

# **Councillors' Allowances Scheme for 2023/24 - 2026/27: 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 current Allowances Scheme is due to expire on 26 May 2023. A new Scheme is to be approved by the Full Council to be implemented for the 2023/24 municipal year onwards.
- 1.2 The IRP has concluded its considerations of the allowance rates. This report sets out the recommendations for the Allowances Scheme for the municipal years 2023/24, 2024/25, 2025/26, and 2026/27.

## **2. Background**

- 2.1 Members of the IRP were as follows:
  - Philip Brown, Director of Policy and External Affairs, B&CE
  - Michelle Leach, Chair of Governors, Holy Trinity School
  - Steve Turner, Crawley Prevention Police Inspector, Sussex Police.
- 2.2 The Regulations require that the IRP produces a report that makes recommendations:
  - (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) are no longer relevant as councillors have, since 2014, been excluded from the Local Government Pension Scheme.

- 2.4 Consideration of the Mayor's and Deputy Mayor's allowances by an IRP is not a statutory requirement, but was previously requested by the Governance Committee.

### **3. Summary of the IRP's Discussions**

#### Meeting One – 13 June 2022

- 3.1 Prior to the first meeting, IRP members were sent a detailed introductory report which set out the relevant legislation, information on how the Council operates, a summary of decision-making processes and councillors' roles, the final report of the 2020 IRP, the current Allowances Scheme, and South East Employers' 2021 allowances survey.
- 3.2 The above report was discussed at the meeting, along with a presentation by officers that gave further information about the Council's decision-making structure and the responsibilities of councillors. Officers also summarised the procedure of the IRP.
- 3.3 The IRP discussed the recommendations made in 2020 – it was noted that all allowances had been frozen and had not been linked to any indexation. The only significant changes made were the reduction in the Mayor's and Deputy Mayor's allowances. The reasoning behind these changes was discussed and officers highlighted that councillors had since voiced a variety of opinions on the mayoral allowance – the IRP agreed to seek opinions/evidence from previous mayors to inform this year's recommendations.
- 3.4 It was explained that presently the timescale of the Allowances Scheme aligned with financial years rather than municipal years. In conversation with officers, it was queried whether this caused complications when councillors' special responsibility allowances were changed at the Annual Meeting of the Council. It was proposed that the current Allowances Scheme be extended to end on 26 May 2023 (the day of the Annual Meeting) and the next Scheme begin the following day. This would ensure that councillors receive one rate of allowance throughout the entire municipal year based on the roles allocated to them at the Annual Meeting; streamlining the process and reducing staff time used to process changes to the allowance rates. This was approved for the 2022/23 Scheme at the Governance Committee meeting on 21 June 2022 and the Full Council meeting on 20 July 2022. Upon further discussion, the IRP agreed to recommend that these timescales also be applied further into the future.
- 3.5 The IRP discussed the consultation held with councillors as part of the 2020 review. It was decided that informal conversations with councillors in a range of roles would provide an enhanced version of the previous consultation and would be beneficial. A list of interviewees and a set of conversation questions were drafted and agreed.

#### Meeting Two – 30 June 2022

- 3.6 Several interviewees were invited to talk to the IRP and spoke to their experiences in their various roles:

- Councillor Peter Lamb (previous Leader of the Council/committee chair)
- Former Councillor Carlos Castro (previous Mayor)
- Councillor Kim Jaggard (previous committee chair)
- Councillor Ian Irvine (Cabinet Member/committee chair)
- Councillor Zak Ali (could not attend).

3.7 Written responses to the IRP's questions were provided by the following Mayors:

- Councillor Jilly Hart
- Former Councillor Morgan Flack
- Former Councillor Brian Quinn
- Councillor Brenda Burgess
- Councillor Chris Mullins.

Other individuals were approached but did not respond.

3.8 The IRP considered it important to attain as wide a perspective as possible (particularly regarding the mayoral allowances), hence requests for participation being sent to a range of individuals.

3.9 A sample of the questions asked are set out below (these varied depending on the individual and the SRA held).

- Does the basic allowance you receive cover the expenditure relating to your duties as a councillor? Does it also remunerate you for the work you undertake?
- Do you agree with the idea that a proportion of a councillor's work should be considered voluntary?
- Do you believe that allowances should be increased annually in line with officers' pay?
- What Special Responsibility Allowance roles do you hold/have you held?
- Does/did your SRA reflect the extra work you do in relation to your special responsibility duties? How does this workload compare to your workload as a ward councillor?
- Are there any particular SRAs that should be higher/lower than others?
- Did the allowance you received as Mayor cover all expenses relating to the role? Was it sufficient to remunerate you for the time you gave?
- Do you have any opinions on the cut made to the Mayor's allowance in 2020? Would the new amount have dissuaded you from taking on the role?

3.10 A summary of the responses are provided below. There was a consensus of opinion between interviewees on the following:

- The basic allowance does cover the costs of the role
- The suitability of the allowance depends on how much work a councillor puts in – difficult to assess whether it remunerates for the time given to the role
- Party politics takes up a large amount of time but is a separate duty
- Councillors' workloads have grown over the years especially during/since the pandemic e.g. greater demand from the public, more external partnerships etc
- Part of a councillor's work should be considered voluntary as it is a public service
- Allowances should be linked to the annual officers' pay increase
- It is suitable to hold an IRP review every four years and not more regularly
- The Mayor's workload is large with high community value/involvement. The allowance should reflect this
- Most Mayors interviewed reported that their budget had been tight but the allowance they received had at least covered their expenses. The allowance had since been lowered but the costs and workload had decreased
- The 2020 reduction to the Mayor's allowance had been surprising.

3.11 The opinions of interviewees were disparate on the following:

- Although there was general agreement that it was difficult to quantify whether the basic allowance remunerated for the time given to the role, some concluded that it did compensate for a significant portion of the time involved and others concluded that it did not compensate for the time involved at all
- Some believed that it was unfeasible to maintain a full-time job and be a councillor; others commented that doing both was achievable
- Some believed that it was problematic to compare allowances to neighbouring councils due to differences in demographics; others believed that comparisons were a good tool
- One interviewee commented that committee chairs' allowances could be lowered considering the amount of work they undertake
- One interviewee commented that Committee vice-chairs allowances' could be reintroduced based on the amount of work they undertake.
- Some commented that the Mayor works for the community and the role is to benefit residents and therefore it was not appropriate for the Mayor to be fully remunerated for their time; others believed that the current allowance should be increased as it was not sufficient to remunerate for the time involved
- The 2020 reduction in the Mayor's allowance would dissuade some from undertaking the role again; it would not dissuade others
- Some reported that it was not possible to have a full-time job as the Mayor; others had undertaken both
- Some believed that the reduction had devalued the role of the Mayor.

3.12 IRP members agreed that the discussions had been insightful. Their key conclusions were as follows:

- Personal context was key as to whether the allowances were appropriate/sufficient – there was significant disparity between individuals' views with some taking opposite stances. It was therefore hard to implement a catch-all approach.
- It was recognised that many felt that the time commitment of being a councillor was larger than they expected. However it was agreed that the allowances should not necessarily compensate councillors in full for all the time that they give due to the public service nature of the role, which was not a job (nor was the allowance a salary).
- A notable portion of a councillor's work is related to party politics, which is a separate matter and should not be covered by the remuneration, however it was recognised that it was hard to differentiate this work from the work in the role of a councillor.
- Several interviewees mentioned the Council's financial position. Following an offer by officers for further information, the IRP agreed that it did not want to take into account details of the Council's budget. The recommendations on the allowances were to be made independently of this information.
- There was a significant disparity of opinion regarding the Mayor's allowance. The role had shifted in recent years and this made it difficult to compare the comments made – it was suggested that the opinions of recent Mayors were more likely to give an accurate picture of the role at present
- The conflicting views had made it unclear as to which mayoral costs were covered by the allowance and which were covered by the civic budget. There were particular concerns about comments made about the costs of entertaining.

### Meeting Three – 18 July 2022

- 3.13 The IRP discussed the basic allowance and agreed on the importance of maintaining a rate that was reasonable. According to the 2021 SEE Survey, Crawley's basic allowance (£6,617) was higher than the average district/borough council allowance (£5,445). It was also in the top fifth of basic allowances reported. This suggested that the figure was in the right ballpark and that there was no need for the allowance to be increased based on a need to 'catch up' with the rates paid by others.
- 3.14 This reflected the feedback provided during the conversations with councillors – none had expressed extremes of opinion that the basic allowance was significantly too low or too high. Some had stated that the allowance did not remunerate them in full for the time they gave to the role, but all had agreed that a proportion of a councillor's role/workload should be voluntary. Many had also agreed that the allowance covered the expenses of the role. The IRP therefore concluded that, on balance, the current rate was likely to be appropriate for the majority of councillors and there was no justification to increase or decrease it.
- 3.15 Similarly, the IRP discussed the SRA rates and highlighted that there had been no evidence throughout its considerations that any one SRA was significantly too low or too high. IRP members were reminded of the role profiles detailed at the first meeting and agreed that their attention had not been drawn to any specific SRA as offering a disproportionate level of allowance. A small number of opinions had been given regarding the various committee chair and vice-chair allowances but as there had been no broad consensus, it was agreed that it would not be justifiable to alter some SRA rates and not others.
- 3.16 It was noted, however, that the proposed freeze on the basic allowance and SRAs should be balanced with the re-introduction of an annual indexation/increase.
- 3.17 The IRP discussed the previously-used indexation of the annual NJC officers' pay increase. The Head of Corporate Finance was consulted, and it was highlighted that (at the time of the meeting), the offer presented to the unions by National Employers was a figure, in pounds, by which all officers' salaries were proposed to be increased (£1,925) rather than a percentage. The IRP agreed that a percentage would have been easier to apply to councillors' allowances and that it was not suitable to increase every councillor's allowance by the proposed £1,925. Various other mechanisms by which to index the allowances were discussed, none of which were deemed fully appropriate:
- CPI/RPI
  - An average of the proposed officers' increase across all salary scales, as a percentage
  - An average of previous years' officers' increases.
- 3.18 In determining an indexation, it was important to the IRP to recognise that councillors were not exempt from the effects of the rising cost of living. This should be balanced with a desire to protect the public purse. It was also recognised that in the past, occasionally, the officers' pay increase had not been agreed by the beginning of the following financial year.
- 3.19 Further discussion led the IRP to conclude that the allowances should be subject to indexation by the annual officers' pay increase (for the previous year), unless:  
1) the officers' pay increase is not agreed before the beginning of the forthcoming

municipal year, or

II) the officers' pay increase is a figure rather than a percentage, or

III) the officers' pay increase is a percentage which is higher than the amount by which the Council's fees and charges are to increase in the forthcoming financial year; and in any of these cases the percentage by which fees and charges will be increasing in the forthcoming financial year will instead be applied to the allowances. Therefore, in any given year that the new Allowances Scheme applies to, either the previous year's officers' pay increase or the aligning year's fees and charges increase was proposed to be used.

#### Meeting Four – 11 August 2022

- 3.20 The IRP considered the mayoral allowances and recalled that both allowances had been significantly decreased as part of the last review. Members agreed that they were now seeking evidence to demonstrate whether this reduction had been fitting – if any information suggested otherwise, the IRP would be willing to recommend an increase. It was noted that councillors had since voiced various opinions on the reduction and IRP members strove to take all relevant points into account.
- 3.21 The IRP re-evaluated the comments (both written and verbal) made at the second meeting and concluded that the discrepancies in opinion made it difficult to draw conclusions. In particular, concerns were raised about some expectations of the usage of the Mayor's allowance. Supplementary information was therefore requested.
- 3.22 The Members' and Mayoral PA was invited to speak to the IRP to offer a different perspective of the Mayor's expenditure. It was clarified that the civic budget covered all expenses for a Mayor's four annual formal events, as well as smaller expenditure on behalf of the Council (a recent example was the sending of flowers to the spouse of a previous councillor who had passed away). Meanwhile, the allowance covered the cost of entertaining guests which was not met by the civic budget, as well as tickets to, and expenditure at, other events to which the Mayor had been invited (e.g. raffle tickets, donations). The allowance could also be used for personal reasons such as purchasing formal clothing for events, if required. Historically a Mayor would also fund catering for receptions after Full Council meetings out of their allowance, however this no longer took place. It was heard that the number of events a Mayor is expected to attend has decreased in recent years and the role has changed in light of this. It remained a significant honour to carry out the role of Mayor and the time commitment, although lesser, was still notable – they sometimes attended events on weekends and used personal time to prepare for upcoming events, e.g. writing speeches.
- 3.23 The IRP examined the Mayor's Service Level Agreement. This was considered a useful tool for gauging the responsibilities of the Mayor and understanding the expectations placed upon them. It was agreed that, if necessary, the SLA should be updated following the IRP review to ensure the document was up-to-date and in line with the IRP's recommendations.
- 3.24 The most recent SEE survey (2021) was then considered. The average Mayor's allowance for all district/borough councils (with the removal of £0 entries) was £4,565. In 2019 the average was £6,361. This pointed to a trend of mayoral allowances decreasing across the region (even when accounting for the skew caused by the reduction in Crawley's allowance). The IRP considered the possibility of further lowering the allowance to once again bring it in line with the regional average.

- 3.25 It was highlighted that Reigate and Banstead Borough Council had recently published an IRP report which had recommended a reduction in its Mayor's allowance for 2021/22, from £15,854 to £5,700. The Deputy Mayor's allowance had been removed.
- 3.26 New Forest District Council had also recently published an IRP report which had recommended the Chair's/Mayor's allowance be reduced from £9,200 to £8,712. The allowance remained the highest paid by a district/borough council in the South East.
- 3.27 The IRP calculated that at the current rate Crawley's Mayor received approximately £530 per month (before tax). In light of the evidence heard regarding the Mayor's expenditure, this was considered to be a sufficient amount to cover the expenses related to the role and to allow some excess to be spent as per the Mayor's choosing.
- 3.28 IRP members discussed the Mayor's transport and its cost. It was clarified that it was not necessary for the Mayor to use their allowance for travel as they are able to claim travel expenses (public transport and fuel) at the same rate as all other councillors. The IRP felt it important to highlight that the previous decision to cease the operation of the Mayor's car and the chauffeur service was not made by the previous IRP, but was made by the Full Council in light of the retirement of the chauffeur and the increasing costs of running an ageing vehicle. The IRP had been informed of these changes at its previous review but this had had no impact on the decision to reduce the mayoral allowances. Former Mayors' comments made during this review about the car and chauffeur were therefore irrelevant as this was not part of the IRP's remit.
- 3.29 The IRP agreed that not only had the previous cut to the Mayor's allowance been suitable at the time (considering the context of the Coronavirus pandemic and the uncertain circumstances), but that no evidence had since showed that the Mayor's capacity to undertake their role had been harmed by the reduction. After examination of the above information, it was deemed appropriate that the allowance be upheld at the current rate. It was also agreed that the Mayor's SLA should more clearly set out the Mayor's finances and how these should be spent (i.e. which expenses should come from the civic budget and which should come from the allowance).
- 3.30 The Deputy Mayor's allowance was also considered. Officers explained that, recently, there had been two occasions in which the Mayor had departed their post mid-way through the year. In this situation the responsibilities of the Mayor fell to the Deputy Mayor – however the Deputy remained the Deputy, acting as Mayor. The Allowances Scheme did not give provision for the Deputy to receive the Mayor's allowance and so they continued to receive the Deputy's allowance. The IRP had been requested to investigate this, and after obtaining one Deputy's experiences of this situation, it was agreed that it was appropriate for a Deputy to receive the Mayor's allowance (pro-rata) when acting as Mayor/the Mayor's seat becomes vacant. Otherwise, upon consideration of other information, it was appropriate that the Deputy Mayor's allowance be retained at its current rate of approximately 15% of the Mayor's allowance as this reflected their workload.
- 3.31 The IRP examined the current subsistence allowances and deemed it suitable that the rates remain in line with those payable to officers, with any future changes to these reflected in the Allowances Scheme
- 3.32 It was considered important that travel allowances continue to be offered at the HMRC approved mileage allowance payments rates, with any future changes to these reflected in the Allowances Scheme.

- 3.33 It was heard that the dependants' carers' allowance was currently £9.60/hr. There was provision in the Scheme to automatically update this, following any increase in the national living wage, to be 10 pence above this amount. The IRP felt that this remained fair and appropriate and recognised that the national living wage would increase in April 2023.
- 3.34 The IRP discussed co-optee rates and agreed that these should be maintained (expenses and the relevant SRA payable pro-rata).
- 3.35 With all elements of the Regulations covered, officers thanked the members of the IRP for the time and effort they had given over recent months. Their views, experience and insights had been valuable and had made for an interesting review. The final recommendations of the IRP are set out below.

#### **4. Recommendations**

4.1. The IRP recommends that:

- a) The Councillors' Allowance Scheme be in place for the municipal years 2023/24, 2024/25, 2025/26, and 2026/27, with an Independent Remuneration Panel being formed in 2026 to review the Allowances Scheme for 2027/28.
- b) The basic allowance and all special responsibility allowances (SRAs) are to be maintained at the current rates. Councillors are to be limited to one SRA.
- c) The Mayor's allowance is to be maintained at the current rate.
- d) The Deputy Mayor's allowance is to be maintained at the current rate. In the event that the Mayor ceases to hold their position, the Mayor's allowance will instead be payable to the Deputy Mayor (pro-rata).
- e) The allowances are to be subject to an indexation. The annual officers' pay increase (for the previous year) is to be applied, unless:
  - I) the officers' pay increase is not agreed before the beginning of the forthcoming municipal year, or
  - II) the officers' pay increase is a figure rather than a percentage, or
  - III) the officers' pay increase is a percentage which is higher than the amount by which the Council's fees and charges are to increase in the forthcoming financial year;and in any of these cases the percentage by which fees and charges will be increasing in the forthcoming financial year will instead be applied to the allowances.
- f) Travel allowances are to be maintained at the current rate (in line with the HMRC approved mileage allowance payment rates) and are to 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 continue to be payable under the current arrangements.
- g) Subsistence allowances are to be maintained at the current rate (in line with those payable to officers) and are to be updated by default to mirror any changes to the officer rates.

- h) The dependants' carers' allowance is to be maintained at the current rate of £9.60/hr, until the national living wage is increased. When this occurs the allowance is to be updated by default to remain 10 pence above the national living wage.
- i) The allowances payable to co-optees are to be maintained at the current rate (expenses and the relevant SRA, pro-rata).