



**REPORT TO SOUTH LAKELAND DISTRICT COUNCIL FROM THE
INDEPENDENT REMUNERATION PANEL**

**RECOMMENDATIONS FOR COUNCILLORS' ALLOWANCES FOR
THE FINANCIAL YEAR 2019/2020**

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Summary

The Independent Remuneration Panel (IRP) gave due consideration to the current economic conditions for local authorities, the allowances paid by comparator authorities, the work undertaken by Members and the recent pay settlements for SLDC employees.

It recommends:

- An increase up to a maximum of 2% on the Basic Allowance for 2019/20 to bring it up to **£4,118.76** per annum.

The IRP also recommends:

- Amendments to Special Responsibility Allowances (SRAs) as follows:-
 - i. The SRA's for the chairs of Audit, HR Committee, Lake Admin and O&S to remain unchanged.
 - ii. SRA for the chair of Planning Committee to be £2,794.50
 - iii. SRA's for the Chairs of Standards and Licensing/Licensing Regulatory Committee to be £931.50.
- Other than the Group Leaders' Allowance, Members should receive no more than one SRA;
- Out of County Mileage Allowance to remain part of the single travel allowance scheme as per the previous year;
- Travel expenses to be in accordance with the maximum rates set by HMRC without attracting a tax charge (currently 45p per mile), this to apply to the first 150 miles of a return journey regardless of the destination and 25p per mile thereafter;
- Subsistence expenses to increase by RPI as at 1st April 2019;
- No change to Childcare/Dependant Carers' Allowance. Payments to remain at a maximum allowance of £15 per hour. The Allowance to be paid from the time the recipient leaves home to time of return;
- Co-optees' Allowance be increased by up to a maximum of 2% to bring it up to £38.38 per meeting

Matters arising and brought forward from previous report

1. In its last report to Council, the IRP indicated that it would undertake a detailed review of SRA's in 2018. Other matters considered by the Independent Remuneration Panel ("IRP") were the Basic Allowance, Subsistence Allowance, Travel and Child Care and Carers Allowance and Co-optees' Allowance.

Background

2. The membership of the IRP comprises:

Adrian Buckle Retired Deputy Chief Fire Officer, Cumbria Fire & Rescue Service. Appointed to the IRP with effect from 1 June 2016. In August 2018 he moved out of the area and was therefore no longer eligible to continue as a member of the panel and stood down from the panel from this date;

Michael Duff Former senior manager in high tech and communications companies and former Parish Councillor. Appointed to the IRP with effect from 1 August 2013 until 31 March 2020;

David Holden Retired Solicitor who was a senior partner in private practice for over 25 years and former Parish Councillor. Appointed to the IRP with effect from 1 September 2011 and his current term of office runs until 30 June 2019;

Colin Jones Retired Financial Director and Chief Executive of various PLC Companies. Former County, District and Town Councillor. Appointed to the IRP with effect from 3 July 2017 until 2 July 2021; and

Sally Parnaby (Chairman) Former NHS Board Director. Appointed to the IRP with effect from 1 July 2015 until 30 June 2019.

3. The IRP's primary task in considering allowances for 2019/20 was to review the remuneration of Members in accordance with the Local Authorities (Members Allowances) (England) Regulations 2003 ("the Regulations"). Under the terms of the Regulations and the associated guidance the following should be noted:
 - a) The amount of Basic Allowance payable must be the same for all Members unless any have relinquished all or part of their entitlement;
 - b) To be eligible for an SRA the post must have "significant additional responsibilities over and above the generally accepted responsibilities of a Councillor." The number of SRAs should not exceed 50% of the total number of council Members;
 - c) An element of voluntary service is expected and accepted.
4. The recommended allowance scheme is estimated to cost up to a maximum of £317,285. Broken down, this amounts to £282,885 in respect of basic and special responsibility allowances, and £34,400 in respect of travel and subsistence allowances.
5. The figures for South Lakeland District Council's (SLDC's) 2019/20 budget with respect to its General Fund are still being prepared but if the projected budget for 2019/20 from the Council's Medium Term Financial Plan is used then the cost of this scheme represents up to a maximum of 2.48% of the SLDC budget projection of £12,788,900. Comparative work was carried out in preparation for the report. It was found that within the relevant peer group of comparator authorities there was a range of 2.0% to 2.9% for their proportion of the overall budget comprising Members' allowances, with an average of 2.4%.

Scope of the Report

6. This report gives the IRP's recommendations for the financial year commencing on 1 April 2019.

Methodology

7. A general invitation was sent to all Councillors to meet or communicate with the IRP, followed by a further invitation to Group Leaders to contact the panel. Four meetings

of the IRP took place in 2018 in relation to this report, in July, August, September and October. The Panel found the responses made by Members informative and assisted them in their deliberations and would hope that Members continue to engage with the Panel in future deliberations.

8. The following Members attended one of the meetings of the IRP:-

- Councillor Tom Harvey;
- Councillor Mark Wilson;
- Councillor David Williams;
- Councillor Robin Ashcroft; and
- Councillor Eric Morrell.

In addition written responses were received from five Members.

9. The Chief Executive, Lawrence Conway also attended a meeting of the IRP.

10. The IRP has obtained comparative evidence from a sub-set of the District Councils forming the SLDC Peer Group. The list of comparative Councils and a breakdown of their allowances is attached at Appendix A. The IRP considers that care needs to be exercised when undertaking simple comparisons between authorities as there can be variances between SLDC and any comparator authorities.

11. The IRP applied the following principles to its deliberations:

- Allowances should reflect the responsibilities, accountability, time and effort expected of Members but be set at levels which recognise the well established principle of voluntary unpaid public service;
- Any scheme of remuneration should not discourage people from becoming Councillors for financial reasons;
- Any scheme of remuneration should be easy to understand and administer;
- Recommendations on remuneration should be arrived at following logical and consistent analysis of relevant information;
- Expenses for travel, childcare/dependants and subsistence should not contain any element of "profit".

12. Following the Local Government Boundary Commission (England) publishing their recommendations on the new electoral arrangements for SLDC in October 2016 and the implementation of the new wards in May 2018, the Panel sought feedback on how these changes had affected the work of a Councillor. The Panel concluded that it was too early to gain any significant insights and will keep this under review.

The Basic Allowance

Current Arrangements

13. A Basic Allowance of £4,038 per annum is currently paid to Members. The Basic Allowance covers all the roles and activities of Members other than those that involve significant additional responsibility. Attendance at training is part of the work of Members for which they receive the Basic Allowance.

Review

14. The review of the Allowances Scheme undertaken by the IRP indicates that, in comparison with other peer group authorities, the methodology used is a satisfactory basis for determining the remuneration of District Councillors and is consistent with the IRP's remuneration principles.
15. The IRP gave due consideration to the following points:
 - The current economic conditions for local authorities;
 - The anticipated pay settlement for SLDC employees of 2%. It was considered not appropriate to support an increase higher than that which SLDC employees will receive;
 - The fact that Members have only received four small increases in the last seven years and that this has led to a significant erosion of the value of the basic allowance in real terms;
 - The feedback from respondents;
 - The fact that, whilst a number of Members have multiple roles across different authorities, the IRP only considered evidence in respect of this Council.

Therefore the recommendation of the IRP is as follows:

Recommendation

16. There should be an increase up to a maximum of 2% on the Basic Allowance for 2019/20 to bring it up to £4,118.76 per annum.

Special Responsibility Allowances

Current Arrangements

17. The Government's "New Council Constitutions: Guidance on Consolidated Regulations for Local Authority Allowances" states that SRAs should only be paid when Members have "significant additional responsibilities" over and above the generally accepted responsibilities of a Councillor.
18. The SRAs currently claimable within SLDC are: -
 - The Leader of the Council (With Portfolio);
 - The Deputy Leader of the Council (With Portfolio);
 - The Leader of the Opposition;
 - The Chairman of the Council;
 - Other Members of the Council's Cabinet (five);

- Chairmen of the Council's Committees (eight);
- Shadow Cabinet Members (except for the Leader of the Opposition (six));
- The Political Group Leaders (three).

Review

19. In the light of the information submitted to the Panel there was a detailed discussion about all of the SRA's.
20. The actual value of SRAs is based on an assessed level of additional responsibility, accountability, time and effort required over and above that associated with Members' roles as front line Councillors which is covered by the Basic Allowance. The Panel did not receive any significant evidence either from individual Members' submissions or from comparator information from other authorities which supported any change to the SRAs for:-
- Leader;
 - Deputy Leader;
 - Leader of Opposition;
 - Chairman of Council;
 - Other Members of the Council's Cabinet;
 - Shadow Cabinet Members (except Leader of the Opposition); and
 - Political Group Leaders
21. Considering the SRA's for the Chairs of Committees, the 2018/19 rate of allowance is £1,863 for each Committee Chair. From the evidence it considered, the Panel found that the time commitment varied greatly between the Chairs of some of the Committees. In addition, it was felt that the responsibility placed on some Chairs was of greater complexity and significance than that placed upon others
22. That being the case the Panel felt that there was a need to draw a distinction between the respective Chairs of each Committee. This was done using the parameters mentioned above of responsibility, accountability, time and effort (R.A.T.E). In light of this review, the Panel felt that the SRAs fell into three groups:-
- 100% of £1,863 payable to the Chairs of Audit Committee, HR Committee, Lake Administration Committee and Overview & Scrutiny Committee;
 - 50% of £1,863 payable to the Chairs of Licensing/Licensing Regulatory Committee and Standards Committee; and
 - 150% of £1,863 payable to the Chair of Planning Committee
23. Upon careful consideration, the Panel felt that this approach was a fair and reasonable reflection of the four R.A.T.E parameters for each Committee Chair. This approach is consistent with that adopted by a number of comparator authorities within the benchmarking group.
24. Following the removal of the SRA for the role of Vice Chairman, the Panel reviewed this aspect of SRAs and concluded that there was no evidence forthcoming which justified any change.

Recommendation

22. That there be no change in the level of existing SRAs save for the allowances for the Chairman of the Licensing/Licensing Regulatory Committee and the Chairman for the

Standards Committee which should be reduced to £931.50 and the allowance for the Chairman of Planning Committee which should be increased to £2794.50

Childcare/Dependants Allowances

Current arrangements

23. The current arrangement is a minimum of £3.00 and a maximum of £15.00 per hour, upon production of proof of payment. The rate is payable from the time of leaving home to returning home. The duties to which it applies are listed in Schedule 2 (Part 1) of the current Scheme of Allowances. There is no requirement for carers to be formally registered. The IRP considered that there was no requirement for a further review of this allowance. The allowance is considered sufficiently flexible to make adequate arrangements for the care of children and dependents.

Review

24. The Allowance was reviewed by the IRP.

Recommendation

25. That the upper limit of the allowance remains at £15 per hour, payable on production of receipts/invoices from carer(s) to the satisfaction of the Assistant Director (Resources). The IRP recommends that the allowance continues to be payable from the time the recipient leaves home to the time of return.

Travel and Subsistence Expenses

Current Arrangements

26. The recommended travel rates are based on Members receiving recompense for expenses necessarily incurred in carrying out their Approved Duties whilst providing no element of profit. The level of payment in respect of mileage is commensurate with the guidelines set by Her Majesty's Revenue and Customs (HMRC).
27. The current mileage rate for travel outside Cumbria is the cheapest rail fare available for the journey or at a public transport rate of 50% of the car mileage allowance, giving a current rate of 22.5p per mile, whichever is the least amount. The preferred mode of travel is by public transport (if by rail at standard class rates) but where this is not feasible and Members use their own vehicles then mileage will be paid in accordance with the rates set by HMRC without attracting a tax charge (currently 45p per mile), this to apply to the first 150 miles of a return journey regardless of the destination and 25p per mile thereafter.
28. The subsistence rate is reviewed in line with the percentage annual increases in the Retail Price Index at 1 April each year, which is the method used for reviewing the subsistence rates paid to SLDC employees.

Review

29. As well as reviewing comparative information from Peer Authorities, the IRP found that there was a very low level of claims for subsistence from members. It is considered that no further comparative information from Peer Authorities is required. This being subject to the subsistence rates being increased by RPI at 1 April 2019

Recommendations

30. That the list of Approved Duties for travel and subsistence as shown in Schedule 2 Part 1 of the recommended scheme be continued.
31. The current arrangements remain the same as last year.
32. Should the maximum Mileage allowance be increased by HMRC during the fiscal year then the Mileage Allowance will be increased to that maximum and backdated to the date of the increase by HRMC in that fiscal year.

Co-optees' Allowance

Current Arrangements

33. Co-optees are currently permitted to claim an allowance of £37.63 per meeting.

Review

34. The IRP received no representations on this issue.

Recommendation

35. The IRP recommends that, in line with the recommended increase to Basic 2 Allowances, Co-optees' Allowance be increased by up to a maximum of 2% to bring it up to £38.38 per meeting.

Amendment of Scheme

36. In the event that the scheme is amended then any revised allowances shall apply from the date specified.

Scheme

37. The scheme, as attached as Appendix B to this report, is recommended for Council's approval.

Acknowledgements

38. The IRP would like to express its gratitude to Anthea Lowe (Solicitor to the Council), Nicola Hartley (Solicitor) and Una Bell (Assistant Committee Services Officer) for their assistance in providing guidance regarding the relevant regulations, the collection of comparative data, collection of associated information regarding Council services, operational issues and arrangement of accommodation and hospitality for meetings.
39. In addition the IRP wishes to thank those Members and Officers who made representations to the Panel.

SALLY PARNABY
CHAIRMAN INDEPENDENT REMUNERATION PANEL

22 November 2018