



Purpose: For Decision

FULL COUNCIL

Date **19 JANUARY 2022**

Title **REPORT OF THE INDEPENDENT REMUNERATION PANEL ON THE MEMBERS' ALLOWANCE SCHEME AND APPROVAL OF THE SCHEME**

Report of **MONITORING OFFICER**

EXECUTIVE SUMMARY

1. The Independent Remuneration Panel (IRP) has undertaken a review of the Isle of Wight Council's Members' Allowance Scheme and its sixteenth report is presented for the Council to have regard to as required by law. Please see Appendix 1.
2. Council is being requested to consider the recommendations contained within the report of the IRP and to approve a members' allowance scheme to roll forwards on and from 1 April 2022 until 31 March 2026.

RECOMMENDATION

3. That the recommendations in the sixteenth report of the Independent Remuneration Panel be approved and that the Panel be thanked for its work in reviewing the Isle of Wight Council Members' Allowance Scheme.
4. That the Isle of Wight Council Members' Allowance Scheme as set out in Appendix 1 of the Independent Remuneration Panel's report be approved to take effect on and from 1 April 2022, with the basic allowance for 2022/2023 being the amount for 2021/2022 of £8, 231.38 (plus any indexation amount for 2021/2022) and plus any annual indexation amount for 2022/2023 under the terms of the Scheme.
5. That, before implementation of any adjustment to the 2022/2023 basic allowance amount and any adjustments for subsequent years up to and including 2025/2026, the Independent Remuneration Panel be consulted.

BACKGROUND

6. The current Scheme of Members' Allowances is entitled 'The Isle of Wight Council Members' Allowance Scheme'. It was adopted on 19 September 2018 following the council's acceptance of the statutory recommendations made in the IRP's fifteenth report made in 2018, and has rolled forwards subject to any annual adjustments required under the agreed indexation provision.
7. For clarity, neither this council report nor the IRP's sixteenth report is concerned with any annual adjustments for 2021/2022 yet to be agreed nationally and applied under the existing indexation provision. (This is because the scheme for 2021/2022 was agreed by the council on 24 February 2021 in reliance on the IRP's recommendations made in 2018. The latest IRP review cannot be retrospective). However, it is intended that the IRP will be notified of any such adjustment for the current Isle of Wight Council Members' Allowance Scheme of 2021/2022 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).
8. Indexation provisions, where relied upon, can only apply by law for a maximum of four years before the council is required to seek a further recommendation from the IRP (see regulation 10(5) of the Local Authorities (Members' Allowances) (England) Regulations 2003).
9. After the holding of ordinary elections in May 2021 and with the reduction in the number of councillors from 40 to 39, the IRP undertook a review of the Isle of Wight Council Members' Allowance Scheme and produced its sixteenth report dated December 2021 which is set out in full in Appendix 1.
10. The IRP has recommended that the existing indexation provision should continue in the future (i.e. for a maximum of four years up to and including 2025/2026) but that *'each year the Panel be consulted before the increase is applied to ensure that we are still content with the annual inflationary increase'*. No other changes have been recommended by the IRP except that the carers allowance provision ought to be drawn to the attention of members more.
11. The consultation recommendation by the IRP is so that the IRP may consider whether or not to undertake a further review of the members' allowance scheme in the light of any annual adjustment.
12. The council is required to have regard to the IRP's statutory recommendations, but it is for the council to agree the terms of the Isle of Wight Council's Members' Allowance Scheme. (The IRP acknowledges in its report that it is a matter for the council to decide).
13. 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).

14. Councillors are therefore being asked to carefully consider the IRP's latest report, and to agree a members' allowance scheme, having regard to the IRP's statutory recommendations.
15. The IRP's recommended members' allowance scheme is set out in Appendix 1 to their sixteenth report.

CORPORATE PRIORITIES AND STRATEGIC CONTEXT

16. 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

17. 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

18. 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

19. The IRP undertook consultation with all councillors by way of a questionnaire and a number of councillors were interviewed. Further details are set out in the IRP's report. 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 13).

FINANCIAL / BUDGET IMPLICATIONS

20. The present total budget for members' allowances, which includes on Island travel, is £511,084. This would need to be adjusted should any indexation increase be notified for 2022/2023 and subsequent years. The increase (if any) is proposed by the IRP to 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. Under the IRP's proposals, it will be applied from April in each year (following consultation with the IRP) unless a further review of the IRP determines otherwise.
21. The actual amounts paid to members are published on an annual basis.

LEGAL IMPLICATIONS

22. 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.

23. The regulations require the council to have regard to the statutory recommendations made in the appended report. While the council is not bound by its recommendations, it would be required to give reasons for departing from the recommendations of the IRP. However, the council does not have to accept the recommendations. It is also of course open to particular members to decline to accept their full allowances to which they are entitled.
24. The regulations also require the council to make copies of the IRP's report available for public inspection, to provide copies on request and to publicise in the local paper the existence of the report of the IRP and any decisions that the Council makes once it has considered it.
25. 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.
26. 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.
27. Guidance has been issued by the Secretary of State about independent remuneration panels and their duties. The current guidance can be found on HM Revenues and Customs (HMRC) website – <https://www.gov.uk/hmrc-internal-manuals/employment-income-manual/eim65960>

EQUALITY AND DIVERSITY

28. 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.
29. 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

30. The options are:

- (i) to approve all of the IRP's recommendations;
- (ii) not to approve the recommendations;
- (iii) to approve the recommendations as amended by the Council.

RISK MANAGEMENT

31. The IRP's report sets out their conclusions and methodology as to how the IRP arrived at its recommendations.
32. 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.

EVALUATION

33. The IRP has considered a range of evidence and benchmarking data in reaching its conclusions and believes its recommendations are appropriate, justifiable, and equitable.

APPENDICES ATTACHED

34. Appendix 1 to this report sets out the sixteenth report of the IRP with its two appendices.

BACKGROUND PAPERS

35. None.

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