

NEWCASTLE-UNDER-LYME BOROUGH COUNCIL

**EXECUTIVE MANAGEMENT TEAM'S
REPORT TO**

Council
10 November 2021

Report Title: Recommendations of the Independent Remuneration Panel

Submitted by: Leader of the Council – Councillor Simon Tagg

Portfolios: One Council, People and Partnerships

Ward(s) affected: N/A

Purpose of the Report

To enable Council to determine Members Allowances for the year 2022-23.

Recommendation

That the Council:

- **Thanks the Independent Remuneration Panel for their work.**
- **Makes no increases in the current Members Allowance Scheme.**
- **Links, with effect from the start of the 2022/23 Municipal Year, the allowances paid to Members to the annual Local Government pay award agreed by the NJC so that Members Allowances increase in line with the annual percentage rate rise, if applicable, that staff at Newcastle Borough Council receive.**

Reasons

It is appropriate that Council keeps its scheme of Members Allowances under review. The Local Government Act 1972 stipulates that the scheme should be reviewed at least every four years. The scheme at Newcastle-under-Lyme Borough Council has been regularly reviewed but has remained unchanged since 2006/07.

To bring the Council in line with many other Councils, it is recommended that a link be established between the annual Local Government pay award that staff at the Council receive and that of Councillors allowances, meaning that the basic allowance and special responsibility allowances would increase in line with the annual percentage rate rise, if applicable, that staff at Newcastle Borough Council receive.

This should commence at the start of the new Council term following the Borough Council elections in May 2022.

The Council's Finance Manager has confirmed that any link to anticipated rise in staff pay can be met from the existing Members Allowance budget and would therefore have no impact upon the Council's Medium Term Financial Strategy (MTFS).

1. **Background**

- 1.1 Local government legislation makes provision for a scheme of allowances to be paid to elected members ("the Scheme"). Any changes to the Scheme must be approved by full Council before the beginning of the municipal year in which they are to take effect. Before council can approve any changes to the Scheme, it must have regard to the report of an Independent Remuneration Panel ("IRP") consisting of at least three members who are independent from the Council.
- 1.2 The current Scheme was approved by full Council in 2006. It was most recently considered by Council at its 3 April 2019. During that meeting, Council resolved to retain the Scheme as it was, to undertake a survey of members and that the timetable for a future review should be determined by the Constitution and Member Support Working Group ("CMSWG"). The original recommendation to that Council meeting was for the Scheme to be reviewed in time for Annual Council in May 2022.
- 1.3 CMSWG met on 5 February and 17 March 2020. In the meantime, on 19 February 2020 full Council approved the appointment of members to the IRP. CMSWG approved a timetable for the review to be completed such that a recommendation could be made to Council in respect of a new Scheme at its Annual meeting in May 2021. Unfortunately, within weeks of the 17 March 2020 CMSWG meeting, the country was placed into "lock-down" in response the Covid-19 pandemic, impacting on the timetable envisaged at the 17 March 2020 CMSWG meeting.
- 1.4 The IRP was able to meet on 4 March 2021. Work was undertaken during April, May and June 2020. The IRP's report was finalised on 12 October 2021. That report, with its appendices, are attached to this report.

2. **Issues**

- 2.1 The wider issues around Members' Allowance Schemes are comprehensively addressed in the attached report of the IRP. The IRP make a number of recommendations which are set out in their attached report.
- 2.2 It is important that the Scheme is affordable. Whilst the Council is grateful to the IRP for the diligent work undertaken, the Leader makes the recommendations to council set out in this report.

3. **Proposal**

3.1 That the Council:

- Thanks the Independent Remuneration Panel for their work.
- Makes no increases in the current Members Allowances Scheme.
- Links, with effect from the start of the 2022/23 Municipal Year, the allowances paid to Members to the annual Local Government pay award agreed by the NJC so that Members Allowances increase in line with the annual percentage rate rise, if applicable, that staff at Newcastle Borough Council receive.

4. **Reasons for Proposed Solution**

- 4.1 As set out above.

5. **Options Considered**

5.1 The IRP has considered the full range of viable options.

6. **Legal and Statutory Implications**

- 6.1 Section 18 of the Local Government and Housing Act 1989 (as amended) makes provision in relation to basic, special responsibility and childcare and dependants' carers' allowances for members of local authorities. Section 100 of the Local Government Act 2000 allows the Secretary of State to make provision in relation to travel and subsistence allowance for members of local authorities and an allowance for non-councillors who are members of a council's committee or sub-committee (co-opted members). The Local Authorities (Members' Allowances)(England) Regulations 2003 ("the Regulations") have been made under these provisions.
- 6.2 Regulation 10 of the Regulations requires the authority to make a scheme of members' allowances (a Scheme) before the beginning of each municipal year. The Scheme must include a basic allowance. The other types of allowance referred to above are discretionary.
- 6.3 Regulation 19 and 20 require the authority to establish an Independent Remuneration Panel, consisting of at least three members who are independent from the Council. The Council must have regard to a report of that IRP when setting or amending its Scheme.
- 6.4 A Scheme can include provision for annual adjustment by index linking. Where it does so, changes to the Scheme which do not go beyond linked index changes will not amount to amendments requiring the input of the IRP. Authorities must not rely on index linking for longer than a period of four years before seeking a further recommendation from the IRP.

7. **Equality Impact Assessment**

- 7.1 Having an up to date Scheme which adequately compensates members for the time they spend on Council activities is a crucial component of promoting diversity and inclusion in democracy. Without such a Scheme those with caring responsibilities and/or those who are less financially secure will face barriers to entering into political life not faced by candidates who are financially secure and/or who do not have caring responsibilities. That can create a significant disparity which is not conducive to ensuring that the elected membership adequately represents our communities on a fully inclusive and diverse basis.

8. **Financial and Resource Implications**

- 8.1 The 2021/22 approved budget for Members and Mayoral allowances totals £258,930. Current costs total £251,951.
- 8.2 The recommendation in this report, i.e. linking the current Scheme rates to any anticipated officer pay increase would keep the cost of the Scheme within current budgetary provision.
- 8.3 The total Members and Mayoral allowances proposed by the IRP (i.e. the changes the IRP recommends to the SRAs and a basic allowance of £4900) amount to £319,565. A total cost of £319,565 would require a pressure being included in the Medium Term Financial Strategy for 2022/23 of £60,635.
- 8.4 The recommendations of the IRP could be financed within existing budgets, if implemented in full, with the exception of the recommended basic allowance increase of £4900. If the IRP recommendations were implemented in full, the current budget could only sustain a basic allowance in the range of £3,365 to £3,522.

9. **Major Risks**

9.1 The biggest risk associated with this issue is the one highlighted under the Equality Impact Assessment section above.

10. **UN Sustainable Development Goals (UNSDG)**



11. **Key Decision Information**

11.1 As a decision for full Council, this is not a Key Decision as defined. The financial implications are set out above.

12. **Earlier Cabinet/Committee Resolutions**

12.1 Set out in the body of the reports.

13. **List of Appendices**

13.1 IRP report with appendices

14. **Background Papers**

14.1 Referred to in the body of the reports.