



SHEFFIELD CITY COUNCIL Report to Council

Report of: Acting Executive Director, Resources

Date: 3rd March 2017

Subject: Members' Allowances 2017/18 onward

Author of Report: Jason Dietsch, Head of Member Services
0114 2734117

Summary:

Prior to 1st April each year, the Council has to agree a Members' Allowances Scheme for the forthcoming financial year. This report sets out the recommendations from the Independent Remuneration Panel for consideration and to enable recommendations to be made to the Special Meeting (Budget) of the City Council on the Members' Allowances Scheme to be agreed for the Municipal Year 2017/18 and onward.

Recommendations:

That consideration is given to the recommendations of the Independent Remuneration Panel and that any recommendations arising therefrom are submitted for consideration by the City Council at its Special Meeting (Budget) to be held on 3rd March 2017.

Background Papers: Report of the Independent Remuneration Panel on Members' Allowances for 2017/18 and Onward (attached as an Appendix).

Category of Report: OPEN

Statutory and Council Policy Checklist

Financial Implications
YES Cleared by: Hayley Ashforth
Legal Implications
YES Cleared by: Gillian Duckworth
Equality of Opportunity Implications
NO Cleared by: Michael Bowles
Tackling Health Inequalities Implications
NO
Human rights Implications
NO:
Environmental and Sustainability implications
NO
Economic impact
NO
Community safety implications
NO
Human resources implications
NO
Property implications
NO
Area(s) affected
Relevant Scrutiny Committee if decision called in
Not applicable
Is the item a matter which is reserved for approval by the City Council?
YES
Press release
NO

1. PROPOSAL

- 1.1 Prior to 1st April each year, the Council has to agree a Members' Allowances Scheme for the forthcoming financial year. The Council is also able to amend its Scheme at any time if it needs or chooses to do so and is required by regulations to seek, and have regard to, the views of an Independent Remuneration Panel (IRP). It must do this at least every four years or whenever the Council wishes to amend its Scheme. The Panel has to consider the Scheme and any proposed changes and make recommendations to the Council. However, it is for the Council to decide on the Members' Allowances Scheme that is put in place, having regard to the Panel's recommendations.
- 1.2 The Panel last reviewed the Members' Allowances Scheme four years ago (in March 2013) and was therefore required to consider the Scheme for 2017/18 onward. The Panel has been convened and has produced a report (dated January 2017) which includes its recommendations, and that is appended to this report
- 1.3 It is proposed that consideration is given to the recommendations of the Independent Remuneration Panel and that any recommendations arising therefrom are submitted for consideration by the City Council at its Special Meeting (Budget) to be held on 3rd March 2017.

2. HOW DOES THIS DECISION CONTRIBUTE?

- 2.1 The Independent Remuneration Panel looks at the following areas and may make recommendations about them:
- the level of Basic Allowance for all Members of the Council;
 - the categories of special responsibility for which a Special Responsibility Allowance should be paid and the levels of those allowances;
 - as to whether Dependant Carers' allowance should be payable to Members and the amount of such an allowance
 - travelling and subsistence allowances
 - any annual increase
- 2.2 The Panel's recommendations are considered by Council, which is responsible for agreeing the Members' Allowances Scheme. The Scheme is published information and it sets out the amounts of allowances to be paid, or that are available, to Members of the Council for undertaking duties or responsibilities during that Municipal Year.
- 2.3 The Scheme which will be approved by the Council on 3rd March 2017 will reflect the Council's decision-making arrangements for the Municipal Year 2017/18.

- 2.4 The Independent Remuneration Panel last reviewed the Members' Allowances Scheme in March 2013 (for 2013/14 and onward). The Council, having regard to the Panel's recommendations, agreed a Scheme for 2013/14 and onwards at its meeting on 15th May 2013. The decision made by the Council is set out at Appendix B to the Panel's report.
- 2.5 The Scheme approved for 2013/14 has been adopted by the Council for each financial year since (i.e. 2014/15, 2015/16 and 2016/17), a total of 4 years. This means the Scheme needed to be reviewed by the Panel prior to 2017/18, in accordance with statutory requirements.
- 2.6 The Independent Remuneration Panel was convened to meet on 26 January 2017 to review the Members' Allowances Scheme and it has put forward recommendations for the Council to consider. The recommendations take account of the Council's political composition and the various roles which are carried out by Members, as well as its governance arrangements. The Panel, whilst fully appreciating the financial pressures confronting the Council and the continuing need to make substantial savings, attempted to carry out its review as objectively as possible and did not allow its awareness of those pressures to cloud its judgement or influence its recommendations.
- 2.7 The specific recommendations made by the Panel are set out in paragraphs 2.7.1 to 2.7.9 below. In many instances, the Panel has endorsed the arrangements in place within the current Members' Allowances Scheme. For the sake of clarity, unless specifically mentioned in the following recommendations, the provisions within the Council's Members' Allowances Scheme for 2016/17 were endorsed by the Panel. Two of the Panel's recommendations (those at paragraphs 2.7.2 and 2.7.9 below) have financial implications, and those implications are outlined in section 4.2 of this report.
- 2.7.1 *That no change should be made to the composition and amount of Basic Allowance.*
- 2.7.2 *That the Council should give consideration to the significantly lower levels of Special Responsibility Allowances in relation to its Leader and Executive Members, when next amending its Members' Allowances Scheme (see paragraph 5.3.3 of the Panel's report).*
- 2.7.3 *That the responsibilities/duties in respect of which Special Responsibility Allowance should be available, and the rates of those allowances (notwithstanding the recommendation made above in relation to reviewing the SRA rates for its Leader and Executive Members), should be as set out in paragraph 5.3.4 of the Panel's report.*
- 2.7.4 *That travel allowances should continue to be made available for travel within the city as well as for travel out of the city, for the same "approved duties" as set out in the Scheme. The travel allowances should be based on officer rates as agreed by the Council from time to time.*

- 2.7.5 *That subsistence allowances should continue to be made available for “approved duties” undertaken out of the city. The subsistence allowances should be based on officer rates as agreed by the Council from time to time.*
- 2.7.6 *That a Dependent Carer’s Allowance should continue to be made available for the same “approved duties” as for travelling and subsistence, subject to the production of appropriate receipts. No change should be made to the maximum rate of the allowance.*
- 2.7.7 *That no change should be made to the amount of the Co-optees’ Allowance.*
- 2.7.8 *That the current index for adjusting Basic, Special Responsibility (including the Pensions Authority), Co-optees’ and Dependent Carers’ Allowances on an annual basis should continue to be the average percentage pay award for employees of the Council. The index should be applied for the maximum period of four years, and be reviewed for the 2021/22 Scheme.*
- 2.7.9 *That the Council should consider implementing the annual increase in order to assist its position relative to its comparator local authorities in terms of the levels of allowances paid to its Members (see paragraph 5.5.1 of the Panel’s report).*

3. HAS THERE BEEN ANY CONSULTATION?

- 3.1 When considering the Members’ Allowance Scheme, the Council must seek the views of the Independent Remuneration Panel and have regard to its recommendations. The report of the IRP is attached.

4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION

4.1 Equality of Opportunity Implications

- 4.1.1 The level of allowances agreed for Members may impact on the aim of attracting more members of the public from all sections of the community to stand for public office.

4.2 Financial and Commercial Implications

- 4.2.1 The financial implications arising from the approval of the Members’ Allowances Scheme are dependent upon the action which the Council takes in response to the issues raised in the report of the Independent Remuneration Panel. The Panel has recommended that the Council should consider the levels of Special Responsibility Allowances in relation to its Leader and Executive Members, which are significantly lower than the average for the Core Cities and neighbouring (South

Yorkshire) local authorities. The Panel also recommends that the Council should consider implementing an annual increase across all its Allowances in 2017/18 in order to assist its position relative to its comparator local authorities – having noted that the allowances in Sheffield have not been increased for 6 consecutive years.

4.2.2 In terms of the proposed budget for Members' Allowances for 2017/18, provision of 1% has been built into the Revenue Budget towards the costs of the pay award to Council officers in that year. The index used for adjusting Sheffield's Members' Allowances is the average percentage pay award for officers and the Independent Remuneration Panel has recommended the continued use of that index for the next four years. Therefore, subject to the Council approving that budget provision at its meeting on 3rd March 2017, there will be provision to accommodate a 1% uplift on the Basic, Special Responsibility (including the Pensions Authority), Childcare and Dependent Carers' and Co-optees Allowances in 2017/18, which would cost approximately £14K with on-costs.

4.2.3 As regards the Panel's recommendation regarding the levels of Special Responsibility Allowances in relation to its Leader and Executive Members, should the Council wish to increase those allowances, it would either need to reduce other allowances or find alternative savings from the budget for Members' Allowances to offset the increased costs for its Leader and Executive Members, and thus contain spending within the available budget, or have to identify additional savings measures from elsewhere in the Council's budgets for 2017/18. The proposed 2017/18 budget for Members' Allowances and expenses already includes proposals to save approximately £21K.

4.2.4 Set out below are details of the current allowances paid to Members, the amounts of the allowances and the number of posts for which the allowances are paid. These allowances are also subject to employer National Insurance contributions which increase the costs by approximately 8%.

<u>Allowance</u>	<u>Amount of Allowance (£) & No. of Posts</u>	<u>Total Amount per Category of Allowance (£)</u>
Basic Allowance	11,742.45 x 84	986,365.80
<i>Special Responsibility Allowances:-</i>		
Leader	18,167.68 x 1	18,167.68
Deputy Leader	9,083.86 x 1	9,083.86
Cabinet Members	9,083.86 x 8	72,670.88
Chairs of Scrutiny Committees	7,509.32 x 4	30,037.28
Leader of the largest Group (not forming the Executive)	7,509.32 x 1	7,509.32
Chairs of Local Area Partnerships	5,268.63 x 7	36,880.41
Chairs of Planning and Highways Committees	5,268.63 x 2	10,537.26
Chairs of Licensing Committee	5,268.63 x 2	10,537.26

Opposition Group Office Holders *	5,268.63 x 1	5,268.63
Cabinet Advisers	4,148.29 x 10	41,482.90
Deputy Chair of Licensing Committee	3,027.95 x 0	0

Total SRAs		£242,175.48
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* 1 allowance for Group membership greater than 20%, but less than 30%

Pensions Authority

Member	3,385.22 x 5	16,926.10
Chair	11,207.97 x 0	0
Vice Chair	5,603.99 x 0	0

Total SRAs & Pensions		£259,101.58
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Total Allowances (Basic, SRAs & Pensions)		£1,245,467.38
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4.3 Legal Implications

4.3.1 It is a requirement of the Local Authorities (Members' Allowances) (England) Regulations 2003 that an Independent Panel on Members' Allowances has to consider certain issues and put forward recommendations for the Council to consider. It is for the Council to decide on the Members' Allowances Scheme that is put in place, having regard to the Panel's recommendations.

5. **ALTERNATIVE OPTIONS CONSIDERED**

5.1 Although the Council has to approve a scheme for 2017/18, it can choose whether to reaffirm the current scheme, or amend it as it sees fit.

5.2 Further options that could be considered by the Council have been suggested by the Independent Remuneration Panel and these are set out above (at section 4.2) and outlined in the attached report of the Panel.

6. **REASONS FOR RECOMMENDATIONS**

6.1 The Council has to agree a Members' Allowances Scheme prior to 1st April each year and that Scheme essentially remains in place until 31st March the following year. As part of that process, an Independent Remuneration Panel has to consider certain issues and put forward recommendations for the Council to consider. It is for the Council to decide on the Members' Allowances Scheme that is put in place, having regard to the Panel's recommendations.

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