

Report to:	Independent Remuneration Panel	Date of Meeting:	30 May 2019
Subject:	Members' Allowance Scheme 2019/20		
Report of:	Chief Legal and Democratic Officer	Wards Affected:	All
Cabinet Portfolio:	Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	No	Included in Forward Plan:	No
Exempt / Confidential Report:	No		

Summary:

To seek the views of the Independent Remuneration Panel on a Scheme of Members' Allowances for 2019/20.

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 3 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 5 of the report; and
- (3) the payment of Special Responsibility Allowances to Party Group Leaders as referred to in paragraph 6 of the report.

Reasons for the 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 2019-20 revenue budget.

(B) Capital Costs

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets):
Legal Implications: 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.
Equality Implications: There are no equality implications.

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 Head of Corporate Resources (FD 5637/19) has been consulted and any comments have been incorporated into the report. The Chief Legal and Democratic Officer (LD4761 /19) 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.

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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

Background Papers:

There are no background papers available for inspection.

1. Introduction/Background

1.1 The Council, at its meeting held on 14 May 2013, approved a recommendation of the Independent Remuneration Panel (the Panel) that the Scheme of Members' Allowances be adjusted annually in accordance with the average of any pay increase awarded to Sefton Council employees. 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 2018/19 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. 2018/19 Members’ Allowances

2.1 The following table provides information on the costs of the 2018/19 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	£22,618.43	1	£22,618.43
Cabinet Members (excluding the Leader of the Council)	Basic Allowance x 1.5	£15,078.96	8	£120,631.68
Party Leaders	Basic Allowance x 0.5	£4,575.35	3	£13,726.05
Committee Chairs				
Licensing and Regulatory	Basic Allowance x 1	£9,150.71	1	£9,150.71
Overview and Scrutiny	Basic Allowance x 0.5	£4,575.35	4	£18,301.40
Audit and Governance	Basic Allowance x 0.5	£4,575.35	1	£4,575.35
Councillors	Basic Allowance	£9,150.71	66	£603,946.86
			Total	£792,950.48

3. Indexation Options

- 3.1 A range of options are available to the Panel in which the basic allowances could be up lifted. In the following paragraphs, a number of what is felt to be the most appropriate indices, have been identified for consideration. An indicative financial impact of the options is shown in Appendix 2 (using the latest available indices). This may assist the understanding of the options.
- 3.2 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.

3.2.1 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. Sefton has in the past kept its pay structure in line with national annual increases. The pay rise for Sefton employees for 2019/20 is 2%
- (ii) **National Pay Scales** – No national pay award is published for the private sector, however, there are infrequent surveys carried out by HR companies. For information, a survey carried out by Personnel Today shows employers predict a 2.5% pay increase for 2019. A link to the article can be accessed using <https://www.personneltoday.com/hr/pay-awards-will-remain-stable-at-2-5-for-2019/>

3.2.2 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 shows that the RPI at March 2019 currently stands at 2.4%
- (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 shows that the RPI at March 2019 currently stands at 1.8%.

- 3.3 For reference, each increase of 1% in Members' Allowances over the current rate would result in an additional cost of £7929.50 for the Council.

4. Other Authorities Increases

- 4.1 Sefton Council's neighbours in the Liverpool City Region have increased their Members Allowances on the following basis:

Authority	Basis of Indexation
Liverpool	Indexed to the national pay awards for Local Government Officers
Knowsley	Indexed to the national pay awards for Local Government Officers
St Helens	Indexed to the national pay awards for Local Government Officers
Wirral	No Index Linking
Halton	Indexed to the national pay awards for Local Government Officers

4.2 Appendix 2 attached to the report provides information on the Liverpool City Region local authorities – comparison of members’ allowances as at 15 February 2019

5. Committee Chairs

5.1 On 6 June, 2012 the Panel recommended that the Council adopt a Members’ Allowance Scheme that banded Members by position, namely, Leader of the Council, Cabinet Members, Senior Councillors and Councillors. A Senior Councillor was defined as a Committee Chair or a Party Group Leader.

5.2 However, Council, at its meeting held on 5 July 2012 Council resolved that:

- (1) the recommendations made by the Independent Remuneration Panel set out in paragraph 2.1 of the original report be noted;
- (2) the existing Members’ Allowances be frozen at the current level and in order to comply with the Department for Communities and Local Government Guidance referred to in the report, special responsibility allowances of £4,260 be introduced for the Political Group Leaders and be backdated to 15 May 2012;
- (3) the publicity required as set out in Section 3 of the report be undertaken; and
- (4) the Council’s Constitution be amended to insert the revised Scheme.

5.3 As can be seen from (1) above the Council chose not to implement the Panel’s recommendations but to note them.

5.4 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	£9,150.71	1	£9,150.71
Overview	Basic	£4,575.35	4	£18,301.40

and Scrutiny	Allowance x 0.5			
Audit and Governance	Basic Allowance x 0.5	£4,575.35	1	£4,575.35
			TOTAL	£32,027.46

5.5 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 (£32,027.46) could be divide by the number of Chairs (6) to give a cost neutral figure of £5337.91 per Committee Chair.

5.6 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.

6. Party Group Leaders

6.1 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”.

6.2 When the Scheme was last reviewed for the 2013/14 Municipal Year, the political composition of the Council was Labour – 36; Liberal Democrat – 20; Conservative – 8; and Conservative Independent Members – 2. The Leaders of both the Liberal Democrat and Conservative Groups both received a SRA at the rate of 0.5 of the Basic Allowance.

6.3 The current political composition of the Council is Labour – 43; Liberal Democrat – 12; Conservative – 6; and Independent Group – 5. All three Leaders of the Opposition Groups receive a SRA at the rate of 0.5 of the Basic Allowance.

6.4 The views of the Panel are sought on whether all Party Group Leaders should receive a SRA at the same level, irrespective of the number of Members in their political group; or whether a banding structure could be introduced whereby the SRA reflects the number of Members in a political group. There could for example be a band for a political group comprising of 10 or more Members and a separate band for a group of less than 10 members.

7 Conclusion

7.1 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. These figures may fluctuate depending on the Panel's decision on SRAs paid to Party Group Leaders as referred to in paragraph 6 above. 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.