

REPORT OF THE INDEPENDENT REMUNERATION PANEL

Date: 8th November 2022

All Councils are required to establish and maintain an Independent Remuneration Panel (IRP). In line with statutory guidance, the local panel provides independent advice to the Council about its overall remuneration scheme and the amounts payable to elected members.

Current members of Leeds City Council's Independent Remuneration Panel are Kevin Emsley, Dr Kate Hill, Chris Jelley and Matthew Knight.

Purpose of the Report

1. This report summarises our recommendations, as the Leeds Independent remuneration Panel, following a meeting on 8th November 2022.
2. Earlier this year (May 2022) we recommended that

“Basic, special responsibility and dependent carers’ allowances should continue to be increased each October in line with the headline pay increase negotiated through the National Joint Council for Local Government Employees (or equivalent) to June 2026. This indexation arrangement cannot be applied beyond June 2026 without further formal reconsideration by the Panel.”
3. This recommendation was approved at a meeting of the authority (full Council) in July 2022.
4. The National Employers and Trade Unions have concluded negotiations and consultation on the annual pay increase for 2022/23, with agreement being reached on the 1st November 2022 on a flat rate of £1,925 being applicable across all pay scales/spinal column points, backdated to 1st April 2022. Travel, Subsistence and Other Allowances have also been uplifted by 4.04%.
5. The structure of the pay award is unusual and we have been asked to consider how best to reflect the pay award in respect of Members’ Allowances.

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Basis for the Panel's Recommendations**Indexation Arrangements**

6. The Local Authorities (Members' Allowances) (England) Regulations 2003, enable an allowances scheme to make provision for an annual adjustment of allowances by reference to an index as may be specified by the authority.
10. The current allowance scheme makes provision for basic, special responsibility and dependent carers' allowances to be increased each October in line with the headline pay increase negotiated through the National Joint Council for Local Government Employees (or equivalent).
11. In May we concluded that the annual indexation provision continues to meet the needs of the council and to facilitate good administration of the scheme. However, in the context of the national economic situation, we did note some concern about the impact on the Council budget should remuneration levels be recommended at above inflation levels.
12. This is of course a matter for the Council and we have been assured by the Director of Resources, that financial impact arising from our recommendations is neutral.
13. We are grateful, given the changed make-up of the pay award and the economic volatility, for the invitation to consider the 2022/23 award.
14. As part of our considerations we were able to review work undertaken by Democratic Services which sought to understand whether other authorities have applied an indexation to their Allowance Schemes and whether conclusions had been reached on how to take account of the structure of the 2022/23 pay award.

Council	Methodology
Calderdale Council	Basic and Special Responsibility Allowances will be increased each year in line with the annual percentage salary increase for local government staff at spinal column point 28.
Kirklees Council	Kirklees Council website did not detail how they would calculate their allowance increases.
Bradford Council	To continue annual adjustments in line with the Local Government pay settlement.
Wakefield Council	Calculation of allowances are updated annually based on the national pay award to Council staff.
Bristol City Council	Basic Allowance should be automatically updated each year in line with the NJC increase applied to staff salaries.

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Council	Methodology
City of York Council	The basic allowance will be uplifted on an annual basis in line with any general salary increases payable to Council staff taking into account any views specifically expressed by the Independent Remuneration Panel.
Manchester City Council	Allowances will be increased yearly following the Annual General Meeting of the Council in line with the percentage increase in that financial year for a Manchester local authority employee at spinal column point 43.

15. For example, one Council fixes at SCP 28 (equivalent to SO2 grade in Leeds) which for the current pay offer would amount to approx. 5.9% uplift and another uses SCP 43 (equivalent to PO6 grade in Leeds) which would equate to approx. 4.04% increase.
16. Most authorities have in place similar arrangements to Leeds although some have identified a fixed spinal column point for any Member Allowance uplift and they use the % value at that spinal column point (SCP) to calculate the allowance uplift. We did note that we were amongst the first Independent Remuneration Panels of those authorities surveyed to sit and consider the NJC pay award implications in respect to the Members' Allowances.

What options have we considered?

17. Whilst the indexation of annual uplift in Members' Allowances relative to the NJC Pay Award has provided a reasonable reference point in previous years the structure of the award this year has not provided a clear line of applicability for this year. Members' allowances are just that, they are allowances, they are not a salary and nor should they be seen as such. Our considerations have been guided by the very clear distinction.
18. We considered a range of options to identify the most appropriate and balanced method for applying an uplift in Members' Allowances whilst also having regard, as a guide to our deliberations, to the pay award agreement reached and the objective within that pay award to tailor it to lower paid staff.
19. Our considerations included applying the flat rate pay award to Basic Allowances, a percentage uplift (relative to a defined Spinal Column Point) and a combination of these indices across both Basic and Special Responsibility Allowances.

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Basic Allowances

20. We fully understand that Elected Members are not insulated from the present volatile economic circumstances and that no doubt there have been increases in the costs incurred in relation to the duties that Members carry out for their constituents. However, we were not persuaded that the Basic Allowances should receive the full £1,925 uplift being applied to all local authority employees.
21. We instead sought to find a reasonable reference point within the NJC pay scales to provide an anchor to apply an uplift. Having reviewed similar reference points within other authorities our unanimous view was that the financial increase applicable from 1st October 2022 should be that of a Principal Officer at the top of PO6 in Leeds - that being spinal column point 43 on the NJC scale. This would equate to a 4.04% uplift in the Basic Allowance.

Special Responsibility Allowances

22. Members in receipt of a Special Responsibility Allowances (SRAs) over £7k per annum currently, in line with a budget decision some years ago, have a 'voluntary' 3% deduction made to the Allowance received.
23. In lieu of an uplift in Special Responsibility Allowances our recommendation is that this reduction ceases with backdating limited to 1st October 2022. This will provide greater correlation to, and transparency with, the published Members' Allowances and the SRA payments Members receive.

Other Allowances

24. We recommend that all Allowances, contained in Schedule two of the Members' Allowances Scheme are uplifted as per the NJC pay award.

Indexation and Timescales

25. The recommendations in this report are for the uplift in allowances to be backdated to 1st October 2022. We also recommend that, that due to economic volatility and financial uncertainty, the next uplift for allowances be brought forward to be applicable from April 2023.
26. We recommend that the IRP meet again to consider the circumstances arising from the 2023/24 NJC pay award to inform recommendations on the uplift to be applicable from April 2023 and provide advice to the Authority in relation to future indexation.

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Recommendations

For Basic Allowances

The Independent Remuneration Panel recommend: -

- An uplift in Basic Allowance of the equivalent of 4.04% backdated to 1st October 2022.

For Special Responsibility Allowances

The Independent Remuneration Panel recommend: -

- No uplift in Special Responsibility Allowances be applied
- Where applicable, individual Members cease the current 3% reduction in Special Responsibility Allowances, with that being applicable from no earlier than 1st October 2022.

Other Allowances

The Independent Remuneration Panel recommend: -

- All Allowances, contained in Schedule two of the Members' Allowances Scheme are uplifted as per the NJC pay award from 1st October 2022.

Indexation

The Independent Remuneration Panel recommend:

- From 1st April 2023, the uplift in Basic and Special Responsibility Allowances be applied on a financial year basis rather than from the 1st of October each year.
- That the Panel reconvene to consider the outcome of the NJC local government pay settlement for 2023/24 with a view to recommending an uplift in Members' Allowances for 2023/24.
- That a longer-term indexation formula be reviewed by the Panel when they next meet to consider the uplift for 2023/24.

Next Steps

Members of Council are asked to consider the recommendations we have set out in this report.

This report has been approved for circulation by.

Kevin Emsley

Dr Kate Hill

Chris Jelley

Matthew Knight.