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**Subject:** MEMBERS' ALLOWANCES SCHEME 2020-21

**Meeting and Date:** COUNCIL – 29 JANUARY 2020

**Report of:** DEMOCRATIC SERVICES MANAGER

**Classification:** UNRESTRICTED

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**Purpose of the report:** To consider the Members' Allowances Scheme for 2020-21.

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**Recommendation:** To make the Members' Allowances Scheme for 2020-21.

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## 1. Summary

Under Regulation 10 of the Local Authorities (Members' Allowances) (England) Regulations 2003/1021 the Council is required to annually make a scheme for the payment of allowances to Members.

## 2. Introduction and Background

2.1 The Council is required to make its Members' Allowance Scheme on an annual basis. In making its Scheme the Council must give regard to the non-binding recommendations of its appointed Independent Remuneration Panel. However, other than having regards to these recommendations it may set its allowances at any level that it decides.

2.2 The allowances that are payable as part of the Members' Allowance Scheme are established in the Local Authorities (Members' Allowances) (England) Regulations 2003. In summary, this provides for the following allowances to be made to councillors:

- Basic Allowance (to be received by all Members of the Council);
- Special Responsibility Allowances (for specific positions);
- Travel and Subsistence Expenses
- Dependent Carers Allowance
- Co-Optees' Allowance

2.3 The Council can also decide to index link uplifts in allowances (for example, but not limited to, the Consumer Prices Index or the Retail Price Index). The Council has previously made such arrangements but at the meeting of the full Council held on 4 March 2015 reference to Index Linking was removed to reflect the current situation of static allowance levels since 2011-12.

2.4 The levels of allowance for the Independent Persons, the Chairman and Vice-Chairman are set out in the Scheme for transparency purposes but do not form part of it.

### **Review of Administrative Arrangements to the Members' Allowances Scheme**

2.5 As part of the annual review of the Members' Allowances Scheme, the framework governing the Scheme is also reviewed. The Cabinet at its meeting held on 7 October 2019 (Minute No. CAB70) agreed to cease appointing representatives to a number of outside bodies. Accordingly, references to Age Concern Deal (Liaison Committee), Dover District Volunteering Centre and Stagecoach Dover District Bus Users Group

have been deleted from Schedule 5 (Travelling and Subsistence Allowance) of the Members' Allowances Scheme.

- 2.6 These changes are set out in Appendix 1 and 2 (depending upon which version is adopted by Council) of this report.

### **Dependant Carers' Allowance**

- 2.7 The Council makes provision for a Dependant Carers' Allowance to contribute towards the care costs for a family member whilst a Member is undertaking approved duties. This has historically been set at the same hourly level as firstly, the National Minimum Wage and latterly, the National Living Wage.

- 2.8 The National Living Wage is due to increase on 1 April 2020 from £8.21 to £8.72 and it is proposed that the Dependant Carers' Allowance be adjusted accordingly for the Members' Allowances Scheme 2020-21.

### **3. Review of Members' Allowances Allowance Levels**

- 3.1 The Council most recently reviewed its Members' Allowances Scheme at its meeting on 30 January 2019. However, these allowances were determined based on the previous council size and committee structure and this report is the first review to be held since the reduction in council size at the May 2019 elections and the changes to the committee structure made at Council on 24 July 2019.

- 3.2 Accordingly, the Leader of the Council has asked that this opportunity be taken to consider how the savings resulting from the change in the council size could potentially be redistributed to increase allowances while remaining within the overall budget used in 2018-19 for Members' Allowances.

### **4. Identification of Options**

- 4.1 There are three potential options open to the Council in respect of the levels of allowances paid under the Members' Allowances Scheme. These are to (a) keep the current levels unchanged; (b) increase the allowances while staying within the original 2018-19 budget allocation for Members' Allowances; or (c) to increase/decrease allowances by some other level to be determined by the Council.

- 4.2 To assist Members in understanding the impact of any changes in the Members' Allowances Scheme a comparison with the levels at the other 11 Kent District/Borough Councils is set out in Appendix 3. A comparison between Options 1 and 2 is also set out in Appendix 3.

#### ***Option 1A: Maintain Current Levels***

- 4.3 The Members' Allowances Scheme for 2018-19 (the last full year of application) was based on 45 councillors with 6 Cabinet members (including the Leader and Deputy Leader), 8 Shadow Cabinet members (including the Leader of the Opposition and Deputy Leader of the Opposition) and 2 scrutiny committees.

- 4.4 The difference between the 2018-19 Members' Allowance Scheme and the current position is as follows:

	2018-19 (£)	Total Budget (£)	Jan 2020 (£)	Total Budget* (£)	Difference (£)
Basic Allowance	3,980 x 45	179,100	3,980 x 32	127,360	51,740
Cabinet Member	5,562 x 6	33,372	5,562 x 5	27,810	5,562
Shadow Cabinet	1,854 x 6	11,124	1,854 x 5	9,270	1,854
Scrutiny Chairman	3,708 x 2	7,416	3,708 x 1	3,708	3,708
Scrutiny Vice- Chairman	927 x 2	1,854	927 x 1	927	927
					£63,791

(\*) Based on a full year and not the pro-rata savings that resulted from the changes in July 2019.

4.5 If the levels of Basic and Special Responsibility Allowance (SRA) are maintained this would result in a saving of £63,791 per annum against the budget allocation for Members' Allowances in 2018-19 by virtue of the reduced council size, the smaller Cabinet and Shadow Cabinet and the reduction in the number of scrutiny committees. This saving was taken as part of the Medium-Term Financial Plan (MTFP) for 2019-20.

4.6 Option 1A: To make the Members' Allowances Scheme 2020-21 at the levels of 2019-20, as set out in Appendix 1. This would result in no changes to the allowance scheme. Members would make the Members' Allowances Scheme as set out in Appendix 1 for the municipal year 2020-21.

***Option 1B: Maintain Current Levels but increase Dependants' Carers' Allowance***

4.7 This is the same as Option 1A but with an increase in the Dependants' Carers' Allowance in line with the National Living Wage.

4.8 **Option 1B:** To make the Members' Allowances Scheme 2020-21 at the levels of 2019-20, as set out in Appendix 1 with an increase in the Dependants' Carers' Allowance to £8.72 per hour in line with the National Living Wage. This would result in minimal changes to the allowance scheme.

Members would make the Members' Allowances Scheme as set out in Appendix 1 for the municipal year 2020-21 subject to the increase in the Dependants' Carers' Allowance.

***Option 2A: Increase in Members' Allowances (within the 2018-19 Budget Allocation) with no increase in Dependants' Carers' Allowance***

4.9 In accordance with the request of the Leader of the Council, Options 2A and 2B look to identify how the saving in Members' Allowances that resulted from the reduction in Council size and the size of the Cabinet (in May 2019) and number of scrutiny

committees (in July 2019) could be applied to the Members' Allowances Scheme in 2020-21. The proposed change in the Basic Allowance also reflects the increase in ward sizes and/or workload arising from the change in council size. So long as any potential increase was kept under £63,791 it would be no greater expenditure on Members' Allowances than there was in 2018/19.

- 4.10 An example of such a potential increase in Members' allowances that remains within the 2018-19 budget allocation for Members' allowances is set out in Appendix 2. This is based on using £51,216.00 of the £63,791.00 difference highlighted at paragraph 4.2 of the report.
- 4.11 In identifying potential increases in the Members' Allowances Scheme care has been given to keep to the original framework adopted by the Independent Remuneration Panel. This uses a ratio for Special Responsibility Allowances (SRA) as a percentage of the Leader of the Council's Special Responsibility Allowance.
- 4.12 Apart from two exceptions, the proposed allowances set out in Appendix 2A are below the Kent Average. The two exceptions (Scrutiny and Governance) are higher than the Kent Average but have been kept in line with the SRA for the Chairman of the Planning Committee as under the framework used by the Independent Remuneration Panel all three bodies are equally 'major' committees.
- 4.13 The suggested Basic Allowance is based on using a level close to, but slightly below, the Kent average.
- 4.14 **Option 2A:** To make the Members' Allowance Scheme 2020-21 at the levels set out in Appendix 2.

Members would make the Members' Allowances Scheme as set out in Appendix 2.

***Option 2B: Potential Increase in Members' Allowances (within the 2018-19 Budget Allocation) with increase in Dependants' Carers' Allowance***

- 4.15 This is the same as Option 2A but with an increase in the Dependants' Carers' Allowance in line with the National Living Wage.
- 4.16 **Option 2B:** To make the Members' Allowance Scheme 2020-21 at the levels set out in Appendix 2, subject to an increase in the Dependent Carers Allowance to £8.72 per hour in line with the National Living Wage from 1 April 2020.

Members would make the Members' Allowances Scheme as set out in Appendix 2, subject to the amendment to the Dependent Carers Allowance.

***Option 3: Other Changes to the Members' Allowances Scheme***

- 4.17 Members could make the Members' Allowances Scheme make other changes to the Members' Allowances Scheme. In the event that Members agree to make a significant change to the current scheme it is recommended that Members request a further report to the next Council meeting setting out the changes and the resource implications arising.
- 4.18 **Option 3:** To make the Members' Allowances Scheme set out in Appendix 1 with amendments. This might include changes to the Basic Allowance, Special Responsibility Allowance and/or the Travel and Subsistence Allowances.

## **5. Evaluation of Options**

- 5.1 Option 1A is cost neutral and would result in no direct resource implications or changes to the existing Members' Allowances Scheme.
- 5.2 Option 1B would result in minimal resource implications. It amends the draft Scheme to increase the Dependent Carers Allowance from £8.21 per hour to £8.72 per hour in line with the National Living Wage. Based on the historic number of claims per annum against the Dependent Carers Allowance over the last 5 municipal years this would be sustainable within the current budget provision.
- 5.3 Option 2A would have an impact on the required 2020-21 budgetary provision, resulting in an increase against the expenditure during 2019-20. However, the proposed Members' Allowances Scheme set out in Appendix 2 is within the previous overall budget for the 2018-19 Members' Allowance Scheme.
- 5.4 Option 2B would have an impact on the required 2020-21 budgetary provision, resulting in an increase against the expenditure during 2019-20. However, the proposed Members' Allowances Scheme set out in Appendix 2 is within the previous overall budget for the 2018-19 Members' Allowance Scheme.
- 5.5 There would be minimal impact arising from the increase in the Dependents' Carers Allowance in line with the National Living Wage based on the historic number of claims over the last 5 municipal years.
- 5.6 Option 3 could result in an additional budgetary pressure for the 2020-21 budget depending on the exact nature of the changes. This option may also require a further consultation with the East Kent Joint Independent Remuneration Panel before it can be formally adopted depending on the nature of the proposed changes.

### **East Kent Joint Independent Remuneration Panel**

- 5.7 The East Kent Joint Independent Remuneration Panel (EKJIRP) is a joint body appointed by Dover District Council, Canterbury City Council and Thanet District Council in accordance with the requirements of the Local Authorities (Members' Allowances) (England) Regulations 2003 (Regulation 20(b)). The Council must have regard to its recommendations in setting its Members' Allowances Scheme.

The East Kent Joint Independent Remuneration Panel has previously made a set of recommendations as to the levels of Basic and Special Responsibility Allowance that it felt were appropriate for Dover District Council. These are for reference set out at Appendix 3 of this report.

## **6. Resource Implications**

- 6.1 The resource implications outlined below assume that all Members will claim their full allowance entitlement in the event of any changes to the Scheme. It should be noted that in accordance with the provisions of the Members' Allowances Scheme any Member may elect to forego any part or the whole of their entitlement to an allowance(s). Any Member wishing to forego part or the whole of an entitlement must notify the S151 Officer in writing of that decision.
- 6.2 There are no direct resource implications if Option 1A is adopted and Option 1B incurs minimal resource implications that can be funded from within the existing budget

provision. If one of these options are adopted the annual saving of £64,000.00 incorporated into the 2019/20 budget would continue to be delivered.

- 6.3 Options 2A or 2B would remove the £64k reduction in budget achieved in 2019/20 due to the reduction in Council size through the increase in allowances.

## 7. **Corporate Implications**

- 6.1 The Council is required to make arrangements for a Members' Allowances Scheme.

## 8. **Appendices**

Appendix 1 – Draft Members' Allowances Scheme 2020-21 (As per Option 1A or 1B)

Appendix 2 – Draft Members' Allowances Scheme 2020-21 (As per Option 2A or 2B)

Appendix 3 – Comparison with other Kent district/borough authorities' allowances against Options 1A and 2A

Appendix 3 - Comparison of Options 1A and 2A

Appendix 4 – East Kent Joint Independent Remuneration Panel Recommendations in respect of the draft Members' Allowances Scheme 2020-21 (to follow)

## 9. **Background Papers**

Constitution of the Council – Issue 21

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