

FULL COUNCIL – 10 December 2024

PART I

Recommendations of the Independent Remuneration Panel regarding Members' Allowances

(ADLD)

1 Summary

- 1.1 At its meeting of 12 December 2023, Council resolved to agree the Members' Allowance Scheme for 2024-25 following having considered recommendations from the Independent Remuneration Panel¹.
- 1.2 Alongside agreeing allowance rates for the coming year, Council agreed that work should be undertaken to ensure the Dependent Carers Allowance met National Living Wage levels, and to explore the indexing of allowances in future years.
- 1.3 In September 2024, the Independent Remuneration Panel met to scope the work required and had an initial discussion on the range of options the panel may consider later in the year. On 20 November 2024, the panel held a subsequent meeting at which it considered the range of options in this report. At this November meeting, the panel also considered representations from the leaders of the political groups represented on the Council.

2 Details

- 2.1 The panel members in attendance on 20 November 2024 were as follows:
 - Victoria Milford (Chair)
 - Nicky Bryden
 - Tunde Dabiri
 - Malcolm Andrew
 - Kenneth Lee
 - Meera Chauhan
- 2.2 The group leaders in attendance on 20 November 2024 were as follows:
 - Councillor Stephen Giles-Medhurst (Leader of the Liberal Democrat group)
 - Councillor Oliver Cooper (Leader of the Conservative group)
 - Councillor Narinder Sian (Deputy Leader of the Green group as substitute for Councillor Chris Mitchell)
 - Councillor Stephen Cox (Leader of the Labour group)
- 2.3 The panel meeting of 20 November 2024 was supported by the following officers:

¹ <https://moderngov.threerivers.gov.uk/ieListDocuments.aspx?CId=1139&MId=1422>

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- Associate Director of Legal and Democratic Services (Monitoring Officer)
- Interim Group Manager – Democratic and Electoral Services

2.4 The group leaders shared a range of views on the Members' Allowance Scheme, with the key points discussed below:

- That the Planning Committee had a higher workload than most other committees and the Special Responsibility Allowance paid to some or all of its Chair, Vice Chair, opposition spokesperson, and its wider membership may merit a higher rate (or, indeed, a new allowance to be created) in reflection of this. The Independent Remuneration Panel noted that the Chair's allowance was already at the same level as that of Lead Members and exceeded that of the Chairs of the Licensing, Audit, and Regulatory Services committees.
- That indexation of allowances was generally welcomed although caution was expressed that the indexation did not allow for allowances to change without members considering whether this was merited.
- That the Members' Allowance Scheme for Three Rivers District Council was lower than that of other neighbouring councils, but that the number of elected members, size of resident population, operation of a committee system of governance, and other factors may justify this. The Independent Remuneration Panel considered to what extent comparisons with other councils helped them in their deliberations.
- That the members of smaller political groups and independent members may have a higher per member workload on committees, especially when fewer members were available for substitute attendance at meetings.
- That the work of a councillor was much broader and more time-consuming than that illustrated through Council and committee meeting attendance, and that this varied by member and whether or not a member held a Lead Member role.
- That changes to keep the care allowance at an appropriate level was welcomed, but that changes would need to recognise the financial pressures on the council.
- That Basic and Special Responsibility Allowances were subject to tax but that care payments were not.

2.5 Following the leaders' representations, the members left the meeting, and the panel discussed the proposals and ultimately agreed to the recommendations within this report for referral to Council.

Allowance types

2.6 When considering allowances provided to members of the Council, there are two primary categories: Basic Allowances; and Special Responsibility Allowances.

2.7 The Local Authorities (Members' Allowances) Regulations 1991 provide that the Basic Allowance is paid to each member of the authority who is a councillor, and that the amount shall be the same for each councillor. Nonetheless, individual councillors are entitled to forgo their allowance, either in full or in part.

- 2.8 Per The Local Authorities (Members' Allowances) (England) Regulations 2003, Special Responsibility Allowances are provided 'to such members of the authority as have such special responsibilities in relation to the authority'. It is for an authority to determine what constitutes a responsibility and to set its rates accordingly. At present, the allowance rates can be found within the council's constitution, which is published on the council's website².
- 2.9 These allowances are paid to members by virtue of the roles they hold rather than any action they do or do not take in said role. For clarity, this means that a member in receipt of a basic allowance who seldom attends meetings or undertakes ward casework will be entitled to the same amount as another member who attends every meeting to which he/she is invited and is highly active in his/her ward councillor role. Equally, there is no deduction made to councillors' allowances except where a member has notified council officers that they wish to forgo some or all of their allowance.
- 2.10 Three Rivers District Council also provides for a "Care Allowance" to meet some of the costs of members arranging for care of young children or other dependents. However, this allowance is not a set fee paid to a member by virtue of their role but a mechanism through which a councillor can claim for the costs of providing for care, up to a maximum of £500 per year.
- 2.11 At its 12 December 2023 meeting, Council resolved that this allowance be reviewed to ensure it met the 'Living Wage' rates. The National Living Wage (effectively the National Minimum Wage for those aged 21 and over) is at present £11.44 per hour. From April 2025, the National Living Wage is due to be £12.21 per hour³. The Three Rivers District Council Members' Allowance Scheme currently pays up to £12.50 per hour for care allowance expenses to members, which is higher than both the current National Living Wage hourly rate and the increase due to take effect from April 2025. In the absence of a clear decision on which 'living wage' rate Council had intended to be explored, the Independent Remuneration Panel considered the National Living Wage rates in its deliberations.

3 Options and Reasons for Recommendation(s)

- 3.1 The Local Authorities (Members' Allowances) (England) Regulations 2003⁴ allow for, but do not require, allowances to be paid to members of an authority to arrange for the care of children or dependants 'necessarily incurred' when that member is undertaking certain duties associated with their role(s). These range of duties are set out within the regulations but include attendance at meetings and a broad provision covering 'any other duty approved by the authority' relating to the discharge of functions of the authority and its committees. Through this latter provision, Three Rivers District Council can compensate members for a variety of duties. The full list of approved duties within the current scheme is available at Appendix B to this report.
- 3.2 Council could agree myriad options when setting councillor allowances. However, for the purposes of this review Council is presented with two options (one to do nothing and one which sets out the proposals of the Independent Remuneration Panel). The recommendation of the panel is summarised at paragraph 3.5 onwards. If moved and seconded when this report is presented to Council, the

² <https://www.threerivers.gov.uk/services/your-council/council-constitution>

³ <https://www.gov.uk/national-minimum-wage-rates>

⁴ <https://www.legislation.gov.uk/ukxi/2003/1021/regulation/7/made>

recommendations within this report will be for Council to determine. However, other members may seek to move amendments to the recommendations in accordance with the council's procedure rules. Guidance on this can be sought from the report author and/or Monitoring Officer ahead of the meeting.

- 3.3 Councillors may vote to adopt the proposals of the Independent Remuneration Panel, in full or in part, or may choose to adopt a different allowance scheme. Council is required to have regard for the recommendation of the panel but is not bound to adopt its proposals.

Option 1: no change

- 3.4 This option proposes no change to allowances from the current rates, nor any change in how they are calculated, until such time as Council takes an alternative decision. This option would have the benefit of being the lowest-cost option up front, with the amounts of monies paid to members remaining almost entirely unchanged (with the only changes to be caused by any vacancies of office in-year which would likely create a short break in payments of a small number of allowances). However, the option would not introduce any index-linking of allowances and would therefore require detailed work annually to consult on and agree allowance rates. Given Council's previous resolutions to explore changes to the care allowance, the Independent Remuneration recommended that some changes to the Members' Allowance Scheme are made, which are outlined below.

Option 2: changes recommended by the Independent Remuneration Panel

Indexing of allowances

- 3.5 The Independent Remuneration Panel debated the pros and cons of indexing allowances, noting that any indexation would require a review after a four-year period.
- 3.6 In determining which index to use when indexing allowances, the Independent Remuneration Panel considered several indices but focused its considerations on two indices: the annual Local Government Services Pay Agreement [local government pay settlement]; and the Consumer Price Index.
- 3.7 In discussion, the Independent Remuneration Panel debated the merits of both indices but felt that, on balance, the Consumer Price Index was a truer reflection of the costs that a councillor would face in undertaking their role. The Independent Remuneration Panel agreed that the Basic and Special Responsibility Allowances should be indexed from the new allowance year to the 12-month Consumer Price Index as at the previous September and did so reflecting that this was the rate used by the Civil Service Pension Scheme⁵. For the purposes of the 2025-26 allowance year, this would mean the current Basic and Special Responsibility Allowance rates would increase by 1.7% from April 2025.

Care Allowance

- 3.8 The Independent Remuneration Panel considered a range of options for how the care rate might be set, indexed (noting Council's previous resolution of ensuring it did not fall below the 'living wage'), and whether a single rate was appropriate. The

⁵ <https://www.civilservicepensionscheme.org.uk/news/consumer-prices-index-cpi/>

Independent Remuneration Panel also considered various the safeguards to this rate contained within the council's Members' Allowance Scheme.

- 3.9 The Independent Remuneration Panel agreed that the rate payable for childcare should be maintained at £12.50 per hour for the 2025-26 fiscal year, and that it should then be indexed to the National Living Wage at such time as the National Living Wage would be equal to or higher than £12.50 per hour.
- 3.10 The Independent Remuneration Panel considered a range of rates used and ultimately agreed that the payment limit of £500 per year should be retained but that the allowance rates should be changed such that one rate was payable for childcare and another rate payable for the care of adults, noting that the availability and cost of adult care was typically higher.
- 3.11 The Independent Remuneration Panel discussed the take up of the care allowance, the rate paid within it and the limits on claims, and the group leaders' representations on the subject. Ultimately, the Independent Remuneration Panel agreed to recommend that the care allowance within the scheme be split into two separate rates – one for childcare and another for adults – and that the rates used reflect the National Living Wage (once this met the current £12.50/hour rate) and the Hertfordshire County Council Home Care Rate respectively.

Other

- 3.12 Although the risk of improper Basic and Special Responsibility Allowance payments is low, Council should ensure that a scheme which allows for the payment of allowances based on costs incurred has appropriate safeguards. Several criteria which would prevent unnecessary, excessive, or fraudulent claims from being submitted and authorised are already in place within the council's scheme for both care and travel and subsistence allowances, namely the following (examples provided for care allowances for illustrative purposes):
- An upper limit to care payments (note this is currently an annual limit – Council may prefer to consider a weekly or monthly limit to prevent a member's care allowance being used early in the year)
 - An hourly limit to care payments (currently £12.50 per hour)
 - That the upper limit is only paid if it is higher than the actual cost
 - The requirement that such expenses are evidenced and submitted through the council's payroll system for approval by a senior officer.
- 3.13 The Independent Remuneration Panel considered the group leaders' representations on the rates of Special Responsibility Allowances, in particular the rate of the Planning Committee Chair and the possibility of amending or introducing rates which reflect the workload of the committee. On balance, the Independent Remuneration Panel felt that there may be a case for these rates to be reviewed in future years, but that there did not seem to be an urgent need for these rates to be changed at the current time.

4 Policy/Budget Reference and Implications

- 4.1 Once agreed, the Members' Allowance Scheme will be factored into the budget-setting process.

- 4.2 By indexing councillor allowances to staff pay awards, the council's budget-setting process can more easily forecast future councillor allowance costs alongside staffing costs.

5 Financial Implications

- 5.1 The financial implications are as set out in the main body of the report and the changes to the allowance rates as recommended by the Independent Remuneration Panel are set out at Appendix A.

6 Legal Implications

- 6.1 Legal implications are contained in the body of the report.

7 Staffing Implications

- 7.1 There are no direct staffing implications.

8 Equal Opportunities Implications

- 8.1 There are no direct equal opportunities implications.

9 Climate Change and Sustainability Implications

- 9.1 There are no direct climate or sustainability implications.

10 Communications and Website Implications

- 10.1 The council's Member Allowance Scheme for the coming year will be published on the council's website and published in the local press per statutory requirements.

11 Risk and Health & Safety Implications

- 11.1 There are no risk or health and safety implications.

12 Recommendation(s):

- 12.1 To agree that from 1 April 2025, the Three Rivers District Council Members' Allowance Scheme is amended as follows:
- To increase Basic and Special Responsibility Allowances by the 12-month Consumer Price Index as at September 2024, and to index changes to these allowances in future years by the 12-month Consumer Price Index as at the previous September, for a period of four years.
 - To establish a two-type Care Allowance scheme such that
 - Childcare payments may be claimed at a cost of up to £12.50 per hour, and to index changes to this rate to the National Living Wage at such time as the National Living Wage would be equal to or higher than £12.50 per hour, for a period of four years.
 - Adult care payments may be claimed at the Hertfordshire County Council Home Care Rate of up to £25.48 per hour, and to index changes to this rate in future years to the Hertfordshire County Council Home Care Rate.

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- 12.2 To agree that all other aspects of the Members' Allowance Scheme are unchanged.

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Data Quality

Data sources:

Online resources

Data checked by:

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Data rating:

1	Poor	
2	Sufficient	X
3	High	

Background Papers

None

Appendices

- A. Consumer Price Index Allowance Changes