



SHEFFIELD CITY COUNCIL Report to Council

Report of: Executive Director, Resources

Date: 19 May 2021

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

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

Summary:

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

Recommendations:

That the Council:

1. notes the report of the Independent Remuneration Panel and its recommendations;
2. approves the removal of the Special Responsibility Allowance (SRA) for Local Area Partnership Chairs and the addition of an SRA for Local Area Committee Chairs at Band C (£5,688.55 per annum) in the Schedule of Special Responsibility Allowances in the Members' Allowances Scheme as recommended by the Independent Remuneration Panel (IRP);
3. notes that the Members' Allowances Scheme approved by Council at its Special (Budget) Meeting on 3 March 2021 rolled forward the existing scheme which was approved in 2017/18; and
4. notes that, following the outcome of the Sheffield City Council Governance Referendum, further work will be carried out by the IRP to consider changes to Members' Allowances Scheme, including a review of the Special Responsibility Allowance for Local Area Committee Chairs and that the outcome of this work will be submitted to a future meeting of Council for consideration.

Background Papers: Report of the Independent Remuneration Panel on Members' Allowances for 2021/22 and Onward and addendum (attached as an Appendix).

Category of Report: OPEN

Statutory and Council Policy Checklist

Financial Implications
YES Cleared by: Liz Gough
Legal Implications
YES Cleared by: Andrea Simpson
Equality of Opportunity Implications
NO Cleared by:
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. The Scheme approved by the Council on 3rd March 2021 reflected the Council's decision-making arrangements for the Municipal Year 2021/22.
- 1.2 The Panel last reviewed the Members' Allowances Scheme four years ago (in January 2017) and was therefore required to consider the Scheme for 2021/22 onward. The Panel has been convened and has produced a report (dated January 2021) which includes its recommendations, and that is appended to this report.
- 1.3 The Panel subsequently met on 4 May 2021 to consider and make recommendations in relation to the Special Responsibility Allowance for the new role of Local Area Committee Chair, following the establishment of seven Local Area Committees by Council at its Extraordinary Meeting on 18 March 2021. Council approved draft Area Committee Terms of Reference and Area Committee Procedure Rules. As set out in the draft procedure rules, each Committee will appoint a Chair and Deputy Chair for the year from its membership comprising the Ward Councillors of that Committee.
- 1.4 It is proposed that the Council:
- notes the report of the Independent Remuneration Panel and its recommendations;
 - approves the removal of the Special Responsibility Allowance (SRA) for Local Area Partnership Chairs and the addition of an SRA for Local Area Committee Chairs at Band C (£5,688.55 per annum) in the Schedule of Special Responsibility Allowances in the Members' Allowances Scheme as recommended by the Independent Remuneration Panel (IRP);
 - notes that the Members' Allowances Scheme approved by Council at its Special (Budget) Meeting on 3 March 2021 rolled forward the existing scheme which was approved in 2017/18; and
 - notes that, following the outcome of the Sheffield City Council Governance Referendum, further work will be carried out by the IRP to consider changes to Members' Allowances Scheme, including a review of the Special Responsibility Allowance for

Local Area Committee Chairs and that the outcome of this work will be submitted to a future meeting of Council for consideration.

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 approved by the Council on 3rd March 2021 reflected the Council's decision-making arrangements for the Municipal Year 2021/22.

2.4 The Independent Remuneration Panel last reviewed the Members' Allowances Scheme in January 2017 (for 2017/18 and onward). The Council, having regard to the Panel's recommendations, agreed a Scheme for 2017/18 and onwards at its meeting on 3rd March 2017. The decision made by the Council is set out at Appendix B to the Panel's report.

2.5 The Scheme approved for 2017/18 has been adopted for each financial year since (i.e. 2018/19, 2019/20 and 2020/21), a total of 4 years. This means the Scheme needed to be reviewed by the Panel prior to 2021/22, in accordance with statutory requirements.

2.6 The Independent Remuneration Panel was convened to meet on 25 January 2021 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 2020/21 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 gives consideration to the comparatively low level of allowances in general and the significantly lower levels of allowances for its Leader, Deputy Leader, Cabinet Members and the Leader of Qualifying Opposition Groups, when next reviewing its Members' Allowances Scheme, for example, upon the introduction of an enhanced or revised governance structure for the Council in the future and including following the outcome of the governance Referendum (see paragraph 5.3.4 of the Panel's report).
- 2.7.3 That, subject to any changes to the Council's decision making and/or governance arrangements, which would be reviewed by the Panel, the responsibilities/duties in respect of which Special Responsibility Allowance should be available, and the rates of those allowances (notwithstanding the recommendations made by the Panel in relation to reviewing the rates of the Leader, Executive Members and Leader of Qualifying Opposition Groups), should be as set out in paragraph 5.3.5 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, 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 2025/26 Scheme.

2.7.9 The Panel recommends that the Council does implement annual increases 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.

2.8 **Local Area Committee Chairs**

2.8.1 At its subsequent meeting on 4 May 2021, the Panel considered and make recommendations in relation to the Special Responsibility Allowance for the new role of Local Area Committee Chair, following the establishment of seven Local Area Committees by Council at its Extraordinary Meeting on 18 March 2021, as follows:

2.8.2 As regards the Special Responsibility Allowance for the Chairs of Local Area Committees, the Panel recognise that it is envisaged that the Chairs will undertake a significant amount of work and duties and perform an enhanced role, such as:

- representing the Local Area Committee
- chairing Local Area Committee Meetings and other meetings
- supporting the decision making process
- supporting the enhanced role of Ward Councillors
- establishment and future development of the Local Area Committee
- preparation, agreement, implementation, and monitoring of the Local Area Committee Plan
- Community involvement
- Influencing service delivery and devolved decision making.

2.8.3 The Panel also recognise that, although the Local Area Committees will be granted delegated powers and responsibilities, they will initially be at a relatively early stage in their development. It is envisaged that initially their role may chiefly be consultative and there would be a rolling programme of devolution over approximately 12 to 18 months. It is therefore suggested that a relatively cautious approach to the determination of the Special Responsibility Allowance is adopted in the first instance. Accordingly, it is recommended that the role of Area Committee Chair is initially placed at Band C (£5,688.55 per annum) in the Schedule of Special Responsibility Allowances in the Members' Allowances Scheme.

2.8.4 This would be subject to a further review by the Panel within 12 months and with the benefit of the Area Committees having been operational for a period of time. This will enable the Panel to further examine the development of the Committees and the development of the role of Area Committee Chairs.

2.8.5 A summary of the Panel's deliberations and recommendations is set out

in the addendum to the 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 Panel 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.

- 4.2.2 The Panel has recommended that when next reviewing its Members' Allowances Scheme, for example, upon the introduction of an enhanced or revised governance structure for the Council in the future and including following the outcome of the governance Referendum, the Council should consider the levels of Special Responsibility Allowances in relation to its Leader and Executive Members, and the Leader of Qualifying Opposition Groups which are significantly lower than the average for the Core Cities and neighbouring (South Yorkshire) local authorities.

- 4.2.3 The Panel also recommends that the current index for adjusting Basic, Special Responsibility, 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 2025/26 Scheme. The Panel recommends that the Council does implement annual increases 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.

- 4.2.4 In the future, should the Council wish to increase the allowances outlined at paragraph 4.2.2 above, it would either need to reduce other allowances or find alternative savings from the budget for Members' Allowances to offset the increased costs and thus contain spending within the available budget, or have to identify additional savings measures from elsewhere in the Council's budget.

- 4.2.5 In terms of the budget for Members' Allowances for 2021/22, provision of 2% 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, there is provision to accommodate a 2% uplift on the Basic, Special Responsibility, Childcare and Dependent Carers' and Co-optees Allowances, which would cost approximately £27K. It should be noted however that the Chancellor has indicated a pay-freeze for Local Government may occur in 21/22.
- 4.2.6 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. The table represents costs for 84 elected Members.
- 4.2.7 There were some vacancies on the Council during 2020/21 and therefore, expenditure on allowances was reduced. The total Spend on Basic Allowance was £1,023,403. The total Spend on Special Responsibility Allowances was £260,969.
- 4.2.8 These allowances are also subject to employer National Insurance (NI) contributions which increase the costs. In 2020/21, the total spend on National Insurance was £80,511.76 of which NI relating to Basic Allowance was £43,637.37. NI relating to Special Responsibility Allowances was £36,874.39.

<u>Allowance</u>	<u>Amount of Allowance (£) & No. of Posts</u>	<u>Total Amount per Category of Allowance (£)</u>
Basic Allowance	£12,678.33 x 84	1,064,979.72
<i>Special Responsibility Allowances:-</i>		
Leader	19,615.67x 1	19,615.67
Deputy Leader	9,807.85 x 1	9,807.85
Cabinet Members	9,807.85 x 8	78,462.80
Chairs of Scrutiny Committees	8,107.82x 4	32,431.28
Leader of the largest Group (not forming the Executive)	8,107.82x 1	8,107.82
Chairs of Local Area Partnerships	5,688.55 x 7	39,819.85
Chairs of Planning and Highways Committees	5,688.55 x 2	11,377.10
Chairs of Licensing Committee	5,688.55 x 2	11,377.10
Opposition Group Office Holders *	5,688.55 x 2	11,377.10
Cabinet Advisers	4,478.91x 10	44,789.10
Deputy Chair of Licensing Committee	3,269.28x 0	0
Total SRAs		<hr/> £261,477.12

* 2 allowances for Group membership greater than 30%

Total Allowances (Basic, SRAs)

£1,326,456.84

4.2.9 The establishment of Area Committees may result in additional costs through changes to the Members Allowances Scheme. In accordance with the Council's Constitution and the requirements of the Local Authorities (Members' Allowances) (England) Regulations 2003 the Independent Remuneration Panel will consider which positions should receive a special responsibilities allowance and the level of that allowance and make recommendations to Full Council. These costs will be offset by the removal of the posts of Local Area Partnership Chair from the Scheme.

4.2.10 The Panel recommendation is that the Special Responsibility Allowance for the post of Area Committee Chair is initially placed at Band C (£5,688.55 per annum) in the Schedule of Special Responsibility Allowances in the Members' Allowances Scheme. This is the same Band of allowance as for the former Local Area Partnership Chair and the number of posts is also the same.

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.