

# Report of the Independent Remuneration Panel – Members’ Allowances 2024/25



**Report to:** Full Council

**Date:** 14 December 2023

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## Recommended that:

- A** Full Council adopts the Members’ Allowance Scheme (attached as Appendix A to the report) with effect from 1 April 2024.

## Background

1. The Panel is responsible under the Local Authorities (Members’ Allowances) (England) Regulations 2003 for making recommendations to Full Council on the levels of remuneration payable to Councillors. In broad terms this includes:
  - a) A Basic Allowance (BA) payable to all Councillors;
  - b) Special Responsibility Allowances (SRAs) payable to certain Councillors for fulfilling particular roles, such as Leader of the Council;
  - c) Travel and subsistence allowances; and
  - d) Other allowances it deems appropriate.
2. Full Council is not bound by the recommendations of the Panel, but must have regard to the Panel’s recommendations.
3. In August 2023, the Panel met to discuss which areas of the allowance scheme it wished to review. It agreed that it would focus on the Basic Allowance (BA) and the Special Responsibility Allowances (SRAs). Other allowances such as travel and subsistence were identical, or broadly comparable with those available to Officers, and a review wasn’t considered necessary at this time.

4. The Panel also agreed to undertake a survey of Councillors, and to hold several workshops with Councillors so they could fully understand the work involved as a 'ward councillor' as well as for SRA holders. The Panel found these helpful and would like to thank those who took part. The key findings of the survey were:
  - a) The average Councillor who responded works 49.78 hours a month on work related to their Basic Allowance;
  - b) None feel their allowances reflect the work they do; and
  - c) Several of them feel the allowances should reflect a peer group average.
5. The workshops revealed the following views from Councillors:
  - a) Councillors do not run for election for the money, but there is a concern some Councillors are losing money to fulfil their role.
  - b) There are other costs, including turning down personal career opportunities, to properly fulfil the role, both for those receiving just the BA, and those receiving an SRA.
  - c) There was a general agreement that the BA was too low. Most felt the SRAs were also too low, but there wasn't unanimity on this.
  - d) The Leader of the Council SRA was completely unreflective of the workload and responsibility. The Councillors the Panel spoke to considered the Leader's role to effectively be a full-time job.
  - e) A Public Sector Discount (PSD) does have flaws and is not well understood.
6. The Panel looked at the comparative data for allowances from other comparable authorities. The council is consistently amongst, the lowest for all allowances. The Panel has noted the BA at the council has risen only marginally since 2011, when the Cabinet governance system was introduced. The Cabinet SRAs are all lower in actual terms than in 2011. The other SRAs have only risen marginally since 2011, but have seen a significant real terms cut.

## **Issues/Proposals**

7. The Panel has worked under the following rationale for its recommendations:
  - a) Equity, does the allowance reflect an equitable amount such that it removes the barriers to entry of those that wish to become Councillors;

- b) Allowances should be high enough so as not to prevent people from taking on the roles or facing financial hardship;
- c) All of its recommendations must be justifiable;
- d) If a PSD is applied, it must be clearly explained how and why;
- e) Remuneration should be seen as within the norms across Essex; and
- f) The Panel did not feel it necessary to review other allowances within the Scheme, apart from the BA and SRAs.

### **Basic Allowance**

- 8. The Panel gave weight to the results of the survey in terms of time worked by the average Councillor on work associated with the BA. It noted this was approximately 50 hours a month, or 600 hours a year.
- 9. It wanted the allowance to be linked to a recognised wage or salary. It recognised that Councillors did work for the public good, and wanted the allowance to be a reflection of the time committed, rather than of responsibility.
- 10. The Panel had also worked on the principle that the level of the BA should not be prohibitively low and prevent people from seeking election, or from continuing to be Councillors.
- 11. The Panel noted the Council is a Living Wage Employer, and pays the Real Living Wage (RLW) as set by the Living Wage Foundation. At the time of writing the report, this was £12 per hour. The Panel felt that using a calculation based on the Real Living Wage allowed for a framework that was about reimbursement.
- 12. It did, however, want to further demonstrate that the role of Councillors was for the public good and considered mechanisms for this. It recognised the comments during the Councillor workshops about the appropriateness of Public Sector Discounts. Whilst they were not perfect, they still provided the best mechanism for demonstrating that Councillors work for the public good. It recognised that the Local Government Association recommends a PSD of between 20-40% be applied to allowances.
- 13. The Panel therefore proposes a calculation of the BA using the following formula: 50 hours per month multiplied by the Real Living Wage currently at £12 per hour, resulting in a monthly total of £600. This was then multiplied by 0.8. This applies a 20% PSD and results in a monthly allowance of £480. This equates to a BA of £5,760 for 2024-25.
- 14. The Panel considered the appropriateness of applying a bigger PSD. However, it recognised the comments made during the workshops that a proportion of Councillors

were losing income from work and considered the proposed level to reflect the aims of an allowance.

## **Special Responsibility Allowances**

15. The Panel discussed whether each SRA would be considered completely in isolation, or whether there was a method, linked to the basic allowance. The Panel are of the view that SRA's could be calculated as multiples of the BA. This would allow them to increase as the RLW (and therefore BA) increased. This would also enable flexibility as the responsibility multiplier could be adjusted should the roles change over time.
16. The Panel's methodology for determining SRAs was different than for BAs. It determined that they were for additional responsibility, rather than hours worked. The Panel used the relative responsibilities of each position to determine what the multiple should be.
17. Leader of the Council
  - a) The Leader was responsible for shaping the strategic direction of the council;
  - b) The Leader had considerable decision-making powers individually and as part of the Cabinet;
  - c) These decision-making powers were greater than for other SRAs;
  - d) They were responsible for the management of their Councillors;
  - e) There was the highest level of accountability compared to other SRAs;
  - f) There was the highest level of public visibility; and
  - g) This meant the SRA should be significantly higher than the others.
18. Deputy Leader of the Council
  - a) The primary responsibilities of the role were those of a Cabinet Portfolio Holder;
  - b) There were some additional responsibilities, but these were limited deputising for the Leader in the Leader's absence; and
  - c) It was considered this SRA should be marginally higher than for a Portfolio Holder.
19. Cabinet Portfolio Holders
  - a) They assisted with shaping the strategic direction of the council;

- b) There were limited individual decision making powers;
- c) There was a fairly high level of accountability and public visibility; and
- d) The current SRA level did not reflect the level of responsibility.

20. Leaders of Opposition Groups

- a) There were no direct decision making powers:
- b) They were responsible for leading the 'political' scrutiny of the Administration. The Panel felt this was a role of significant value. The Administration would work at its best when it had an effective opposition;
- c) There was a lower level of accountability than for a Portfolio Holder, but comparable levels of visibility, at least for the Leader of the Opposition;
- d) The SRA was comparable in overall terms to a Portfolio Holder; and
- e) There should be a set amount for the Leader of the Opposition and a lower, scalable amount for leaders of other groups.

21. Chair of the Council

- a) There were no direct decision making powers;
- b) There was a high level of public visibility and the Chair is the civic head of the council; and
- c) There was a level of responsibility in chairing Full Council meetings; and
- d) The current SRA was only slightly undervalued.

22. Chair of Other Committees

- a) There were no direct decision making powers, decision making was collective;
- b) There were generally lower levels of public visibility and accountability;
- c) There was a level of responsibility in chairing meetings, but also the management of items in between meetings and officer liaison; and
- d) The overall responsibility was equivalent to the Chair of the Council.

23. Vice Chair of the Council

- a) This was a limited role, which served mainly to deputise for the Chair of the Council in their absence.

### SRA Multipliers

24. The Panel considered descriptions of the SRA roles as well as the evidence that had been presented during the workshops. For the Leader of the Council SRA there was a considerable level of extra responsibility, including significant decision making powers and the Panel felt the SRA should be at two times the BA. The remaining SRAs were considered using the same approach.

25. The multipliers recommended to be applied, along with the SRA payments are therefore recommended as follows:

SRA	Multiplier	SRA Amount (£)
Leader of the Council	2	11,520
Deputy Leader of the Council	0.8	4,608
Cabinet Portfolio Holder	0.75	4,320
Chair of the Council	0.5	2,880
Vice Chair of the Council	0.1	576
Chair of 'Other' Committees	0.5	2,880
Leader of Main Opposition Group	0.75	4,320
Leader of other political groups	0.075 times the Basic Allowance multiplied by the number of Councillors in the group (up to a maximum of 10 group members)	

### Future Increases

26. The Panel felt that allowances should track the Real Living Wage, but was aware that mid-year increases could create unexpected pressures on the council's budget. It therefore recommended that allowances increase in line with the Real Living Wage as at 1 April in subsequent financial years and as agreed by Council from time to time.

### Implications

#### Equalities and Diversity

An Equality Impact Assessment has been completed and is attached as Appendix B.

#### Climate Change

None.

## **Finance**

If the recommendations from the report are agreed and allowances are increased from April 2024 then the budget setting process will quantify the financial pressure this creates through the increase awarded and will include this as a growth pressure in the 2024/25 Budget.

Author: Simon Freeman, Deputy Chief Executive and Director of Finance

## **Governance and Corporate Services**

Under the Local Authorities (Members' Allowances) (England) Regulations 2003, Full Council must have regard to the recommendations of the Panel when determining the levels of remuneration.

The Panel has considered the views of Councillors, and the purpose of allowances when determining its recommendations. If Full Council is minded to make an alternative resolution to the Panel's recommendations, it should have a clear rationale for doing so.

Author: Simon Hill, Director of Governance and Corporate Services

## **Appendices**

Appendix A – Proposed Members' Allowance Scheme 2024/25

Appendix B – Equality Impact Assessment

## **Background Papers**

None.

## **Glossary of terms/abbreviations used**

BA – Basic Allowance

SRA – Special Responsibility Allowance