
Subject: MEMBERS' ALLOWANCES SCHEME 2021-22

Meeting and Date: COUNCIL – 27 JANUARY 2021

Report of: HEAD OF GOVERNANCE

Classification: UNRESTRICTED

Purpose of the report: To consider the Members' Allowances Scheme for 2021-22

Recommendation: To make the Members' Allowances Scheme for 2021-22

1. Summary

Under Regulation 10 of the Local Authorities (Members' Allowances) (England) Regulations 2003/1021 the Council is required to 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 as the allowances at the time had been frozen since 2011 and would remain frozen until 2020.

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

Dependant Carers' Allowance

2.5 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. The National Living Wage is due to increase on 1 April 2021 from £8.72 (the level adopted by Council in January 2020) to £8.91 per hour.

- 2.6 However, as part of the last review an undertaking was given by officers to review alternative arrangements for the Dependant Carers' Allowance that would ensure that all reasonable actual costs would be reimbursed rather than a proportion of the costs.
- 2.7 The necessary amendments to the Members' Allowances Scheme to implement a reimbursement of actual expenditure are set out in Appendix 2. It should be noted that the proposals do not change the grounds under which the allowance can be paid or the restrictions as to who is considered to be an eligible carer under the Scheme.
- 2.8 The current arrangements for the Dependant Carers' Allowance do not implement a cap on the amount claimable in any financial year in recognition that such a cap could be a financial barrier to some people standing as a councillor. While no cap is recommended in the alternative arrangements set out in Appendix 2, it is noted that some authorities do cap their Dependant Carers' Allowance through either a percentage limit against the Basic Allowance or as a fixed sum. If Members' wished to implement an annual cap it is suggested that this be in the form of a percentage of the Basic Allowance (i.e. 10% of the Basic Allowance or at another level identified by Members).
- 2.9 In accordance with provision 15(3) of the Local Authorities (Members Allowance) (England) Regulations 2003 a breakdown of the amount of Dependant Carers' Allowance paid to each Member will be published each year as part of the statutory notice in addition to the amounts of Basic, Special Responsibility and Travel/Subsistence claimed.
- 2.10 It is suggested that if amendments are made to the Dependant Carers' Allowance that officers be instructed to review the changes for the next report to Council on the subject in January 2022.

East Kent Joint Independent Remuneration Panel

- 2.11 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.
- 2.12 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 in Appendix 3 of this report.

3. Identification of Options

- 3.1 Option 1: To make the Members' Allowances Scheme 2021-22 at the levels of 2020-21, as set out in Appendix 1.
- In respect of the Dependant Carers' Allowance, this would be set at £8.91 per hour in keeping with the National Living Wage.
- Members would make the Members' Allowances Scheme as set out in Appendix 1 with effect from 1 April 2021.
- 3.2 Option 2: To make the Members' Allowances Scheme 2021-22 at the levels of 2020-21, as set out in Appendix 1.

In respect of the Dependant Carers' Allowance, this would see the adoption of the amended scheme as set out in Appendix 2.

Members would make the Members' Allowances Scheme as set out in Appendix 1 and 2 with effect from 1 April 2021.

- 3.3 Option 3: To make the Members' Allowances Scheme set out in Appendix 1 with amendments. Members could make the Members' Allowances Scheme as set out in Appendix 1 subject to minor changes. In the event of a more significant change it is recommended that Members request a further report setting out the changes and the resource implications arising.

This might include changes to the levels of Basic Allowance, Special Responsibility Allowance and/or the Travel and Subsistence Allowances or freezing the Dependant Carers' Allowance at the current level of £8.72 per hour rather than increasing in line with the National Living Wage or the alternative arrangements set out in Appendix 2.

A significant change in the Members' Allowances Scheme may also require a further consultation with the East Kent Joint Independent Remuneration Panel prior to the Council being able to adopt it.

4. Evaluation of Options

- 4.1 Option 1 is cost neutral and would result in no direct resource implications or changes to the existing Members' Allowances Scheme. This option would set the Dependant Carers' Allowance at the National Living Wage level as of 1 April 2021 which has minimal potential impact on the budget.
- 4.2 Option 2 would result in potential additional resource implications due to the amendment to the Dependent Carers Allowance to change it from a fixed hourly payment to a market rate hourly payment. Based on the historic number of claims per annum against the Dependent Carers Allowance over the last 5 municipal years this should be sustainable within the current budget provision. However, this is based on basic provision as more specialist care could have larger resource implications. If the Council wished to manage these potential costs, then a cap to the amount payable could be imposed (see paragraph 2.8). The suggested review for next year's report would enable the Council to be provided with a comparison between the operation of the current arrangements and any revised arrangements adopted under this option.
- 4.3 Option 3 would place additional budgetary pressure on the required 2021-22 budgetary provision if any increase in allowances were to be adopted. Conversely, a reduction in allowances would result in budgetary savings.

5. Resource Implications

- 5.1 There are no direct resource implications if Option 1 is adopted and Option 2 incurs minimal resource implications that should be able to be funded from within the existing budget provision assuming that number of claims for reimbursement under the Dependant Carers Allowance are consistent with historical levels.
- 5.2 If Members wish to make significant changes the Members' Allowances Scheme it is recommended that this be subject to a further report setting out the financial implications of the changes. For example, if the Basic Allowance was to be increased in line with the Panel's non-binding target levels to £7,590 (from £5,000), this would place a significant budgetary pressure of £82,880 on the existing total budget requirement.

6. **Corporate Implications**

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

7. **Climate Change and Environmental Implications**

- 7.1 There are no climate change implications arising from the report.
- 7.2 The Members' Allowances Scheme makes provision for a cycling mileage allowance as an alternative to using cars and motorbikes.

8. **Corporate Implications**

- 8.1 Comment from the Director of Finance (linked to the MTFP): Members are reminded that the Council's revenue and capital resources are under pressure and so they will wish to assure themselves that all proposals progress the Council's priorities, are the best option available and will deliver value for money. (JS)
- 8.2 Comment from the Solicitor to the Council: The Solicitor to the Council has been consulted in the preparation of this report and has no further comments to make.
- 8.3 Comment from the Equalities Officer: This report does not specifically highlight any equality implications, however in discharging their duties members are required to comply with the public sector equality duty as set out in Section 149 of the Equality Act 2010 <http://www.legislation.gov.uk/ukpga/2010/15/section/149>

9. **Appendices**

- Appendix 1 – Draft Members' Allowances Scheme 2021-22
- Appendix 2 – Potential Alternative Arrangements for the Dependant Carers' Allowance
- Appendix 3 – Comparison of the draft Members' Allowance Scheme 2021/22 against the last Quadrennial Review of the East Kent Joint Independent Remuneration Panel
- Appendix 4 – Comparison of the draft Members' Allowance Scheme 2021/22 against other Kent authorities.
- Appendix 5 – East Kent Joint Independent Remuneration Panel Recommendations in respect of the draft Members' Allowances Scheme 2021/22 (to follow)

10. **Background Papers**

- Constitution of the Council – Issue 21

Contact Officer: Rebecca Brough, Democratic Services Manager, 01304 872304