



**A REVIEW OF
MEMBERS' ALLOWANCES
FOR
LEWES DISTRICT COUNCIL**

**THE REPORT BY THE
INDEPENDENT REMUNERATION PANEL**

DECEMBER 2014

**South East Employers
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FOREWORD

This report has been produced for Lewes District Council as part of the Council's requirement to receive independent advice from its statutory advisory panel on members' allowances. The membership of the Panel was Rosey Eggar, Independent Panel Member, a local resident, trustee and manager of various local charity and voluntary organisations. Alasdair Smith, Independent Panel Member, local resident and former Vice Chancellor of the University of Sussex. Mark Palmer, Development Director, South East Employers and Chair of the Panel.

The Panel would also like to record its gratitude to the Members and Officers of Lewes District Council who were interviewed or provided information for the Panel's consideration.

Mark Palmer
Chair of the Independent Remuneration Panel

1. Introduction and Terms of Reference

A review of the Lewes District Council Members' Allowances Scheme was conducted by the Independent Remuneration Panel at the request of the Council in response to the requirement that all councils are required to convene their Panel and seek its advice before they make any changes or amendments to their members' allowances scheme. The Panel was convened under The Local Authorities' (Members' Allowances) (England) Regulations (SI 1021) ("the 2003 Regulations").

The Panel met on the 11th and 12th December 2014. The Panel interviewed and consulted the following Members and Officers as part of the review:

- Catherine Knight; Assistant Director of Corporate Services.
- Jackie Gavigan; Head of Democratic Services.
- Councillor Rob Blackman; Leader of the Council and Leader of the Conservative Group.
- Councillor Tony Nicholson; Conservative Group, Chair of Council.
- Councillor Paul Franklin; Conservative Group, Cabinet Member for Service Delivery.
- Councillor Sarah Osborne; Leader of the Liberal Democrat Group and Chair of the Scrutiny Committee.
- Councillor Steve Saunders; Deputy Leader of the Liberal Democrat Group.
- Councillor Stephen Gauntlett; Liberal Democrat Group Member of the Audit & Standards, Employment, Licensing and Scrutiny Committee.
- Councillor Chris Bowers; Liberal Democrat Group.
- Councillor Ruth O'Keeffe; Independent Member and Vice-Chair of the Council.
- Councillor Tom Jones; Conservative Group, Cabinet Member for Strategy and Development.
- Councillor Ian Eiloart; Liberal Democrat Group and Chair of Audit & Standards Committee.

2. Work of the Panel

The remit of the Panel was to consider and review the Members' Allowance Scheme. The Panel in particular reviewed the Allowance Scheme in relation to the following:

- Basic Allowance.
- Special Responsibility Allowances (SRA's).
- Scrutiny Committee: To consider whether the Chair of the Scrutiny Committee should receive a higher SRA more in line with the allowance paid to other Committee Chairs.
- To consider if Members of the Scrutiny Committee should receive an SRA.
- To consider whether the Vice-Chair of the Scrutiny Committee should receive an SRA.
- To consider the threshold of the number of Panel meetings which would enable members of the Scrutiny Panels to receive an SRA.
- Cabinet: To consider whether another allowance that takes into account the role/remit required of the 'Tier Two' Cabinet Members, in the light of the recent changes to the Cabinet structure.
- To consider the introduction of an allowance for the role of Deputy Leader.
- To consider whether the Leaders of the other Opposition Groups should receive an allowance, as the Leader of the main opposition Group currently does.
- To review the index for allowances and its implementation; and
- Any matters related to the Members' Allowance Scheme that may be raised during the review process.

The Panel requested information from officers to assist the review. Members were invited to give their views to the Panel on the allowance rates, ratios and differentials in the SRA's and

other matters they wished to raise. The consultation was supported by a questionnaire (Appendix 2) that was completed by 20 of the 41 Members (49%).

The Panel met over two days and in coming to its recommendations, took into account the following:

- Current Members' Allowance Scheme.
- The Local Authorities (Members' Allowances) (England) Regulations 2003.
- Comparison data with similar unitary Councils regionally and nationally.
- The role and responsibilities of the ward Member and those roles attracting a SRA.
- Feedback from Members through interviews and the completed questionnaires.
- Councillor Census data produced by the Local Government Association (LGA). 2013 Census of Local Authority Councillors.
- Comparison data in respect of other District/ Borough Councils in Sussex, National Minimum Wage (NMW), The Living Wage (LW), Average Weekly Earnings and the National Joint Council (NJC) for Local Authorities pay rates/percentage increases.
- Other relevant information to support the Panel's considerations and recommendations.

3. Considerations and Recommendations of the Panel

A. Basic Allowance

A local authority's scheme of allowances must include provision for a Basic Allowance that is payable at an equal flat rate to all Members. The statutory guidance on arriving at the Basic Allowances states:

Having established what local Councillors do, and the hours which are devoted to these tasks, the local authorities will need to take a view on the rate at which, and the number of hours for which, Councillors ought to be remunerated.¹

The statutory guidance also lists the following three variables for the Panel to address when calculating the Basic Allowance:

- *What time is necessary to fulfil the role of the front-line councillor?*
- *What amount of that time should be viewed as given as public service, known as the public service discount (PSD)?*
- *At what rate should the remunerated hours be paid?²*

¹ The former Office of Deputy Prime Minister – now the Department of Communities and Local Government, and Inland Revenue, *New Council Constitutions: Guidance on Consolidated Regulations for Local Authority Allowances*, London: TSO, July 2003, par 67.

² See *Consolidated Guidance* July 2003, pars 68-69 for further details.

Setting the Basic Allowance – Expected Time Inputs

The Panel wanted to review the time Councillors felt it was necessary to put in to do an effective job, rather than what Councillors actually put in, which the Panel recognised varies considerably. Responses received indicated a very wide range of time spent on Council business, with Councillors finding it very difficult to indicate a view on what the time commitment would be for a Councillor to fulfil the average expectations of constituents and the Council.

The average number of hours assessed at the 2010 review was 9 hours per week. The majority of Councillors responding to the questionnaire in this review (2014) felt that this figure was 'about right' (11 of 17 responses to the question). As well as hearing about constituency duties, the Panel also received information about the number, range and the comparative frequency of committee meetings.

Thus, based on evidence received from interviews and from the questionnaire, the Panel took the view that the time input required at Lewes District Council should remain as previously assessed, namely 9 hours per week.

The Voluntary Principle – or Public Services Ethos

This is the principle that an important part of being a Councillor is the desire to serve the public and therefore, not all of what a Councillor does should be remunerated; a portion of a Councillor's time should be given voluntarily. Moreover, the consolidated statutory guidance requires Panels to recognise this principle when arriving at the recommended Basic Allowance.

The Panel noted that the 2010 Panel had recommended a Public Service Discount (or PSD) of 33.3%. In this 2014 review, the Panel found that Councillors still demonstrated a very high sense of public duty.

Based on evidence received, the Panel recommends that 33% of the Councillor's time be given *pro bono publico*, which discounted from 9 hours (see above) is 3 hours (as recommended by the previous Panel). This leaves 6 hours per week, or 312 hours per year to be remunerated.

The Rate of the Job

After establishing a remunerated expected time input, the Panel then considered what an appropriate benchmark was to assess a Councillor's worth; in other words, to establish a rate for the job. It was noted that in recent years, a number of Independent Remuneration Panels within the region have used the median hourly earnings for the local authority area (as a place of work) as part of the formula to calculate the Basic Allowance. These figures are produced by the Office for National Statistics, which publishes the Annual Survey of Hours and Earnings (ASHE).

The Panel therefore used the figure given in the 2014 ASHE report for median hourly earnings (excluding overtime) for full-time workers in the Lewes District Council area, which is £13.41 per hour.

Calculating the Basic Allowance

Having agreed the minimum number of hours needed per week, the level of PSD to then be applied and the hourly rate to be used, the Panel calculated the Basic Allowance as follows:

312 hours (this includes the Public Sector Discount (33%)) x £13.41, would give an allowance of £4,184 per annum. This basic allowance is intended to recognise the overall contribution made by Members, including their work on Council committees and panels, in addition to ward work and attendance on outside bodies. It is also expected to cover members' expenditure on matters such as telephone and postage costs.

The current Basic Allowance is £3005 which is the second lowest across the Districts and Boroughs across Sussex, only Eastbourne BC has a lower Basic Allowance at £2,808. The average allowance for Sussex District and Borough Councils is £4,387.

We recognise that any increase in the Basic Allowance is politically difficult particularly during an election year and at a time of general restraint on public expenditure and public pay. The Panel took the view that the Basic Allowance should be increased, and that an increase to £4,184 was justified both on the basis of median earnings in Lewes and also on the basis of comparison with other Councils in Sussex. However, we also recognised that an increase of £1,179 in the allowance would have significant cost implications as well as being difficult to justify to the electorate. Following the interviews, the Panel was therefore of the view that an increase of £500 per annum be recommended to begin to bring the Basic Allowance closer to the average for Sussex District and Borough Councils.

The Panel was also aware that a Boundary Commission electoral review was likely to be scheduled that may recommend a reduction in the number of District Council Members. Should a Boundary Commission electoral review take place and make such recommendations then the Panel would wish to meet to review the Basic Allowance within the context of the new Council.

Council	Sussex District and Borough Councils Basic Allowances (£'s) 2014/15 (SE Members Allowances Survey 2014)
Adur DC	3,600
Arun DC	5,055
Chichester DC	4,438
Crawley BC	5,949
Eastbourne BC	2,808
Horsham DC	4,605
Lewes DC	3,005
Mid Sussex DC	4,501
Rother DC	4,237
Wealden DC	4,300
Worthing DC	4,545
Hastings DC	5,599
Average	4,387

Recommendation: That the Basic Allowance be increased to £3,502 (an increase of £500). The Basic Allowance will still be considerably lower than the average for Sussex District and Borough Councils that is currently £4,387. Following and subject to the outcome of the Boundary Commission electoral review, the Panel would wish to meet to determine an appropriate Basic Allowance for the Council.

B. Special Responsibility Allowances

The statutory guidance led the Panel to make recommendations on the Special Responsibility Allowances, both the amount paid and the positions which qualified for such an allowance, with a number of principles in mind, namely:

- A position would need to show that it carried *significant additional responsibility* for the post to recommend a SRA.
- That the allowances are a compensatory recompense for the time and skills that members bring to the role of councillor and should be set at a level which will encourage others to enter into public life and should be sufficient that no-one is 'out-of-pocket' because they participate in local democracy. However, they should not be seen as the equivalent of a professional salary.
- That no councillor shall be entitled to receive at any time more than one special responsibility allowance.

In calculating the SRA's the approach taken is to use the same rate as the one used to formulate the Basic Allowance. This is the approach taken by the Panel in its recommendations for levels of SRA set out below.

The Panel noted that the Council had determined to base the SRA's using a multiplier of the Basic Allowance. The Panel makes the following recommendations to the SRA's.

Council Leader

The SRA for the Leader of the Council to continue to remain unchanged at the current rate of **£13,937**.

Cabinet Members

A new structure for the Cabinet was put in place by the Council Leader from February 2014. The new structure consists of two tiers of Cabinet Member:

- Tier One (3 Members) are Cabinet Members with Portfolio and have policy making responsibilities and some service delivery responsibility. They currently receive an allowance of £5,574, 40% of the Leader's allowance.
- Tier Two (3 Members) are Cabinet Members with delegated portfolio responsibilities and are responsible for service delivery and currently receive the same SRA as a Tier 1 Cabinet Member.

The Panel were of the view that the different role and responsibilities of the Tier 1 and Tier 2 Cabinet Members should be reflected in the level of allowance.

Recommendation: The Tier 1 Cabinet Member to continue to receive a SRA of **£5,574**, 40% of the Leader's Allowance. The Tier 2 Cabinet Members to receive an allowance of **£4181**, 30% of the Leader's Allowance.

Chair and Vice-Chair of Planning

The Panel recommends no change to the level of SRA for the Chair of Planning at 30% of the Leader's Allowance, £4181. The Vice-Chair of Planning Applications Committee to continue to receive an allowance of £697.

Members of the Planning Committee

The Panel recommends that no change be made to the allowance for Planning Applications Committee Members of £502 per Member.

Chair of Audit & Standards Committee

Recommendation: The Panel recommends that the allowance for the Chair of the Audit & Standards Committee be reduced from 30% to 20% of the Leader's Allowance, £2787.

Chair of Scrutiny Committee

The Member interviews informed the Panel of the importance and the impact of the role of Overview and Scrutiny and in particular the Chair's role in leading the Committee. The December 2011 Panel meeting made reference to the importance of the Scrutiny Committee within the Strong Leader model of governance. The Panel were of the view that the role of Scrutiny Chair should be viewed as of equal importance to that of the Planning Applications Committee and therefore recommend that the Chair of the Scrutiny Committee should receive an SRA of 30% of the Leader's Allowance, £4181.

The Panel was also of the view that Scrutiny Committee members should not receive any allowance for being members of the Committee.

Recommendation: The Chair of the Scrutiny Committee to receive an SRA of 30% of the Leader's Allowance, £4181.

Scrutiny Panel Chair and Members

The Panel recommends that Scrutiny Panel Members and the Chair of the Panels receive no SRA.

Chair of Licensing Committee

The Panel recommends that the Licensing Committee Chair continues to receive a rate of £56.50 per meeting of the Licensing Committee. The Panel was informed that the number of Licensing Committee meetings had fallen over the last two years.

Threshold Allowance for Scrutiny and Licensing Sub-Committee Panels

The Council has since 2005 had a threshold or "sliding scale" SRA in place for Members who sit on either a Licensing Sub-Committee or Scrutiny Panel. This allowance was devised to be paid to those Members attending over 12 meetings of the Sub-Committee or Panel over the course of a year. They are banded 13-26 sessions, 27-40 sessions and 41 plus sessions, with the SRA rising in accordance.

The Panel noted that this particular SRA had been introduced in anticipation of a more onerous work load for the Sub-Committee and Panels but in fact the workload has fallen dramatically and the minimum threshold of 12 meetings is not being met by either the Panel or Sub-Committee.

Recommendation: The threshold/"sliding scale" SRA for the Licensing Sub-Committee and Scrutiny Panels be abolished and no SRA to be paid to Panel or Licensing Sub-Committee Members.

Opposition Group Leaders

The current allowance for the Opposition Group Leader is currently £4,181, 30% of the Council Leader's allowance. The Panel is of the view that the allowance for Opposition Group Leader needs to better reflect the size of the political group. The Panel recognise that it is a critically important role to organise, manage and develop a political group and the role also supports local democracy and local accountability.

However, the complexity of the role of Opposition Group Leader is impacted by the size of political group that the Leader has to oversee.

The Panel are of the view that 'all' Opposition Group Leaders should receive an SRA based on the number of Members within the group and this should be based on a per Member payment. The Panel are also of the view that the Leader of the Opposition Group should not receive an SRA greater than that of a Tier 2 Cabinet Member since the Cabinet Members are the key decision makers.

The Panel recommends that 'all' the Opposition Group Leaders should receive an SRA equal to 1/21th of £4181, multiplied by the number of Members within their group. The figure 21 is chosen as it is half (50%) the number of all Members (41 Members). This ensures that the SRA for Opposition Group Leader is never more than that of a Tier 2 Cabinet Member.

Recommendation: The Panel recommends that an SRA for each Opposition/Minority Group Leader be introduced. The SRA for the Opposition Group Leaders be based on the size of the opposition group. Each Opposition Group Leader should receive an allowance equal to 1/21th the Basic Allowance multiplied by the number of Members within the Group. This will need to be reviewed after each election, by-election or should there be a vacancy in a ward or a defection to another party.

The current recommended Opposition Group Leader allowances are as follows:

Liberal Democrat Group Leader – 17 Members x £199 per Group Member = **£ 3383**

UKIP Group Leader – 2 Members x £199 per Group Member = **£ 398**

Independent Group Leader – 2 Members x £ 199 per Group Member = **£ 398**

Deputy Leader

In accordance with the Local Government and Public Involvement in Health Act 2007, the Council Leader is required to appoint a Deputy. The Panel considered whether a SRA should be paid to the Deputy Leader.

Recommendation: The Panel recommend that, as the role of the Deputy Leader has always been a Cabinet Member and has received a SRA for the tier1 Cabinet Member role, then their should be no separate allowance for the role of Deputy Leader.

C. Carers Allowance

The Council currently has a structure of allowances for carers based on payment of actual expenditure incurred up to a maximum of £10.15 per hour. The rate is indexed in line with the percentage increase in staff pay awards.

Recommendation: The Panel recommends that there be no change to the current provision for the carer's allowance, namely payment of actual expenditure incurred up to a maximum of £10.15 per hour.

D. Communications/ IT

The Panel continues to support the current approach in respect of the provision of communications and IT support. In respect of IT equipment and hardware, Councillors can use their own equipment or be provided with equipment (usually a lap top/printer). Councillors are responsible for their own broadband line, although the IT Unit can advise Councillors on options available. Councillors are provided with or are reimbursed for the cost of printer consumables e.g. ink cartridges. Blackberry mobile devices are provided to Councillors who need to keep in touch with Council business whilst on the move.

Recommendation: That no change be made to the current communications and IT provision.

E. Travel and Subsistence.

The Members' Allowances Scheme reimburses travel by car at the HMRC Approved Mileage Allowance Payment. Subsistence rates for undertaking 'Approved Duties' are adjusted in line with the rate for District Council employees. The Panel **recommends** that the current approach to travel and subsistence rates continues and is adjusted in line with the rate for Council employees.

F. Indexation of Members Allowances

Councillor's allowances and the Dependent Carer's Allowance are currently indexed annually in line with the staff pay award. The Panel **recommends** that allowances continue to be indexed in line with the staff pay award.

4. Implementation of the Recommendations

As permitted by the 2003 Members' Allowances Regulations (paragraph 10.6) it is recommended that the new Members' Allowances scheme as recommended in this report is implemented from 1st April 2015.

Appendix 1

Recommendations of the Panel – Members’ Allowance Scheme

Allowance Scheme	Current Allowance (£)	Recommended Allowance (£)	Recommended Allowance Calculation
Basic Allowance	3,005	3,505	
Leader of the Council	13,937	13,937	
Cabinet Member Tier 1	5,574	5,574	40% of Leader’s allowance
Cabinet Member Tier 2	5,574	4,181	30% of Leader’s Allowance
Chair of Planning	4,181	4,181	30% of Leader’s Allowance
Member of Planning	502	502	
Vice-Chair of Planning	697	697	5% of Leader’s Allowance
Chair of Licensing	56.50	56.50	Payment per meeting
Chair of Scrutiny	3,344	4,181	30% of Leader’s Allowance
Chair of Audit & Standards	4,181	2,787	20% of Leader’s Allowance
Opposition Group Leader	4,181	199 per Group Member	Based on a per Group Member figure (1/21 st of £4,181)
Chair of the Council	2,091	2,091	15% of Leader’s allowance
Chair of Employment	1,045	1,045	7.5% of Leader’s allowance
Co-opted Members	28.30 per meeting	28.30 per meeting	Maximum of £140 per annum
Carers Allowance	10.15 per hour	10.15 per hour	Increased in line with staff pay %
Travel	45p	45p	HM Revenue and Customs Rate. Per mile for the first 10,000 miles