

Council

8 December 2020

Name of Cabinet Member:

Cabinet Member for Policing and Equalities, Councillor A Khan

Director Approving Submission of the report:

Director of Law and Governance

Ward(s) affected:

N/A

Title:

Review of Members' Allowances Scheme

Is this a key decision?

No

Executive Summary:

Local Authority officer pay, including annual increases in pay levels, is determined by the National Joint Council (NJC) for Local Government Services. All local authorities are required to have a scheme which makes provision for a range of allowances and expenses to elected Members. Since its introduction, Coventry's scheme has included provision for Member allowances to rise automatically in line with any pay increases that are made to local government employees on a specific spinal point on the NJC scale. Where a local authority scheme provides for increasing allowances by an index, this can operate for maximum period of four years and a further review is required before any further index can be applied. Whilst each authority approves its own scheme, legislation requires that each authority appoints an Independent Remuneration Panel to make recommendations on its scheme. An Independent Remuneration Panel has met to consider the application of an index to Coventry's scheme and has recommended that the existing provision linking for indexing be continued. When approving changes to its scheme, the Council must have regard to the Panel's recommendations although it is not bound by them.

Recommendations:

The Council is recommended to:

- a) consider the report of the Independent Remuneration Panel and approve, reject or approve alternative proposals for the following recommendation made by the Panel:

That the Basic, Special Responsibility, co-optee and civic allowances continue to be increased each year by any percentage increase in pay agreed for local government employees, (pegged to spinal column point 43 of the NJC scheme); this indexing to be effective from 1 April 2020 and expire on 31 March 2024.

- b) Delegate authority to the Director of Law and Governance to amend the Scheme of Members' Allowances according to the decisions taken by Council for inclusion in the Council's Constitution.

List of Appendices included:

Appendix A - Report of the Independent Remuneration Panel, November 2020

Other useful background papers:

Local Authorities (Members Allowances) Regulations 2003
<http://www.legislation.gov.uk/uksi/2003/1021/contents/made>
Coventry City Council Scheme of Member Allowances
<https://edemocracy.coventry.gov.uk/documents/s48871/Part%205%20-%20Members%20Allowance%20Scheme.pdf>

Has it been or will it be considered by Scrutiny?

No

Has it been or will it be considered by any other Council Committee, Advisory Panel or other body?

No

Will this report go to Council?

Yes – 8 December 2020

Report title: Review of Members' Allowances Scheme

1. Context (or background)

- 1.1 All local authorities are required to have a scheme which makes provision for a range of allowances and expenses to elected members. This must be agreed locally, in accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended).
- 1.2 While each authority approves its own scheme, legislation requires that it appoints an Independent Remuneration Panel (IRP) to make recommendations on allowances and expenses.
- 1.3 Where a local authority scheme provides for increasing allowances by an index, this can operate for maximum period of four years and a further review is required before any further index can be applied. Coventry's current scheme indexed any increase in allowances to a fixed point on the pay scale set by National Joint Council for local government for the period 1 April 2016 to 31 March 2020. The IRP was asked to consider whether allowances the scheme should continue to be indexed.

2. Options considered and recommended proposal

- 2.1 A Panel was appointed in November 2020 to review the Council's Members' Allowances Scheme. The Panel Members appointed were:
 - Isabel Merrifield, Business Manager, Coventry Cathedral
 - Les Ratcliffe MBE, TD, DL
 - Chris Stainforth, Lay Member – Governance, Coventry and Rugby Clinical Commissioning Group
- 2.2 The Panel carried out its review in November 2020 in accordance with the provisions of the Regulations.
- 2.3 The last two Independent Remuneration Panels, which reported in May 2012 and March 2017 undertook detailed reviews of the scheme of Allowances and Expenses. Both Panels compared the types and levels of allowances paid to members in Coventry with those in neighbouring and similar authorities. While they made some recommendations on specific details, both Panels continued to support the broad framework of the allowances scheme and did not recommend any general changes to its overall structure, or the levels of the basic and Special Responsibility Allowances being paid.
- 2.4 Previous Panels have also considered the element of the regulations which allow for adjustments to the level of allowances in line with an index. All Panels since the introduction of the current framework in 2000 have made recommendations supporting the principle of increasing allowances by an appropriate index to reflect increases in costs of living and inflation over a four-year period. The most recent Panel that reported in 2017 considered carefully the different types of index that could be applied, looking at national options such as the consumer price index or linking adjustments to changes in pay in the city. On balance the Panel felt that the current index - linked to the National Joint Council Scheme for local government employees - was the most appropriate in line with previous panels.

- 2.5 The roles and structure of responsibilities carried out by Councillors have not changed significantly since the last review and it has been agreed that this review be limited to consideration of the matter of indexing.
- 2.6 As a result, the Panel's terms of reference was:
- To make recommendations to the City Council on whether adjustments to the level of Member allowances should be made in line with an index and if so which index and for how long in accordance with the provisions of the Local Authorities (Members Allowances) Regulations 2003 (as amended).
 - If application of an index is proposed, to make recommendations to the City Council whether any index should be applied retrospectively to the start of the 2020/21 financial year.
- 2.7 The Panel has made recommendations and produced a report of its work, attached at Appendix A.
- 2.8 The decision to approve these recommendations is that of the City Council. The Council must have regard to the recommendations made by the Independent Remuneration Panel before it proposes any changes to the current Members Allowances Scheme. The City Council should consider the recommendations individually and decide whether each recommendation should be approved or rejected. The Council is not bound by the decisions of the Panel and may reject any of the proposals made, but the Council should have regard to the implications of such decisions and alternative provisions can be put forward and agreed.

3. Results of consultation undertaken

- 3.1 The views of the Leadership and Opposition Leadership were sought in drawing up the scope for the Panel.

4. Timetable for implementing this decision

- 4.1 It is proposed that recommendation applies for the period 1 April 2020 to 31 March 2024.

5. Comments from Director of Finance and Director of Law and Governance

5.1 Financial implications

The inflationary impact of pay awards agreed via the National Joint Council for Local Government Services is provided for as part of medium term financial strategy (MTFS) planning each year. This applies to both members' allowances and officer pay. On the basis that the recommendations are approved by Council, the cost of applying the index from 1 April 2020 will be approximately £30k for this financial year.

5.2 Legal implications

Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended) require the Council to review members' allowances at least once every four years for the purpose of agreeing how it will index link its scheme of allowances. The Council must have regard to the recommendations made by the IRP and determine whether and how these are implemented before it amends any part of the current Members' Allowances Scheme. The Local Government Act 1972, provides for Councils to pay an allowance to the Mayor or Lord Mayor.

6. Other implications

6.1 How will this contribute to the Council Plan?

Having an effective and up to date Members' Allowances Scheme in place ensures that elected Members are supported fairly and appropriately for the roles they carry out. It also plays a part in attracting and retaining people from across the community as local councillors.

6.2 How is risk being managed?

By considering this report, the Council will ensure that the Members' Allowances Scheme remains up to date and meeting the requirements for supporting and remunerating elected Members. In approving any changes to the Scheme, the Council must have regard to the recommendations of the Panel and this report ensures that this is the case.

6.3 What is the impact on the organisation?

None

6.4 Equality Impact Assessment (EIA)

There are no equality implications arising from this report. The Members Allowances Scheme incorporates an allowance for dependent carers of children and adults which meets an important objective of the Scheme to help attract people from all sections of the community to become councillors and to retain them in the role.

6.5 Implications for (or impact on) climate change and the environment

None

6.6 Implications for partner organisations?

None

Report author(s):**Name and job title:**

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