



## SHEFFIELD CITY COUNCIL Report to Council

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**Report of:** Executive Director, Resources

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**Date:** 18 May 2022

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**Subject:** Members' Allowances: Report of the Independent Remuneration Panel

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**Author of Report:** Jason Dietsch, Head of Democratic & Member Services

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**Summary:**

This report sets out the recommendations from the Independent Remuneration Panel on the Members' Allowances Scheme.

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**Recommendations:**

That the Council:

1. Approves a Members' Allowances Scheme for 2022/23 as set out in the recommendations of the Independent Remuneration Panel and detailed in the report of the Panel; and
2. (a) notes that the Independent Remuneration Panel will conduct a further review of the Members' Allowances Scheme in approximately twelve months, when the new committee system has been in operation for a period of time and (b) requests that the Panel considers the role of Group Spokespersons as part of an earlier review and within 6 months.

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**Background Papers:** Report of the Independent Remuneration Panel on Members' Allowances (attached as an Appendix).

**Category of Report:** OPEN

## Statutory and Council Policy Checklist

<b>Financial Implications</b>
YES Cleared by: Kayleigh Inman
<b>Legal Implications</b>
YES Cleared by: Andrea Simpson
<b>Equality of Opportunity Implications</b>
YES Cleared by: Adele Robinson
<b>Tackling Health Inequalities Implications</b>
NO
<b>Human rights Implications</b>
NO:
<b>Environmental and Sustainability implications</b>
NO
<b>Economic impact</b>
NO
<b>Community safety implications</b>
NO
<b>Human resources implications</b>
NO
<b>Property implications</b>
NO
<b>Area(s) affected</b>
<b>Relevant Scrutiny Committee if decision called in</b>
Not applicable
<b>Is the item a matter which is reserved for approval by the City Council?</b>
YES
<b>Press release</b>
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). At its Annual Meeting on 19 May 2021, the Council considered a report of the Panel which covered the Allowances scheme as a whole.
- 1.2 In 2021, the Council established Local Area Committees and Transitional Committees and introduced Special Responsibility Allowances for the Chairs and the Deputy Chairs of those committees, which were approved by Council at its meeting on 6 October 2021.
- 1.3 From May 2022, the Council will be operating a committee system of governance and the various elements of how the system should work were approved at an extraordinary meeting of full Council on 23 March 2022.
- 1.4 The Independent Remuneration Panel has met several times in 2022 to consider changes to the Members Allowances Scheme which might be introduced to support the Council's new committee system of governance from May 2022. This includes new Special Responsibility Allowances (SRA) and the Members' Basic Allowance and elements of the scheme such as travel and carers allowances. The full report of the Panel is appended to this covering report and it sets out the recommendations of the Panel in more detail.
- 1.5 It is proposed that the Council considers the report of the Independent Remuneration Panel and the following recommendations:
- That the Council:
1. Approves a Members' Allowances Scheme for 2022/23 as set out in the recommendations of the Independent Remuneration Panel and detailed in the report of the Panel; and
  2. notes that (a) the Independent Remuneration Panel will conduct a further review of the Members' Allowances Scheme in approximately twelve months, when the new committee system has been in operation for a period of time and (b) requests that the Panel considers the role of Group Spokespersons as part of an earlier review and within 6 months.

## **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 report of the Panel is appended to this report. The specific recommendations made by the Panel are set out below.

"1.1	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 2022/23 are recommended to be retained. The specific recommendations which the Panel wishes to make are set out below.
1.2	That the basic allowance should be increased to reflect the wider responsibilities that Members have to undertake from a Cabinet to a Committee model of governance.
1.3	That due to the changes to the Council's decision making and governance arrangements, which would be reviewed by the Panel, the responsibilities/duties in respect of which the Basic Allowance and Special Responsibility Allowance should be available, and the rates of those allowances should be as set out as listed in Appendix A and are recommended for approval.
1.4	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
1.5	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.
1.6	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.

- 1.7 That no change should be made to the amount of the Co-optees' Allowance.
- 1.8 That further work is carried out in relation to a policy relating to maternity, Paternity and adoption leave for Councillors and that as a principle, Members should continue to receive their basic and any special responsibility allowance in full, whilst on sickness absence, maternity, paternity, shared parenting, or adoption leave.
- 1.9 The Panel's view was that an SRA for spokespersons positions is not appropriate at this time and will need a review in approximately 12 months.
- 1.10 The Panel's view was that the Co-chair allowances (where one Chair position is shared between 2 Members) should be divided equally as a proportion of the SRA that would normally be given to the Chair of that specific committee. It is recommended that the Co-chairs are to agree the division of work.
- 1.11 The Panel recommends that the Council does implement annual increases in the Basic Allowance and Special Responsibility Allowance in the years ahead in order to assist its position relative to its comparator local authorities in terms of the levels of allowances paid to its Members. This will be considered and implemented by using the NJC negotiated increased for local government employees (1.75% in 2022)."

### **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 Panel has consulted with the Whips of the political groups represented on the Council. The report of the Panel is attached.

### **4. RISK ANALYSIS AND IMPLICATIONS OF THE DECISION**

#### **4.1 Equality of Opportunity Implications**

- 4.1.1 As a Public Authority, we have legal requirements under section 149 of the Equality Act 2010. These are often collectively referred to as the 'general duties to promote equality'. We have considered our obligations under this duty and found that there are few direct equality of opportunity implications arising as a result of this report. We do however reflect that the level of allowances agreed for Members in general may impact on the aim of attracting more members of the public from all sections of the community to stand for public office, however these are in line with other

Member allowances. At this stage therefore no further equality impact assessment is required.

## 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.

4.2.2 The Panel recommendations are that changes are introduced to Members' Basic and Special Responsibility Allowances to reflect the changes to the Council's governance arrangements beginning from May 2022. As a result, the new scheme allowances are not comparable to the allowances held by members in the previous Cabinet and Leader model.

4.2.3 The cost of Basic Allowances in 2021/22 was £1,073,248. The cost of Special Responsibility Allowances in 2021/22 was £318,680.

4.2.4 These allowances are also subject to employer National Insurance (NI) contributions which increase the costs. In 2021/22, the total spend on National Insurance was £91,645 of which NI relating to Basic Allowance was £46,132. NI relating to Special Responsibility Allowances was £46,513.

4.2.5 The cost of the new rate for Basic Allowance recommended by the Panel would increase to £1,260,000 in 2022/23. The cost of Special Responsibility Allowances as recommended by the Panel would reduce to £313,000.

4.2.6 The summary Financial Position for 22/23 is estimates as follows:

	<b>22/23 Budget</b>	<b>22/23 Estimated Cost*</b>	<b>Difference</b>
Basic Allowance	1079	1260	-181
SRA's	334	313	21
<b>Total</b>	<b>1413</b>	<b>1573</b>	<b>-160</b>

\*based on a provisional assessment of the number of each role, and the caveat that only one SRA can be paid per member.

4.2.7 There is no financial provision for the additional cost of approx. £155k, so it will have to be mitigated by savings from other budgets.

	<b>£ Per Annum</b>	<b>Estimated No of posts</b>	<b>Total</b>
<b>Basic Allowance</b>	£15,000.00	84	£1,260,000

<b>Special Responsibility Allowances</b>			
<b>Leader</b>	£25,000.00	1	£25,000
<b>Band A</b>			
Deputy Leader	£12,500.00	1	£12,500
Policy Committee Chairs/Finance Sub Committee	£12,500.00	8	£100,000
<b>Band B</b>			
Leader of Opposition Groups with >20% of the Membership of the Council	£10,000.00	1	£10,000
<b>Band C</b>			
Chair of Planning and Highways Committee	£7,500.00	1	£7,500
Chair of Licensing Committee	£7,500.00	1	£7,500
Chairs of Local Area Committees	£7,500.00	7	£52,500
Chair of Audit & Standards Committee	£7,500.00	1	£7,500
<b>Band D</b>			
Deputy Chair of Licensing Committee	£5,000.00	1	£5,000
Deputy Chairs of Local Area Committees	£5,000.00	7	£35,000
Deputy Chairs of Policy Committees/Finance Sub Committee	£5,000.00	9	£45,000
Deputy Chair of Planning and Highways Committee	£5,000.00	1	£5,000
<b>Total</b>			<b>£1,572,500</b>

#### 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.

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