

By: Roger Gough, Leader of the Council
To: County Council – 4 November 2021
Subject: Members' Allowances Scheme 2021 – 2025
Status: Unrestricted

Summary: This report summarises the amendments proposed to the Members' Allowances' Scheme and asks the Council to agree the Scheme for 2021-2025.

1. Introduction

- a) Member Allowances were introduced to Local Authorities in accordance with Section 18 of the Local Government and Housing Act 1989 (as amended by the Local Government Act, 2000). The regulations governing Local Authorities schemes is set out in "The Local Authorities Members' Allowances (England) Regulations 2003."
- b) Full Council is the decision-maker on Members' allowances. However, there is a legal requirement under the regulations for Members to have before them a report by an independent Member Remuneration Panel setting out their recommendations regarding the scheme.
- c) The current Member Remuneration Panel (MRP) were appointed by County Council on 22 October 2020 with their four-year term commencing on 1 November 2020. Supported by staff from Democratic Services, the Panel conducted a review of our allowances scheme which included a survey in which Members were invited to participate (those in office prior to the election in May). Interviews were also held by the Panel with a number of Members.
- d) While the report of the Panel was delivered shortly after the election, in June, we took the decision to prioritise the County Council agenda given the ongoing coronavirus emergency. The final report of the Panel is attached as Appendix 2. The Executive has carefully considered the MRP report and has found many useful points to reflect on. The scheme as set out in the Constitution is a clear, factual, statement and our recommendations on this need to be kept separate from the wider comments that the MRP have made.

2. Members' Allowances Scheme 2021-25

- a) The proposed changes to the Members' Allowances Scheme are set out in Appendix 1. This shows with track changes the amendments to the current scheme as set out in the Constitution. The key features to highlight are set out below.

- b) **No changes to the Basic Allowance, Special Responsibility Allowances and Dependents' Carers' Allowances for 2021/22** – we are proposing that these allowances remain at the same amount as they were throughout 2020/21. This is to recognise the extraordinary circumstances the Council finds itself in as a result of the Coronavirus pandemic and the demands it has made on the authority, including additional budgetary pressures. It was right to recognise the hard work of our staff with a 2% increase. At the same time, the Corporate Directors and Directors took the decision to freeze their pay for this year and this decision is consistent with this. The MRP recommend this course of action and we are in agreement with them on this matter.
- c) **Removal of the SRA for Lead Member for Partnerships** – There is not currently a Member in this role and the responsibilities have been subsumed within the Cabinet Portfolio of Communications, Engagement, People and Partnerships. This role is therefore no longer required and should be removed from the Scheme.
- d) **Alterations to the Special Responsibility Allowances for Opposition Group Leaders** – Discussion, debate, scrutiny, and opposition all form part of the political checks and balances within a healthy and democratic local authority. The current SRA for a Leader of an Opposition Group is based on a flat amount topped up by an amount based on group size. The size of the Group is not an accurate reflection of the work and value of an Opposition Group Leader. Indeed, as the MRP remark, a smaller Group can lead to more work for a Leader endeavouring to cover more roles and committee assignments. Here we are in general agreement with the MRP that, subject to the requirement of a Group having five Members, the current formula should be replaced with a fixed SRA. This will be set at 33% of the Leader's SRA. The MRP recommend 34% but 33% would align it with that of the Council Chairman.
- e) As a means to prevent the overall cost of the scheme increasing, we agree with the MRP recommendation to cap the overall sum paid to Leaders of Opposition Groups to a total of three times the SRA of a single Opposition Group Leader under the scheme. The MRP also comment on the practice in the past of Opposition Group Leaders allocating part of their SRA to other Members of their Group. The MRP recommend explicitly forbidding this practice, however we do not agree with this and continue to support the freedom this ability provides for Leaders to manage their Groups.
- f) **Changing the indexation (annual change) formula** – Rather than have a full review of the scheme each year, the overwhelming majority of Councils do as KCC does and agree a formula as to how any annual changes to the core allowances will be determined. The current scheme links the change to the percentage change of the total staff pay progression pot. This has had the unfortunate effect that increases to the allowances have been proposed which are larger than the percentage increase in pay of the majority of our staff. This is unfair and sends the wrong message. The MRP recommend keeping the current method in relation to TCP, but we do not agree. It is more appropriate

to index-link any changes to the annual award for staff achieving 'Successful' in the TCP process, subject to the control measure below.

- g) The rationale for linking increases in allowances to staff pay increases was to provide some distance between Members and their statutory responsibility in agreeing their own allowances scheme. As Members also agree staff pay increases, this distance is not as clear as it could be. The MRP have produced some thoughtful comments on the need to provide a rational but more independent measure against which annual changes to allowances will be determined. The MRP suggestion is to calculate the average percentage increase (API) decided by Government Ministers averaged across the 8 Pay Review Bodies (PRBs) (which cover around 45% of public sector employees). The increase would then be the average of this figure and the TCP rate.
- h) There are practical issues with the MRP suggestion as it stands. The Pay Review Bodies usually report their findings during the year to which the increases apply, often later in the year. This would mean we were never able to agree a scheme for the year until part of the way through it. This would not provide clarity for Members and involve an annual round of backdating. However, the idea of using the Pay Review Bodies as a control mechanism to further remove Members from determining their own allowances is one we welcome. We are therefore adapting the MRP proposals as follows:
- i. Each year the average increase across the Pay Review Bodies of the preceding year to the one the scheme will apply will be calculated.
 - ii. The annual change will be the average of this Pay Review percentage and the percentage award for the TCP 'Successful' rate.
 - iii. This will apply for the first time for the 2022/23 scheme and annually until the end of the four-year scheme. The uprating mechanism is not currently set out in the scheme in the Constitution. To improve transparency, it will be included going forwards.
 - iv. Annual changes to the scheme will be agreed as part of agreeing the annual budget of the Council so the decision is transparent and taken with full knowledge of the budgetary impact of any changes.
- i) **No changes to the system of travel expenses** – We recommend keeping the current system of travel expenses. This is firmly based on HMRC rates and is the system used by most authorities. It is simple, straightforward, equitable and does not discriminate on the basis of the ability to afford a specific kind of car. None of these things apply to the MRP alternative scheme and so we do not agree with this part of their report.
- j) **No change to the Co-Opted Members Allowances** – In line with the decision above, and in accord with the MRP recommendations for 2021/22, no change is being proposed for the current year. As the MRP acknowledge, the level at which this is set is within the range of our peer group. However, we are not in agreement with the MRP that the Co-Opted Members Allowance be changed each year according to the same formula as the Basic Allowance, Special Responsibility Allowances and Dependents' Carers' Allowances. These three are qualitatively different as they are for ongoing work as a

Councillor. The Co-Opted Members Allowance is in effect an honorarium to recognise the value given by individuals who volunteer to take on a specific role. The allowance by itself has never been an incentive for anyone to become a co-opted member.

- k) **Total Cost.** Assuming all the above changes were agreed, there would be an annualised saving of £5065.36. Based on current numbers, the amount spent on SRAs for Leaders of Opposition Groups would increase by £17,733.05. This is more than offset by the removal of the Lead Member for Partnerships SRA, £22,798.41.

3. Additional MRP Recommendations

- a) Section 2 above sets out our recommendations for the formal scheme, and our view on the MRP recommendations that relate to them. The MRP also make some other recommendations broader than this formal remit.
- b) The MRP has looked at the extent to which the Member body is representative of the population of Kent, looking at some core indicators. Although this has changed over time, the Member cohort is older and more male than the population at large. To address this, the MRP recommend creating a dedicated 'Lead Member for Diversity.' The selection of candidates for election is the responsibility of political parties, or the decisions of individuals to stand as independents, and as such is not a responsibility of KCC and it would not be appropriate to alter the scheme of allowances as if it were.
- c) It is also inaccurate to say that the issue is absent from the Cabinet portfolios already. Equalities is clearly listed under the Leader's portfolio. More importantly, addressing matters of equality and diversity is a priority for the entire Cabinet and the Council as a whole. On top of our statutory duties, this is a theme that runs through everything we do. A dedicated Cabinet-level post focused on Member composition is unnecessary and is suggestive of tokenism when the important point is to embed it throughout all our actions and decisions. Given its importance, we will be asking the Selection and Member Services Committee to look towards the next election and consider whether there is anything in how we operate which militates against a more diverse membership.
- d) The MRP has recommended that consideration be given to removing the SRAs for the Chairs of Cabinet Committees and building in the responsibility of chairing these committees to a relevant Deputy Cabinet Members as part of their existing SRA. We do not support this recommendation. It shows a fundamental misunderstanding of the role of Cabinet Committees and would be a retrograde step. The role of Cabinet Committees is to provide challenge in the consideration stage of decision-making, as well as providing an overview of activities in their portfolio area. Part of the role of the Deputy Cabinet Member is to advise, support, and lead on particular projects of work and these are often translated into proposed key decisions up for comment before Cabinet Committees. Separation of powers is a core component of

effective governance, and this would be muddied by Deputy Cabinet Members chairing Cabinet Committees.

- e) The deliberations of the MRP lead them to recognise that the role of Leader of Council is a full-time role and comes with more direct responsibility and accountability than other 'political' roles outside of local government which may attract higher remuneration. They therefore recommend that the role of the Leader and accompanying SRA be fundamentally re-evaluated. The MRP make some interesting observations, but we are not recommending that this review take place. There are greater priorities facing the Council at present and any review would mean an opportunity cost in terms of both Member and Officer time and financial costs were independent consultants to be involved. The time and money would be better spent focussing on improving the lives of people in Kent. There would also be a knock-on impact of any review as SRAs are tied to the amount the Leader receives and so would involve a much wider review in response.
- f) While the MRP recognise that the levels of attendance at meetings are not an accurate indicator of the contribution a Member makes, they recommend tabulating and publishing Member attendance at meetings. Notwithstanding this point, which we recognise, it will improve transparency to publish this information and so we agree with this part of the recommendation. We will also be asking the Selection and Member Services Committee to consider what additional information could be published to give a more accurate picture of Member contribution. There is already work underway in Governance, Law and Democracy in looking at rejuvenating the Member pages on KNet and the KCC website, and this will usefully inform this work.
- g) The Selection and Member Services Committee also maintains an overview of Member development and the induction process. They are therefore also best placed to consider the comments made by the MRP on the need to better promote the Dependents' Carers' Allowance.

4. Recommendation

The County Council is asked to:

- a) Note this report;**
- b) Note the report of the Member Remuneration Panel and thank the Panel Members for their work; and**
- c) Agree the changes to the Members' Allowances Scheme as set out in Appendix 1, this scheme to be in place until 31 March 2025 including:**
 - i. No change to the Basic Allowance, Special Responsibility Allowances and Dependents' Carers' Allowances for 2021/22;**
 - ii. Removal of the SRA for the Lead Member for Partnerships;**

- iii. Annual indexation mechanism to be the average of the TCP pay award 'Successful' rating applying to the same year as the Members' allowance increase, and the average of the increases proposed by the 8 Pay Review Bodies in the preceding year;
- iv. The current SRA for the Leader of each Opposition Group (of at least five Members) to be replaced with an SRA equivalent to 33% of the Leader's SRA, subject to a maximum SRA allocation for this role of 3 times the Opposition Group Leader SRA to be divided equally amongst the Opposition Group Leaders where there are more than 3;
- v. The change to the SRAs of the Opposition Group Leaders will be deemed to have taken effect from 1 November 2021;
- vi. The annual scheme to be agreed with the annual budget for the year and coming into effect at the beginning of each municipal year;
- vii. That Member attendance at meetings will be tabulated and published as soon as is practical;
- viii. That the Selection and Member Services Committee be asked to consider whether there is anything in how we operate which militates against a more diverse membership; and
- ix. That the Selection and Member Services Committee also be asked to consider what additional information could be published to give a more accurate picture of Member contribution as well as how to better promote the Dependents' Carers' Allowance.

5. Background Documents

None.

6. Report Author and Relevant Director

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