. Where one political group is in control, and where an Authority has decided to pay special responsibility allowances, the Authority must make provision for the payment of a special responsibility allowance to at least one member of a minority group”.

7.2 When the Scheme was last reviewed for the 2019/20 Municipal Year, it was agreed that a banding structure be introduced regarding the Special Responsibility Allowances paid to opposition party group leaders. The banding structure is that any group leader with 10 or more Members receive the full allowance (at the rate of 0.5 of the Basic Allowance) and any group with less than 10 Members receive one tenth of that allowance for each Member in the group.

- 7.3 It is considered that this banding structure works well because the Special Responsibility Allowances paid to opposition party group leaders can be easily adjusted following elections to reflect any changes in group membership.
- 7.4 The Panel's views are sought on whether this aspect of the Members' Allowance Scheme should be continued.

## **8. Additional Allowances - Travel, Subsistence and Dependant Carer's Allowance**

- 8.1 Travel, subsistence and Dependant Carer's Allowance are also payable to Members.
- 8.2 The amounts payable in respect of travel and subsistence are the same as allowances paid to Council staff.
- 8.3 In respect of Dependant Carers' Allowance Members who incur additional expenses to arrange care for dependants may claim these expenses. The rate is based on the national minimum wage up to a maximum of 10 hours per week. This allowance was approved by the Independent Remuneration Panel at its meeting held on 14 October 2013.
- 8.4 Details of the travel, subsistence and Dependant Carer's Allowance can be found in paragraphs 8, 9 and 10 of **Appendix 5** - Guidance Note for Councillors on the Scheme of Members' Allowances.

## **9. Conclusion**

- 9.1 The financial impact of the potential indices highlighted in this report will result in an increase to Members' Allowances; and the financial impact of the various options can be seen in **Appendix 3**. For the information of Panel Members a copy of HMRC Employment Income Manual – Local Government Councillors and civic dignitaries in England: ODPM guidance: Part One: Members' Allowances is attached to the report as **Appendix 4**. This document provides information on the provisions in relation to basic, special responsibility and childcare and dependants' carers' allowances for members of local authorities and detailing how the Secretary of State can make regulations under this section requiring local authorities to make a scheme of allowances for their members and to establish and maintain a panel to make recommendations to the council about the scheme; and that Councils are required to establish and maintain an independent remuneration panel which will broadly have the functions of providing the local authority with advice on its scheme, the amounts to be paid and the pensionability of allowances where relevant. Local authorities must have regard to this advice.