



Approach to applying annual uplift of Members' Allowances 2023/24

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Lead Member/Relevant Portfolio Holder	Councillor Pip Allnatt - Leader of the Council & Portfolio Holder for Housing and Landlord Services

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 report sets out a proposed approach to applying the annual uplift of Members' Allowances, which due to the variable nature of the annual staff pay award, cannot automatically be applied inline with the previously approved Members' Allowance Scheme.
- 1.2 The National Joint Council Pay Award for 2022/23 provides that pay points up to the top of Band 13 will be increased by £1,925.00 pro rata, per annum and all the locally agreed points from the bottom of Band 14 and above will be increased by 3.88%. The 2 different levels of Pay Award present difficulties in ascertaining the appropriate impact on the Members Allowance Scheme (the Scheme).
- 1.3 Members are asked to consider and decide how to apply the annual uplift of Members' Allowances, which the Scheme has linked to the NJC Pay Award for staff.

2 Recommendations

That Council:

- 2.1 **Note the options for applying the annual 2023/24 uplift of Members' Allowances as set out at Paragraph 6;**

- 2.2 Approves an increase in the basic allowance for 2023/24, backdated to April 2023, in line with that applied from the bottom of Band 14 of 3.88%, while the level of special responsibility allowances should be frozen; and**
- 2.3 Notes that the Members' Allowances Scheme is due to be reviewed later this year, and that the Independent Remuneration Panel will be asked to consider and recommend an appropriate formula for applying the annual increase of allowances, where the pay award is not stated as a simple percentage.**

3 Reason for Recommendations

- 3.1 To approve the 2023/24 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 which was 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 is 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 only 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 2023), however, has been split between a flat rate of £1,950.00 pro rata, per annum for pay points up to the top of Band 13 and an increase of 3.88% for all the locally agreed points from the bottom of Band 14.

5 Main Considerations

- 5.1 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 (IRP), however where the only change made to a scheme in any year is that effected by an annual adjustment in accordance with an index specified in the scheme, the scheme shall be deemed not to have been amended. An index specified in the scheme may only be relied upon for a period of four years, meaning that the Council must review the scheme in 2024.
- 5.2 The reason for bringing this matter before Council is that the NJC Staff Pay Award for 2023/2024 is not based upon the normal percentage increase, but a combination of a flat rate and a percentage increase dependent on Band.
- 5.3 The Index specified in the current Council's Members Allowance Scheme for annual review of and adjustment to allowances is based on the assumption of a universal percentage increase, which can easily be transposed from the staff pay scales to the allowances specified in the Scheme.

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 2024). This decision would be subject to Council approval. (Note: The next full review by the Independent Remuneration Panel is due in 2024.)
- 6.1.2 Option 2 - Increase the Basic and Special Responsibility Allowances to reflect the 3.88% increase on the basis that it is compliant with the current Scheme. This increase would be implemented immediately if approved and back dated to 1 April 2023.
- 6.1.3 Option 3 – Increase the Basic Allowance only by 3.88% with the special responsibility allowances being frozen until the full review is undertaken later this year. This reflects the approach agreed by Council for the 2022/2023 increase.
- 6.1.4 Option 4 - Engage the Independent Remuneration Panel to undertake an interim review and provide recommendations to Council based on the outcome of the review.

7 Consultation

- 7.1 Public consultation is not required when considering increases in Member Allowances however, the 2003 Regulations require publication of a notice setting out details of the approved Scheme following the resolution of Council.
- 7.2 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.

8 Next Steps – Implementation and Communication

8.1 As detailed in paragraph 6 above.

9 Financial Implications

9.1 Based on the current allowances and before any review there has been a budget saving of £18k due to several changes following the May elections and a new Cabinet being formed which includes:

- One less portfolio Holder
- No cabinet support member
- Scrutiny and Audit and Standard Vice Chairs not claiming special responsibility allowances (SRA) due to claiming already for another SRA

There are four options being proposed for reviewing the current members allowances which have the following impact based on the changes above remaining in place:

- Option 1 - Doing nothing would keep the saving £18k.
- Option 2 - If both Basic and Special Responsibility allowances were increased by 3.88% this would result in an additional cost of £9k.
- Option 3 - Increase the Basic Allowance only by 3.88% with the special responsibility allowances being frozen this would result in an additional cost of £6k.
- Option 4 – costs would be unknown until the outcome of the independent review.

9.2 However, it should be noted that as part of the 2023/24 budget an allowance for an increase was provided on the 2022/23 rates so whichever option is selected there will a

budget saving overall. After applying an increase for 2023/24 Option 2 would still save £9k overall and Option 3 £12k overall.

9.3 If any of the changes in para 9.1 are reversed it would reduce the savings outlined above.

9.4 The impact on the 2024/25 budget will be known once the members allowances review has been undertaken.

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 for a Members Allowance Scheme. The Regulations state that in making or reviewing a scheme, local authorities must have regard to the recommendations of an Independent Remuneration Panel (IRP).

10.2 Regulation 10 allows a scheme to provide for allowances to be adjusted annually by reference to such index as may be specified by the authority, but that reliance on such a specified index must be for no longer than four years, when a further recommendation must be sought from the IRP. Regulation 10 also states that where the only change made to a scheme in any year is the annual adjustment in accordance with the specified index, the scheme shall be deemed not to have been amended.

10.3 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: Clive Tobin, Monitoring Officer, on 24 January 2024

11 Equality and Safeguarding Implications

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

12 Data Protection Implications (Mandatory)

12.1 A Data Protection Impact Assessments (DPIA) has not been completed because there are no risks/issues to the rights and freedoms of natural persons.

13 Community Safety Implications

13.1 There are no community safety implications.

14 Environmental and Climate Change Implications

14.1 There are no environmental or climate change implications.

15 Risk & Mitigation

Risk No	Risk Description	Likelihood	Impact	Risk
1	Inability to attract and retain good quality members due to the level of remuneration 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.

16 Background Papers.

16.1 None

17 Appendices

17.1 None