



North Devon Council

Report Date: Wednesday 22 November 2023

Topic: Scheme of Members Allowances 2023/24, 2024/25 and 2025/26

Report by: Chief Executive

1. INTRODUCTION

- 1.1. Each year all local authorities are required to set a scheme of allowances for Councillors.
- 1.2. In accordance with the Local Authorities (Member Allowances) Regulations 2003, the Independent Remuneration Panel consisting of independent people has met and made recommendations on the scheme of allowances for Councillors.
- 1.3. Since the Independent Remuneration Panel met, Council at its meeting on 11 January 2023 considered an uplift of allowances for 2022/23 and approved an uplift of 4.04% increase in line with the allowances increase for NJC Local Government Staff.
- 1.4. Since the District Council Elections which took place in May 2023, Council has not considered the adoption of a Scheme of Members Allowances for the current financial year 2023/24.
- 1.5. This report recommends the adoption of a Scheme of Members Allowances for 2023/24, 2024/25 and 2025/26.

2. RECOMMENDATIONS

- 2.1. That further to the recommendations of the Independent Remuneration Panel as detailed in paragraph 4.31 of the report:
 - 2.1.1. That the Council accepts the principle aspects to be reflected in setting the level of the Basic Allowance (as set out in paragraphs 15 in the Panel's report as detailed in Appendix A and in paragraph 4.10 of the report)
 - 2.1.2. That the Council accepts the principle of an incremental progression towards a more robust and relevant Basic Allowance;
 - 2.1.3. That Council consider the following two options for setting of the Basic Allowance for 2023/24, 2024/25 and 2025/26:
 - a) **Option 1** - Adopt the recommendations of the Independent Remuneration Panel as follows:
 - i. That the Basic Allowance for 2023/24 be set at £5,421 (includes £250 flat rate) AND be uplifted by the staff pay percentage award (3.88%) (£5,631)
 - ii. That the Basic Allowance for 2024/25, be set at the previous year (2023/24) basic allowance plus an amount of £250 AND be uplifted by the staff pay percentage award;

iii. That the Basic Allowance for 2025/26 be set at the previous year (2024/25) basic allowance level plus an amount of £140 AND be uplifted by the staff percentage award; OR

b) **Option 2** - Adopt an alternative recommendation for setting of the Basic Allowance for 2023/24, 2025/26 and 2026/27 and that it be increased by either the flat rate recommended by the Panel or the uplift in line with the staff percentage pay award for that financial year, whichever is the higher as follows:

- i. That the Basic Allowance for 2023/24 be set at £5,421 (which includes the flat rate of £250 and equates to 4.8% increase)
- ii. That the Basic Allowance for 2024/25 be set at £5,421 + the higher of £250 (which equates to 4.6%) or the staff pay %award.
- iii. That the Basic Allowance for 2025/26 be set at the previous year Basic Allowance for 2024/25 + the higher of £140 or the staff pay %award.

2.1.4. That the special responsibility allowance for Group Leaders for 2023/24 be calculated on the basis of the table below which also includes the Governance Element of 10% for each Group Leader:

Governance Element (10% BA for each group leader)	30+ members (100% BA)	21-30 members (75% BA)	10 – 20 members (50% BA)	5 – 9 members (25% BA)	2 to 4 members (10% BA)

2.1.5. That the roles that attract special responsibility allowances and the multiplier of basic allowance remain unaltered for 2023/24;

2.1.6. That the Travel, Subsistence and Carer's Allowances, together with the approved duties to which they relate remain unchanged within the scheme;

2.1.7. The Council notes the intention of the Independent Remuneration Panel to review the members allowances once the outcome of the 2023 election and any impact on member roles known;

2.2. Council considers the adoption of the Scheme of Members Allowances for 2023/24 to 2025/26 as shown in Appendix B and C.

3. REASONS FOR RECOMMENDATIONS

3.1. To set Councillor allowances for 2023/24 to 2025/26.

4. REPORT

- 4.1. The Local Authorities (Members' Allowances) (England) Regulations 2003 require an annual scheme of Councillors' allowances to be adopted that takes into account the advice of a panel of independent people (known as the Independent Remuneration Panel).
- 4.2. In accordance with the Regulations, the Scheme of Allowances is required to be subject to a fundamental review every four years, particularly with regard to the indexing arrangements for the Basic Allowances to which all Members are entitled to receive.
- 4.3. The Panel has now undertaken this fundamental review for the financial years of 2023/24 to 2025/26 and has met virtually and in person on 5 October 2022, 17 November 2022, 24 November 2022 and 7 December 2022. A copy of the Panel's report is attached as Appendix A.
- 4.4. The Local Authorities (Members' Allowances) (England) Regulations 2003 requires Council to take into account the advice of the panel.
- 4.5. The Members Allowances Scheme includes an indexation whereby the levels of basic allowance and special responsibility allowances can be varied with effect from the beginning of the year in accordance with the percentage change in the levels of the Council's staff remuneration for that year. As there was no straightforward calculation that could be applied to uplift the allowances for 2022/23, the Independent Remuneration Panel were requested to meet and formulate a view. This report was presented to Council on 11 January 2023 where Council resolved to approve an uplift of 4.04% increase in line with the allowances increase for NJC Local Government Staff (i.e. Basic Allowance increased to £5,171). (NOTE: As the Panel met prior to 11 January 2023, the Panel's proposals included within this report have been amended to reflect the uplift that has been made for 2022/23).
- 4.6. The Panel has had regard to the indexing arrangements for the Basic Allowance and has considered all aspects of the Basic Allowance and the current Special Responsibility Allowance which reflect the Council's way of working since its transition from an Executive Council.
- 4.7. The Panel carried out a survey of all Councillors as part of its evidence base and has undertaken interviews with the Leader of the Council, Deputy Leader, Group Leader, Lead Members, Vice Chair of Planning, Chair of the Governance Committee and co-opted Member of the Harbour Board. The Panel have taken into account all representations made by Members. Some of the Member responses to the questionnaire indicated dissatisfaction with the level of basic Allowance, which is claimed, did not adequately reflect the duties of a District Councillor or was not conducive to attracting Councillors from all age groups and diverse backgrounds.

4.8. The Panel also considered comparative statistics, particularly those relating to other District Councils in the South West.

Basic Allowances

4.9. The uplifted current Basic Allowance for 2022/23 is £5,171, which is in the lowest quartile of such allowances for other District Councils in the South West region.

4.10. The Panel has identified the following as being the main aspects of a Councillor's role recognised through the Basic Allowance and has used this to inform its recommendations:

- a) time and effort in conducting the local representation role;
- b) use of home as an office/work base;
- c) travel within the electoral ward;
- d) recompense in part for the direct impact of the councillor role on their private life;
- e) serving on such outside bodies to which the member may be appointed;
- f) membership of the full Council and its Committees/Sub Committees/Working Groups/Task and Finish Groups/Boards and reasonable attendance at meetings of these bodies to which the member has been appointed;
- g) performing a chairing or other lead role at such meetings where the time and effort involved does not equate to a chairing role for which a special responsibility is justified;
- h) attendance at political group meetings;
- i) making a contribution towards the effective governance, administration and performance review of the Council's strategies, policies and service delivery;
- j) attendance at a reasonable number of training and development events, including all mandatory training events;
- k) IT consumables beyond those already provided by the Council.

4.11. The Panel wishes the Council to put in place a robust structure of allowances that recognises:

- a) the heavy responsibilities and workload that North Devon councillors perform for their communities,
- b) the difficulty and sensitivity for councillors in managing challenging service delivery;
- c) the community's growing expectations of its councillors,
- d) the potential financial barrier to people from all sectors standing for the Council, if allowances remain as they are; and
- e) the difficulty and sensitivity for the Council in considering any increase at this time.

- 4.12. The Panel is very aware of cost of living pressures but note these pressures apply to Councillors aswell as people they serve.
- 4.13. Given the low level of Basic Allowance for North Devon councillors, the Panel wishes to offer to the Council a mechanism for (a) setting an 'aspirational' figure which better reflects the present workload and responsibilities of councillors and (b) moving incrementally towards that figure.
- 4.14. With regard to paragraph 4.13 (a) above, the Panel proposes an aspirational figure for the Basic Allowance of £5,810. This figure is the product of applying a formula for calculating the basic allowance based on the number of hours per week spent on Council/community business (the Panel believes on average this is at least 12 x hpw); the average hourly gross pay in the North Devon area (£13.9) and a relevant percentage reduction to reflect the voluntary element of the role (33%).
- 4.15. The proposed formula of the Panel for the aspirational figure for the basic allowance is as follows:

12 hours per week (624 per year) to fulfil Council duties
minus 33% public sector discount = 418 hours **multiplied by**
£13.9 per hour as the average gross hourly earnings in North Devon =
£5,810.

- 4.16. This formulaic approach is seen as locally relevant and a sound defensible basis for calculating the Basic Allowance for all councillors. It will, over time, put the North Devon Basic Allowance slightly above the average of all South West Districts. However, the Panel notes that other Panels are currently reviewing allowances and the average might therefore increase.
- 4.17. In recognition of the points above about the financial situation, the Panel regards the figure of £5,810 as an 'aspirational' figure which the Panel recognises the Council may not feel appropriate to move to immediately in 2023/24.
- 4.18. The Panel therefore proposes that the Council moves incrementally (i.e. a fixed amount each year) towards this aspirational figure, which in the Panel's view is a more sustainable level for the Basic Allowance. **This fixed enhancement would be in addition to any staff pay awards during that period.**
- 4.19. The Panel proposals, based on the current Basic Allowance, therefore would be as follows (NOTE: the basic allowance figures have been amended following approval of 4.04% uplift by Council on 11 January 2023):

2023/24 - £5,171 + £250 = £5,421 + staff award
2024/25 - £5,421 + £250 = £5,671 + staff award
2025/26 - £5,671 + £140 = £5,811 + staff award

Special Responsibility Allowances

- 4.20. The Panel has applied the following principles in determining its recommendations in relation to Special Responsibility Allowances (SRA):
- a) the Scheme currently provides for only one SRA to be claimed by a member, even if they hold more than one role that attracts a SRA – a principle that the Panel upholds and recommends should continue;
 - b) the Panel considers what the Council expects of the member role rather than any individual's approach to the role;
 - c) a councillor receiving a robust basic allowance should reasonably be expected to undertake specific roles within the Council that are not overly demanding of time or effort (e.g. the occasional chairing role).
 - d) to qualify for a SRA, the role should satisfy a number of the special characteristics shown at paragraph 36 (as detailed in the Panel's report in Appendix A);
- 4.21. In determining its recommendations on Special Responsibility Allowances, the Panel has looked at each member role in the context of its primary purpose, the activities related to that role (e.g. meeting officers, media management) and the special characteristics (paragraph 36 of the Panel's report in Appendix A refers).
- 4.22. The majority of Special Responsibility Allowances are set as a multiplier of the Basic Allowance. The Panel believes this is the most appropriate way of setting SRAs with adjustments in the Basic Allowance being automatically reflected in the SRA.
- 4.23. The Panel also looked carefully at the roles that attract SRAs within the current scheme and considered evidence presented to it via the survey and interviews.
- 4.24. While there are some aspects of current member roles that the Panel feels need deeper analysis, it was mindful of the District Council elections taking place in May 2023 and possible changes in the way the Council works as a result. The Panel accordingly felt that the majority of the Scheme should remain unaltered at this time as it reflected the current way of working. However the Panel will wish to keep the situation under review post-election.

Group Leaders Special Responsibility Allowances

- 4.25. The Panel considered that one aspect of the Scheme that could benefit from some clarity and adjustment, which related to the allowances for Group Leaders.
- 4.26. At present, the Scheme provides that Group Leaders receive an allowance of £222 per group member with a minimum of £500.
- 4.27. The Panel explored the relevance of basing these allowances purely on group size and group management. Of particular interest to the Panel

was the extent to which the Scheme might, or indeed should, acknowledge that all political group leaders, whether in administration or otherwise, and irrespective of size, have some role to play in the good governance of the Council. The Panel heard evidence relating to meetings of all group leaders on a monthly basis.

- 4.28. The Panel considered that there may well be a view that organising political group members was purely a party political role and not one that should be remunerated through the allowances Scheme. The Panel does not accept that view, recognising the wider contribution of political group structures within local government, contributing to the effective running of the Council and the legal status of group size in determining the proportionate allocation of committee places. The Panel believes there needs to be a more equitable representation of the Group Leader governance and political group management roles within the allowances Scheme.
- 4.29. The Panel propose a dual level of allowance for group leaders, whether in administration or in opposition. It is a radical approach but one in their view better reflects their perception of the group leader role. However, if adopted, the Panel would wish to monitor this arrangement and review in light of feedback and if there is any significant change to the political control arrangements.
- 4.30. The Panel propose that the Leader of every formally notified political group will receive the same governance element, which it is recommended at 10% of the Basic Allowance. In addition, it is proposed that each group leader will be entitled to an allowance to reflect the size of their group.

Recommendations of the Panel to Council (as detailed in Appendix A)

- 4.31. The Panel is recommending the following (NOTE: These figures have been amended following the decision of Council on 11 January 2023) :
- 4.31.1. That the Council accepts the principal aspects (as detailed in paragraph 4.10 of the report) to be reflected in setting the level of the Basic Allowance.
- 4.31.2. That the Council accepts the principle of an incremental progression towards a more robust and relevant Basic Allowance;
- 4.31.3. That the Basic Allowance for 2023/24 be set at £5,421 + staff award
- 4.31.4. That the Basic Allowance for 2024/25 and 2025/26 be as follows, appropriately adjusted to reflect the decision on the staff pay awards:
- a) 2024/25 - £5,421 + £250 = £5,671 + staff award
 - b) 2025/26 - £5,671 + £140 = £5,811 + staff award

4.31.5. That the special responsibility allowances for Group Leaders for 2023/24 be calculated on the basis of the table shown below:

Governance Element (10% BA for each group leader)	30+ members (100% BA)	21-30 members (75% BA)	10 – 20 members (50% BA)	5 – 9 members (25% BA)	2 to 4 members (10% BA)
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4.31.6 That the special responsibility allowances remain unaltered for 2023/24, subject to the adjustment relating to the 2022/23 pay award;

4.31.7 That the Council notes the intention of the Panel to review the above allowances once the outcome of the 2023 election, and any impact on member roles, is known.

4.31.8 That the Travel and Subsistence and Carers' Allowances, together with the Approved Duties to which they relate, remain unchanged within the Scheme.

Alternative Recommendation for Setting Basic Allowance to the Panel's recommendation for consideration by Council

4.32 The Panel's recommendation to increase the basic allowance by a flat rate for the next three years in addition to an uplift in line with the staff pay award would result in a substantial increase over this period. For example in 2023/24, the proposal of £250 on top of the £5,170 is a 4.8% increase and if an uplift in line with the staff pay award was also included could potentially result in an 8.9% increase. **By including both a flat rate and an uplift would put pressure on the Council's budget.**

4.33 It is therefore recommended that the Panel's recommendation to incrementally increase the allowance over the next 3 years approach be accepted. However, Council to consider that the basic allowance be increased by either the flat rate recommended by the Panel or the uplift in line with the staff pay award for that financial year, whichever is the higher as follows:

- 2023/24 - £5,170 + the higher of £250 (which equates to 4.8%) or the staff pay %award (which equates to 3.88%),
- Assuming it was the £250 above, 2024/25 - £5,420 + the higher of £250 (which equates to 4.6%) or the staff pay %award, if higher than 4.6%
- Assuming it was the £250 above, 2025/26 - £5,670 + the higher of £140 (which equates to 2.5%) or the staff pay %award, if higher than 2.5%

5. RESOURCE IMPLICATIONS

- 5.1. The staff pay award for 2023/24 has been recently announced. In 2022/23, the Basic Allowance was uplifted by 4.04% which was the percentage applied to all scale points above the maximum pay spine. In 2023/24, the percentage applied to all scale points above the maximum pay spine is 3.88%. The Independent Remuneration Panel has been consulted on the percentage uplift and have confirmed their agreement in recommending that the percentage for uplifting allowances for 2023/24 be 3.88%.
- 5.2. The impact on the revenue budget from the proposed 2023-24 uprating of a minimum £250 (4.8%) on members allowances as set out is a cost increase of £12,755. The 2023-24 revenue budget includes a provision to cover this increase.
- 5.3. The impact on the revenue budget from the proposed 2024-25 uprating of a minimum £250 (4.6%) on members allowances as set out is a minimum additional cost increase of £12,810. If the staff pay award is a higher percentage than the above £250 uprating, this alternative cost implication would be accordingly higher. The 2024-25 proposed draft budget would include a provision to cover the increase.
- 5.4. The impact on the revenue budget from the proposed 2025-26 uprating of a minimum £140 (2.5%) on members allowances as set out is a minimum additional cost increase of £7,282. If the staff pay award is a higher percentage than the above £140 uprating, this alternative cost implication would be accordingly higher. The 2025-26 proposed draft budget would include a provision to cover the increase.

6. EQUALITIES ASSESSMENT

- 6.1. There are no equalities implications anticipated as a result of this report as the scheme of Members Allowances is for all Councillors.

7. ENVIRONMENTAL ASSESSMENT

- 7.1. There are no environmental implications arising from this report.

8. CORPORATE PRIORITIES

- 8.1. What impact, positive or negative, does the subject of this report have on:
- 8.1.1. The commercialisation agenda: None
 - 8.1.2. Improving customer focus and/or: None
 - 8.1.3. Regeneration or economic development: None



9. CONSTITUTIONAL CONTEXT

9.1. Part 2, Article 4, Paragraph 4.5.8 of the Constitution

9.2. Council function.

10. STATEMENT OF CONFIDENTIALITY

This report contains no confidential information or exempt information under the provisions of Schedule 12A of 1972 Act.

11. BACKGROUND PAPERS

11.1. No reports that aren't in the public domain were used in the preparation of this report.

12. STATEMENT OF INTERNAL ADVICE

12.1. The author (below) confirms that advice has been taken from all appropriate Councillors and Officers: Chief Executive, Director of Resources, Monitoring Officer, Accountancy Services Manager, Head of Governance and Head of Organisational Development.