



Full Council Report

ISLE OF WIGHT COUNCIL

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| Meeting | FULL COUNCIL |
| Date | 20 MARCH 2024 |
| Title | APPROVAL OF THE MEMBERS' ALLOWANCE SCHEME FOR 2024/2025 |
| Report of | DEPUTY MONITORING OFFICER |

Executive Summary

1. The purpose of this report is to approve the Members' Allowance Scheme for 2024/2025. Each year a members' allowance scheme has to be formally agreed by law on or before 31 March.
2. The Independent Review Panel ("IRP") has been consulted by email about the proposals in this report to see whether they would wish to make any further report and recommendations. The chair and another member of the IRP has confirmed that they are content with the proposals. Officers have not heard from the third member, who was very recently appointed to the panel.
3. No substantive changes are being recommended for 2024/2025 and no further formal review has been requested at the present time or is required. The only changes that might occur during 2024/2025 would be if there were any changes agreed nationally under the terms of the current indexation provision, and the IRP would be first consulted before any such change was applied.
4. Councillors should note that if the Council move to the Committee system of governance, this remuneration scheme will need to be replaced by a new scheme which will reflect the changes and impacts on Councillor roles. The IRP will be asked to undertake a further interim review and to make recommendations to Council.
5. Councillors are being requested to discharge the legal requirement to approve next year's Members' Allowance Scheme by 31st March 2024.

Recommendation

6. That the Isle of Wight Council Members' Allowance Scheme ('the Scheme') be approved to take effect on and from 1 April 2024, with the basic allowance for 2024/2025 being the existing amount for 2023/2024 of £9605.68 plus an annual indexation amount for 2024/2025 (if any are agreed nationally) under the terms of the Scheme.
7. That, before implementation of any adjustment to the 2024/2025 basic allowance the Independent Remuneration Panel be consulted.

Background

8. 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.
9. 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).
10. 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 (regulation 10 (1) of the Local Authorities (Members' Allowances) (England) Regulations 2003 as amended).
11. Councillors are therefore being formally asked to approve the Members' Allowance Scheme for the year 2024/2025 commencing on 1 April 2024.

Corporate Priorities and Strategic Context

12. 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

13. 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

14. 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

15. In the 2021/2022 review, 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.
16. Before implementation of the 2023/2024 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 8.76%, resulting in the basic allowance for 2023/2024 being £9605.68. 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.
17. 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 10).
18. The IRP have been consulted by email on this report. The chair and another member of the panel have confirmed that they are content with the recommendations in this report as they are¹ in line with the recommendations of the IRP previously agreed. One panel member has not at the time of writing this report responded.

Financial / Budget Implications

19. The 2023-2024 total budget for members' allowances, which includes on Island travel, is £547,296 This would need to be adjusted should any indexation increase be notified for 2024/2025 and subsequent years. Any increase under the Members' Allowance Scheme would be based on the average annual percentage increase confirmed by the Section 151 officer or their nominated officer, 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.
20. The actual amounts paid to members are published on an annual basis.

Legal Implications

21. 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.

22. 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).
23. 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).
24. 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.
25. Although councillors hold an 'office' they do not, 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-imbusement for losses incurred. However, as opinion from counsel is divided on this legal point up and down the country, it is 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. 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.
26. 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

27. 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.
28. All councillors were given an opportunity to comment when the scheme was developed in 2021/22 and to 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

29. The council is required by law to agree its Members' Allowance Scheme for 2024/2025. 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

30. 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. Any agreed scheme will be based on an Independent Remuneration Panel review and this brings independence to the recommendations to be made to the Council. The recommendation in this report follows the indexation increase formula agreed by the IRP in their 2021/2022 review. The actual percentage figure uplift to be applied for 2024/2025 will be applied when it is known.

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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