



Report of the
Independent Remuneration Panel
appointed to make recommendations
on the
Scheme of Members' allowances
for
South Holland District Council

October 2019

1. **Background**

1.1 In July 2018, South Holland District Council re-appointed an Independent Remuneration Panel to consider and recommend a Scheme of Allowances that complies with the requirements of the Local Government and Housing Act 1989, the Local Government Act 2000 and associated regulations.

1.2 The Panel's last report was brought before Council on 22 January 2020.

2. The Panel and its responsibilities

2.1 The membership of the Panel is as follows:

- Malcolm Haddow
- Nicci Marzec (Chair)
- Chris Penney
- Terence York

2.2 The Panel has been supported by the Democratic Services Manager Rhonda Booth.

2.3 The Panel are required to consider all areas within its remit under the regulations, and then to make recommendations to the Council. In general, these recommendations can relate to the following matters:

- The basic allowance that should be made payable to its Elected Members.
- The responsibilities or duties which should lead to the payment of a special responsibility allowance (SRA) and the amount of such an allowance.
- The duties for which a travelling and subsistence allowance can be paid and the amount of this allowance.
- The amount of any co-optees allowance.
- Whether the authority's scheme should include an allowance for the expense of arranging for dependent and childcare, the amount for the expense and the means by which it is determined.
- Whether annual adjustments of allowance levels may be made by reference to an index.
- Allowances for Parish Councils; and
- Treating basic and special responsibility allowances as amounts of which such pensions are payable.

3.0 Documentation, evidence and acknowledgements

3.1 The Panel met and gave consideration to the following:

- The Panel's previous reports.
- Details of existing scheme of allowances and comments made by the Council when considering it.
- Information gained during open meetings with members.
- Comparative information from other Councils.

3.2 The Panel invited all members to a session on the 28th November 2023 to introduce themselves and gain an insight of their thoughts on their current remuneration and to consider any issues or comments that members had.

- 3.4 The Panel is grateful to the members who attended the meeting, for the information they provided, and the comments received.
- 3.5 Information was also provided to the Panel through meetings with the Leader Councillor Nick Worth, Deputy Leaders Councillors Gary Taylor and Tracey Carter and Councillor Jim Astill.

4.0 CURRENT SCHEME

4.1 Following the last report to Council on 22 January 2022 the Panel's recommendations were as follows:

- That the Council freezes allowances at their current rates.
- That should the council decide to amend the current scheme by applying an index increase in basic and special responsibility allowances, such index be applied until the end of the current administration in 2023.
- That the council continues to review changes to roles and responsibilities undertaken by Councillors and, should there be significant changes, requests the Independent Remuneration Panel to consider the impact of any such changes on Councillor Allowances.

Council rejected the recommendations as they did not consider it appropriate to take an increase in their remuneration in the current financial climate. The decision was to freeze allowances at their current rate and that Council would continue to review changes to roles and responsibilities undertaken by Councillors. Should there be significant changes, the council would request the Independent Remuneration Panel to consider the impact of any such changes on Councillor allowances.

5.1 2023 -2027 Scheme

The Panel had discussions with a number of Councillors, including those newly elected in May 2023, who attended the open session in November 2023. The Panel also met with the Leader and both Deputy Leaders

5.2 Matters discussed at these meetings as needing to be reviewed included:

- Portfolio Holder allowances.
- Deputy Leader allowances.
- Committee Chair roles.
- Carers allowances.

6.0 Comparative review

Benchmarking information from other local authorities indicated that, for those authorities who had established a method for implementing an annual cost of living increase the most commonly used approach was alignment to the local government pay award.

The Panel also compared the allowances with those paid by other boroughs and districts in the county and in Breckland. The comparative information below would indicate that South Holland councillors are well remunerated for their roles compared to broadly similar sized authorities within the county. The basic allowance in South Holland is higher than any of the comparative councils and the Leader's Allowance, on the basis of which all other special responsibility allowances are determined, is similarly higher than all but Breckland.

	Leader	Deputy Leader	Portfolio Holder	Planning Chairman	Scrutiny Chairman	Licensing Chairman	G&A Chairman	Council Chairman	Leader of Opposition
South Holland	20140	11884	5942	5035	4028	4952	3962	4431	5942
Breckland	23119	15169	12279	12279	267 per mtg	2890	5780	5780	2055
S Kesteven	22281	17508	12732	5730	6366	3501	4266	-	6366
N Kesteven	15553	9494	7115	5135	3526	3526	3526	1912	3972
Lincoln City	10905	7053	5772	4491	4491	2565	1281	-	2565
West Lindsey	12898	4710	-	3247	3247	1625*	3247	4161	4710
East Lindsey	14005	7003	4904	4204	4204	4204	4204	4904	-
Boston	14076	7038	5865	4692	1280	1280	1280	5865	-

*Allowance split into two for separate Licensing and Regulatory Committees.

- 7.0 The Panel, having considered the above along with feedback through consultation directly with Members of the Council, determined that remuneration should stay at its current rate for current year and that any increase agreed should take effect from 1 April 2024.

This decision reflected that the changes to roles and responsibilities had only come into effect post-election and that a period of time to assess impact was required in order to assess proposed revisions to the scheme.

The Panel reconsidered previous proposals for a mechanism by which allowances could be increased on an annual basis to reflect cost of living and inflationary increases. The most common approach taken by other local authorities to allow for inflationary increases was to link increases to the NJC pay award for local authority staff so that councillors were neither advantaged or disadvantaged compared to staff in the authority.

The Panel agreed to recommend that South Holland link Councillor cost of living increases to the staff pay award on an annual basis.

The Panel agreed that there should be no change to the Basic or Leaders allowance, other than a cost of living increase linked to staff pay award, as they otherwise remained comparative to others in the county and higher than most other authorities.

The Panel agreed that this should take effect from 1 April 2024 for the Basic and Leader's allowances as these allowances had not been subject to any change as a consequence of the Panel review. This would ensure that, if accepted by the Council, they were increased in line with cost of living for the forthcoming year.

The Panel, having reviewed and proposed amendments to other SRAs, agreed that the cost of living increase to all other allowances should be deferred until 1 April 2025.

The Panel noted that the two Deputy Leaders were currently receiving the Deputy Leaders allowance and a Portfolio Holder allowance. It was considered that when the allowance for Deputy Leader had been set previous it had been assumed that Deputy Leader's would also hold portfolio holder responsibilities and that this had been incorporated into the allowance set at the time. The Panel therefore would propose that the Deputy Leaders allowance should be increased to £15,500 but this includes any portfolio responsibilities and that a separate portfolio allowance should not be claimed.

Payment for Senior Portfolio Holder and Junior Portfolio Holders would remain in the scheme at the current rate – it was noted that no member(s) currently filled these roles.

The Panel felt that, compared to other areas, that the allowance for Portfolio Holders was low and while the Panel did not feel it justified an increase to the level of the (currently unused) senior portfolio holder allowance, the proposed increase did represent an equitable increase for the level of responsibility held by the portfolio holder role, particularly given that the portfolio holders now did not have the support of junior portfolio holders to share the responsibility.

It was agreed by the Panel that the Planning Chairman should be increased and that the G&A, PDP and PMP roles were at least commensurate with the responsibility of the Licensing Chairman so were all increased in line with the existing remuneration for the role (subject to a very minor rounding increase).

The Panel also considered comments raised by members that consideration should be given to allowances for co-opted independent members.

The Panel considered benchmarking information in relation to payments from other authorities and a position statement issued by the Chartered Institute for Public Finance and Accountancy (CIPFA) in 2022, "Audit Committees in Local Authorities and Police setting out the purpose, model, core functions and membership of the audit committee".

The statement represents CIPFA's view on the audit committee practice and principles that local government bodies in the UK should adopt and states:

"The audit committees of local authorities should include co-opted independent members in accordance with the appropriate legislation. Where there is no legislative direction to include co-opted independent members, CIPFA recommends that each authority audit committee

should include at least two co-opted independent members to provide appropriate technical expertise.”

The Panel determined that it would be appropriate to remunerate independent members of the Audit Committee and that role specifications should include reference to the requirement to have relevant technical expertise specific to the role. The Panel reviewed allowances in other Councils, and also commensurate hourly rates based on the requirement for technical expertise and determined that an allowance of £650 per annum should be recommended.

8.0 Directorships

The Council is sole shareholder of two companies (Welland Homes and South Holland Homes) as well as 37% shareholder in PSPS Limited. A number of officers and members are appointed as directors to these companies.

Officer and Member Directors appointed to the companies above are responsible for overseeing operational delivery and making all critical operational decisions needed to enable the companies to deliver on their terms of reference. In addition every director has certain statutory duties as set out in the Companies Act 2006 as follows:

- To act within the company’s powers;
- To promote the success of the company;
- To exercise independent judgment;
- To avoid conflicts of interest;
- Not to accept benefits from third parties;
- To declare interests in proposed transactions and arrangements.

Directors are also ultimately responsible for compliance with Company Law such as filing accounts and statutory returns.

- 8.1 Welland Homes: this is a company designed to deliver market rental housing in the district, to help meet a gap in the housing market through a trusted landlord. The company has been very active over the past few years, with an ambitious programme for direct development and market acquisitions. Once delivered, the company also has a landlord role to fulfil, commissioning operational landlord services through private agents. Meetings are held regularly.
- 8.2 South Holland Homes: has delivered a small number of social housing properties. It commissions landlord services from SHDC. The workload for this company has increased over recent years.
- 8.3 PSPS Ltd: this is a company jointly owned with East Lindsey District Council and delivers back-office services to both councils (HR, Finance, IT and Revs & Bens). The company is very active and meetings of directors, as well as meetings with ELDC, are held regularly. The Panel noted that the Directors appointed by East Lindsey District Council and Boston Borough Council are not in receipt of a Special Responsibility Allowance for undertaking their duties as Directors.

8.4 The Panel concluded that in principle it was not minded to support remuneration for Directorships, and felt that this was for the Company(s) to remunerate. This would mean there was a consistent approach across the Partnership in relation to remuneration for Directors.

9.0 Basic and Special Responsibility Allowances

The Panel agreed that there should be an increase to the basic allowance based on the staff pay award effective from 1 April 2024.

10.0 General principles and observations

10.1 The Panel wishes to work with the Council to achieve positive outcomes and takes into account the authority's commitment to continuous improvement and shared services.

10.2 The recommendations detailed below, are based on the previous recommendations made by the Panel and decisions taken by the Council, whilst taking into consideration any changes that have arisen since that time.

11.0 Training and Development

11.1 Although the regulations do not provide for performance related pay for Members, the Panel continues to view training and development for elected members as very important.

11.2 The Panel strongly encourage all members to continue to attend all training offered to them. The attendance at training sessions is made easier as some are now offered as online sessions.

12.0 Childcare and Carers' allowances

The Panel is recommending that costs be reimbursed up to £15ph. All claims must be evidenced with a receipt from a registered childcare provider.

13.0 Travel and Subsistence

13.1 The Panel is recommending no change to these allowances at this time and they should continue to be linked to those set for Lincolnshire County Council.

14.0 Parish Councils

14.1 Under the Local Authorities (Members' Allowances) (England) Regulations 2003 (Part 5) Parish Councils may now make payments to their members, but where they decide to do so, they must have regard to the recommendations of the Independent Remuneration Panel for the district.

17.0 Review

The Panel always welcome comments and suggestions from members and welcome their continued input for future reviews.

15.0 Recommendations

The Independent Remuneration Panel recommends that the following take effect from **1 April 2024** (as per appendix A):

Basic Allowance:

The Basic allowance be increased in line with the annual local government pay award percentage increase as agreed by the National Joint Council for local government services, effective from 1 April 2024.

Leader:

The Leader's allowance be increased in line with the annual local government pay award percentage increase as agreed by the National Joint Council for local government services, effective from 1 April 2024

All other SRA's will increase in line with the annual local government pay award percentage increase as agreed by the National Joint Council for local government services, effective from 1 April 2025.

From 1 April 2024 (as per Appendix A)

Deputy Leaders:

One payment made to Deputy leaders of £15,500 p/a which encompasses deputy leader and portfolio holder responsibilities.

Portfolio Holders:

Increase to £7,500 p/a

Planning Chairman:

Increase to £6,000 p/a

Planning Vice-Chair

50% of Chairman's allowance - £3,000 p/a

PMP/PDP/G&A/Licensing Chairman

Increase to £5,000 p/a

PMP/PDP/G&A/Licensing Vice-Chairman

50% of Chairman's allowance - £2,500 p/a

Council Chairman

Increase to £4500 p/a

Council Vice-Chairman

50% of Chairman's allowance £2,250

Leader of the Opposition

Increase to £6,000

Deputy Leader of the Opposition

New payment of £1000

Co-opted Independent Member of the Governance & Audit Committee

£650 p/a

APPENDIX A

	Current 2023 figures	Proposed 2024- 2027 figures
Basic Allowance	6,255	+cost of living linked to staff pay award April 2024
Leader	20,140	+as above
Deputy Leader Council/Cabinet	11,884	15,500*
Senior Portfolio Holder	9,063	9,063
Portfolio Holders	5,942	7,500
Junior Portfolio Holders	2,015	2,015
Licensing Chairman	4,952	5,000
Licensing Vice Chairman	2,476	2,500
Planning Chairman	5,035	6,000
Planning Vice Chairman	2,476	3,000
PDP Chairman	4,028	5,000
PDP Vice Chairman	1,981	2,500
PMP Chairman	4,028	5,000
PMP Vice Chairman	1,981	2,500
Gov & Audit Chairman	3,962	5,000
Gov & Audit Vice Chairman	1,981	2,500
Chairman of the Council	4,431	4,500
Vice Chairman of the Council	2,215	2,250
Directors of Compass Point Business Services	3,466	NIL
Leader of the main Opposition	5,942	6,000
Deputy Leader of the main opposition		1,000
Political Group Leader	402	500
Per Member	37.74	37.74
Co-opted Independent Member of G&A		650

*£15,500 incorporates £8,000 for Deputy Leader responsibilities and £7,500 for portfolio