

**REPORT OF  
THE INDEPENDENT REMUNERATION PANEL  
ON MEMBERS' ALLOWANCES**

**FEBRUARY 2005**

## Introduction

1. In September 2001 the County Council established this Independent Remuneration Panel to advise the Council on members' allowances.

## Membership

2. The Panel as appointed comprises the following:-

Prof. David Wilson, Dean of the Faculty of Business and Law,  
De Montfort University (Chairman)  
Mrs. Judith Handford, Manager, Voluntary Action, Hinckley and  
Bosworth (nominated by the CVS Community Partnership)  
Mr. Martin Traynor, Managing Director, Leicestershire Chamber  
of Commerce, (nominated by the Chamber).

## Terms of Reference

3. The Panel was originally appointed by the County Council in 2001 to review its scheme of members' allowances in the light of regulations and guidance issued by the Government under the Local Government Act 2000 and, in particular:-
  - (a) to make recommendations to the Authority on the amount of the basic allowance that should be paid to elected members;
  - (b) to make recommendations to the Authority about the roles and responsibilities for which a special responsibility allowance should be payable and the amount of each such allowance;
  - (c) to make recommendations as to whether the Authority's scheme should include an allowance in respect of expenses of arranging for the care of children and dependants and, if so, the amount and means by which it is determined.
4. Since then the remit of the Panel has been widened by the making of the Local Government (Members' Allowances) (England) Regulations 2003 which require schemes of allowances to deal also with the payment of travelling and subsistence allowances, co-optees allowances and pensions.

## The Statutory Framework

5. The Local Authorities (Members' Allowances) Regulations 2003 came into force in May 2003. These Regulations brought together all of the provisions relating to the payment of allowances to members and included, for the first time, a provision enabling members to access the Local Government Pension Scheme.

The main provisions of the Regulations are as follows:-

- (a) Local authorities must, before the beginning of each year, make a scheme for the payment of a basic allowance for the year.
- (b) The scheme must make provision for any other allowances it intends to pay, such as:-
  - special responsibility allowance
  - dependants' carers' allowance
  - travelling and subsistence allowances
  - Co-optees allowance
- (c) The scheme must also set out those members of the authority who are to be entitled to pensions under the Local Government Pension Scheme and specify whether the basic allowance or the special responsibility allowance or both will be the basis of pension calculations.
- (d) A scheme for members' allowances may be amended at any time but may only be revoked with effect from the beginning of a year (i.e. 1<sup>st</sup> April).
- (e) Where a scheme is amended the scheme may provide for the new allowance or rate to be backdated to the beginning of the year.
- (f) Each local authority is required to establish and maintain an Independent Remuneration Panel with the function of providing advice on its scheme and the amounts to be paid. Before an authority makes or amends a scheme it must have regard to the advice of the Panel.

## Background

6. The Panel has previously recommended that members' allowances should be reviewed by it on an annual basis to ensure that the Council's scheme is kept up to date and this view has been supported by the Council. A routine has

therefore developed in which the Panel offers advice on the level of allowances in time for the Council to approve a new scheme with effect from 1 April each year. This is in addition to any other issues and any special review at other times of the year which might be considered to be necessary.

7. In June 2004 the Panel produced a special report which addressed the following issues:-
  - (a) The question of whether the payment of the same amount of special responsibility allowances to all Cabinet members continued to be appropriate;
  - (b) The roles of the two opposition Group Leaders and how these were reflected in the scheme;
  - (c) The payment of special responsibility allowances in respect of bodies established to carry out the functions of health scrutiny.
  
8. The County Council at its meeting on 22 September, 2004 resolved, in effect, to accept the recommendations of the Panel on these matters but in doing so the Council asked the Panel to look again at the issue referred to in paragraph 7(b) above. The relevant parts of the Council's resolution on this point are as follows:-
  - “(d) That the Independent Remuneration Panel be asked to examine further the position of the Group Leaders having regard to experience elsewhere and make recommendations to the Council concerning possible payments to:-
    - (i) the Leader of any other opposition party as Chairman of the Scrutiny Commission and a Group Leader;
    - (ii) the Leader of any other opposition party for their responsibility as Group Leader;
  - (e) That the Independent Remuneration Panel be requested to submit its recommendations on the issues set out in (d) above in sufficient time for the County Council to implement any changes it wishes to make to the Members' Allowances Scheme with effect from the Annual Meeting of the County Council in May 2005”.

## Findings

### General

9. The Panel does not believe that it would be appropriate to make any substantial change to the Council's Scheme at the present time. It is of the view, however, that the basic allowance and various special responsibility allowances should be increased with effect from 1<sup>st</sup> April 2005, to take account of the effects of inflation since the last annual review. The Panel recommends that the level of this increase should be 3.2%.

### Opposition Group Leaders

10. The Panel has considered the position of the two Opposition Group leaders further in accordance with the resolution of the Council, having regard to what it has been able to find out about practice elsewhere. The Panel continues to find it difficult to identify any way of recognising this particular role without disrupting other aspects of the Council's scheme. It has therefore confirmed its previous recommendation that no specific payment should be made to recognise the responsibilities of Opposition Group Leaders as distinct from the other roles performed by the individuals concerned.
11. The Panel's consideration of this matter has led to it into a wider debate about the Council's scheme in the light of arrangements adopted elsewhere. The Panel now believes that a case exists for a fundamental review of the scheme, for the following reasons:-
  - (a) Although this particular Panel has only existed since 2001 the framework of the Council's allowances scheme was established on the advice of a previous Panel as long ago as 1999. The adoption of the scheme coincided with a change in the Council's political management structure to a Cabinet – Scrutiny model.
  - (b) There is a need to take into account developments which have taken place since 1999 as the new system has become embedded.

- (c) Comparisons with other authorities suggest to the Panel that there might be a case for:-
- increasing the level of the basic allowance payable to all members;
  - reducing the proportion of members who receive some form of special responsibility allowance.
- (d) It cannot be assumed that the current scheme will continue to meet the Council's needs for the next four year term after May 2005. Those elections present the Council with an opportunity to review certain aspects of its political management structure.
- (e) It would be appropriate to address the issue of payments to Opposition Group Leaders in the context of both a wider review of the allowances framework and the results of the May 2005 elections.
12. The Panel believes a review of this nature would be helpful even if the result were to be confirmation that the existing arrangements continued to be appropriate.
13. If the County Council is willing to support this proposal for a "root and branch" review of the structure, it will be important to explain to all members of the Council elected in May 2005 that such a review is underway and that, therefore, the allowances they receive could be subject to change.
14. Travel and Subsistence Allowance

The Panel has reviewed the level of travel and subsistence allowances contained within the scheme and believes that with one exception there is no reason for it to recommend any changes. The only change the Panel believes is necessary relate to the rates which apply to meals at County Hall, where the Panel is recommending that the rates be adjusted to reflect proposed changes in the price of meals.

### **Recommendation**

- (a) **The Panel recommends that the level of basic allowance be increased by 3.2% to £6936 per annum from 1<sup>st</sup> April 2005.**

- (b) **The Panel recommends that the level of Special Responsibility Allowances be increased by 3.2% from 1<sup>st</sup> April 2005, the revised level of allowances being as follows:-**

	£
<b>Leader of the Council</b>	<b>32,688</b>
<b>Deputy Leader of the Council</b>	<b>19,620</b>
<b>Members of the Cabinet (7)</b>	<b>17,436</b>
<b>Cabinet Support Members (3)</b>	<b>8,472</b>
<b>Chairman of Scrutiny Commission</b>	<b>16,344</b>
<b>Group Spokesmen of Scrutiny Commission (2)</b>	<b>11,988</b>
<b>Chairmen of Scrutiny Committees (5)</b>	<b>6,540</b>
<b>Spokesmen of Scrutiny Committees (10)</b>	<b>4,908</b>
<b>Chairman of Development Control and Regulatory Board</b>	<b>3,588</b>
<b>Chairman of Standards Committee</b>	<b>2,400</b>
<b>Chairman and Spokesmen of Health Scrutiny Committees</b>	<b>1,548</b>
<b>Chairmen of Highways Forums (7)</b>	<b>1,164</b>
<b>Group Whips (3)</b>	<b>1,092</b>

- (c) **The Panel recommends that a full review of the Council's scheme should be undertaken on the basis set out in paragraphs 11 to 13 of this report with the results being the subject of a further report to the County Council later in the year;**

- (d) **The Panel recommends that the following rates of subsistence allowance should apply with effect from 1st April 2005:-**

**Rate A – County Hall**

**Rates based upon purchase of a meal in the County Hall restaurant:**

<b>Breakfast</b>	<b>£3.90</b>
<b>Lunch</b>	<b>£6.00</b>

D. Wilson  
Chairman  
on behalf of the Panel.