

Interim Review

Introduction

This interim review serves to put forward independent recommendations for Members Allowances for a one-year interim period before the next full review of the Members Allowances Scheme. The scope of the interim review is limited to the uprating of the Members Allowances for the current period, along with the Cooptee Allowance calculation. No other aspects of the Members Allowances Scheme are within the scope of this review; however, the Panel has used this review process to identify a number of areas for further consideration within the upcoming full review, based on the information we have gathered. These areas for further consideration are summarised within this review.

Approach

For the purpose of this interim review, the Panel conducted semi-structured interviews with senior Kent County Council staff (including the Chief Executive, Monitoring Officer and Corporate Director Finance), the Leader of the Council, and 9 Members of the Council. The Panel also conducted an electronic survey, circulated to all Members, which attracted 45 responses, representing over half of the membership. The review also draws upon desk-based research, including benchmarking against Member Allowances Schemes in other jurisdictions.

Uprating

This interim review considered the indexation methodology which is used by the Kent County Council to adjust/uprate/index annually all the categories of the member allowances. The annual adjustment enables KCC to adjust the allowances pending a full review of the allowances which is normally performed every four years by the Members Review Panel.

Approach

The Panel conducted a desk-based benchmarking exercise against a Sample Group of County Councils nationwide. The Sample Group included County Councils from across the entire country to get as diverse and representative a group as possible.

In addition to the benchmarking exercise, feedback from semi-structured interviews with senior Kent County Council staff (including the Chief Executive, Monitoring Officer and Corporate Director Finance), the Leader of the Council, and 9 Members of the Council, along with the electronic survey feedback was considered.

Findings

The Sample Group selected for benchmarking purposes comprised:

Member Remuneration Panel – Review and Recommendations for 2025/26 Scheme

- Surrey
- Essex
- Lancashire
- Derbyshire
- Devon
- West Sussex

A review of the Indexation Methodology for the Sample Group revealed that of the six County Councils:

- All six use an uprating methodology that is based on inflation or other wage bargaining body
- One has an inflation only indexation methodology which is based on Consumer Price Index (CPI)
- Three have an indexation methodology based on the National Joint Council for Local Government (NJC) pay increase award
- One has a hybrid methodology based on CPI for basis and special responsibility allowances, HMRC rates for car allowances and NJC for carers allowances
- One utilises the Public Sector Pay Index (excluding bonuses) published by the Office of National Statistics for all allowances

The benchmarking exercise indicates that Kent County Council's approach is complex and unpredictable compared to the other approaches. KCC's current approach is an average of the increase to staff who have been deemed successful in the prior year's performance management process and the average of up to eight bodies who use the Public Sector Pay Index (excluding bonuses) published by the Office of National Statistics. The eight bodies include: Armed Forces' Pay Review Body; Review Body on Doctors' and Dentists' Remuneration; NHS Pay Review Body; Prison Service Pay Review Body; School Teachers' Review Body; Senior Salaries Review Body; National Crime Agency Remuneration Review Body; and Police Remuneration Review Body.

The approach adopted by KCC is complex and although it enables KCC to be as wide ranging as possible in the indexation methodology, the complexity, opacity and lack of predictive power relative to other simpler inflationary adjustment mechanisms presents a challenge.

The Panel considers that an indexation methodology should be simple, highly transparent & easily accessible and with a high predictability due to widespread use and availability of information. Based on these criteria, the Panel favours the Consumer Price Index (CPI) approach.

There are two CPI measures that are widely used in the UK: CPIH (Consumer Prices Index including owner occupiers' housing costs), CPI (Consumer Prices Index).

CPIH

This is the headline measure of inflation used by the Office for National Statistics (ONS) and is considered the most comprehensive. It includes owner occupiers' housing costs, which are not included in the CPI.

CPI

This is a broader measure of inflation, similar to the European harmonised CPI. It excludes owner occupiers' housing costs, making it slightly different from CPIH

Of the two measures above, the Panel prefers the CPIH. EIM65960 - Local Government Councillors and civic dignitaries in England: ODPM guidance: Part One: members' allowances defines the basic allowance as per below:

*Basic allowance is intended to recognise the time commitment of all councillors, including such inevitable calls on their time as meetings with officers and constituents and attendance at political group meetings. It is also intended to **cover incidental costs such as the use of their homes.***

As the incidental use of the home is a key component that the basic allowance seeks to recognise we believe that the CPIH is the best measure of inflation to be adopted by Kent County Council for this review period.

The CPIH 12 month rate (March 2024 – March 2025) is 3.8%. Comparing what the increase would have been under the current uprating formula is difficult as the Council has moved away from the TCP scheme and there is therefore no 'Successful' award. However, taking an average of the 3% general award to staff and the figure of 5.2% for the Pay Review Body average, this would have given an uplift of 4.1%. This is not too distant from the uplift we are recommending. The Panel recommends the use of the 12 month rate based on March for the annual uprating process unless an earlier month is more convenient for the various approval processes.

Recommendation

For the 2025/26 Members Allowances Scheme, we therefore recommend a one-off increase of 3.8% in line with the CPIH measure. This is to be applied to the Basic Allowance and Special Responsibility Allowance (SRA) for the Leader, with other SRAs increasing as the relevant proportion of this. This increase is to be backdated to the start of the 2025/26 municipal year. It is also to be applied to the Dependents' Carers' Allowance.

Cooptee Allowances

Member Remuneration Panel – Review and Recommendations for 2025/26 Scheme

This interim review has considered the Allowance paid to the co-opted members on the Governance and Audit Committee within its scope, to provide Kent County Council with recommendations on the allowance. This Cooptee Allowance is currently paid as a lumpsum honorarium of £1500. Co-optees are also able to claim travel expenses in the same way as elected Members.

Approach

For the purpose of this review, the Panel conducted a benchmarking exercise against a Peer Group of County Councils. The Peer Group included those County Councils with a population in excess of one million, i.e. the largest County Councils by population. The Panel also took into account the annual budget for Kent County Council, in comparison with the Peer Group.

In addition to the desk-based benchmarking exercise, semi-structured interviews were conducted with senior Kent County Council staff (including the Chief Executive, Monitoring Officer and Corporate Director Finance), the Leader of the Council, and 9 Members of the Council.

The Panel also conducted an electronic survey, circulated to all Members, which attracted 45 responses, representing over half of the membership.

Findings

The Peer Group selected for benchmarking purposes comprised:

- Essex
- Hampshire
- Hertfordshire
- Lancashire
- Surrey

A review of the Member Allowances Scheme for the Peer Group revealed that of the five County Councils:

- three pay a lumpsum Cooptee Allowance
- one pays an hourly rate
- one has no provision for a Cooptee Allowance, but does make provision for a Task Group SRA

The benchmarking exercise indicates that Kent County Council's hybrid approach, with a fixed lumpsum Cooptee Allowance honorarium plus a daily rate, is broadly consistent with the approach taken by Peers, albeit the majority of County Councils across the wider cohort favour the fixed lumpsum approach. The benefit of the lumpsum approach is that it supports budget planning and transparency, with the risk being that Cooptee time spent to deliver against the workload is not accurately reflected. The benefit of the daily/hourly rate approach is that the time spent on Council work by Cooptees is more accurately recognised, with the risk being that this is harder

to budget for and it may create an incentive for excessive time spent on Council business. On balance the more widely adopted lumpsum approach presents the lower risk to Kent County Council, provided that expectations for the demands of the role are managed with prospective Coopteers upfront. It is also noted that the allowance is intended as an honorarium rather than as compensation for time spent.

The benchmarking exercise also highlighted that the approach to Cooptee expenses varies, with some cooptees eligible for expense reimbursement, others conditional on additional committee roles, and some ineligible for expenses. It was noted that a minority of County Council Members Allowances Schemes state that Coopteers are eligible for the Carer's Allowance.

Of the three Peer Group County Councils allocating a lumpsum Cooptee Allowance, the range was from £793 to £1500 (+ annual uprating), the mean was £1,097.67, and the median was £1000. This locates Kent County Council's current payment amount of £1500 within the upper quartile of the Peer Group range.

Of the eleven County Councils allocating a lumpsum Cooptee Allowance, the range was from £500 to £1,738.97, the mean was £1,012.06, and the median was £902.84. This locates Kent County Council's current payment amount of £1500 within the upper quartile of the County Council range.

Benchmark	Mean	Median	Lower Quartile	Upper Quartile
Lumpsum - Peer Group	£1097.67	£1000	£896.50	£1250
Lumpsum – All CCs	£1012.06	£902.84	£728.85	£1274.57

The feedback from the semi-structured interviews was consistent in suggesting that the current Cooptee Allowance is inadequate in recognising the public service performed by Coopteers in a large County Council with budget oversight of in excess of £2.2billion. It was noted that the volume of work is high in Kent, the role played by Coopteers carries significant responsibilities, and that the Audit skillset is in high demand from the private sector, where typical compensation is significantly higher than the allowance, even with a public service discount applied. Both Kent County Council staff and Members noted that the current level of Cooptee Allowance impacts the ability of Kent County Council to attract suitably qualified candidates into coopted roles. It was noted that the current Cooptee terms are ending and that recruiting and retaining high calibre replacements is a priority.

Recommendations

For the purpose of the interim review, the Panel puts forward the following recommendations with regards to Cooptee Allowances:

- a lumpsum payment of £1700, which falls within the top quartile of the lumpsum County Council range and above the Peer Group, in recognition of the size of the Kent County Council budget and population, and associated Cooptee responsibilities;
- expenses reimbursable in line with the Members Allowances Scheme;
- annual uprating in line with the Members Allowances Scheme; and,
- entitlement to the Carer's Allowance, where applicable, to ensure that care responsibilities are not a barrier to Coopted roles.

Scope of Full Review

The full review will offer an analysis and recommendations to ensure the remuneration framework remains fair, transparent, and conducive to attracting and retaining Members. Following feedback from our interviews and survey with Members, the Panel intends to explore the following areas as part of the full review:

- **Comparative Analysis:** Assessing KCC's allowance structure against other similar local authorities to ensure competitiveness and fairness.
- **Review of the Basic Allowance and Special Responsibility Allowances (SRAs):** To include a review of the level of Basic Allowance versus the SRAs
- **Special Responsibility Allowances:** Reviewing the criteria and amounts for SRAs to ensure they are consistent in reflecting additional commitments, particularly where certain roles and committees have significant responsibilities (including, but not limited to: Planning, Scrutiny, School Appeals). Appreciating the challenge of loss of institutional knowledge each election cycle, to include consideration of linking training to payment of SRAs, to support Members in the performance of additional roles.
- **Expense Reimbursement Policies:** Acknowledging the wide geographical coverage of the county, reviewing the existing expense policies to ensure clarity, fairness, and alignment with best practice, including expenses such as travel allowances, subsistence allowances, dependent carers allowances.
- **Review of job profile/descriptions for members:** Assessing KCC's profiles and descriptors against other similar local authorities.
- **Communication of Members Allowances:**
 - Training and CPD
 - Consistency of awareness and uptake of allowances and expenses
 - Member pathways and succession planning

Member Remuneration Panel – Review and Recommendations for 2025/26 Scheme