



*MEMBERS' ALLOWANCES*

*REPORT OF THE  
INDEPENDENT  
REMUNERATION PANEL*

*2021/22 AND ONWARD*

## **1. Recommendations of the Panel – January 2021**

- 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 2020/21 are endorsed. The specific recommendations which the Panel wishes to make are set out below.
  - 1.1.1 That no change should be made to the composition and amount of Basic Allowance.
  - 1.1.2 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).
  - 1.1.3 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.
  - 1.1.4 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.
  - 1.1.5 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.
  - 1.1.6 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.
  - 1.1.7 That no change should be made to the amount of the Co-optees' Allowance.

- 1.1.8 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.
- 1.1.9 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. Introduction**

- 2.1 The Local Government Act 2000 and subsequent regulations set out the process to establish and maintain the Members' Allowances Scheme.
- 2.2 Prior to 1 April each year, the Council has to agree a Scheme for the forthcoming financial year. The Council is able to amend its Scheme at any time if it needs or chooses to do so.
- 2.3 An Independent Remuneration Panel has to consider certain issues and put forward recommendations for the Council to consider (see terms of reference – paragraph 3.2). The Panel is required to make recommendations to the Council at least every four years or whenever the Council decides to amend its current Scheme.
- 2.4 It is for the Council to decide on the Members' Allowances Scheme that is put in place having regard to the Panel's recommendations.
- 2.5 The Independent Remuneration Panel first reported to the Council on the issue of the Members' Allowances Scheme in November 2001 and has presented further reports to Council periodically since that date.

## **3. Membership and Terms of Reference of the Panel**

### **3.1 Membership of the Panel**

- 3.1.1 Sheffield's Panel normally comprises 4 members, drawn, if possible, from the public, private, and voluntary, community and faith sectors. The membership of the Panel currently comprises:-

David Baldwin	- Retired Health Service Executive
Mark Power	- Risk Manager, Westfield Health
Edward Fleming	- Former Independent Co-optee on the

## Council's Standards Committee

- 3.1.2 There is a vacancy for a Panel member. The Council's Monitoring Officer, in late 2019 advertised for expressions of interest in becoming a member of the Panel, but no expressions of interest were received. Consideration is being given to a further recruitment exercise for Panel members, including raising awareness of the opportunity with current or former independent school admission appeals members.

### 3.2 Terms of Reference

The basic terms of reference of the Panel are to make recommendations as to:-

- (a) the level of Basic Allowance for all Members;
- (b) the categories of special responsibility for which a Special Responsibility Allowance should be paid and the levels of those allowances;
- (c) as to whether Dependent Carers' allowance should be payable to Members and the amount of such an allowance;
- (d) travelling and subsistence allowances; and
- (e) any annual uplift.

## 4. Background and Current Position

- 4.1 The Panel has considered the issue of the Members' Allowances Scheme on several previous occasions.
- 4.2 Set out at Appendix A to this report are the recommendations made in the Panel's last report dated January 2017.
- 4.3 The Council, having regard to the Panel's recommendations, agreed a Scheme for 2017/18 and onwards at its meeting on 3<sup>rd</sup> March 2017. Set out at Appendix B to this report is the decision made by the Council.
- 4.4 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.
- 4.5 The Panel members were contacted with a view to arranging a suitable date on which to hold a meeting of the Panel and, in view of the situation with the Covid-19 pandemic at that point in time, the method by which the remote meeting would be held.

Unfortunately, contact was unable to be made with Mr. Edward Fleming. Following advice received from the Council's Monitoring Officer, the Panel was convened with the remaining two Panel members.

- 4.6 The Panel met on 25<sup>th</sup> January 2021 to give consideration to, and make recommendations upon:-
- (a) the amount of basic allowance;
  - (b) the responsibilities/duties in respect of which special responsibility allowance should be available, and the amount of those allowances;
  - (c) the amount of the Dependent Carers' allowance;
  - (d) travelling and subsistence allowances; and
  - (e) the annual uplift.
- 4.7 The Panel was informed that although the Council's governance arrangements, based on a Leader and Cabinet model of governance, had not changed since the Panel last met in January 2017, there were factors which might, in the future, result in changes to the Council's governance arrangements and decision making structure. This included firstly, the outcome of the Local Area Partnerships review and secondly, any changes arising as a result of the governance Referendum, now scheduled to take place in May 2021.
- 4.8 The Panel agreed to proceed to conduct a review of the Council's Members' Allowances Scheme based on a comparison of the levels of allowances currently paid to Members in Sheffield with that paid in local authorities in other core cities and South Yorkshire, and to re-convene in the near future to consider the position in relation to any planned changes to the Council's governance arrangements and decision making structure.
- 4.9 The Panel was supplied with information showing the amounts of allowances paid by several other core cities and the other South Yorkshire Councils via their Members' Allowances Schemes. The Panel was also informed that for each of the four years from 2017/18, an annual increase had been applied to Sheffield's Members' Allowances, whereas no increase had been applied in any of the six consecutive years prior to 2017/18 and with significant savings having also been made during that period resulting from revisions made to the Special Responsibility Allowance (SRA) aspects of the Scheme in 2013/14 and fewer appointments made to SRA positions in that year. The Council's financial position has been, and continues to be, extremely challenging.
- 4.10 Having considered all the issues above, and compared the levels of allowances currently paid to Members in Sheffield with that paid in local authorities in other core cities and South Yorkshire, the

Panel has made findings and recommendations in respect of the level of Members' Allowances for the period 2021/22 and onwards, subject to further reviews of certain allowances resulting from the planned and possible future governance changes referred to earlier in this report. The findings and conclusions of the Panel are set out in Section 5 of this report. Its recommendations are set out in Section 1.

- 4.11 The Panel would wish to reconsider how it benchmarks in future reviews and whether there are additional comparators that could be researched, given the likely variations in roles and responsibilities from one local authority to another. It also wishes to place on record that it fully appreciates the financial pressures continuing to confront the Council, and has been mindful of those pressures whilst still carrying out this latest review as objectively as possible.

## **5. Findings and Conclusions**

### **5.1 Overview**

- 5.1.1 The Panel recognises that Basic Allowance and the majority of Special Responsibility Allowances are paid at a level just below the averages for core cities and neighbouring (South Yorkshire) local authorities.
- 5.1.2 However, the Special Responsibility Allowances paid to the Leader, Deputy Leader, Cabinet Members and (albeit to a lesser degree) to the Leader of Qualifying Opposition Groups, are significantly lower.

### **5.2 Basic Allowance**

- 5.2.1 Notwithstanding the comments made in section 5.1 above, the Panel is not advocating a change in the amount of Basic Allowance at the current time.
- 5.2.2 However, the Panel does recommend that the Basic Allowance be adjusted each year according to an annual index increase, as to not do so would likely impact further on the disparity of the Basic Allowance in comparison to the average across other authorities.

### **5.3 Special Responsibility Allowances (SRAs)**

- 5.3.1 In view of the fact that the Council's governance arrangements had not changed since 2013/14, the Panel deemed the categories of special responsibility for which a Special Responsibility Allowance should be paid, as continuing to be relevant and appropriate and the Panel sees no reason to change the current structure of allowances in relation to the payment of Special Responsibility

Allowances. Any changes arising from the review of Local Area Partnerships would be subject to review by the Panel.

5.3.2 The Panel did give consideration to the levels of the Special Responsibility Allowances by comparing the levels of allowances currently paid to Members in Sheffield with that paid in local authorities in other core cities and South Yorkshire. As noted in section 5.1 above, the majority of Special Responsibility Allowances in Sheffield are paid at a level just below the averages for that cohort of local authorities.

5.3.3 However, the Special Responsibility Allowances paid to the Leader, Deputy Leader, Cabinet Members and the Leader of Qualifying Opposition Groups are significantly lower than the average paid by the cohort of local authorities, with only Newcastle out of eleven local authorities in the comparator cohort paying a lower amount for those Executive Member roles than in Sheffield, and with just Newcastle and Doncaster paying a lower amount for the Leader of Qualifying Opposition Groups. It would cost approximately £75,000 just to raise those particular allowances in Sheffield to the average level for the cohort (i.e. for the posts of Leader, Deputy Leader, 8 Cabinet Members and Leader of the Liberal Democrat Group). The Panel has highlighted this issue in its previous reports to the Council in March 2013 and January 2017, and notes that the Council felt it would not be appropriate to increase the levels of those allowances at those times. This may well be the case again, and the Panel remains mindful of the financial pressures being faced by the Council and the political sensitivities associated with spending on Members' allowances. Therefore, the Panel does not wish on this occasion to make specific recommendations on the levels of allowances, but does wish to recommend 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 following the outcome of the Referendum.

5.3.4 The Panel therefore recommends that 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 remain as follows:-

5.3.5

<b>Leader (£19,615.67 pa) – review recommended</b>
<b>Band A (£9,807.85 pa)</b> Deputy Leader – <i>review recommended</i>

Cabinet Members – <i>review recommended</i>
<b>Band B (£8,107.82 pa)</b> Lead Member for Scrutiny Chairs of Scrutiny and Policy Development Committees Leader of Opposition Groups with more than 20% of the membership of the Council – <i>review recommended</i>
<b>Band C (£5,688.55 pa)</b> Chair of Planning and Highways Committee Chair of Licensing Committee Chairs of Local Area Partnerships – <i>to be reviewed</i> Opposition Group Office Holders – <ul style="list-style-type: none"> <li>- with more than 40% membership of the Council (3)</li> <li>- with more than 30% membership of the Council (2)</li> <li>- with more than 20% membership of the Council (1)</li> </ul>
<b>Band D (£4,478.91 pa)</b> Cabinet Advisers
<b>Band E (£3,269.28 pa)</b> Deputy Chair of Licensing Committee

5.3.6 It is the Panel's view that, as at present, no Member should receive more than one Special Responsibility Allowance.

#### 5.4 Other Allowances

5.4.1 The Panel was appraised of the provision that the Council makes available to support Members' travel costs when undertaking "approved duties". This includes either the provision of a travel pass (for travel within Sheffield) or, alternatively, claiming reimbursement of fares incurred and/or mileage allowances for travel within and outside the city. The Panel supports the continuation of these arrangements and recommends that travel should continue to be based on officer rates and paid in respect of the same "approved duties" as currently agreed by the Council (and set out in Schedule 2 to the Scheme).

5.4.2 Although rarely claimed currently, subsistence out of the city should continue to be made available, at officer rates, and again paid in respect of the same "approved duties" as currently agreed by the Council. Subsistence within the city should continue to be regarded as incorporated within the Basic and Special Responsibility Allowances.

5.4.3 The Panel does not recommend any change to the current arrangements for the payment of a Dependent Carer's Allowance, payable to Members of the Council where appropriate, for the same "approved duties" as for travelling and subsistence, subject



to the production of appropriate receipts. The Panel does recommend that the maximum rate of payment should also continue to be subject to the annual index increase.

- 5.4.4 The Panel also recommends the continuation of the existing arrangements for the Co-optees' Allowance, currently £707.98 per annum, plus the application of the annual index increase.

## 5.5 **Annual Adjustments of Allowances**

- 5.5.1 As in previous years, the Panel recommends that the 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 Panel noted that for each of the four years from 2017/18, an annual increase had been applied to Sheffield's Members' Allowances, in line with staff pay awards, whereas no increase had been applied in any of the six consecutive years prior to 2017/18 including in four of those years when Council employees received a pay award. Whilst understanding the reasons for the Council having chosen not to implement annual increases in previous years, the Panel nevertheless 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. In view of the impact of the Covid-19 Coronavirus Pandemic on the national public finances, meaning public sector pay increases were unlikely in the period ahead, the Council could consider using an alternative index, for example Consumer Price Inflation, on which to base its annual adjustment of allowances and thus continue to assist its position relative to its comparator local authorities. However, the Panel was mindful that the Council would probably wish to retain an index that meant that allowances for its Members increased in line with pay awards received by its staff.

- 5.5.2 The index for travelling and subsistence should be the relevant officer rates as agreed by the Council from time to time.

- 5.5.3 The Panel recommends that these indices should be applied for the maximum period of four years, and be reviewed for the 2025/26 Scheme.

## 5.6 **Review of Scheme**

- 5.6.1 The Panel will reconvene at the appropriate time to consider allowances, including the outcome of the Local Area Partnerships review and in the event of the Council moving to a committee model of governance. Thereafter, the Panel would be available to carry out a further review of the Members' Allowances Scheme should the Council be contemplating making further changes to its governance arrangements at any point over the following 4 years,

and otherwise will undertake a review in time for either the 2025/26 or 2026/27 Schemes.

**David Baldwin**  
Retired Health  
Service Executive

**Mark Power**  
Risk Manager,  
Westfield Health

**January 2021**

**Recommendations of the Independent Remuneration Panel : January  
2017**

- 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 2016/17 are endorsed. The specific recommendations which the Panel wishes to make are set out below.
  - 1.1.1 That no change should be made to the composition and amount of Basic Allowance.
  - 1.1.2 That the Council should give consideration to the significantly lower levels of Special Responsibility Allowances in relation to its Leader and Executive Members, when next amending its Members' Allowances Scheme (see paragraph 5.3.3 of the Panel's report).
  - 1.1.3 That the responsibilities/duties in respect of which Special Responsibility Allowance should be available, and the rates of those allowances (notwithstanding the recommendation made above in relation to reviewing the SRA rates for its Leader and Executive Members), should be as set out in paragraph 5.3.4 of the Panel's report.
  - 1.1.4 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.
  - 1.1.5 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.
  - 1.1.6 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.
  - 1.1.7 That no change should be made to the amount of the Co-optees' Allowance.
  - 1.1.8 That the current index for adjusting Basic, Special Responsibility (including the Pensions Authority), 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 2021/22 Scheme.

- 1.1.9 That the Council should consider implementing the annual increase in order to assist its position relative to its comparator local authorities in terms of the levels of allowances paid to its Members (see paragraph 5.5.1 of the Panel's report).

RESOLVED: That this Council:-

- (a) notes the report of the Acting Executive Director, Resources commenting on and appending the report of the Council's Independent Remuneration Panel, dated January 2017, and thanks the members of the Panel for their report;
- (b) having regard to the recommendations contained in the Panel's report, together with the information contained in the report of the Acting Executive Director, Resources, approves and adopts from 1<sup>st</sup> April 2017 and onwards, a Members' Allowances Scheme comprising the arrangements approved and adopted by the City Council for the years 2013/14 to 2016/17, unchanged; and
- (c) (i) as regards the annual index-linked increase, confirms that, as in previous years, the annual index in relation to Basic, Special Responsibility (including the Pensions Authority), Co-optees and Dependent Carers' Allowances shall be the average percentage officer pay award in Sheffield, and in relation to travel and subsistence, the annual index shall be the relevant officer rates agreed from time to time; such arrangements to be implemented for a period of four years and (ii) in line with the recommendation of the Independent Remuneration Panel, agrees to implement the annual increase during 2017/18 in relation to Basic, Special Responsibility (including the Pensions Authority), Co-optees and Dependent Carers' Allowances, the first such increase in 7 years, with provision having been made in the Council's Revenue Budget for 2017/18 to accommodate a 1% uplift on those Allowances.

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