

DECISION-MAKER:	GOVERNANCE COMMITTEE COUNCIL
SUBJECT:	MEMBERS' ALLOWANCE SCHEME
DATE OF DECISION:	14 NOVEMBER 2022 16 NOVEMBER 2022
REPORT OF:	DIRECTOR LEGAL AND BUSINESS SERVICES

<u>CONTACT DETAILS</u>			
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STATEMENT OF CONFIDENTIALITY	
N/A	
BRIEF SUMMARY	
<p>Under the Local Government (Members' Allowances) (England) Regulations 2003, local authorities are required to hold Independent Remuneration Panels (IRP) for the purpose of reviewing their schemes of members' allowances. Southampton City Council is required to review its scheme by 21 November 2022 at the latest and have regard to the recommendations of the Independent Remuneration Panel before adoption of a new one. The last IRP was convened in the autumn of 2018.</p>	
RECOMMENDATIONS:	
GOVERNANCE:	
	(i) To recommend the Independent Remuneration Panel's report, attached at Appendix 1, for approval.
COUNCIL:	
	(i) To consider the recommendations of the Independent Remuneration panel as set out in the panel's report (attached at Appendix 1) and adopt a new scheme with effect from 8 May 2023.
	(ii) To thank the members of the Independent Remuneration Panel of their work in reviewing the Members' Allowance Scheme.
REASONS FOR REPORT RECOMMENDATIONS	
1.	Under the Local Government (Members' Allowances) (England) Regulations 2003, the council is required to have an Independent Remuneration Panel review the Members' Allowance Scheme within four years of the date that the Scheme was approved.

2.	Council last reviewed and approved the Members' Allowance Scheme on 21 November 2018. The Basic and Special Responsibility Allowances have not been revised since the scheme was last approved.
3.	Council has a duty to have regard to the recommendations of the Independent Remuneration Panel when making or amending the scheme of allowances. However, it is not bound to follow its recommendations.
ALTERNATIVE OPTIONS CONSIDERED AND REJECTED	
4.	None, council is required to approve a Members' Allowance Scheme by 21 November 2022 in order to comply with the Local Government (Members' Allowances) (England) Regulations 2003.
DETAIL (Including consultation carried out)	
5.	The attached report of the Independent Remuneration Panel details the reasons and rationale for the recommendations made by the panel.
6.	The council is required by law to appoint an Independent Remuneration Panel, established for the purpose of considering members' allowances, prior to making any decision to amend, revoke, or replace the existing scheme of allowances. The Independent Remuneration Panel took place on 4 and 5 October 2022, meeting councillors and considering the responses to the members' questionnaire.
7.	The panel recommended that the formula used to calculate the basic allowance payable to all members of Southampton City Council is retained and continues to be linked to the real living wage. This is in line with the council's commitment to being a Real Living Wage Employer. The basic allowance will rise to £15,304 .
8.	To maintain the transparency of the scheme of allowances, the 'one Special Responsibility Allowance (SRA) only' rule avoids the possible anomaly of the Leader receiving a lower allowance than another councillor. The 'one SRA only rule' is common practice for many councils. The panel recommends the 'one SRA only rule' continue to be adopted into the new scheme of allowances.
9.	The 2018 panel recommended that the size of the role of Leader of the Council in both terms of time commitment and complexity was worthy of an allowance of 2.5x the basic allowance. The 2022 Panel is still of this view and recommends the Leader of the Council should receive an SRA of 2.5x the recommended basic allowance - £38,260 .
10.	Based on the information gathered, the panel consider the additional responsibility of the role of Deputy Leader should be reflected in the level of allowance. This is because the role of Deputy Leader usually acts on behalf of the Leader in their absence and is a statutory required role as part of the Leader and Cabinet model of governance. The Deputy Leader also has an active portfolio. The panel recommends the creation of an SRA for the role of Deputy Leader with portfolio set at 1.25x the basic allowance at £19,130 .
11.	The panel recommends no change for the SRA that is paid to Cabinet and remains at 1x the recommended basic allowance - £15,304 .
12.	The panel recommends the SRA payable to the Opposition Group Leader continues to be based per group member. The current formula is 1/24 th of the recommended basic allowance (£639 per councillor). Following implementation of the boundary review in May 2023, this will increase the

	number of councillors from 48 to 51. The new per group member figure will be based on 1/26 th of the recommended basic allowance therefore £589 per group member.
13.	For chairs of tiers five and six committees and panels (as shown on page 7 of the full IRP report at appendix one) the panel recommends no change in the SRAs payable. For tier five this is 0.5x the basic allowance at £7,652 and for tier six this is 0.25 x the basic allowance at £3,826 .
14.	The panel recommends the co-opted member should continue to receive an allowance of £719 per annum and this should be indexed linked from June 2023 at the rate of percentage increase in the Real Living Wage.
15.	The panel recommends the amount of travel payable shall continue to be in line with HM Revenue and Customs' rates, therefore no changes to be made to the Subsistence Allowance scheme. The panel encourages all councillors to claim for travel and subsistence allowances they may be entitled to, and improved promotion of the travel allowance for electric vehicles.
16.	The dependant carers' allowance should ensure that potential candidates are not deterred from standing for election and should enable current councillors to continue despite any change in personal circumstances. Previously the 2018 panel recommended the dependant carers' allowance should be payable at a maximum rate equivalent to the Real Living Wage and was adopted in 2018. The 2022 Panel are now of the view that due to the increase of costs of care, and in particular more specialist care for adults and children with special needs, the Dependant Carers' Allowance should be reimbursed at cost for both childcare and more specialist care. The panel recommends that the Dependant Carers' Allowance should be based on the production of receipts and the removal of maximum claim when undertaking approved councillor duties. The panel encourages increased promotion of this allowance to prospective and new councillors both before and following an election.
17.	The panel recommends the current Parental Leave Policy on the LGA Labour Group Model Policy continues to be part of the Scheme of Members Allowances and is actively promoted to prospective, newly elected, and current councillors.
18.	The panel recommends that the annual indexation of the basic allowance should be increased in line with the Real Living Wage (as approved by the Living Wage Foundation). The indexation will continue to be applied in June each year for a period of up to four years commencing in June 2023. After this period, the scheme shall be reviewed again by an independent remuneration panel.
19.	The panel reviewed the ICT allowance of £15 per month for those that claim it and recommend this allowance is withdrawn.
RESOURCE IMPLICATIONS	
<u>Capital/Revenue</u>	
20.	Following the electoral review commissioned by the Local Government Boundary Commission for England (LGBCE), the number of Southampton City Council's elected members will increase from 48 councillors to 51 councillors in 2023 to service an extra ward that is being created. 'All out' elections will take place in May 2023 following Southampton's electoral review. Details of the

	LGBCE's final recommendations were published on 1 November 2022 followed by a statutory instrument to make it law.																																										
21.	<p>If all recommendations set out in the IRP report are implemented with a commencement date of 8 May 2023 this will result in an ongoing full year pressure of circa £165K from 2023/2024. However, this figure will need to be re-calculated if any variation or partial implementation is approved and the budget impact amended accordingly, or additional Special Responsibility Allowances are created. The Real Living Wage is an inflationary pressure and a full breakdown of the budget has been provided in table one.</p> <p>Table One</p> <table border="1"> <thead> <tr> <th>Current budget (2022-23)</th> <th>£000's</th> </tr> </thead> <tbody> <tr> <td>48 Councillors Basic Allowances and SRA based on Living Wage of £9.90</td> <td>806</td> </tr> <tr> <td>NI associated with 48 Councillors</td> <td>43</td> </tr> <tr> <td>Living wage increase to £9.90 for 22-23 (already requested)</td> <td>39</td> </tr> <tr> <td>Total for 22-23</td> <td>888</td> </tr> <tr> <td colspan="2">Budget pressure for 23-24 budget:</td> </tr> <tr> <td></td> <td>£000's</td> </tr> <tr> <td>3 additional members (based on £9.90 Living wage)</td> <td>42</td> </tr> <tr> <td>NI for 3 additional members</td> <td>3</td> </tr> <tr> <td>Leader SRA increase to 2.5x basic allowance of £10.90</td> <td>10</td> </tr> <tr> <td>NI for Leader SRA increase</td> <td>1</td> </tr> <tr> <td>Deputy Leader SRA (1.25 x basic allowance of £10.90)</td> <td>19</td> </tr> <tr> <td>NI for Deputy Leader SRA increase</td> <td>2</td> </tr> <tr> <td>Total budget pressure</td> <td>77</td> </tr> <tr> <td colspan="2">Inflationary increase</td> </tr> <tr> <td></td> <td>£000's</td> </tr> <tr> <td>Increase of Living wage from £9.90 to £10.90 for 51 members - impact on basic allowance and other SRAs</td> <td>82</td> </tr> <tr> <td>NI for increase in Living wage</td> <td>6</td> </tr> <tr> <td>Total inflationary increase</td> <td>£88</td> </tr> <tr> <td>Total budget required for 23-24</td> <td>1,053</td> </tr> <tr> <td>Overall increase</td> <td>£165,000</td> </tr> </tbody> </table>	Current budget (2022-23)	£000's	48 Councillors Basic Allowances and SRA based on Living Wage of £9.90	806	NI associated with 48 Councillors	43	Living wage increase to £9.90 for 22-23 (already requested)	39	Total for 22-23	888	Budget pressure for 23-24 budget:			£000's	3 additional members (based on £9.90 Living wage)	42	NI for 3 additional members	3	Leader SRA increase to 2.5x basic allowance of £10.90	10	NI for Leader SRA increase	1	Deputy Leader SRA (1.25 x basic allowance of £10.90)	19	NI for Deputy Leader SRA increase	2	Total budget pressure	77	Inflationary increase			£000's	Increase of Living wage from £9.90 to £10.90 for 51 members - impact on basic allowance and other SRAs	82	NI for increase in Living wage	6	Total inflationary increase	£88	Total budget required for 23-24	1,053	Overall increase	£165,000
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<u>Property/Other</u>																																											
22.	None.																																										
LEGAL IMPLICATIONS																																											
<u>Statutory power to undertake proposals in the report:</u>																																											
23.	Local Government (Members' Allowances) (England) Regulations 2003.																																										

<u>Other Legal Implications:</u>	
24.	None.
RISK MANAGEMENT IMPLICATIONS	
25.	None.
POLICY FRAMEWORK IMPLICATIONS	
26.	None.

KEY DECISION?	No
WARDS/COMMUNITIES AFFECTED:	None
<u>SUPPORTING DOCUMENTATION</u>	
Appendices	
1.	Report of the Independent Remuneration Panel
2.	Southampton CC Comparative Data 2022
3.	Southampton CC IRP Comparative Data 2022

Documents In Members' Rooms

1.	None
Equality Impact Assessment	
Do the implications/subject of the report require an Equality and Safety Impact Assessment (ESIA) to be carried out.	No
Data Protection Impact Assessment	
Do the implications/subject of the report require a Data Protection Impact Assessment (DPIA) to be carried out.	No
Other Background Documents No	
Other Background documents available for inspection at:	
Title of Background Paper(s)	Relevant Paragraph of the Access to Information Procedure Rules / Schedule 12A allowing document to be Exempt/Confidential (if applicable)
1.	
2.	