

Councillors' Allowances Scheme for 2021/22 and 2022/23: Report of the Independent Remuneration Panel

1. Introduction

- 1.1. The Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended), require that a local authority:
- Appoints an independent remuneration panel (IRP) of at least three members to review the Councillors' Allowances Scheme; and
 - Has regard to the recommendations made by the IRP.
- 1.2 The Allowances Scheme is due to be approved by the Full Council in time to be implemented for the 2021/22 financial year, as agreed by the Full Council on 26 February 2020 as part of report [LDS/156](#).
- 1.2 The IRP has concluded its considerations of the allowance rates. This report sets out the recommendations for the Allowances Scheme for 2021/22 and 2022/23.

2. Background

- 2.1 Members of the IRP were as follows:
- Jeff Alexander, Chief Executive, Gatwick Diamond Business
 - Philip Brown, Interim Group Director of Policy and External Affairs, B&CE
 - Steve Turner, Crawley Prevention Police Inspector, Sussex Police
 - John Williams, Chief Executive, Crawley Community Action.
- 2.2 The Regulations require that the IRP produces a report that makes recommendations on the following matters:
- (a) as to the responsibilities or duties in respect of which the following should be available—
 - (i) special responsibility allowance (SRA);
 - (ii) travelling and subsistence allowance; and
 - (iii) co-optees' allowance;
 - (b) as to the amount of such allowances and as to the amount of basic allowance;
 - (c) as to whether dependants' carers' allowance should be payable to members of an authority, and as to the amount of such an allowance;
 - (d) as to whether, in the event that the scheme is amended at any time so as to affect an allowance payable for the year in which the amendment is made, payment of allowances may be backdated in accordance with regulation 10(6);
 - (e) as to whether adjustments to the level of allowances may be determined according to an index and if so which index and how long that index should apply, subject to a maximum of four years, before its application is reviewed;
 - (f) as to which members of an authority are to be entitled to pensions in accordance with a scheme made under section 7 of the Superannuation Act 1972; and
 - (g) as to treating basic allowance or special responsibility allowance, or both, as amounts in respect of which such pensions are payable in accordance with a scheme made under section 7 of the Superannuation Act 1972.
- 2.3 It should be noted that points (f) and (g) were no longer relevant as councillors have, since 2014, been excluded from the Local Government Pension Scheme.

3. Summary of the IRP's Discussions

Meeting One: Overview and Agreeing the Information Required. 1 October 2020

- 3.1 Prior to the meeting, all IRP members were sent an initial report which set out the relevant legislation, the processes and responsibilities for decision-making at Crawley Borough Council, the current Allowances Scheme and the recommendations of the previous IRP, and South East Employers' 2019 allowance scheme survey.
- 3.2 The above information was discussed at the meeting, along with a presentation by officers that gave further information and summarised the procedure of the IRP.
- 3.3 Members of the panel recognised that, due to the Coronavirus pandemic, they were deliberating the Allowances Scheme in an atypical context. It was therefore suggested that the 2021/22 Allowances Scheme could be agreed for a two year period rather than a four year period. It was also noted that the pandemic may have affected councillors' workloads; further information regarding this was requested.
- 3.4 Also discussed were: the time commitments given by councillors (including committee chairs and the Mayor), how effectively the allowances attract and retain councillors, the provision of IT equipment to facilitate remote meetings, the expectation that a portion of a councillor's work be voluntary, and the Council's current financial situation.

Meeting Two: Basic Allowance and SRAs. 5 November 2020

- 3.5 As per the IRP's request, an online feedback form had been sent to all councillors requesting their opinions on the effect of the Coronavirus pandemic on their work as a councillor, their time commitment to the role, and the utility of the financial allowance provided. The form also requested opinions on the Mayor's allowance, which was to be discussed at the third meeting. 18 of 35 councillors provided feedback via the form; members of the panel were grateful for their participation.
- 3.6 The IRP discussed the feedback, which was found to be interesting and of use. It was identified that the majority of the answers gave a general consensus. Over half of respondents, for example, considered the basic allowance to be about right; with nearly three quarters stating it was either about right or too high. Over two thirds of respondents also stated that they were now using the allowance the same (or less than) prior to the Coronavirus pandemic.
- 3.7 Individual feedback comments were also discussed. The IRP noted that while there was consensus in some areas, there were also disparities - some councillors had reported an increase in their workload, while others had reported reductions. IRP members agreed that it would be unrepresentative to make a sweeping change to the basic allowance based on this wide-ranging feedback. To keep the Allowances Scheme in proportion, it was proposed that SRAs should also remain unchanged. There had been no evidence that any one SRA was significantly too low or too high.
- 3.8 As per the IRP's request, the two Group Leaders had been asked to consult their Groups and provide an indication of how suitable each Group felt the current Allowances Scheme was. The IRP heard that no responses had been provided.

- 3.9 The IRP received detailed information on the allowances of nearby local authorities' (and those considered to be of a similar nature to Crawley) and whether/how these had been altered by each authority's most recent IRP. It was remarked that of the few IRPs that had suggested increases to the basic allowance in 2019, the new rates were still at least £1,000 less than Crawley's basic allowance. It was agreed that, as Crawley's basic allowance was higher than average, there was no need for the allowance to 'catch up' to that of other councils.
- 3.10 It was therefore agreed that both the basic allowance and all special responsibility allowances should be retained at their current rate, including pausing any indexation in both 2021/22 and 2022/23 (this was considered to be mitigated by the substantial 2.75% increase received in 2019/20). It was highlighted that this would help alleviate, if only to a small extent, the significant financial effects of the Coronavirus pandemic. It was projected (based on an average of the past three years' increases) that pausing the indexation would save upwards of £15,000.

Meeting Three: Expenses, Mayor's Allowance, and Conclusion. 19 November 2020

- 3.11 The IRP considered the current subsistence allowances and deemed it suitable that the rates remain in line with those payable to officers.
- 3.12 It was considered important that travel allowances continue to be offered at the HMRC approved mileage allowance payments (AMAP) rates. Any future changes to the AMAP rates should be mirrored in the Allowances Scheme by default. The IRP requested it be emphasised that the rates were also applicable to electric cars, and hoped that this reminder would be an incentive toward a reduction in carbon emissions in Crawley.
- 3.13 It was felt that no change to the dependants' carers' allowance (£8.82/hr) was currently necessary. It was however noted that this was only marginally higher than the national living wage (£8.72/hr). A wish to update the dependants' carers' allowance by default following any future increases in the national living wage was expressed. This would ensure the allowance would be sustainable.
- 3.14 It was recognised that the Council does not often co-opt members. It was agreed that co-optee rates should be maintained; allowing expenses and the relevant SRA to be payable for a year-long appointment. If a person is co-opted for part of a year, the allowance should be proportional to the amount of time they are co-opted.
- 3.15 Consideration of the Mayor's and Deputy Mayor's allowances by an IRP is not a statutory requirement, but is deemed good practice. Upon careful review of 44 councils' mayor's/chair's allowances (via the SEE survey 2019) of which the average was £4,759.45, the IRP identified that the Crawley Mayor's allowance was the fourth most generous (£11,239). It was unclear as to the reasoning behind this, and considering the extra facilities provided to the Mayor (e.g. mayoral car, chauffeur service) and the fewer demands on the role since March 2020, it was said that the allowance could be reduced without harming the capacity of the role.
- 3.16 The feedback regarding the mayor's allowance as provided by councillors via the form was mixed, but showed no justification for increasing the allowance, or for maintaining it at what the IRP considered to be a disproportionately high rate.

- 3.17 The IRP members agreed, after thorough discussion, that it was outside of their area of expertise to recommend an exact monetary figure by which to decrease the Mayor's allowance. It was therefore agreed that the Governance Committee and in turn the Full Council should decide by how much the Mayor's allowance should decrease (for the financial years 2021/22 and 2022/23), if a clear rationale cannot be provided for maintaining the allowance at its current rate.
- 3.18 It was agreed that the Deputy Mayor's allowance (£1,752) was better aligned to the regional average (£1,243) and, given the workload, was suitable at approximately 15% of the Mayor's allowance. The current rate was deemed appropriate but may require slight alteration depending on any change made to the Mayor's allowance.
- 3.19 Members of the IRP were thanked for the time, consideration, and independent views they had offered to the deliberations. The IRP was guided through each element of the Regulations and confirmed its final recommendations, set out below.

4. Recommendations

- 4.1. Based on the above information, the IRP recommends that:
- a) The agreed Councillors' Allowance Scheme should be in place for the financial years 2021/22 and 2022/23, with an Independent Remuneration Panel formed to review the Allowances Scheme for 2023/24.
 - b) The basic allowance and all special responsibility allowances (SRAs) should remain at the same rates as at the 2019/20 Allowances Scheme (as amended by the 2.75% chief officers' pay award). Councillors should continue to be limited to one SRA.
 - c) The allowances should not be subject to an indexation. There should be no increase in line with the chief officers' pay award in both 2021/22 and 2022/23.
 - d) If the Full Council rejects the recommendation to pause the indexation, any annual increase should be no greater than 1% per year and should apply equally to all allowances.
 - e) Travel allowances should be maintained at the same rate as the HMRC approved mileage allowance payment rates, and should be updated by default to mirror any future changes to the HMRC rates. The allowance is payable to electric car users at the same rate as other car users. Public transport expenses should continue to be payable under the existing arrangements.
 - f) Subsistence allowances should be maintained at the same rate as those payable to officers (and updated by default in line with any changes made in the future).
 - g) Dependants' carers' allowances should be maintained at a rate of £8.82/hr, unless the national living wage is increased above this amount. If so, the allowance should be updated by default to remain 10 pence above the national living wage.
 - h) The current allowances payable to co-optees should be maintained, allowing expenses and the relevant SRA to be paid proportionately to the time in post.

- i) If a clear rationale cannot be provided for maintaining the rate of allowance payable to the Mayor, the allowance should be reduced by an amount to be decided by the Governance Committee and in turn the Full Council. The IRP advises that careful consideration be given to what it deemed was a disproportionately high allowance compared to mayoral allowances of other local authorities.
- j) The Deputy Mayor's allowance should be maintained at the current rate, unless a substantial change is made to the Mayor's allowance. In which case, the rate should be altered proportionately to remain at approximately 15% of the Mayor's allowance.