

## Full Council

### 26<sup>th</sup> January 2023

<b>Report Title</b>	<b>Members' Allowances – Annual Increase</b>
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<b>Key Decision</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Is the decision eligible for call-in by Scrutiny?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Are there public sector equality duty implications?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Does the report contain confidential or exempt information (whether in appendices or not)?</b>	<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
<b>Applicable paragraph number/s for exemption from publication under Schedule 12A Local Government Act 1972</b>	

### List of Appendices

Appendix – Allowance Increase Options

#### 1. Purpose of Report

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- 1.1. Full Council are requested to confirm their preference on the application of the annual increase of Members' Allowances, linked to the NJC Pay Award for staff 2022/23.

#### 2. Executive Summary

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- 2.1. The Council has an approved Member Scheme of Allowances, based on recommendations received from an Independent Remuneration Panel. In order to ensure there is an appropriate annual uplift of allowances, the Scheme includes reference to the annual NJC Staff Pay Award. Where the NJC Award allows for an increase of staff pay e.g. 2% increase, a corresponding 2% increase would be applied to Member Allowances. In 2021/2022 the Pay Award was 1.75% and Member Allowances were therefore increased by 1.75%.
- 2.2. For 2022/2023 the NJC Staff Pay Award is not a percentage increase, but application of a lump sum of £1,925 across all NJC pay points. Full time employees will therefore receive a £1,925 uplift on their current salary, this will

be prorated for part time employees. Unfortunately, this is not easily transposed into an uplift for Member Allowances. As a consequence, it is necessary for Council to give instruction to officers on its application for this year.

### **3. Recommendations**

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- 3.1. That Council agree an option detailed in 5.1 of the report.
- 3.2. *(Reason for Recommendations – to enable officers to action Council’s decision in relation to the uplift of the Members Allowance Scheme for 2022/2023).*
- 3.3. *(Alternative Options Considered – Options detailed in 5.1 of this report).*

### **4. Report Background**

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- 4.1. Legislation requires the Council to have regard to recommendations of an Independent Panel in agreeing allowances paid to Councillors.
- 4.2. The Shadow Authority (at the Shadow Authority meeting of 25<sup>th</sup> February 2021) received recommendations from the Independent Remuneration Panel “IRP” and agreed a Members Allowance Scheme which would operate from 1<sup>st</sup> April 2021. It was agreed that the IRP would review the Scheme after 12 months.
- 4.3. On 23<sup>rd</sup> June 2022, Council received a further report from the IRP, which had considered the operation of the Scheme over the preceding 12-month period, considered changes made by the authority to its governance structure since Vesting Day and responses to an all-member consultation. The Panel recommended some changes to the Scheme which were agreed by Council. The allowances included a 1.75% increase which had been agreed as the NJC pay award to officers in 2021/22. This is the Scheme that is now in operation.
- 4.4. The Member Allowances Scheme (at paragraph 13.1) states “The amounts paid under the scheme shall be increased on 1st April each year. The criterion used for the annual updating of members allowances should be the NJC pay award to officers.” Many local authorities use this method.
- 4.5. The Members Allowance Scheme sets out Basic Allowance, Special Responsibility Allowances and Civic Allowances. Therefore, paragraph 13.1 of the Scheme applies to all allowances which are set out in the Scheme and not just the Basic Allowance.
- 4.6. Where local authorities recognise national agreements, pay is determined by a negotiating body; the National Joint Council (NJC) for local government services. The NJC is made up of representatives from trade unions and the employers. Most years, the NJC will seek to agree a pay award to increase local government pay.

- 4.7. In 2021/22, the pay award was agreed at 1.75% and this would have been automatically added to members allowances had a review not been ongoing (as noted above, it was added into allowances agreed by Council in June 2022). In the financial year 2022/23 the NJC did not agree to a percentage increase and instead they added £1,925 to each pay spine within the NJC Scheme.
- 4.8. The impact of this is not that each employee received an increase of £1,925 to their salary. Part time employees received this amount prorated for the hours that they were contracted to work.
- 4.9. At the lowest end of the pay scales, the increase amounted to a 10.50% increase. At the top end of the NJC pay scale, it represented a 4.04% increase. The Council also has scales higher than the NJC pay scale and the percentage increase for these employees is lower still. The percentage increase therefore differs from staff member to staff member dependent on their respective position on the pay scale.
- 4.10. The methodology on which the uplift to the Council's Members Allowance Scheme is based is the assumption of a percentage increase (as has been the case for many years), which can easily be transposed from the staff pay scales to the Members Allowance Scheme.
- 4.11. As the £1,925 was added to pay scales, prorated as appropriate and percentage increases differ throughout the authority, it is not clear how the authority would apply the pay award to the Members Allowance Scheme. The key issues are that members allowances are not linked to a pay scale to understand the percentage increase applicable, and they are not contracted to a certain number of hours. Therefore, the pay award for 2022/23 cannot be automatically applied to the Scheme for 2022/23.
- 4.12. In addition, the lump sum of £1,925 would be applied to all allowances within the Member Allowance Scheme which would represent a significant percentage increase to some of the smaller allowances which would likely skew the Schemes Special Responsibility Allowance hierarchy in its entirety.
- 4.13. Within the agreed 2022/2023 Pay Award was a separate increase for allowances. This has been utilised by some authorities (and the Local Government Association) as an appropriate percentage increase. Whilst this is an available option, it could not be applied automatically as the Pay Award stated that it related specifically to matters relating to standby duty allowance (social workers), laboratory technician certification etc.
- 4.14. As the application of the pay award to the Member Allowance Scheme is not clear, there is no authority for it to be automatically applied and therefore it must be determined by Council.

## **5. Issues and Choices**

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- 5.1. There are a number of potential options available to Council in relation to this matter. These include –

### **Option One- Uplift the Basic Allowance only by £1,925 from 1<sup>st</sup> April 2022**

The current Basic Allowance is £14,000. Application of a £1,925 uplift would be an increase of 9.72% on the current Scheme. The total budgetary impact of this option in 2022/2023 would be an increase in the Scheme of **£150,150** (exc. NI contribution).

### **Option Two- Uplift of both the Basic Allowance by £1,925 from 1<sup>st</sup> April 2022 and uplift of any Special Responsibility Allowance by the same amount.**

There are currently 28 positions in receipt of an additional allowance (including two in receipt of a “civic allowance” the Chair and the Vice Chair of NNC). If translated into a percentage uplift on the award of £1,925 per 28 positions would vary from 6.66% to 47.29%.

The total budgetary impact of this option would be –

Increase of Basic Allowance cost - £150,150  
Increase of SRA & Civic cost (28 positions) - £53,900  
**Total - £204,050** (exc. NI contribution).

### **Option Three- Uplift all allowances by 4.04%**

Within the agreed 2022/2023 Pay Award was a separate increase for allowances contained within the 2021 NJC pay agreement (dated 28.02.22). This related specifically to matters relating to standby duty allowance (social workers), laboratory technician certification etc.

Whilst this is not an exact match, given the anomaly created by this year’s pay award, Council may wish to consider utilising this percentage figure for this year.

An increase of 4.04% on the Basic Allowance would see that allowance rise from £14,000 to £14,566. The total Basic Allowance spend would increase by **£44,148** (exc. NI contribution).

An increase of 4.04% on SRA & civic allowances would see the overall budget requirement for SRA & civic rise from £301,868 to £314,063 an increase of **£12,195** (exc. NI contribution).

If increased the total impact on the allowance budget would see an increase of **£56,343** (exc. NI contribution).

### **Option Four- Waive the increase for 2022/23.**

The Scheme would not be amended for 2022/23, with the intention it would reapply for 2023/24. Members may wish to consider whether to agree to link the allowance increase for future years to “allowances” increases contained in the LGA Pay Award in future years rather than salary increase.

- 5.3 There are alternative options for uplifting allowances in lines with the median wage as set out in the Pay Policy Statement and would amount to a 7.44% increase or an uplift based upon the average impact on staff which amounts to a 7.13% increase.

## **6. Next Steps**

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- 6.1. Full Council are requested to consider the options detailed within the report and instruct officers accordingly.

## **7. Implications (including financial implications)**

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### **7.1. Resources and Financial**

- 7.1.1. Details of the potential cost of increasing the allowances are detailed in 5.1 of the report and range from an estimated increase of £56k to £204k. In the 2022/2023 Budget an increase of 3% in Allowances was anticipated.

- 7.1.2. Alternative option financial information is as follows;

- 7.1.3. The Pay Policy Statement states that the median wage of the Council is £25,868 amounting to a 7.44% increase. If a 7.44% increase was applied to the current Scheme (Basic/SRA/Civic) the additional cost (exc. NI) would be **£103,704**.

- 7.1.4 An uplift of allowances by 7.13% which is the average uplift for staff resulting from the pay award would see an additional cost of **£99,383** (exc. NI contribution).

### **7.2. Legal and Governance**

- 7.2.1. The review by the Panel earlier this year was undertaken within the regulations laid down by statute. Full Council were required to consider the outcome of the review process and give appropriate consideration of the recommendations made. Full Council had final responsibility for determination of the Scheme.

- 7.2.2. The approved Scheme, in keeping with many other local authority schemes, did not make allowance for a Pay Award of this nature and are based on the usual NJC percentage award or similar mechanism.

### **7.3. Relevant Policies and Plans**

- 7.3.1. The current Members Allowance Scheme was approved by Council on 23<sup>rd</sup> June 2022. The Scheme was developed in line with statute and statutory guidance.

### **7.4. Risk**

- 7.4.1. There will be a need for the Panel to consider the current scenario when next it meets, in case of reoccurrence in future years. Failure to address this and have

a robust mechanism in place may lead to delay in implementation of any agreed uplift of allowances.

## **7.5. Consultation**

7.5.1. The issue of how to interpret the 2022/23 pay award in relation to the approved Members' Allowance Scheme could be referred to the Independent Remuneration Panel (IRP) for consideration. There would be a need to reconstitute the IRP which would require a further Full Council determination. This process is likely to take some time and would result in deferment of a decision on this matter until later in the Municipal Year. If convened, the IRP recommendation would still be forwarded to Full Council for determination.

## **7.6. Consideration by Executive Advisory Panel**

Not applicable.

## **7.7. Consideration by Scrutiny**

Not applicable.

## **7.8. Equality Implications**

None in relation to the nine protected characteristics under the Equality Act 2010.

## **7.9. Climate Impact**

Not applicable.

## **7.10. Community Impact**

Not applicable.

## **7.11. Crime and Disorder Impact**

Not applicable.

## **8. Background Papers**

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8.1. Members Allowance Scheme – Shadow Authority 25.02.21

8.2. Members Allowance Scheme – NNC Full Council 23.06.22

8.3. NNC Constitution