



# Report to South Lakeland District Council from the Independent Remuneration Panel

RECOMMENDATIONS FOR COUNCILLORS' ALLOWANCES  
FOR THE YEARS 2021/2022 to 2024/2025



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## Summary

The Independent Remuneration Panel (IRP) gave due consideration to the current economic conditions for local authorities, representations made by Members, the allowances paid by comparator authorities, the work undertaken by Members, the recent pay settlements for SLDC employees and the recent impact of the Coronavirus Pandemic on Council's resources.

The IRP recommends the changes outlined in **bold**:

- **A four year Term of the Members' Allowances Scheme (the Scheme) subject to any request to review as outlined in the Scheme.**
- **For the period from 01 April 2021 to 31 March 2025 that uplift for Basic Allowances be in line with the agreed public sector staff pay award for each year of the Scheme.**
- **A detailed review and report by the Independent Remuneration Panel will be presented to the Council meeting in December 2024 for implementation for the next 4 years effective from 1 April 2025.**
- **To reduce the number of Independent Remuneration Panel members from 5 to 4 effective from 01 April 2021 and that the Chairman of the Panel be given power to exercise the casting vote if ever required; the Independent Remuneration Panel Terms of Reference are amended accordingly.**
- **Co-optees Allowance is uplifted in line with the agreed public sector staff pay award for each year of the Scheme.**
- **Planning Committee Substitute Members continue to receive £250 allowance.**
- **To agree the draft advert and job description for recruiting IRP members.**
- **The IRP Panel will continue to meet at least once each year to review the index levels used in calculating the Scheme in each year. Council Members, Officers and IRP Panel members will be able to request a review of the Scheme during the Term of the Scheme if there are reasonable grounds for doing so. Reasonable grounds include changes to Member's roles, creation of additional Member's Portfolio roles or external factors such as Local Government re-organisation.**
- **No amendments to current Special Responsibility Allowances (SRAs) (however, planning substitute to continue to receive £250.00);**
- Other than the Group Leaders' Allowance, Members should receive no more than one SRA;
- Out of County Mileage Allowance to remain as 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 1 April 2021 and each year as applicable;
- 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.

## Background

1. The membership of the IRP comprises:
  - 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 2021;
  - 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;
  - Sally Parnaby (Chairman)** Former NHS Board Director. Appointed to the IRP with effect from 1 July 2015 until 3 July 2023; and
  - Alex Rocke** Former Senior Local Government Officer and consultant to local authorities and housing associations. Appointed to the IRP with effect from 11 July 2019 to 10 July 2023.
2. The IRP's primary task in considering Members allowances is to review the remuneration for 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; and
  - c) An element of voluntary service is expected and accepted.

## Financial Implications

3. The recommended allowance scheme cost is shown in the table below based on current allowance rates for 2020/21 and based on an assumed staff pay award of 2% per annum. The actual amount will reduce if the staff pay award is lower.
4. The total costs is compared to the total of South Lakeland District Council's 2021/22 budget based on the Medium Term Financial Plan approved by Council in July 2020. The cost as a percentage of budget is estimated to increase from 2.17% in 2020/21 to 2.77% by 2024/25. This increase is partially due to an increase in the projected allowances payable (from 2.17% to 2.31%) and partially due to a reduction in the Council's estimated budgets due to cuts in Government assistance (from 2.31% to 2.77%).

5. The estimated costs are:

Year	Current Year 2020/21	Year 1 2021/22	Year 2 2022/23	Year 3 2023/24	Year 4 2024/25
Basic Allowance (based on budgeted staff pay award of 2%: to be adjusted to actual staff pay increase up to a maximum of 2%.)	£4,210.14	£4,294.34	£4,380.23	£4,467.83	£4,557.19
Estimated costs:					
Basic Allowances	£214,717.14	£219,011.34	£223,391.73	£227,859.33	£232,416.69
Special Responsibility Allowances	£81,815.50	£81,815.50	£81,815.50	£81,815.50	£81,815.50
Travel and Subsistence Allowances	<u>£31,100.00</u>	<u>£31,722.00</u>	<u>£32,356.00</u>	<u>£33,003.00</u>	<u>£33,663.00</u>
Total Estimated cost of scheme:	<u>£327,632.64</u>	<u>£332,548.84</u>	<u>£337,563.23</u>	<u>£342,677.83</u>	<u>£347,895.19</u>
SLDC Budget Projection	£15,067,200	£13,789,200	£12,210,400	£12,395,900	£12,557,300
Cost of scheme as % of Budget Projection	2.17%	2.41%	2.76%	2.76%	2.77%

## Scope of the Report

6. This Report gives the IRP's recommendations for the financial years 2021/2022, 2022/2023, 2023/2024 and 2024/2025 commencing on 1 April 2021.

## Methodology

The IRP met on 29 September 2020 and considered how best to proceed with its deliberations for the year 2021/2022. The Panel was mindful of the current COVID - 19 pandemic and the additional challenges and workload which this was producing for officers and agreed that it was most appropriate to undertake a light touch review for this year. The Panel also gave consideration to the issues highlighted by the Chair in her presentation to Council in February 2020 namely that the Panel would seek to address how it could become more efficient in its deliberations whilst maintaining its current level of independence, challenge and scrutiny.

7. 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; and
  - Expenses for travel, childcare/dependants and subsistence should not contain any element of "profit".

8. The Panel recognises that it has always encouraged and valued input from the Group Leaders and Members and agreed to ascertain their views this year by way of a letter inviting written responses rather than inviting Members to meet with them. A similar letter was also sent to all Parish Councils inviting comment.
9. The following Members provided response to the IRP proposal:-
  - Councillor Peter Thornton;
  - Councillor Pete McSweeney;
  - Councillor Tom Harvey;
  - Councillor Ben Berry;
  - Councillor Jonathan Brook;
  - Councillor Mark Wilson; and
  - Cllr Judy Filmore.
10. The current arrangements in place with other local authorities were also taken into account in deciding the new Term of the Scheme.

## Terms of the Scheme

11. The new Term of the Scheme will be for four (4) years period. This new Scheme will be from 01 April 2021 and will cover 2021/2022, 2022/2023, 2023/2024 and 2024/2025 years.
  - 11.1. During the Term of the Scheme, the IRP Panel will continue to meet at least once a year to review the index levels used in calculating the Scheme.
  - 11.2. Council Members, Officers and IRP Panel members will be able to request a review of the Scheme during the Term of the Scheme if there are reasonable grounds for doing so. Reasonable grounds include changes to Member's roles, creation of additional Member's Portfolio roles or external factors such as Local Government re-organisation.

## Index of the Scheme

12. An annual increase of the Scheme will be in line with the agreed public sector staff pay award during the Term of the Scheme.

## Review

13. The IRP Panel found that a number of other local authorities had moved to a four year scheme and that they use the agreed staff pay award to determine the level of annual increase for the Basic Members' Allowance.

## Recommendation

A four year Term of Members' Allowances Scheme subject to any request to review as outlined in the Scheme.

For the period from 01 April 2021 to 31 March 2025 the index to be in line with the agreed public sector staff pay award for each year of the Scheme.

## The Basic Allowance

### Current Arrangements

14. A Basic Allowance of £4,201.14 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. The role recognises an element of voluntary service in arriving at the allowance.

### Review

15. The review of the 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.
16. The IRP Panel gave due consideration to the following points:
  - The current economic conditions for local authorities;
  - The public sector pay award for SLDC employees. It was considered not appropriate to support an increase higher than that which SLDC employees will receive;
  - Representations made by Members;
  - Current economic position and the impact of the Coronavirus Pandemic on the Council's resources;
  - Comparative practices of other local authorities; and
  - 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

17. For the period from 01 April 2021 to 31 March 2025, the uplift for Basic Allowances be in line the agreed public sector staff pay award for each year of the Scheme.

## Special Responsibility Allowance

### Review

18. The IRP did not undertake a detailed review of all Special Responsibility Allowances this year. However, it did discuss the extension of the existing SRA for Planning Committee Members to agreed substitutes.

## Recommendation

19. The IRP does not propose to make any recommendations for change in respect of Special Responsibility Allowances but would recommend that the payment of £250 to members of the Planning Committee is formally extended to agreed substitutes.

## Childcare/ Dependants Allowances

### Current Arrangements

20. 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

21. The Allowance was reviewed by the IRP.

### Recommendation

22. 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 Finance Lead Specialist and S151 Officer. The IRP recommends that the allowance continues to be payable from the time the recipient leaves home to the time of return.
23. This recommendation to remain for the duration of the Term of the Scheme. A detailed review to be conducted in the 2023/2024 financial year (subject to any request to review as outlined in the Scheme.)

## Travel and Subsistence Expenses

### Current Arrangements

24. 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).

25. 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.
26. 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

27. Having previously reviewed comparative information from Peer Authorities on this allowance, the IRP found that there was and continue to be 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, 01 April 2021, 01 April 2022, 01 April 2023 and 01 April 2024.

## Recommendations

28. That the list of Approved Duties for travel and subsistence as shown in Schedule 2 Part 1 of the recommended Scheme be continued.
29. The current arrangements remain the same as last year and will continue for 2021/2022, 2022/2023, 2023/2024 and 2024/2025 financial years.
30. 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

31. Co-optees' are currently permitted to claim an allowance of £38.38 per meeting.

### Review

32. The IRP received no representations on this issue however considered it appropriate to increase this allowance in line with the agreed public sector staff pay award.

### Recommendation

33. The IRP recommends that during the Term of the Scheme, the Co-optees' Allowance be increased in line with the agreed public sector staff pay award.

## Amendment of Scheme

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

## Scheme

35. The Scheme, as attached as Appendix A to this Report, is recommended for Council's approval.

## Acknowledgements

36. The IRP would like to express its gratitude to Linda Fisher (Legal, Governance and Democracy Lead Specialist), Courage Aiguobasimwin (Solicitor – Legal, Governance and Democracy Specialist) Una Bell (Case Management Team Leader) and Adam Moffatt (Case Management 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.
37. In addition the IRP wishes to thank those Members who made representations to the Panel.

**SALLY PARNABY**

**CHAIRMAN INDEPENDENT REMUNERATION PANEL**

**22 November 2020**