

**Report To: Lancaster City Council**

**From: The Independent Remuneration Panel**



**Recommendations for Councillors' Remuneration  
for the Municipal Year 2024/25**

**Report to Council on Wednesday 24 January 2024**



## PANEL REMIT

- 1.1 Lancaster City Council's Independent Remuneration Panel (IRP) was established in accordance with the 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*).
- 1.4 The Regulations require an authority before the beginning of each municipal year to 'make' the Scheme for the payment of allowances in that year.
- 1.5 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.

## 2.0 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 15<sup>th</sup> July 2015. Mrs Shukla the President of Lancaster and Morecambe Hindu Society, and a member of Communities Together.

**Mr Ryan Hyde** was appointed to the Panel on 30<sup>th</sup> September 2020. Mr Hyde has a law degree and works as a Governance professional.

## 3.0 BACKGROUND TO LANCASTER CITY COUNCIL'S SCHEME OF ALLOWANCES

- 3.1 The Councillors' 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 late 2022 and



the current Scheme was approved by Council on 25 January 2023 to take effect from May 2023 (with an increase in the basic allowance backdated to 1 April 2022).

3.2 In accepting the IRP's recommendations at that meeting, Council made the following resolutions regarding the levels of allowances:

- (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.*
- (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.*

#### 4.0 SUMMARY OF RECOMMENDATIONS

A summary of the recommendations is set out below. The rest of the report gives the methodology and rationale for each recommendation as well as the cost impact.

With regard to the Basic Allowance:

- (1) That the basic allowance be increased by 3% from £4,200pa to £4,326pa with effect from 5 April 2024.***
- (2) That, for future years, the IRP will review the level of basic allowance and make a recommendation to Council for consideration at its January meeting.***

With regard to Special Responsibility Allowances (including the Mayor/Deputy Mayor allowances):

- (3) That Special Responsibility Allowances (SRAs) be increased by 3% with effect from 6 April 2024.***
- (4) That, for future years, the IRP will review the level of SRAs and make recommendations to Council for consideration at its January meeting.***

With regard to the Dependents Carers Allowance:

- (5) To reconfirm that the Dependents Carers Allowance should allow for reimbursement of up to a maximum of the Real Living Wage as determined by the Living Wage Foundation (currently £12.00 per hour).***

#### 5.0 METHODOLOGY

5.1 For this light touch review in-between elections, the Panel wanted to be sure that any issues that Councillors feel concerned about were fully considered. With this in mind, the Senior Manager, Democratic Support and Elections emailed all Councillors on 24 October asking if there were any issues that they wished to bring to the attention of the Panel. A copy of the current Councillors' Allowances Scheme was attached to the email, which also explained the



review process for the benefit of newly elected Councillors. No issues were raised by Councillors.

- 5.2 The Panel met on 3 January 2024 to discuss the issue of basic and Special Responsibility Allowances (SRAs). For the last two years, the employees pay award has not been a simple percentage increase that could be applied to Councillors allowances and the Council is facing financial difficulties. Therefore the Panel had to balance several factors to come to a recommendation for any potential increase in allowances.
- 5.3 One factor taken into consideration was information from other Lancashire authorities who had been approached for benchmarking purposes. The only district Council who had already determined their scheme was Chorley, and they had applied a generous 5.62% increase to the basic allowance, calculating this to be the middle percentage increase using their salary scales, from the lowest to the highest grade. In contrast, Hyndburn reported that they had not increased their Councillors allowances for several years and had no plans to do so this year. Consequently their allowances were worth less year on year in real terms.
- 5.4 Another factor was the most recent increase in the basic allowance to Councillors that was implemented with effect from 1 April 2022. This had been quite a sizeable increase to make up for years where no increase had been applied. Panel Members also kept in mind the fact that SRAs had not been increased at the last review and that they were due to be increased in this review. A percentage increase in SRAs to match any increase in the basic allowance was something the IRP wished to recommend during this review, in an attempt to stop SRAs falling further behind.
- 5.5 Finally, the IRP were also aware that the Council has a funding gap to address, that services and staffing have been cut and that further efficiencies are being sought to balance the budget.

## 6.0 CONCLUSIONS AND RECOMMENDATIONS

### 6.1 Basic Allowance

- 6.2 The Panel wanted to recommend an increase that was roughly comparable to the staff pay award for senior staff for 2023/24. Like 2022/23, the pay award for 2023/24 was a flat figure of £1,925 for all full time staff (pro rata for part time staff), rather than a percentage increase (although there was a percentage increase for Chief Officers of 3.5% for 2023/24).
- 6.3 The flat figure of £1,925 for Lancaster City Council employees equated to a 9.25% pay increase for the lowest paid (Grade 5) going down to 2.75% for those at the top of the pay spine (top of Grade 14). The Panel felt that the basic allowance of £4,200pa should be raised to a level within the lower percentage of these increases and recommend 3% for the reasons given above. A 3% increase would raise the basic allowance to £4,326pa. The Panel recommends that this should not be backdated and should take effect from the beginning of the new tax year, 6 April 2024. In addition, the Panel felt that it would wish to make recommendations regarding the basic allowance year on year in future in light of the Council's financial position.

### Recommendations regarding the basic allowance :

- (1) That the basic allowance be increased by 3% from £4,200pa to £4,326pa with effect from 5 April 2024.***



***(2) That, for future years, the IRP will review the level of basic allowance and make recommendations to Council for consideration at its January meeting.***

#### **6.4 Special Responsibility Allowances (SRAs)**

6.5 In January 2023, Council agreed with the recommendations of the Panel not to increase SRAs for 2022/23, making the following resolutions:

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

6.6 The current levels of SRAs are shown below:

<b>Allowance</b>	<b>Amount (pa)</b>
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; and 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.	£250 each (subject to a max of £1,000)

The Mayor currently receives an allowance of £6,720 and the Deputy Mayor receives £1,335.

6.7 Having regard to the recommendation of Council in January 2023, that the levels of SRA should be increased in line with the basic allowance, the IRP recommends that a 3% increase be applied to the SRAs from 6 April 2024, the same date recommended for the 3% increase in the basic allowance to take effect from. In addition, the Panel felt that it would wish to make recommendations year on year in future in light of the Council's financial position.

#### **Recommendation regarding SRAs (including the Mayor/Deputy Mayor allowances):**

***(1) That Special Responsibility Allowances (SRAs) be increased by 3% with effect from 6 April 2024.***



***(2) That, for future years, the IRP will review the level of SRAs and make recommendations to Council for consideration at its January meeting.***

*(A table showing the SRA amounts with a 3%pa increase applied is appended to this report for information.)*

- 6.8 The Panel had one more recommendation which was to reconfirm that the real living wage should continue to be made available for claims for Dependents Carers Allowance.

**Recommendation regarding Dependents Carers Allowance:**

***(1) To reconfirm that the Dependents Carers Allowance should allow for reimbursement of up to a maximum of the Real Living Wage as determined by the Living Wage Foundation (currently £12.00 per hour).***

**7.00 COST OF THE RECOMMENDED CHANGES TO THE SCHEME**

- 7.1 The Scheme of Councillors' Allowances currently in place cost £330,649.71 in 2022/23, the last year where final figures are available. This was made up of £240,130.25 basic allowances, £89,989.76 SRAs and £529.50 Travel/Subsistence.
- 7.2 Based on 61 Councillors, the Councillors' Allowances Scheme now recommended by the IRP would increase basic allowances by £7,686.00 and the SRAs by £3,106.81 in 2024/25.
- 7.3 The figures quoted above are if all allowances were claimed, based on current arrangements which are a Cabinet of 10 Members, 3 Licensing Hearing Sub Committee Chairs and 2 Champions. 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 post is held by the same Councillor.

<b>Allowance (with 3% increase shown)</b>	<b>Amount (pa)</b>
Leader of the Council and Chair of Cabinet	£11, 281.20 <u>+£338.44</u> <b>£11,619.64</b>
Deputy Leader of the Council	£6,660.60 <u>+£199.82</u> <b>£6,860.42</b>
Cabinet Members	£5,640.60 <u>+£169.22</u> <b>£5,809.82</b>
Overview and Scrutiny Committee Chair	£4,227.90 <u>+£126.84</u> <b>£4,354.74</b>
Budget and Performance Panel Chair	£3,381.30 <u>+£101.44</u> <b>£3,482.74</b>
Planning Committee Chair; and Licensing Committee Chair	£4,370.70 <u>+£131.12</u> <b>£4,501.82</b>
Licensing Act Hearings Sub Committee Chair	£443.70 <u>+£13.31</u> <b>£457.01</b>
Personnel Committee Chair	£3,335.40 <u>+£100.06</u> <b>£3,435.46</b>
Audit Committee Chair	£2,325.60 <u>+£69.67</u> <b>£2,395.27</b>
Appeals Committee Chair	£295.80 <u>+£8.87</u> <b>£304.67</b>
Council Business Committee Chair	£1,428.00 <u>+£42.84</u> <b>£1,470.84</b>
Standards Committee Chair	£1,234.20 <u>+£37.03</u> <b>£1,271.23</b>
Leader(s) of Opposition Group(s) (allocated on a pro rata basis)	£5,640.60 <u>+£169.22</u> <b>£5,809.82</b>
Mayor	£6,720.00 <u>+£201.60</u> <b>£6,921.60</b>
Deputy Mayor	£1,335.00 <u>+£40.05</u> <b>£1,375.05</b>



<p>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).</p>	<p>£250.00                  +£7.50  <u><b>£257.50</b></u>                  (subject to a max of £1,000)</p>
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