

<b>Subject</b>	<b>Non-Voting and Local Pension Board Member Remuneration</b>	<b>Status</b>	For Publication
<b>Report to</b>	Authority	<b>Date</b>	08 June 2023
<b>Report of</b>	Director and Monitoring Officer		
<b>Equality Impact Assessment</b>	Not Required	<b>Attached</b>	No
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## **1 Purpose of the Report**

To provide Members with information regarding potential introduction of remuneration for Non-Voting Authority members, Local Pension Board members and for Independent Members of the Audit & Governance Committee.

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## **2 Recommendations**

2.1 Members are recommended to:

- a. **Consider the introduction of remuneration for Non-Voting Members of the Authority, Members of the Local Pension Board and Independent Members of the Audit & Governance Committee and determine whether or not to proceed with the option identified in the body of this report**
  - b. **If the introduction of allowances of this sort is agreed, to authorise the Head of Governance to update the Members' Allowances Scheme accordingly.**
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## **3 Link to Corporate Objectives**

3.1 This report links to the delivery of the following corporate objectives:

### **Effective and Transparent Governance**

To uphold effective governance showing prudence and propriety at all times.

## **4 Implications for the Corporate Risk Register**

The actions outlined in this report do not link directly to a specific risk from the corporate risk register; however the considerations outlined herein may have positive implications for the mitigations of risk in relation to maintenance of adequate levels of knowledge and understanding for the Local Pension Board.

## **5 Background and Options**

- 5.1 Currently, the Authority's Members Allowances scheme provides for remuneration through the payment of allowances to the 12 voting members of the Authority in addition to reimbursement of travelling expenses. For the non-voting Authority members and Local Pension Board members, payment for reimbursement of expenses only is provided.
- 5.2 Officers were requested by the previous Authority Vice Chair to prepare a report for the Authority to consider the issue of remuneration for the three Trade Union Non-Voting members of the Pensions Authority and the members of the Local Pension Board in order to recognise the considerable time commitment involved in these roles. In addition to consider remuneration options that may be offered when recruiting Independent Members for the Audit & Governance Committee.
- 5.3 This report therefore sets out the context in which this may be considered, a rationale for introducing remuneration, and a potential methodology for determination of appropriate allowances.

### *Context*

- 5.4 There are no specific regulations governing remuneration for these roles. It is considered that the Authority may legally introduce remuneration on the basis that the advice received in relation to the Members Allowance Scheme relied on a Local Government Act 1972 power to undertake actions and incur expenditure incidental to the functions of the Authority.
- 5.5 Regulations governing the making of schemes for members allowances by local authorities require that they should be prepared by an Independent Panel (which may be an individual) and approved by the Full Council or equivalent body. There are no similar regulations applying to formulation of allowances for the roles considered here, although some degree of independence in the process is clearly reflective of good governance.
- 5.6 In relation to Local Pension Boards specifically, the Scheme Advisory Board's *LGPS Guidance on the Creation and Operation of Local Pension Boards in England and Wales (2015)* refers to the Public Sector Pensions Regulations 2013 and regulation 106(9) which specifies that the expenses of a Local Pension Board will include: "... if the Administering Authority makes provision, payment of allowances and/or expenses to members of the Local Pension Board".
- 5.7 The Scheme Advisory Board's guidance goes on to state:
- Consideration should be given by the Administering Authority to whether or not members of the Local Pension Board are paid allowances or reimbursed expenses. One option would be to set levels of allowance in a similar way to the elected members allowances scheme, perhaps with regard to allowances for co-opted members, and in accordance with established processes for declaring allowances which have been received in an open and transparent way. In deciding whether to award an allowance, and if so, how much, the Administering Authority may wish to consider some or all of the following matters:
- whether the Board members are carrying out duties (including preparation and/or training) during personal time or whether it is during a period of authorised paid absence,
  - whether a Board member who has taken on the role of Chair is carrying out a range of additional responsibilities that merit additional payment,

- whether an annual or per meeting allowance is more appropriate, and how a per meeting allowance should be extended to attendance at training.

#### *Rationale*

- 5.8 The rationale for providing remuneration is that the level of time commitment required of these roles is such that it is unreasonable to expect them to be carried out on a purely voluntary basis. In addition, should any member wish to decline to accept an allowance they may elect to do so.
- 5.9 It may be considered that there is a fundamental unfairness in that councillors who are members of the Authority are remunerated but the Non-Voting Members are not. None of the members of the Local Pension Board are remunerated – which means there is no equivalent inconsistency within the Board membership itself, but whilst the requirements and responsibilities of the Board membership are different to those of the Authority, a similar argument may nevertheless apply concerning fairness given the level of time commitment involved for Board members.
- 5.10 Officers are currently attempting to recruit up to two independent members to the Audit and Governance Committee to comply with the requirements set out in the CIPFA Position Statement on Audit Committees. This is proving quite difficult, and it is considered that providing remuneration for this role would make it much more attractive and would be reasonable given that we are seeking someone with suitable qualifications and experience.
- 5.11 It is possible that remuneration for non-voting and LPB members may also help to encourage greater take up of learning and development opportunities, although this is possibly affected to a larger degree by other time and work commitments.
- 5.12 On the other hand, there could be an argument that such roles provide significant opportunities for personal and professional development, which has a value that is being delivered to the individual without charge in return for their time and commitment in fulfilling these roles. In addition, some members are allowed paid time off to undertake these roles as it is seen to contribute to their role.
- 5.13 In summary, the main rationale for introducing remuneration would be that the level of time commitment, in particular the requirement to undertake a minimum amount of learning and development is such that remuneration is appropriate.

#### *Determining Allowances*

- 5.14 When the Authority's Members' Allowances scheme was introduced in 2020, an independent review report was commissioned in order to provide recommendations on the nature of the scheme and the level of allowances to set.
- 5.15 It is suggested that for the purposes of determining a suitable allowance for Non-Voting Authority members, Local Pension Board members, and Independent Members of the Audit & Governance Committee, it would be sensible to base this on the current Members Allowances by setting the amounts roughly in proportion according to role and number of meetings required.
- 5.16 The number of meetings for Authority and for the LPB are shown in the table below.

	Authority Members	Local Pension Board Members
Number of Meetings Per Year	<b>5</b> x Authority Meetings Plus: 4 x Audit Committee Meetings x half of the Authority Members = <b>2</b>  Equivalent total = <b>7</b>	<b>4</b> Meetings

- 5.17 This would suggest, on a simplified basis, that the LPB meeting requirements approximate to roughly 4 / 7ths, which (when rounded) equates to 60% of the Authority meeting requirements.
- 5.18 The Basic Allowance for Authority Members is currently £4,383 per annum. The allowances scheme requires the allowance to be increased in accordance with the headline pay award set for local government staff by the National Joint Committee (NJC) each year – the award for 2023/24 is not yet agreed but will be applied and backdated to 1 April 2023 once confirmed.
- 5.19 A suggested set of allowances based on the current basic allowance could therefore be formulated as follows:

	Basic Allowance Per Annum
<b>Authority Members (Councillors)</b>	<b>£4,383.00</b>
<b>Suggested Allowances:</b>	
<b>Authority Non-Voting Member</b>	100% of Above: £4,383.00
<b>Local Pension Board Chair</b>	100% of Above: £4,383.00
<b>Local Pension Board Vice Chair</b>	80% of Above: £3,507.00
<b>Local Pension Board Member</b>	60% of Above: £2,630.00
<b>Audit &amp; Governance Committee Independent Member</b>	50% of Above: £2,192.00

- 5.20 This represents one way of setting an allowance in reference to the Basic Allowance for the Authority Members. For the Local Pension Board, setting the rate at 60% of the Basic Allowance for members based on the simplified pro-rating of meetings, with proportional increases to 80% and 100% respectively for the Vice Chair and Chair of the Board to reflect the additional expectations and time commitment required. For the Authority Non-Voting Members, setting the rate at 100% of the basic allowance, reflecting their time commitment for meetings of the Authority, Audit Committee and also as LPB members where relevant.

- 5.21 It is important to note that where any individual holds more than one role, only one allowance – whichever is the higher – is paid to that individual.
- 5.22 The total cost of implementing remuneration based on the above allowance amounts would be in the region of £38k per annum – subject to the number of A&GC Independent Members recruited (which may be either 1 or 2) and the numbers of any members holding more than one role (where only one allowance, whichever is higher, is paid).
- 5.23 The Local Pension Board were consulted on this issue informally after the formal business of the April meeting was concluded, and no objections were raised.

## **6 Implications**

- 6.1 The proposals outlined in this report have the following implications:

Financial	As outlined in paragraph 5.22 above. Should remuneration be introduced, the resourcing for the additional costs could be met from reserves in 2023/24, and would be built into future budgets from 2024/25 onwards.
Human Resources	None
ICT	None
Legal	None
Procurement	None

**George Graham**      **Jo Stone, Head of Governance**  
**Director**              **Monitoring Officer**

<b>Background Papers</b>	
<b>Document</b>	<b>Place of Inspection</b>
SYPA Members Allowances Scheme	See Section 6 of the Authority's Constitution: <a href="#">SYPA Constitution June 2021.pdf</a> <a href="http://sypensions.org.uk"> (sypensions.org.uk)</a>
LGPS Guidance on the Creation and Operation of Local Pension Boards in England and Wales (2015)	<a href="#">LDS_003\5815317\2 (lgpsboard.org)</a>