



Purpose: For Decision

FULL COUNCIL

15 MARCH 2023

Date

**APPROVAL OF THE MEMBERS' ALLOWANCE SCHEME
FOR 2023/2024**

Title

Report of

MONITORING OFFICER

EXECUTIVE SUMMARY

1. The purpose of this report is to approve the Members' Allowance Scheme for 2023/2024. Each year a members' allowance scheme has, by law, to be formally agreed on or before 31 March.
2. Since last year liaison has taken place with the Independent Remuneration Panel (IRP) in accordance with Full Council's decision of 19 January 2022 to see whether the IRP would wish to make any further report and recommendations.
3. There have been no changes recommended for 2023/2024 and no further formal review has been requested at the present time or is required. The only changes that might occur during 2023/2024 would be if there were any change agreed nationally under the terms of the current indexation provision, and the IRP would be first consulted with before any such change.
4. Councillors are being requested to discharge the legal requirement to approve next year's Members' Allowance Scheme before 1 April 2023.

RECOMMENDATIONS

5. That the Isle of Wight Council Members' Allowance Scheme ('the Scheme') be approved to take effect on and from 1 April 2023, with the basic allowance for 2023/2024 being the existing amount for 2022/2023 of £8,832 plus an annual indexation amount for 2023/2024 (if any agreed nationally) under the terms of the Scheme.
6. That, before implementation of any adjustment to the 2023/2024 basic allowance amount and any adjustments for subsequent years up to and including 2025/2026, the Independent Remuneration Panel be consulted.

BACKGROUND

7. The Scheme of Members' Allowances is entitled 'The Isle of Wight Council Members' Allowance Scheme' and is set out in Part 6 of the Constitution. It was adopted on 19 January 2022 following the council's acceptance in full of the statutory recommendations made in the IRP's sixteenth report, and has rolled forwards subject to any annual adjustments required under the agreed indexation provision.
8. As per previously, it is intended that the IRP will be notified in advance of any such adjustment(s) under the indexation provision of the Isle of Wight Council Members' Allowance Scheme in line with the IRP's specific request to be kept informed. (This will enable the IRP to decide whether or not it wishes to undertake a further review).
9. Before the start of each scheme year (1 April), the council is required to make a scheme of members' allowances in respect of that scheme year (see regulation 10 (1) of the Local Authorities (Members' Allowances) (England) Regulations 2003 as amended).
10. Councillors are therefore being formally asked to approve the Members' Allowance Scheme for the year 2023/2024 commencing on 1 April 2023.

CORPORATE PRIORITIES AND STRATEGIC CONTEXT

11. The [Corporate Plan 2021 – 2025](#) identifies that there are key areas of activity that will be our main areas of focus for the lifetime of this plan which will need to be central to everything we do as a council. A fair and transparent members' allowances scheme will help to attract and retain the quality of councillors needed to help deliver all the corporate themes.

Responding to climate change and enhancing the biosphere

12. Greenhouse gas emissions result from business travel so it is important that consideration be given to mitigating such emissions through cessation or reduction in journeys.

Corporate Aims

13. The corporate aims in the latest [Corporate Plan 2021 - 2025](#) are furthered through having a members' allowance scheme which attracts and retains the quality of councillors needed to deliver such aims.

CONSULTATION

14. In 2021/2022 the IRP undertook consultation with all councillors by way of a questionnaire and a number of councillors were interviewed. Further details were set out in the IRP's report to the Full Council on 19 January 2022.
15. Before implementation of the 2022/2023 uplift (in line with the nationally agreed annual percentage increase for the majority of council employees to whom the

National Joint Council (NJC) terms and conditions apply), the IRP was consulted on the uplift of 5.43% in the basic allowance of 2022/2023, resulting in the basic allowance for 2022/2023 being £8, 832. The IRP was satisfied that it was in accordance with the Scheme and that there was no call for a detailed further review by the IRP.

16. The IRP will be consulted in future years on any further indexation linked changes to the approved scheme, as part of the necessary annual approval of the scheme by Full Council (see paragraph 9).
17. The IRP have been specifically consulted on this report and have confirmed that the IRP is content with it as it is in line with the recommendations of the IRP previously agreed.

FINANCIAL / BUDGET IMPLICATIONS

18. The present total budget for members' allowances, which includes on Island travel, is £504,924.00. This would need to be adjusted should any indexation increase be notified for 2023/2024 and subsequent years. Any increase under the Members' Allowance Scheme would be the same as the annual percentage increase for the majority of Isle of Wight Council employees to whom the NJC terms and conditions apply. Such an increase (if any) will be applied from April in each year (following consultation with the IRP) unless a further review of the IRP determines otherwise.
19. The actual amounts paid to members are published on an annual basis.

LEGAL IMPLICATIONS

20. The Local Authorities (Members Allowances) (England) Regulations 2003 (as amended) govern the process of making payments of allowances to members of local authorities and related bodies.
21. The regulations require the council to have regard to the statutory recommendations made by the IRP when making changes to any Members' Allowance Scheme. No changes are, however, being made to the Members' Allowances Scheme. Reliance is being placed on the already agreed indexation provision (subject to prior consultation with the IRP before implementation, if any).
22. It is open under the terms of the Members' Allowance Scheme for any particular individual councillor to decide whether or not to decline to accept their allowance(s), in whole or in part, to which they are entitled under the specific renunciation provision by giving written notice to the Chief Finance Officer (see regulation 13 ('Elections to forgo allowances') under the Local Authorities (Members Allowances) (England) Regulations 2003 (as amended)).
23. Parliament requires decisions on the Members' Allowance Scheme to be made at Full Council and no delegation is permitted under regulation 2 (7) of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 as amended. Councillors are therefore acting under specific statutory authority.

24. Although councillors hold an 'office' they do not, in my view, carry on such office 'for profit or gain' but solely in the public interest for the purposes of the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012. Allowances are not a salary but can be regarded as part re-imburement for losses incurred. However, as opinion from counsel is divided on this legal point up and down the country, it is perhaps prudent for a dispensation to participate and vote to be granted by the Monitoring Officer to each and every councillor under section 33 of the Localism Act 2011 in case councillors do have a disclosable pecuniary interest and accordingly the power in section 33 of that Act is triggered. A dispensation was sought and granted in September 2018 by the then Monitoring Officer when the current scheme was adopted by council and such practice is being continued. Under section 33 (4) of that Act the maximum period for which such a dispensation may last is four years, and so any dispensation to a particular councillor granted in January 2022 would expire in January 2026.
25. Guidance has been issued by the Secretary of State on members' allowances which can be found on HM Revenues and Customs (HMRC) website – <https://www.gov.uk/hmrc-internal-manuals/employment-income-manual/eim65960>

EQUALITY AND DIVERSITY

26. The council as a public body is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.
27. All councillors were given an opportunity to comment on the scheme and make their views known to the IRP. It took into account the need for the scheme to not exclude any individuals from becoming a councillor, balanced against the councillors' roles and public expectation, and the IRP believes the proposed scheme and recommendations in the report meet these.

OPTIONS

28. The council is required to agree its Members' Allowance Scheme for 2023/2024. Before the beginning of each year, an authority 'shall' make the scheme required under the Local Authorities (Members Allowances) (England) Regulations 2003 (as amended).

RISK MANAGEMENT

29. The IRP's report to Full Council on 19 January 2022 set out their conclusions and methodology as to how the IRP arrived at its recommendations.
30. There is a reputational risk of the councillors setting their own allowances, but this is the statutory process required by Parliament, and this risk is mitigated by the independence of the recommendations of the IRP. Indeed, the adoption of the

indexation provision within the existing Members' Allowance Scheme with its link to national negotiations provides a much needed degree of separation.

EVALUATION

31. The IRP in its 2021/2022 review considered a range of evidence and benchmarking data in reaching its conclusions and decided its recommendations were appropriate, justifiable, and equitable.

APPENDICES ATTACHED

32. None.

BACKGROUND PAPERS

33. None.

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