

Report To: Lancaster City Council

From: The Independent Remuneration Panel



**Recommendations for Members' Remuneration
for the Municipal Year 2023/24**

Report to Council on Wednesday 25th January 2023



PANEL REMIT

- 1.1 Lancaster City Council's Independent Remuneration Panel (IRP) was established in accordance with Local Authorities (Members' Allowances) (England) Regulations 2003.
- 1.2 A local authority is required to establish and maintain an Independent Remuneration Panel to provide it with recommendations on a scheme of allowances to be paid to members and others. The authority must have regard to the recommendations of its IRP before it makes or amends its members' allowance scheme.
- 1.3 The allowances payable under a local authority scheme of allowances are as follows:
 - **Basic Allowance** (*Each local authority **must** make provision in its scheme of allowances for a basic, flat rate allowance payable to all members of the authority which must be the same for each member*).
 - **Special Responsibility Allowance** (*Each authority **may** also make provision for payment of special responsibility allowances for those members who have significant responsibilities e.g. leader of the council, member of the executive/cabinet, presiding at meetings of committees, acting as spokesperson for a political group*).
 - **Dependents' Carers' Allowance** (*Each authority **may** also provide for the payment of a dependents' carers' allowance to those members who incur expenditure for the care of children or other dependents whilst undertaking particular duties*).
 - **Travelling and Subsistence Allowance** (*Each authority **may** also provide for the payment of a travelling and subsistence allowance to its members, including co-opted members*).
 - **Co-optees' Allowance** (*Each authority **may** also provide an allowance to any co-opted and appointed members of a council's committees or sub committees*).

2. PANEL MEMBERSHIP

- 2.1 There are currently three members on the panel:

Mr Ameer H Hakim (Chair) was appointed to the Panel on 29 July 2020 and is employed as a Digital Transformation Consultant in the Telecoms and Technology sector.

Mrs Harsha Shukla was appointed to the Panel on 15th July 2015. Mrs Shukla the President of Lancaster and Morecambe Hindu Society, and a member of the Faith in Lancaster Group and Communities Together.

Mr Ryan Hyde was appointed to the Panel on 30th September 2020. Mr Hyde has a law degree and works as a Governance professional. He is currently also a member of Wyre Borough Council's Independent Remuneration Panel.



3.0 BACKGROUND TO LANCASTER CITY COUNCIL'S SCHEME OF ALLOWANCES

- 3.1 The current Members Allowances Scheme is reviewed on a regular basis with a full review every four years, before the Council elections. The last full review took place during 2018 and the Scheme was approved by Council in December 2018 to take effect from May 2019.
- 3.3 The Council experienced recruitment issues to the Panel, which was not quorate for some months during the pandemic. Once quorate the new Panel undertook its first 'light touch' review of the Scheme and reported their recommendations to Council 24 February 2021, followed by a further small scale review on 26 January 2022. In January 2022 the Panel's recommendations were accepted, raising the basic allowance by 1.75% for 2021/22 to match the employee pay award of 1.75%.
- 3.4 The Regulations require an authority before the beginning of each year to 'make' the Scheme for the payment of allowances in that year.
- 3.5 The Regulations require an authority to publish the scheme if it changes and to publish the amounts of allowances paid to individual Members every year.

4.0 SUMMARY OF RECOMMENDATIONS

A summary of the recommendations is set out below. The rest of the report sets out the methodology, findings and rationale behind each recommendation.

With regard to the Basic Allowance:

- (1) That the basic allowance be increased to £4,200 backdated to 1 April 2022 to reflect the Employee Pay Award for 2022/23. That, for future years, the basic allowance be increased, year on year, in line with Employee Pay Awards, unless the IRP recommends otherwise. Should the IRP recommend otherwise, its recommendation will be put to Council at the appropriate time.***

With regard to Special Responsibility Allowances:

- (2) That Special Responsibility Allowances (SRAs) do not increase for 2022/23.***
- (3) That, for future years, SRAs be increased by the same percentage increase as the basic allowance.***

With regard to Travel Allowances:

- (4) That no change be made to the arrangements for travel outside the district and that Councillors be encouraged to use public transport wherever possible.***

(5) That the current levels of allowance should remain unchanged and remain in line with HMRC guidelines.

<i>Type of Vehicle</i>	<i>First 10,000 miles</i>	<i>Above 10,000 miles</i>
<i>Cars and vans</i>	<i>45p per mile</i>	<i>25p per mile</i>
<i>Motorcycles</i>	<i>24p per mile</i>	<i>24p per mile</i>
<i>Cycles</i>	<i>20p per mile</i>	<i>20p per mile</i>

Regarding the scheme in general:

(6) That the Council should continue to adhere to the established conventions that no member should receive more than one SRA and that no more than 50% of elected members should receive an SRA.

Regarding Dependents Carers Allowance:

(7) That the existing levels of allowance should be increased to allow the reimbursement of up to a maximum of the current National Living Wage (currently £9.50 per hour, due to rise to £10.42 in April 2023).

5.0 APPROACH OF THE PANEL

5.1 Context

5.2 The Panel began its work in September 2022. The main priorities of the Panel have been to understand how the scheme sits in the context of other comparable local authority Member's Allowances Schemes bearing in mind that Lancaster City Council faces significant financial challenges.

5.3 The Panel was keen to engage with Members from an early stage of the process and invited all Members to express their views on the suitability of the existing Members' Allowance Scheme via a survey online, in the first instance. The Panel considered these views in its final recommendations.

5.4 Methodology

5.5 The Panel undertook the following activities:

- An online survey of all current Lancaster City Councillors to understand the time they devote to their role as Elected Members and their special responsibility roles (where applicable). The survey asked Members how much time they spend fulfilling their duties as councillors and their views on the adequacy of the Basic Allowance and other allowances including the Special Responsibility Allowances. to elicit opinions about the suitability of the current Councillors' Allowance Scheme;
- A 'benchmarking' exercise against comparable district/borough councils. This considered the Basic Allowance, the Special Responsibility Allowances for each Council and the size of the Council;
- All Councillors were invited to speak to the Panel to discuss their views on the Allowance Scheme to help the Panel gain a more in-depth understanding of the roles and responsibility of Members and to seek views on the pros and cons of the current Scheme. One Councillor took up that opportunity and met with the Chair of the IRP over MS Teams.

6.0 BASIC ALLOWANCE

6.1 Current Arrangements

6.2 Each Lancaster City Councillor is entitled to receive a Basic Allowance of £3,793.56 per annum. In accordance with the Regulations, this allowance is intended to recognise the time commitment of Members including the inevitable calls on their time such as meetings with officers and constituents. It is also intended to cover relevant incidental costs. ***It is important to recognise that this is an allowance, not a salary or wage.***

6.3 Review findings

- 6.4 The Panel last reviewed the scheme at the end of 2021 and reported to Council on 26 January 2022. In its report the Panel recommended that the Basic Allowance be increased in line with the employee pay award and backdated, like the employee pay award, to 1 April 2021. That recommendation was approved by Council. At the time of drafting the report the pay award had not been agreed. It was later confirmed as 1.75%.
- 6.5 14 Members (out of a possible 58, due to two vacant seats) completed the survey in 2022 which asked for Councillors' views on how much time they spent fulfilling their duties as Elected Members and the adequacy of the Basic Allowance. This was a response rate of just over 24%, much lower than the 52% who responded to a similar survey in 2018/19.
- 6.6 64% of those who responded to the survey felt that the allowance was inadequate. Those Members who felt that the allowance was inadequate explained why; their views were on similar themes:
- concerns that the allowance was so low that it would exclude people from standing for Council unless they were retired or worked for an employer who allowed time off for public duties
 - the importance of attracting Councillors from all backgrounds was being negatively impacted by the poor remuneration
 - the basic allowance at Lancaster City Council was low in comparison to other Councils
 - cost of living increases meant that travelling to meet with constituents had become more expensive
 - the basic allowance did not rise with inflation
 - the workload had increased significantly
- 6.7 The Panel was also keen to understand how Lancaster City Council compared to other local authorities, particularly as one or two Members had expressed a view that the allowances at Lancaster were low in comparison to other Councils. The Panel undertook a benchmarking exercise which looked at the Basic Allowances of other councils in Lancashire, as well as further afield. Results are appended.
- 6.8 Following the benchmarking exercise the Panel noted that it was clear from this evidence that Lancaster City Council did pay low basic allowances compared to other authorities in the local area, though they were not the lowest. Looking at similar sized Councils outside Lancashire, Lancaster did have the lowest basic allowance.
- 6.9 To try to address this, the Panel wanted to recommend an increase that was in some way comparable to the staff pay award which, unusually for 2022/23, was a flat figure of £1,925 for all full time staff (pro rata for part time staff), rather than a percentage increase. The flat figure for employees equated to around 4% for the highest paid, with the lowest paid benefitting by around 10%. The Panel felt that raising the basic allowance by £406.44 per annum from £3,793.56 per annum to £4,200 per annum



(which equates to a similar percentage increase to staff on the lowest grade of pay) would be fair, given that the Council is facing financial difficulties.

Recommendation:

- (1) That the basic allowance be increased to £4,200 backdated to 1 April 2022 to reflect the Employee Pay Award for 2022/23. That, for future years, the basic allowance be increased, year on year, in line with Employee Pay Awards, unless the IRP recommends otherwise. Should the IRP recommend otherwise, its recommendation will be put to Council at the appropriate time.**

7.0 SPECIAL RESPONSIBILITY ALLOWANCES (SRAs)

7.1 Current Arrangements

7.2 The current range of SRAs is as follows:

Allowance	Amount (pa)
Leader of the Council and Chair of Cabinet	£11, 281.20
Deputy Leader of the Council	£6,660.60
Cabinet Members	£5,640.60
Overview and Scrutiny Committee Chair	£4,227.90
Budget and Performance Panel Chair	£3,381.30
Planning Committee Chair	£4,370.70
Licensing Committee Chair	£4,370.70
Licensing Act Hearings Sub Committee Chair	£443.70
Personnel Committee Chair	£3,335.40
Audit Committee Chair	£2,325.60
Appeals Committee Chair	£295.80
Council Business Committee Chair	£1,428.00
Standards Committee Chair	£1,234.20
Leader of Opposition Groups (allocated on a pro rata basis)	£5,640.60
Champions - £1000 (maximum) allowance to be divided equally between serving 'Champions' to a cap of £250 each Champion per annum. There are currently two Champions (Armed Forces Champion and Champion for Disabilities), so the total spend currently is £500 per annum.	£1000.00 MAX

7.3 Review

7.4 The Panel which was in place for the 2018 review recommended, and Council approved, that the SRAs for Members be increased by 2% and that detailed role profiles be prepared for each role qualifying for an SRA to assist with future evaluation of responsibilities, complexity and time commitment. Work on the role profiles is



underway but not fully completed. Some role descriptions have been completed and the Panel have had sight of those. Others are still with the Councillors in those roles awaiting their comments. It is important that the Councillors carrying out those roles shape the new 'job descriptions' that Council asked for.

- 7.5 Only five Councillors in receipt of a SRA responded to the online survey this time. One Councillor, not currently in receipt of an SRA made a strong case for the Leader of the Council and Cabinet Members' allowances to be increased. However, the Panel felt that if there had been widespread dissatisfaction with SRAs, there would have been a much greater response to the survey from those currently in roles receiving an SRA.

Because of this, and because the Panel felt that it was important to raise the basic allowance despite the Council's financial challenges, the recommendation of the Panel is not to increase SRAs at this point. However the Panel recommends that, for future years, SRAs should rise in line with the basic allowance.

Recommendations

(2) That Special Responsibility Allowances (SRAs) do not increase for 2022/23.

(3) That, for future years, SRAs be increased by the same percentage increase as the basic allowance.

8.0 CARERS' ALLOWANCES

8.1 Current Arrangements

8.2 The Council provides for the payment of a dependents' carers' allowance to Members who incur expenditure on the care of children aged 14 years and under, or other dependants whilst undertaking official Council duties.

8.3 The current scheme provides that *"The actual cost of care will be reimbursed, up to a maximum of £8.75 per hour, irrespective of the number of dependents"*.

8.4 Review

8.5 The Panel noted that the carers allowance was used very infrequently at Lancaster City Council. However, it was considered important to keep that at an appropriate level, should Councillors need to make use of it and that the resolution made by Council in 2018 should still apply, which was to keep the carers allowance in line with the National Living Wage.

Recommendation

(4) The Panel recommends that the carers allowance be increased to allow reimbursement up to a maximum of the National Living Wage (currently £9.50 per hour, due to rise to £10.42 in April 2023)

9.0 TRAVEL AND SUBSISTENCE ALLOWANCES

9.1 Current Arrangements

9.2 Arrangements are in place to enable members to claim the costs of travel and subsistence associated with undertaking approved duties within the district. Any travel outside the district is arranged via Democratic Services using public transport wherever feasible and where it will be the most economical option.

9.3 Review

9.4 The Panel considers that the mileage rates payable for the use of cars/vans, motorcycles and cycles should remain aligned to the HMRC rates which are the same as for staff. Although one survey response suggested that the rates of mileage should rise with the cost of fuel, using HMRC rates was considered to be fair.

Recommendation

(5) That the HMRC rates of travel allowances should apply:

<i>Type of Vehicle</i>	<i>First 10,000 miles</i>	<i>Above 10,000 miles</i>
<i>Cars and vans</i>	<i>45p per mile</i>	<i>25p per mile</i>
<i>Motorcycles</i>	<i>24p per mile</i>	<i>24p per mile</i>
<i>Cycles</i>	<i>20p per mile</i>	<i>20p per mile</i>

10.0 CO-OPTEE'S ALLOWANCE

10.1 Each authority **may** also provide an allowance to any co-opted and appointed members of a council's committees or sub committees. No appointments requiring an allowance have been made at Lancaster City Council, therefore the Panel had no recommendations to make regarding allowances for Co-optees.

11.0 COSTS OF RECOMMENDATIONS

11.1 The Scheme of Members' Allowances currently in place cost £311,228.03 in 2021/22, the last year where final figures are available. This was made up of £219,024.58 basic allowances, £92,048.35 SRAs and £155.10 Travel/Subsistence.

11.2 Based on 60 Councillors, the Scheme of Members' Allowances now recommended by the IRP would increase basic allowances by £24,386.40 in 2023/24. There would be no effect on the SRAs or Travel costs. However, costs will increase in May 2023 when the Council will gain an additional Councillor as a result of the Local Boundary Commission for England's decision to increase the Council size from 60 to 61 Councillors. That will entail an additional basic allowance of £4,200.

11.3 There is always the potential for the cost of the Councillors' Allowances Scheme to be slightly lower or higher than estimated each year. Costs are affected by seats left



vacant whilst by-elections are held, for example, or if more than one Special Responsibility posts is held by the same Member.

ACKNOWLEDGEMENTS

The IRP wishes to thank the fourteen Councillors below who responded to the survey for their input during this review, in particular Councillor Lewis who met remotely with the Chair of the Panel to expand on her survey response.

Councillor Gerry Blaikie (Liberal Democrat)

Councillor Dave Brookes (Green and Independents) – Cabinet Member

Councillor Roger Dennison (Morecambe Bay Independents) – Armed Forces Champion

Councillor Colin Hartley (Labour) – Licensing Committee Chair

Councillor Geoff Knight (Morecambe Bay Independents) – Council Business Committee Chair

Councillor Jack Lenox (Green and Independents)

Councillor Erica Lewis (Labour)

Councillor Abi Mills (Green and Independents)

Councillor Jean Parr (Labour)

Councillor Margaret Pattison (Labour)

Councillor Robert Redfern (Labour)

Councillor Alistair Sinclair (Green and Independents)

Councillor Sandra Thornberry (Labour) – Planning Committee Chair

Councillor David Whitaker (Labour)

SUMMARY OF LANCASHIRE DISTRICT/BOROUGH COUNCIL'S ALLOWANCES SHOWING AVERAGES

Allowance	Lancaster	Highest	Lowest	Average	Median
Basic	3,793.56	10,663.90	3,000.00	4,936.07	4,545.00
Leader	11,281.20	31,991.72	4,000.00	15,480.86	14,661.25
Deputy Leader	6,660.60	19,195.03	2,272.50	7,952.01	7,015.00
Cabinet Member	5,640.60	14,396.28	4,785.21	7,213.28	6,548.14
Planning Chair	4,370.70	8,531.12	2,934.54	5,280.70	4,842.00
Scrutiny Chair	4,227.90	10,663.90	2,421.00	4,982.70	4,269.47
Licensing Chair	4,370.70	8,531.12	500.00	3,385.15	2,854.83
Avg of other Chairs	1,773.43	7,798.24	850.00	2,859.05	2,421.00
Median of other Chairs	1428.00	6,398.34	765.00	2,696.88	2,163.14

Summary without Blackpool or Pendle (highest and lowest)

Allowance	Lancaster	Highest	Lowest	Average	Median
Basic	3,793.56	7,464.38	3,342.00	4,591.36	4,545.00
Leader	11,281.20	21,594.00	9651.00	15,023.59	14,661.25
Deputy Leader	6,660.60	12,797.10	2272.50	6,929.91	7,015.00
Cabinet Member	5,640.60	9,090.00	4785.21	6,415.17	6,412.27
Planning Chair	4,370.70	7,770.00	2,934.54	4,985.21	4,842.00
Scrutiny Chair	4,227.90	6,817.50	2,421.00	4,351.46	3,753.72
Licensing Chair	4,370.70	5,827.00	1,529.00	3,179.62	3,288.65
Avg of other Chairs	1,773.43	6,312.75	2426.86	2,592.67	2,421.00
Median of other Chairs	1428.00	5,827.00	765.00	2,528.29	2,163.14

SUMMARY OF SELECTED COUNCILS* OUTSIDE LANCASHIRE SHOWING AVERAGES

Allowance	Lancaster	Highest	Lowest	Average	Median
Basic	3,793.56	6,425.00	4,326.00	5,380.86	5,245.00
Leader	11,281.20	20,880.00	12114.00	17,441.57	18,000.00
Deputy Leader	6,660.60	11,229.00	5,245.00	8,030.80	8,480.00
Cabinet Member	5,640.60	14,242.00	5,000.00	8,555.00	7,868.00
Planning Chair	4,370.70	6,425.00	2,623.00	4,343.14	4,497.00
Scrutiny Chair	4,227.90	6,425.00	2,999.00	4,598.57	4,500.00
Licensing Chair	4,370.70	4,818.00	899.00	3,748.20	4,500.00
Avg of other Chairs	1,773.43	4,024.00	541.00	2,038.92	1,968.75
Median of other Chairs	1428.00	4,024.00	541.00	1,763.00	1,128.00

*Councils were:

Canterbury City Council Number of Members Population 165,349

Carlisle City Council Number of Members 39 Population 108,678



Cheltenham City Council Number of Members 40 Population 116,495

Dover District Council Number of Members 32 Population 106,900

Exeter City Council Number of Members 39 Population 128,900

Ipswich Borough Council Number of Members 48 Population 133,384

Oxford City Council Number of Members 48 Population 151,600