



**Hampshire
& Isle of Wight**
FIRE & RESCUE AUTHORITY

HIWFRA Full Authority

Purpose: Approval

Date: **21 February 2023**

Title: Amendment to Members' Allowance Scheme and SSPs

Report of Monitoring Officer

SUMMARY

1. This report seeks a decision from the Authority about the percentage increase that should be applied to the HIWFRA Members' Allowance Scheme ("the Scheme"), in light of the recent NJC Pay Award.
2. The report also seeks approval for a minor amendment to the Scheme to ensure that future NJC pay awards can be applied automatically without further decisions of the Authority.
3. The report also contains information about the Government's guidance on Special Severance Payment and recommends that certain delegations to the Chief Fire Officer are confirmed in order to enable Special Severance Payments to be approved appropriately.

BACKGROUND

Members Allowance Scheme

4. The current HIWFRA Members' Allowance Scheme was approved by HIWFRA in February 2022, pursuant to the Local Authority (Members Allowances) (England) Regulations 2003.
5. The Scheme was intended to apply for 4 years from 2022, with allowances indexed to the local government pay award. The recommendation approved by HIWFRA in February 2022 was:

“That any local government pay award made in this period be applied as an index for the adjustment of Member allowances. In doing so retaining the ratio between basic allowance and SRA as set out above. For clarity, the applicable pay award shall be that received by the majority of staff and exclude any additional pay award given to officers on low pay grades”.

6. The Local Government pay award (NJC Green Book) has now been agreed. However, unusually, it does not consist of a percentage increase. Instead, it consists of (amongst other things) a flat rate increase of £1,925 to all pay points between 1 and 48 on the NJC Pay Scale, as shown in Appendix 2.
7. If the flat rate of £1,925 is applied to the basic allowance in the HIWFRA member allowance scheme (which is currently £6,243) it would increase the level of allowances overall by more than 30%. This is a disproportionate pay increase and does not properly reflect the NJC pay award.
8. In respect of the relevant part of the NJC pay scale, the pay award produces a percentage pay increase of c10.5% to spinal column point 1 and c4% to spinal column point 48.
9. In HIWFRA, “senior management” roles (e.g. Heads of Service) start at “grade P”. This is likely to be the grade that is most comparable to the level at which Members of the Authority operate. The £1,925 NJC pay award equates to a 3.4% increase to pay at grade P.
10. In light of the difficulties of applying the pay award to the Scheme a decision needs to be made as to the level of uplift that is appropriate, and in line with the pay award. In the circumstances, it is recommended that the allowances in the Member Allowance Scheme are increased by 3.4% in line with the increase to pay for HIWFRA staff at grade P.
11. It is also recommended that the wording in the Members’ Allowance Scheme is amended as set out in Appendix 1, in order to ensure that future pay awards can be applied automatically.

Special Severance Payments

12. In July 2021, the government launched a consultation on Special Severance Payments and Statutory Guidance was then published towards the end of last year. This guidance has been made under the Local Government Act 1999, and applies to all Best Value Authorities, including Hampshire and Isle of Wight Fire and Rescue Authority.

13. The guidance can be found here – “GOV.UK (www.gov.uk) Statutory guidance on the making and disclosure of Special Severance Payments by local authorities in England” and sets out:
 - What a “Special Severance Payment” is
 - the government’s view that Special Severance Payments do not usually represent value for money and should only be considered in exceptional circumstances
 - the criteria employers should consider in the exceptional circumstances in which it may be appropriate to make a Special Severance Payment
 - examples of the exceptional circumstances in which Special Severance Payments may be appropriate
 - the disclosure and reporting requirements for Special Severance Payments
14. The guidance largely defines “Special Severance Payments” as payments made to a departing employee which are not statutory or contractual entitlements. Therefore, any “ex-gratia” payment reached under a settlement agreement between the employer and employee (e.g., to avoid legal proceedings), would be a Special Severance Payment. However, statutory and contractual redundancy payments (including pension strain charges) are not Special Severance Payments.
15. The guidance sets out the government’s expectations about approvals for Special Severance Payments. It is focussed on Local Authorities and suggests that payments of £100,000 and above be approved by a vote of full council; payments of £20,000 and above, but below £100,000, be personally approved and signed off by the Head of Paid Service, with a clear record of the Leader of the Council’s approval; and payments below £20,000 must be approved according to the local authority’s scheme of delegation. The guidance also suggests that where a payment is being made to the “Head of Paid Service” (i.e. “Chief Fire Officer” in HIWFRA), then it should be approved by a panel including at least two independent persons.
16. In HIWFRA this means that payments of £100,000 and above should be approved by the full Authority, payments of £20,000 and above but below £100,000 should be approved by the Chief Fire Officer, in consultation with the Chairman, and payments below £20,000 should be approved under the Chief Fire Officer’s Scheme of Authorisation. This is already broadly in line with HIWFRA’s existing constitutional arrangements. Where it is proposed to pay any Special Severance Payment to the Chief Fire Officer (as “Head of Paid Service”), then it is recommended that before approving such payment, the Authority should seek the views of its Independent Persons appointed in accordance with the Localism Act 2011 and take these into account prior to making any decision.

17. The Authority already has a robust process to ensure that exit payments represent value for money. Officers have reviewed this process in light of the new guidance to ensure that it remains compliant and also to ensure that the recommended elements in respect of economy, efficiency and effectiveness are properly considered in all determinations regarding severance payments.
18. The Authority also has robust processes in place to ensure it complies with its transparency obligations in respect of publishing information and data. Again, these processes have been reviewed and will be updated to ensure the disclosure and reporting requirements in the new guidance are met.
19. It is recommended that delegations for approval of Special Severance Payments are confirmed to ensure clarity.

RESOURCE IMPLICATIONS

20. There are no financial/resource implications associated with the proposals in this paper and the small increase in Member Allowances will be met from existing budgets.

IMPACT ASSESSMENTS

21. There are no equality or other impacts due to the administrative nature of the proposals contained in this paper.

LEGAL IMPLICATIONS

22. The Full Authority is required under the Local Authority (Members Allowances) (England) Regulations 2003 to adopt a Member Allowances Scheme. The Authority may amend its current Scheme.
23. Before making or amending a Scheme, the Authority is required to have regard to any recommendation of the Independent Remuneration Panels established by the Constituent Authorities. There have been no relevant recommendations by the Constituent Authorities' Independent Remuneration Panels that would affect the proposals contained in this paper.
24. In respect of Special Severance Payments, the Authority is required to have regard to the Government's guidance. The recommendations in this paper confirm that appropriate governance is in place for approving Special Severance Payments.

OPTIONS

25. OPTION 1 – That the Authority agrees to apply an uplift of 3.4% to the allowances in the current Members Allowance Scheme, in order to sensibly reflect the 2022/23 NJC Pay Award. Further, the Authority agrees the amended wording of the current scheme as set out in Appendix 1, in order to ensure future pay awards can be applied to the Scheme and agrees the recommendations in respect of SSPs (Recommended option)
26. OPTION 2 – That the Authority agrees a different uplift to the allowances in the current Members Allowance Scheme and agrees alternative wording for the Scheme to reflect future pay awards and agrees alternative arrangements for SSPs.

RISK ANALYSIS

27. It is up to the Authority to set the rates of Member Allowances under the Scheme. The existing scheme was intended to apply the NJC pay award applicable to the majority of staff. However, this was based on an assumption that there would be a percentage increase. This is not the case in respect of this year's pay award, and the current wording of scheme means there are a range of options for implementing it.
28. In analysing the effects of the pay award in HIWFRA, it is suggested that a reasonable equivalent percentage increase for staff at HIWFRA is Grade P. This represents a sensible balance, noting the seniority of the role of Members and the sensitivities in respect of national pay bargaining.
29. In respect of SSPs it is important that the Authority has appropriate governance in place, that has regard for the government's guidance whilst at the same time ensuring severance payments can be approved appropriately, where necessary.

EVALUATION

30. The recommended percentage represents a sensible interpretation of application of the pay award to the Member Allowance Scheme. The Authority may choose to apply a different/higher percentage, but should have regard to the reputational risks that may be associated with greater increases to Members' Allowances in the current external context.

31. The proposed amendment to the wording of the Members Allowance Scheme should help to ensure that future pay awards can be applied to the Scheme without needing further decisions of the Authority.
32. The recommendations in respect of SSPs enable the Authority to have due regard to the government guidance whilst ensuring SSPs can be approved where appropriate.

CONCLUSION

33. For the reasons set out above, Option 1 is recommended.

RECOMMENDATION

34. That option 1, to apply an uplift of 3.4% to the allowances in the Members' Allowance Scheme be approved by the HIWFRA Full Authority
35. That the Authority approves the revised Members Allowance Scheme at Appendix 1
36. That the Authority notes the statutory guidance in respect of special severance payments and confirms that the Chief Fire Officer has delegated authority to approve Special Severance Payments under £100,000, provided that any Special Severance payments of £20K or more shall be approved in consultation with the Chairman of the Authority
37. That any Special Severance Payments to the Chief Fire Officer, or any Special Severance payments of £100,000 or more shall be approved by the Authority. In the case of a Special Severance Payment to the Chief Fire Officer, the Authority will seek the views of its Independent Persons before approving such payment.

APPENDICES ATTACHED

38. Appendix 1 – Updated Members Allowance Scheme.

BACKGROUND PAPERS

39. [Members Allowance Report to Authority dated 15 February 2022](#)

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