

**Report of the**

**Independent Remuneration Panel**

April 2021

## Executive Summary

The Independent Remuneration Panel was convened in 2020 to undertake a review of the allowances available to Councillors. This report details the rationale and evidence upon which the Panel's conclusions and recommendations are based and is presented for consideration by Horsham District Council.

The Panel has complied with the statutory requirements to gather relevant data, to hear and consider evidence and now makes recommendations on:

- The amount of basic allowances to be paid
- Those positions that should receive Special Responsibility Allowances ("SRA's"), and the level of those allowances
- Travel, subsistence and certain other allowances

Based on comparative evidence on levels of allowances paid in equivalent authorities in South East England, and on the views expressed by Councillors and Officers, the Panel now recommends:

- A 5% increase in the basic allowance of £5,210 currently paid to all Councillors
- A 10% increase in the SRA paid to the Leader of the Council, currently £14,170
- A 10% reduction in the SRA paid to the Leader of the Minority Group, currently £4,285
- The introduction of a £50 per meeting payment to Councillors representing the Council on external bodies in an appointed capacity
- Dependent Carers' Allowance retained at the National Living Wage, but with provision for specialist care to be offered at the West Sussex County Council domiciliary care rate of £20.53 per hour

No amendments to travel, subsistence and other allowances are proposed.

### Full Year Effect of SRA Recommendations

(excludes annual settlements in line with officer pay and conditions, and increases in external values such as the National Living Wage)

Basic Allowance increase	+ £12,504.00
Changes in SLAs	+ £ 988.50
Attendance payment for external bodies (est)	+ £ 1,500.00
<b>Total annual impact</b>	<b>+£14,992.50</b>

## **1. Formation and Membership**

- 1.1 The current Independent Remuneration Panel (“the Panel”) was appointed for a four-year period in late 2020 in accordance with The Local Authorities (Members’ Allowances) (England) Regulations 2003/1021 (as amended) (“the Regulations”). It has subsequently met on a number of occasions to review Councillors’ responsibilities, and the current levels of allowances in each of the statutory categories set out in the Regulations. The Panel’s recommendations are contained in this statutory report to which the Council must have due regard in setting its allowances.
- 1.2 It is for the Council to decide on the Councillors’ allowances scheme that is put in place having regard to this Panel’s recommendations. Previous Panel Reports and recommendations were published in May 2009 and May 2015. There was also an interim review undertaken in 2018.
- 1.3 The Panel convened via Zoom meetings on seven occasions in 2020/2021. Six Zoom interviews were also undertaken with a total of twelve Councillors and two senior officers (Details in Appendix 5).
- 1.4 The final Panel comprises: Ian Dewar, Alan Ladley and Martin Loates. Biographical details of the Panel members are set out in Appendix 2.
- 1.5 The Panel undertook its review during an extended period of remote working practice resulting from Covid19 virus restrictions. This, together with the continuing background of austerity and pressure on the public purse, are reflected in the views expressed through surveys and interviews.
- 1.6 It is recommended that the Panel is reconvened at least once a year during its four year tenure to confirm or reassess recommendations and consider any appropriate changes in business practice or legislative / advisory context.

## **2. The Panel’s approach**

- 2.1 In line with the Terms of Reference (Appendix 2), the Panel approached its task with four different perspectives:
  - Examining the levels of allowances paid to elected Councillors and co-optees (the Independent and Parish Council members of the Standards Committee) in terms of responsibilities, the amount paid and the justification for relative differences between the various allowance categories;

- Considering whether any other areas of Councillor activity, not currently in receipt of an Allowance, might be appropriate for consideration and if so the most appropriate way for this to be structured;
- Assessing the most appropriate mechanisms for maintaining periodic changes in allowances and other payments to keep pace with inflationary and staff pay and allowance settlements;
- Assessing whether the level of Basic Allowance might prove a deterrent for people from a wide range of backgrounds and a wide range of skills standing for election or serving as Councillors.

### **3. Methodology**

3.1 The Panel used the following methods of research:

- Scrutiny of background documents and various information and data supplied by officers
- Questionnaires sent to all Councillors to ensure that all had an opportunity to express their views (Appendix 4)
- Interviews with a cross-section of Councillors and Officers (Appendix 5)
- Review of the organisational changes affecting the political management structures within the Council which have taken place since the report of the previous IRP Panel in 2015
- Comparisons with allowances paid by other authorities and public bodies (Appendix 3)
- Review of the age, gender and ethnic profile of the current Councillors against national and population demographic data (Appendix 3)

### **4. Timeline**

- 01 October 2020 – IRP appointed
- November / December 2020 – Research and Survey design
- 27 January 2021 – Survey issued to all Councillors
- 12 February 2021 – Close of Survey period and analysis of responses
- 16 to 24 February 2021 – Interviews with Councillors and Officers

- February to March 2021 – Agreement on recommendations, drafting and finalisation of report
- 06 April 2021 – Final report deadline and presentation to the Senior Leadership Team
- 19 April – Deadline for Committee paper
- 28 April – Consideration and decisions taken at Full Council meeting

## **5. Overview of duties and responsibilities associated with Allowances (Appendix 6)**

More detailed clarification of the duties and responsibilities related to the award of allowances is set out in Appendix 6, and is not replicated here. However some general comments are set out below.

### **5.1 Basic Allowances**

All Councillors are in receipt of the Basic Allowance which is intended to recognise the time commitment of all the basic and ward-related role, including such inevitable calls on their time as meetings with officers and constituents and attendance at political group meetings. It is also intended to cover incidental costs such as the use of their homes.

The Allowance is also recognised as covering involvement in committees, working groups and other Member forums in any capacity that does not otherwise attract a Special Responsibility Allowance. Attendance at local Parish Council meetings is regarded as a key element of the local role and also covered by the Basic Allowance.

The national guidance also makes clear that some element of the work of Councillors should continue to be voluntary - that some hours are not remunerated. This must be balanced against the need to ensure that financial loss is not suffered by elected Councillors, and further to ensure that, despite the input required, people are encouraged to come forward as elected Councillors and that their service to the community is retained.

### **5.2 Special Responsibility Allowances**

Special Responsibility Allowances are assigned to identified key political roles, such as Committee Chairmanship, political and Council Leadership, where these carry significant responsibilities over and above those covered by the Basic Allowance.

SRAs are paid in addition to the Basic Allowance, and unlike the latter, vary according to the demands, responsibilities and impact of individual

roles. A full checklist of the roles, and levels, of SRAs at the time of writing is set out in Appendix 7.

### **5.3 Voluntary / Public Service**

As noted above, an element of the Councillor's basic role is expected to be voluntary and is regarded as falling within the "Public Service" category. There is no definitive guidance on what proportion of time spent should fall into this category, though around 35% is a generally accepted yardstick. The extent to which this may be exceeded is very much a matter of personal discretion for the individual Councillor.

As part of the survey (Appendix 4) Councillors were asked to advise the average number of hours they spend on Council business. Responses varied considerably between 11 and 96, reflecting the discretionary element noted above, with an average value of 35 hours a month.

The Panel also noted that the acceptance of the allowances, or indeed travel and subsistence was also a matter of personal choice and a number of Councillors advised that they do not accept part or the whole of the allowances available to them.

## **6. Commentary on comparative data (Appendix 3)**

6.1 The data at Appendix 3 is drawn from the South East Employers (SEE) annual survey and includes all South East authorities, including County and Unitary authorities as well as District / Borough councils. For more meaningful comparisons the extracts have been made of comparative data of District / Borough authorities as well as a sub-set of seven neighbouring and similar authorities.

6.2 Overall the basic allowance paid to all Horsham District Councillors is slightly lower than the average for all authorities. However, no allowance is paid to Councillors who sit on the two Planning Committees in Horsham whereas a number of other authorities pay an SRA for such membership. We do not consider this a practical approach for HDC as it applies to all Councillors. Therefore, this is something that should be taken into account when considering the level of the basic allowance for this authority.

6.3 The SRAs paid to Committee Chairmen and Vice Chairmen in Horsham broadly compares with other authorities. A notable exception is the remuneration for the Chairmen of the two Planning Committees where the amount paid is some 30% lower.

6.4 The SRA paid in Horsham to the Leader of the Minority Group is 38% higher than our seven similar authorities and similarly higher when compared with all other districts in the region.

6.5 The SRA paid to the Leader of the Council is some 12% lower than other districts and boroughs in the region, albeit broadly comparable with the seven similar authorities. However, taking into account the limitation on the SEE data detailed in the Appendix we can expect the Leaders SRA in Horsham to be notably lower.

## **7. Commentary on Councillor responses through survey and interviews (Appendix 4)**

7.1 The current 47 Councillors were sent the survey and 21 (45%) responded. In addition, 12 Councillors (from 'back benchers' through to the Leader) and 2 officers were interviewed via Zoom. The Panel were content that, although limited in numbers, the responses provided a sufficient reflection of their views as well as and providing the Panel with a useful insight into the workload and expectations of Councillors.

7.2 The majority of respondents were retired and over 65. Whilst all members believed that the public service element was an important aspect of the role, it was felt that higher remuneration would attract people more representative of residents including those working and with children. Many felt the basic allowance did not cover the time and costs associated with the role. However, 12 respondents stated the basic allowance was about right with 7 saying it was too low.

7.3 The number of hours worked per month varied between 11 and 58, making the average 30. The hours worked was higher for holders of posts attracting an SRA.

7.4 The results for the level of SRA's paid was equally split between being about right and too low with only one saying they were too high. There were no suggestions as to additional roles that should attract an SRA. Those interviewed expressed views that the Leader (and Deputy Leader) and Cabinet roles were almost full time meriting higher remunerations. It was also commented that the Overview & Scrutiny Committee has a high workload and carries a high reputational risk for the authority.

7.5 The question as to whether HDC should pay an SRA for councillors who represent the authority on outside bodies attracted a mixed response with 9 saying yes and 10 no. Also, the question as to whether such an SRA should be paid in an annual fixed lump sum or as a per-meeting

allowance produced a divided response. From those interviewed, it was suggested that some roles were not filled and a per-meeting SRA would provide an incentive to Councillors to take on the responsibility of what is additional work. The exception being Cabinet members where such external commitments are seen as part of their role. A per-meeting SRA was seen as being more reflective of the varying levels of commitment with the various meetings.

7.6 All respondents agreed the rates for travelling and subsistence were sufficient.

7.7 With regard to the Dependants' Carers' allowance, a number felt it was too low, especially to cover dependant adult care.

## **8. Summary of recommendations and financial implications (Appendix 7)**

### **8.1 Basic Allowances**

The 2003 regulations provide that authorities should pay an allowance to every Councillor and that this allowance should be the same for every Councillor.

Currently the Basic Allowance for Horsham District Council is £5,210 per Councillor. Although based on SEE data, which is now over 12 months out of date, Appendix 3 shows the comparative figures for Horsham and other authorities. It should be noted that at the time of the publication of the SEE survey the Horsham Basic Allowance was £5,070 but has increased through index linking in line with officers pay award. Many other authorities have similar systems to increase their allowances in line with officers pay and so the Basic Allowances shown on the SEE survey will actually be higher now. Unfortunately, it is not possible to obtain updated amounts for the purposes of this review.

What is clear is that even without adjusting the figures, Horsham's Basic Allowance is now below the average for both all councils and our seven similar authorities. Whilst many Councillors who completed the survey, and those we interviewed, were clear that no one became a Councillor for the money they believed that it may help to encourage younger people to stand. Many respondents felt there was scope to increase the Basic Allowance, albeit not excessively. We concur that an increase is merited.

***We recommend an increase of 5%, taking the basic allowance to £5,470.50***

***We recommend that any further increase linked to officer pay awards be suspended in 2021/22, and resumed from April 2022***

## **8.2 Special Responsibility Allowances**

An SRA is paid, in addition to the Basic Allowance, to those Councillors who take on special responsibilities as detailed in the 2003 regulations (see Appendix 6).

The SRA's currently paid in Horsham, together with Comparative data from other authorities, are shown in Appendix 3 and 7. Taking the same limitations regarding the older SEE data compared with the up-to-date Horsham figures, the SRA's paid by Horsham are broadly comparable.

From the Survey and interviews the majority of Councillors believe the amounts paid to be about right. In particular the hierarchy of committees in Horsham from an allowance perspective is seen as correct with the SRA based on responsibility and not merely workload. We would not be recommending any changes to the SRA's for the Cabinet, Committee Chairs and deputy Chairs etc.

The notable variations from the SRA's paid by other authorities relates to that paid to the Leader of the Council and that paid to the Leader of the Opposition.

In Horsham the SRA paid to the Leader is well below the average (see Appendix 3). In interviews, Councillors recognised that the role of Leader carried considerable responsibility, including the lead Cabinet role as well as other functions, and should be remunerated appropriately.

***We recommend an increase to the SRA for the Leader of 10%, taking the allowance to £15,587***

The SRA currently paid to the Leader of the Opposition is the highest amongst the seven similar authorities we have benchmarked against and well above the average for all other district authorities in the region (see Appendix 3).

The 2003 Regulations allow for an SRA to be paid to a person, "*acting as leader of a political group within the authority*". The Horsham Constitution (at section 7.9) defines the post of Leader of the Opposition as a person nominated from the "largest minority group". Whilst there is no role profile for this role, research with other authorities has provided some guidance which seem appropriate to the Panel:

- To lead in holding the decisions made by the majority Group to account.
- To be a political figurehead for the Opposition Group; to be the principal political spokesperson for the Council's opposition and lead any Shadow Executive;
- Provide leadership in the constructive challenge of the Council's policies;
- Constructively challenge the vision for the Council and community where appropriate;
- Provide strong, clear leadership in the co-ordination of alternative policies, strategies and service delivery.

It seems to the Panel that many of these functions are undertaken by the Overview & Scrutiny Committee whose role is defined in the Constitution as being, "to challenge and question...and provide constructive criticism". We note that currently the Leader of the Opposition does not chair this Committee.

It is not within the remit of the Panel to advise on structure or roles undertaken by Councillors. However, should the authority consider in the future to align the roles of Chair of the Overview & Scrutiny Committee with that of the Leader of the Opposition, then it should consider adopting the same constraint on dual SRA's as defined in part 6 on the Constitution for the Leader who is also Chair of the Cabinet and only paid one SRA. If this were to be the case then we believe that in this case the higher SRA should be paid, that of the Chair of the Overview & Scrutiny Committee.

***We recommend that the SRA for the role of Leader of the Opposition be reduced by 10% to £3,856.50***

From our research there are no SRA's that we feel should be removed from roles within the Authority since the previous review, nor are there any additional roles that have been created since the last review that merit an SRA.

However, we note that section 5 (1) (d) allows for an SRA to be paid to Councillors, "representing the authority at meetings of, or arranged by, any other body." There are a number of external meetings that Councillors attend on behalf of Horsham District Council that are not currently remunerated. Representation at other organisations carries additional responsibility and workload that we feel is beyond that covered by the Basic Allowance. Whilst we accept that the SRA paid to Cabinet members includes such attendance, where representation is provided by the holder of a Basic Allowance only then we feel an SRA should be paid. The exception should be where the outside body itself pays and

allowance, notably the South Downs National Park. Additionally, the attendance by a Councillor at Parish Council meetings within their ward is seen as covered by the Basic Allowance.

Clearly the commitment and responsibility of attendance varies considerably between organisations where representation is provided. Therefore, as opposed to an annual allowance we would propose a “per-meeting” SRA. This is not considered in the SEE survey, however from the Horsham Survey and interviews a figure of £50 is seen as suitable.

***We recommend an approved list of external bodies where members represent the authority is clarified.***

***We recommend an SRA of £50 per meeting is paid to Councillors who represent the Authority at external meetings (subject to the limitations listed).***

### 8.3 Pensions

The possible extension of a Pension scheme to Councillors was reviewed as part of the 2015 IRP process. From 1 April 2014 Councillors in England have been unable to join the Local Government Pension Scheme. The 2015 report took the view that allowances should not be regarded as remuneration, and should not therefore be pensionable. Councillors are, of course, able to make their own pension arrangements in respect of any income they may have.

***We recommend that the decision of the 2015 IRP be endorsed, but that this should be reviewed again if there is a change in legislative permissions***

### 8.4 Dependants' Carers' Allowances

Under the 2003 Regulations this allowance is paid to cover, “such expenses of arranging for the care of (a Councillor’s) children or dependants” incurred in attendance at committees or other Council meetings.

Horsham District Council pays the National Living Wage (NLW), currently at £8.72 per hour (due to rise to £8.91 in April 2021). Whilst this may well pay for a babysitter, where specialist care is required for a child or dependant adult then we do not feel this amount is sufficient. Whilst this allowance is little claimed in Horsham, Councillors expressed concern that it may be putting some possible councillors from standing or taking on additional responsibilities within the authority. Research with other

authorities suggests that the rate paid by West Sussex County Council for the maximum hourly payment to home support carer workers for weekday daytime in-house care, may provide a guide for an allowance for the care of a dependant adult. This is currently at the rate of £20.53. Caveats should include that actual cost be claimed and receipts should be supplied. Additionally, payments should not be made where the carer is a parent, spouse, partner or member of the same household as the Councillor.

We recognise the authority may wish to impose a maximum limit of claims and an authorisation process through the finance executive.

***We recommend that the Dependants' Carers' allowance be set at the National Living Wage for standard child care (£8.91 p/h from 1/4/21).***

***We recommend that for Dependant Adult and specialist child care the allowance should be the Domiciliary care rate set by West Sussex County Council (currently £20.53 p/h).***

## 8.5 Travelling and Subsistence allowance

Under the 2003 Regulations payments may be made to Councillors for the cost of travelling and meals in pursuit of the Authorities duties as defined in the regulations including both internal and external meetings. The current rates for travelling and subsistence are defined in the Authorities Constitution and mirror those paid to officers, in line with HMRC limits on vehicle mileage allowances. These increase in line with officers' rates. This standard is adopted by the majority of Authorities and seen as sufficient by Councillors who were interviewed or who completed the survey. We see no reason to amend these amounts.

## 8.6 Co-optees and Representative roles

This provides for an allowance for independent persons who are not members on the authority but who are a member of a committee. In the case of Horsham District Council this relates to the Independent and Parish Council representatives who sit on the Standards Committee.

The current rate is £1,345 P/A and is paid to four persons.

From research with the SEE data and interviews with Councillors the present rate is seen as appropriate. We therefore do not propose any change to this allowance.

## 8.7 Other issues

### Interim increases of allowances

We note that the Authority considered an interim report of the Independent Remuneration Panel and agreed that the Basic Allowance should continue to be index linked in line with increases with Officers pay. We concur with this and would also suggest that the Co-optees' allowance be included.

***We recommend that the Co-optees' allowance be index linked to Officers pay.***

With regard to Travelling and Subsistence, these rates should continue to be linked to the rates for Officers and the HMRC rate.

Dependants' Carers' allowances should be index linked to the NLW for standard child care and the WSCC rate for Domiciliary Care for dependant adults or children requiring specialist care.

### Councillors with multiple roles

With the exception of the Leader and Deputy Leader whose roles include membership of the Cabinet, Councillors who undertake more than one role attracting an SRA then they should continue to be paid the SRA's for all positions held. However, Cabinet members who represent the Authority on external bodies should not be additionally paid the "per-meeting" SRA proposed.

## 9. Acknowledgements

The Panel thanks and acknowledges the great support and cooperation received from Horsham District Council Officers and Councillors in assisting them to reach the conclusions set out in this report. This ensured that the review maintained robust and rigorous standards despite the enforced constraints resulting from the Covid19 precautions. Particular thanks goes to Sharon Evans and Liz de Pauley for their support.

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