
Report of Corporate Management Team

Director of Legal and Democratic Services

Electoral division(s) affected:

Countywide

Purpose of the Report

- 1 To advise the Council of the outcome of the review of the Members' Allowances Scheme by the Independent Remuneration Panel ("the Panel") for 2025 and beyond.
- 2 To ask the Council to agree a scheme of allowances for 2025/26, taking into account the views of the Panel.

Executive summary

- 3 Under The Local Authorities (Member's Allowances) (England) Regulations 2003 ("The Regulations") the Council must make a Scheme of Allowances for Members each year. The Regulations also provide that before the beginning of each financial year, the authority shall review the Scheme. In doing so, it shall have regard to the recommendations made by the Panel.
- 4 The County Council resolved to retain the existing Members Allowance Scheme up until the elections in 2025 and requested that the Independent Remuneration Panel complete a fundamental review of the scheme in advance of the May 2025 elections, to take account of the changes following the Local Government Boundary Commission Review
- 5 The Panel have carried out a fundamental review to inform the scheme for 2025/26 and beyond, to coincide with implementation of the final recommendations of the Local Government Boundary Review which will be implemented from 1 May 2025.
- 6 Conducting the review at this time, enables Council to set the scheme for the new Members following the election. Agreement of the scheme in advance of the elections and nominations process may assist potential candidates to determine whether they wish to stand for election.

- 7 The Council must have regard to any recommendations of the Panel when approving any changes to the scheme council, although it is not bound by its recommendations and can choose to implement revised arrangements.
- 8 The Panel met five times to consider the scheme. All elected Members had the opportunity to provide their views via a survey and Group Leaders were offered the opportunity to meet individually with the Panel.
- 9 This report sets out the outcome of the Panel's deliberations and relevant matters for Council to consider.
- 10 If Council accepts the recommendations of the Panel, it would result in a net saving of £284,004 to the Council.

Recommendations

- 11 The Council is asked to consider the outcome of the review undertaken and recommendations of the Independent Remuneration Panel for the Members Allowances Scheme 2025 and beyond.

Background

- 12 Under The Local Authorities (Member's Allowances) (England) Regulations 2003 ("The Regulations"), the Council must make a Scheme of Allowances for Members each year which makes provision for the payment of a range of allowances and expenses to elected members. A copy of the Council's existing scheme is attached at Appendix 2 to the report.
- 13 The Regulations also provide that before the beginning of each financial year, the authority shall review the Scheme and before it confirms or amends the Scheme, it shall have regard to the recommendations made by the Independent Remuneration Panel ("the Panel"). The Scheme may be amended at any time during the financial year.
- 14 Each local authority must appoint a Panel to make representations on allowances, including the amounts payable. When approving any changes to its scheme, the Council must have regard to the IRPs recommendations, although it does not have to agree with those recommendations.
- 15 Following the Local Government Boundary Commission Review, the Council was required to conduct a fundamental review of the Member Allowance Scheme to be implemented from May 2025.
- 16 The last changes made to the Member Allowance Scheme for Durham County Council were for the year 2014/15. At that time, the IRP recommended a 1% increase to the basic allowance. Council considered that recommendation and decided not to introduce an increase, although the Council did agree to reduce the Members Mileage Allowance to 45p per mile in line with the HMRC rate.
- 17 This is the only change to the scheme since it was adopted in 2009, following Local Government Review. However, the IRP previously recommended an increase to the Basic Allowance of 1% in 2014/15, 0.7% in 2021/22, and 2% in 2022/23. The IRP considered these proposed increases to be appropriate at the time based on all factors taken into consideration. On all occasions the Council subsequently decided to make no changes to the Scheme.
- 18 In June 2023, the Council agreed that there would be no further changes to the existing allowances scheme until after the local elections in 2025 but requested that the Panel conduct a fundamental review of the scheme to take account of the changes under the Local Government Boundary Commission Review, which are to be implemented from May 2025.
- 19 Members asked the Panel to consider whether applying an annual indexation to any new scheme that was adopted was appropriate and expressed a preference for reviewing the scheme every four years in advance of the local elections.

- 20 Whilst the Council must agree a Scheme of Members' Allowances annually and that an Independent Remuneration Panel consider the scheme at least once every four years. The Regulations allow for annual indexing of allowances, but this must be reviewed at least every four years.
- 21 The Members of the Panel are Alan Fletcher, Joyce Drummond-Hill (appointed in 2015) and Ray Morris (appointed in 2019). All of the Panel Members had their terms extended until 30 September 2025 to provide continuity during this detailed review of the scheme.
- 22 The Panel met on 12 and 27 November and 10, 16 and 17 December 2024 and took into consideration all of the information provided.

Panel Deliberations

- 23 The Panel were asked to consider the following areas:
- i. The impact of the reduction in the number of Councillors following implementation of the Boundary Review changes from May 2025, and the effect this may have on Councillor workloads and the role of elected Members;
 - ii. The level of Basic Allowance for all Members;
 - iii. The current categories of the special responsibility for which a Special Responsibility Allowance should be paid and the levels of those allowances;
 - iv. Whether annual adjustments to the level of allowances should be determined according to an index, and if so, which index and how long that index should apply. Regulation 10(5) of The Local Authorities (Member's Allowances) (England) Regulations 2003, states that where a scheme provides for an index to be applied, it must not rely on that index for longer than four years without referral back to the Panel;
 - v. Consider setting a scheme and reviewing every four years, as opposed to reviewing it yearly, as it does currently;
 - vi. the allowances paid to co-opted members of committees;
 - vii. the existing Dependant Carers' Allowance;
 - viii. travelling and subsistence allowances;
 - ix. the introduction of remote/hybrid meetings and the role of members; and
 - x. Any other matters as raised by the Group Leaders/Corporate Director of Resources, the Director of Legal and Democratic Services and Monitoring Officer or a resolution from Council.

- 24 The Panel were briefed on the Local Government Boundary Review exercise, and the statutory criteria for the Review. A copy of the Final Recommendations arising from the Review were also provided and a summary of the main implications.
- 25 The Panel took cognisance that at the 2021 elections Durham County Council had 126 Councillors, 63 Divisions and 391,730 electors within the County with a councillor per elector ratio being 3,109 electors per Councillor. The Panel noted that from 1 May 2025 there would be a 22% reduction of Council Size from 126 to 98 Members, and that the County would comprise 51 Electoral Divisions, and 391,146 electors with the councillor per elector ratio increasing to 3,991 per Councillor, an increase of 882 electors per Councillor. Forecasted data suggested that between 2025-2028 the electorate would rise to 406,665 and the councillor per elector ratio would increase to 4,150.
- 26 Copies of the current basic allowance, special responsibility allowance, subsistence and travel rates were also supplied to the Panel.
- 27 In the past, the Panel had found it helpful to be aware of the current rates of basic allowances and special responsibility allowances that are paid by councils in the region to their members, along with where Durham ranked in comparison to neighbouring authorities. The information is attached to the report at Appendix 3 and also form Appendix C of the IRP Panel report.
- 28 As part of their deliberations, the Panel also requested a copy of the report by the Panel agreed in 2009 following Local Government Review, which linked all Special Responsibility Allowances (SRA) to the Basic Allowance and the relationship that had been maintained since that time. A spreadsheet shows the percentage of the basic allowance applied to the respective SRAs which had been in place since 2009 is attached at Appendix 4.
- 29 The Panel discussed whether feedback from Members had been sought in relation to the Members' Allowances Scheme. It was noted that in previous years, this had resulted in very limited Member feedback being received.
- 30 Officers prepared an online questionnaire in conjunction with the Panel with a view to maximising member responses. All Members were emailed on 21 November 2024 requesting them to complete the online survey. A reminder was issued on 26 November 2024.
- 31 73 responses to the questionnaire were received, a 58% return rate. A copy of the questionnaire is attached at Appendix 5 and a summary of responses is attached at Appendix 6. One political group provided a written response for the Panel to consider.

- 32 An opportunity was also extended to all Group Leaders to meet individually with the Panel to share their views as part of the evidence gathering process. Individual meetings took place with five out of eight Group Leaders on 10 and 17 December 2024.
- 33 A table of those Unitary Authorities who had been subject to a Local Government Boundary Review and an associated reduction of their Council size was provided and is attached at Appendix 7.
- 34 Finally, the Panel were provided with information about the ongoing review of Governance Arrangements which set out proportionate reductions of 22% to the number of members serving of committees.
- 35 The Panel were advised that the frequency and number of meetings would likely remain unchanged given the expected business to transact, except for the number of meetings of the Full Council, which would reduce from nine to seven meetings for the municipal year 2025/26 but would be reviewed in future years if appropriate.
- 36 The Panel have prepared a report, which is attached at Appendix 8, which summarises all of the information that they have considered and the rationale for their recommendations.
- 37 The Panel have recommended the following:

Basic Allowance and application of an index

- (i) Following the May 2025 elections, the basic allowance of £13,300 is increased by an interim 5% to £13,965, to reflect, for the time being at least, the reduction in the number of members from 126 to 98. This is the recommendation of a majority of the Panel members.
- (ii) This recommended increase in the basic allowance is not to be reflected in a linked increase in Special Responsibility Allowances (SRAs), as the increase relates only to Members' responsibilities covered by the basic allowance.
- (iii) The Panel, supported by officers, will undertake a further review of the impact on members' workload of the various changes brought about as a consequence of the boundary review, including the new the committee timetables, smarter ways of working, the experiences of members under the new arrangements and of the development of hybrid meetings. The timing of this review is to be agreed between the Panel and officers.
- (iv) The Council should arrange to collect data on the 2025 elections to enable it to assess whether or not the number of candidates coming forward for election is sufficient to ensure that local democracy is being adequately served.

- (v) the basic allowance is increased for 2025, with reference to the September 2024 CPI rate of 1.7%. This will result in the Basic Allowance being £14,202 in 2025/26.
- (vi) the Council should link future increases to the CPI for a period of up to 4 years, as permitted by legislation, based on the CPI rate as at September of the preceding year.

Special Responsibility Allowances

- (i) The Panel and officers review the SRAs post the implementation of the Boundary Review changes, to address the above issues and any others arising during the review.
- (ii) The Council freezes the categories and amounts SRAs until this review is completed.

Dependent Carers Allowance

- (i) The Panel recommends that the maximum rate payable will be increased each April in line with the national living wage at age 21.

- 38 If Council chose not to accept the IRP's recommendations, there would be saving in relation to the basic allowances of £372,400 as a result of the reduction in Members from 126 to 98.
- 39 The IRP's proposed increases to the basic allowance would cost £88,396. Therefore, if Council were to accept the increase, the net saving to the Council would be £284,004. An increase of 6.7% would increase the basic allowance from £13,300 to £14,202, which is average cost of 36p per elector.
- 40 If the inflationary increases are accepted, this must be reviewed by the Panel at least every four years.
- 41 Council is required to consider the recommendations of the IRP when agreeing its scheme of allowances. Council does not have to accept some or all of the recommendations.

Appendix 1: Implications

Legal Implications

To comply with the Local Authorities (Member's Allowances) (England) Regulations 2003 ("The Regulations").

Finance

Advertising costs of seeking applications and reimbursement of reasonable expenses. The current budget for Members Basic Allowances is £1,675,800. The Panel proposals with regards to Basic Allowances would result in a budget cost reduction of £284,004. This is not currently factored into the MTFP in terms of a budget saving.

Consultation and Engagement

All elected Members were given an opportunity to provide their views via a survey. All Group Leaders were offered the opportunity to meet with the IRP. Constitution Working Group were consulted on the proposals at a meeting held on 9 January 2025.

Equality and Diversity / Public Sector Equality Duty

None specific within this report.

Human Rights

None specific within this report.

Crime and Disorder

None specific within this report.

Staffing

None specific within this report.

Accommodation

None specific within this report.

Risk

None specific within this report.

Procurement

None specific within this report.