



Review of Members Allowances – Annual Increase

Corporate Priority:	All
Relevant Ward Member(s):	N/A
Date of consultation with Ward Member(s):	N/A
Exempt Information:	No

1 Summary

- 1.1 The National Joint Council Pay Award for 2022/23 has been expressed as a flat rate which is a different format than previous years. This presents difficulties in ascertaining the appropriate impact on the Members Allowance Scheme (the Scheme).
- 1.2 Members are asked to consider and decide how to apply the annual uplift of Members' Allowances which in the Scheme has been linked to the NJC Pay Award for staff.

2 Recommendations

That Council:

- 2.1 **Note the options for applying the annual 2022/23 uplift of Members' Allowances as set out at Paragraph 6;**
- 2.2 **Approves an increase in the basic allowance for 2022/23, backdated to April 2022, in line with that applied to NJC allowances of 4.04%, while the level of special responsibility allowances should be frozen; and**
- 2.3 **Note that Members' Allowances Scheme will be reviewed as part of the next scheduled scheme review in 2024.**

3 Reason for Recommendations

- 3.1 To approve the 2022/23 increase in Member Allowances taking into consideration this year's flat rate NJC increase and the current rising cost of living, whilst recognising the impact of any increases on the Council's financial position.

4 Background

- 4.1 The Members Allowance Scheme ("the Scheme") was last reviewed in [February 2019](#) in preparation for the change of governance to the Cabinet Model and a further review was undertaken in early 2020 which resulted in a report considered by Council in [May 2020](#) in order to evaluate the impact of the changes to governance arrangements. In accordance with the Regulations the next full review of the Scheme would be due in 2024.
- 4.2 The current Members Allowance Scheme (Melton Borough Council Constitution Chapter 5 Part 1) states that both the Basic Allowance and the Special Responsibility Allowances "shall be increased annually on 1st April each year in line with the National Joint Council Staff Pay Award".
- 4.3 Historically the NJC Pay Award has been expressed as a percentage figure to be applied to the pay points as appropriate. The same percentage has therefore been applied to the Members Basic Allowance and the Members Special Responsibility Allowances each year.
- 4.4 The NJC Pay Award for 2022/23 (agreed in November 2022), however, is a flat rate of £1,925 for a full time equivalent pro rata for part time employees (backdated until 1 April 2022) and does not include any consideration of members' allowances. This flat rate is reflective of a full time employed post whereas members allowances take into account an assumption of an element of volunteering in the role as well as not being reflective of a full-time position.

5 Main Considerations

- 5.1 There is not a legal requirement to receive new recommendations from an Independent Panel until four years after the last time such recommendations were considered. For Melton Borough Council this means a Panel is not required to report to the Council until 2024.
- 5.2 Where an authority wishes to make or amend a scheme, it must have regard to the recommendations made in relation to it by an independent remuneration panel, however where the only change made to a scheme in any year is that effected by such annual adjustment in accordance with a specified index, the scheme shall be deemed not to have been amended.
- 5.3 The reasons for bringing this matter before Council is that the NJC Staff Pay Award for 2022/2023 has not been based upon the normal percentage increase. The NJC award to staff is based on a lump sum figure of £1,925 on all NJC pay points. If translated into a percentage increase this will vary from staff member to staff member dependent upon their respective position on the NJC pay scale.
- 5.4 The methodology on which the uplift to the Council's Members Allowance Scheme is based is the assumption of a percentage increase, which can easily be transposed from the staff pay scales to the Allowance Scheme.

- 5.5 The LGA / National Employers stressed that although they could not recommend nor advise a particular course of action, they were aware that given this year's flat rate increase, some councils were using the 4.04 per cent increase that was applied to NJC allowances. The LGA / National Employers stated however, that individual councils must reach their own decision.

6 Options Considered

- 6.1 Council may resolve to take one of the following options:
- 6.1.1 Option 1 - Do nothing and leave the Basic and Special Responsibility Allowances at the current rates until the next NJC increase (April 2023). This decision would be subject to Council approval. (Note: The next full review of the Independent Remuneration Panel is also due in 2024.)
- 6.1.2 Option 2 - Increase the Basic and Special Responsibility Allowances to reflect the 4.04% increase on the basis that it is considered to be compliant with the current Scheme. The LGA / National Employers stressed that although they could not recommend nor advise a particular course of action, they were aware that given this year's flat rate increase, some councils were using the 4.04 per cent increase that was applied to NJC allowances. This increase would be implemented immediately (subject to Council Approval) and back dated to 1 April 2022.
- 6.1.3 Option 3 - Increase the Basic and Special Responsibility Allowances to reflect the average percentage increase of the flat rate pay award applied in 2022/23 on the basis that this would be "in line with the NJC Award" and is therefore compliant with the wording of the Members Scheme of Allowances. This average has been calculated at 5%. This increase would be implemented immediately (subject to Council Approval) and back dated to 1 April 2022.
- 6.1.4 Option 4 – A variation to options 2 and 3 whereby only the basic allowance is increased by either the 4.04% or 5% with the special responsibility allowances being frozen until reviewed when the next full review is undertaken in 2024.
- 6.1.5 Option 5 - Engage the Independent Remuneration Panel to undertake an interim review and provide recommendations to Council based on the outcome of the review. This option would delay any decision as the report would not be received in time for February Council, in addition there is a cost of £1000 for an interim review.

7 Consultation

- 7.1 Public consultation is not required when considering increases in Member Allowances. But under the 2003 Regulations a publicity notice will be made setting out details of the agreed Scheme following the resolution of Council.
- 7.2 There is no requirement to convene or receive recommendations from an Independent Remuneration Panel where Council is agreeing a Scheme identical to that already in place, or only increasing allowances in line with an agreed index.
- 7.3 At the next full review of the Scheme in 2024, the independent review panel will invite all members to share their views on possible revisions to the Scheme.

- 7.4 Consultation with other Leicestershire Authorities has indicated a variety of approaches which are reflected in the options at Paragraph 6 of the report.

8 Next Steps – Implementation and Communication

- 8.1 As detailed in paragraph 6 above.

9 Financial Implications

- 9.1 In 2022/23, the proposal for a 4.04% uplift in basic allowances only from 1.4.22 would mean an additional cost (on a full establishment) of £5.8k. Due to in year vacancies, the forecast overspend against the 2022/23 budget is £4k. In 2023/24, the budget has been increased to £250k leaving £10k for any further increase. Any option selected that results in an increase over that amount will result in a further overspend in the budget that will increase the pressure on the budget in 2022/23 and 2023/24

Financial Implications reviewed by: Director for Corporate services

10 Legal and Governance Implications

- 10.1 The Local Authorities (Members' Allowances) (England) Regulations 2003 set out the requirements in relation to the Members Allowance Scheme. Regulation 10 provides that a scheme may make provision for an annual adjustment of allowances by reference to such index as may be specified by the authority, but that any reliance on such specified index must be for no longer than a period of four years, when a further recommendation from the independent remuneration panel must be sought. In addition, Regulation 10 states that where the only change made to a scheme in any year is that effected by such annual adjustment in accordance with a specified index, the scheme shall be deemed not to have been amended.
- 10.2 The Council's current Scheme provides that allowance levels should be determined each year in line with the National Joint Council Staff Pay Award

Legal Implications reviewed by: Deputy Monitoring Officer 14.02.23

11 Equality and Safeguarding Implications

- 11.1 An Equality Impact Assessment (EqIA) has not been completed because no policy changes are being proposed.

12 Community Safety Implications

- 12.1 There are no community safety implications.

13 Environmental and Climate Change Implications

- 13.1 There are no environmental or climate change implications.

14 Risk & Mitigation

Risk No	Risk Description	Likelihood	Impact	Risk
1	Inability to recruit and retain good quality members due to the level of remunerations available.	Significant	Critical	Medium Risk
2	Increases may put pressure on the council's financial position.	Significant	Critical	Medium Risk

		Impact / Consequences			
		Negligible	Marginal	Critical	Catastrophic
Likelihood	Score/ definition	1	2	3	4
	6 Very High				
	5 High				
	4 Significant			1,2	
	3 Low				
	2 Very Low				
	1 Almost impossible				

Risk No	Mitigation
1	Index Linked increases and regular reviews undertaken by the Independent Remuneration Panel should ensure that the Scheme reflects the time commitment and level of responsibility for each member role.
2	The impact on the Council's financial position is set out in the Financial Implications.

15 Background Papers

15.1 There are no background papers

16 Appendices

16.1 There are no appendices

Report Author:	Natasha Taylor , Democratic Services Manager
Report Author Contact Details:	01664 502441 ntaylor@melton.gov.uk
Chief Officer Responsible:	Kieran Stockley , Assistant Director for Governance and Democracy (Monitoring Officer)
Chief Officer Contact Details:	01664 504336 kstockley@melton.gov.uk