

Appendix 1

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

JULY 2017

Introduction

1. This report sets out the recommendations of the Independent Remuneration Panel appointed by Leicestershire County Council to review its current Members' Allowances Scheme. The Panel was constituted under the Local Authorities (Members' Allowances) (England) Regulations 2003.
2. The Regulations require all local authorities to set up and maintain an advisory Independent Remuneration Panel to review and provide advice about the allowances paid to members. All Councils are required to seek the advice of the Panel before making changes to their allowances scheme and must 'pay regard' to the Panel's recommendations.

Membership of the Panel

3. Leicestershire's Independent Remuneration Panel comprises the following:-

Professor David Wilson –(Chairman) – Former Deputy Vice-Chancellor De Montfort University.

Jayne Kelly – Former Solicitor working with various local authorities.

Michael Pearson – Former Bursar and Finance Director of Loughborough University.

Support to the Panel

4. The Panel was supported by the Chief Executive of the Council and its Head of Member Services and Head of Democratic Services who provided background information and the outcome of research undertaken to support the Panel's deliberations. Written representations were made by the Labour and Liberal Democrat Groups on the Council. The Conservative Group chose not to make a submission and advised the Panel that it would, as it has done previously, accept the recommendations of the Panel.

Scope of the Review

5. Following the County Council elections in May 2017 all political groups on the County Council agreed that it was timely to re-constitute the Independent Remuneration Panel and for the Panel to be asked to undertake a review of member allowances specifically to:-
 - i) Review the Basic Allowance paid to all members due to the fact that the Basic Allowance has been frozen since 2009;

- ii) Consider whether the new role of Deputy Chairmen of Overview and Scrutiny Committees and Deputy Chairman of the Development Control and Regulatory Board should qualify for an allowance in the same way as Opposition Spokesmen who currently receive a Special Responsibility Allowance;
- iii) Consider, in the light of the decision to dispense with political assistants, whether Group Whips should be remunerated for some of the additional activity that they would now be asked to undertake;
- iv) The possible introduction of an annual increase to Basic and Special Responsibility Allowances linked to an agreed indexation figure.

Principles guiding the Review

- 6. At the outset the Panel set out some key principles that would guide it in its deliberations, the aim being to ensure that the recommended Members' Allowances Scheme would:-
 - i) Be open, transparent and ensure member accountability;
 - ii) Recognise the financial pressures facing the County Council;
 - iii) Provide reasonable recompense for the considerable time commitment and duties involved after allowing for an element of public service;
 - iv) Recognise the additional duties and responsibilities of key office holders;
 - v) Not deter potential candidates from diverse and under-represented groups who may wish to stand for elected office.

Key changes to the Decision Making Process

- 7. The Panel noted that following the elections key changes were made to the decision making structure of the Council in line with the commitment given by the Leader of the Council to reduce the cost of democracy. These included:-
 - i) A reduction in the size of the Cabinet by 2 members with a resultant saving of £38,688 per annum;
 - ii) The abolition of Highway Forums with an estimated saving of £100,000 per annum;

- iii) The deletion of the posts of political assistant and the transfer of some aspects of the work currently undertaken by them to the Leaders and Whips of the respective Groups which would result in a net saving in the region of £70,000 per annum.
 - iv) Savings of £70,000 per annum resulting from the Government's decision that Councillors could no longer be part of the Local Government Pension Scheme.
8. The Panel also noted that the Council at its Annual Meeting decided to appoint Deputy Chairmen to the existing four scrutiny committees and a Deputy Chairman to the Development Control and Regulatory Board. The Panel was asked to consider whether these additional posts should qualify for a Special Responsibility Allowance. In addition, the Panel was asked to consider whether Group Whips should now be remunerated as they would have to take on some responsibilities previously undertaken by political assistants who would, from 1st March 2018, be no longer employed by the Council.

Recommendations of the Panel

A. Accountability

9. The Panel in previous reports to the Council had recommended that Members should provide a public account of what they had done during the council year by way of an Annual Report which should be published on the Council's website. The Panel was therefore disappointed that only a small number of Members had done so in the previous Council(s).
10. The Panel noted that the County Council had published on its website a job description for members (attached as Appendix 1 to this report). The job description makes specific reference that members should '*explain and account for personal performance as a County Councillor on a regular basis, particularly through the publication of an Annual Report on the Council's website*'. Furthermore the Panel noted that the Council had signed up to the CIPFA Framework for Delivering Good Governance and that Framework refers to '*good practice in transparency reporting and audit to deliver effective accountability*'. The Panel believes that this principle should extend to Members and that given Members are in receipt of public money through the Basic Allowance they should be open and transparent and report on how they have undertaken their roles and responsibilities for which they are remunerated.

11. Noting that this was a new Council, the Panel thought it useful to outline what it sees as the various roles and how Members could report back on how they have undertaken these roles.
12. The Local Government Act 1989 specifies that the role of a Member is:-
 - i) To participate in the decision making of the Council and to represent their local community in decision making;
 - ii) To contribute to the strategic direction of the Council through the development and review of key strategic documents of the Council including the Council Plan.

The Act also states that Members should adhere to standards of good conduct.

13. The Panel has identified the following as the key roles for Leicestershire County Councillors:-
 - i) Members are accountable to the wider Leicestershire community and they must govern in the best interest of all Leicestershire residents. In undertaking this role the Panel has noted that:
 - they are accountable in multiple ways primarily through the internal and external performance monitoring (audits and inspections) of the Council as whole, although that is not as extensive as it once was. The outcome of those reports will reflect on Members' performance;
 - The Leader of the Council and the Scrutiny Commissioners are responsible for ensuring members of the Executive and Scrutiny bodies undertake their roles and responsibilities with rigour. The Scrutiny Commission will also produce an annual report on Scrutiny activities and achievements. The Leader and Cabinet Lead Members are held to account at public Scrutiny meetings and provide regular Position Statements to the Council.
 - ii) Members have a representational role for their communities and in this role will need to bring to the attention of the Council the needs of their local community or act as advocates for individuals or groups. They also have a wider community leadership role in acting for their local area, working constructively with local statutory partners, businesses and with local groups and citizens to build community capacity and improve facilities and services in the area.

The accountability for this role is to the community itself both on an on-going basis and every four years at the ballot box.

14. The Panel recognised that much of this activity involves being visible and available and is about perception of the Councillor and as such SMART performance measures were difficult.
15. The Panel is of the view that all Members should submit their first Annual Report of this Council in June 2018. The Panel has asked that officers write to Members at the appropriate time asking them to submit their Annual Reports. To help Members write their Annual Reports the Panel has produced a template(attached to this report) which covers amongst other things the following:-
 - i) Membership and engagement with local councils, schools and community groups;
 - ii) Engagement with the Council, other statutory bodies and public utility companies (Water, Gas etc.) about services in the area;
 - iii) The key issues dealt with during the year and the impact of these on the local area;
 - iv) Key issues still facing the area;
 - v) Events, fairs and meetings in the local area which help to bring communities and people together for common good/purpose.
16. Since the Panel first recommended Annual Reports, the use of social media has grown significantly and those Members who feel comfortable to do so, should also use social media to engage with groups and communities. They might wish to signpost their social media accounts in their Annual Reports.
17. The Panel was also of the view that the Group Leaders and Group Whips should be responsible for ensuring that all Members of their Group each complete an Annual Report.
18. Finally, given the Panel's strong views and its commitment to ensuring that Members are able to demonstrate their accountability to the people of Leicestershire, it has agreed to meet in the autumn of 2018 to review Members' Annual Reports.

Recommendations

The Panel recommends to Council that:-

- i. All Members of the County Council be required to prepare and submit an Annual Report for publication on the County Council's website by June 2018.**
- ii. Group Leaders and Group Whips be responsible for ensuring that all Members of their Groups complete and submit an Annual Report. (The Panel intends to reconvene in the autumn of 2018 to review the outcome of this recommendation.)**

B. Basic Allowance

19. The last major review of the Basic Allowance was undertaken in 2007 when it was set at £9,708. In 2009 this was increased in line with inflation to £10,152. It has remained frozen ever since. The Panel considered the following options in respect of a possible uplift of the Basic Allowance:-
 - i) Employee Local Government Pay Award - cumulative percentage increase since 2009 (5.3%);
 - ii) Consumer Price Index - cumulative percentage increase since 2009 (18%);
 - iii) Comparing the amount of Basic Allowance other Local Authorities pay their Members;
 - iv) Average earnings in Leicestershire.
20. The Panel was also advised that as a result of the financial pressures facing the Council there has been a change in approach to the provision of services, focussing on those most in need. As a consequence there has been a greater emphasis on engaging with local communities, to build capacity within communities to help deliver services. An example of this has been the successful transfer of a number of libraries to community control. The Panel noted these changes add to the role of the local councillor as Community Leader and acting as a conduit between the Council, other statutory bodies and the local community.
21. Having taken the above into consideration, the Panel concluded that the Basic Allowance should be increased in line with the cumulative Local Government Employee Pay Award since 2009, which would result in an increase of £539.00 taking the Basic Allowance to £10,691pa. The Panel

acknowledged the increased pressure on the workload of Members resulting from their enhanced Community Leadership, role but, the Panel, mindful of one of its key guiding principles, that of the significant on-going financial pressures on the County Council, concluded that the Basic Allowance should not be increased further to reflect this. The Panel was also of the view that this increase should not be backdated and that it take effect from 1st October 2017.

Recommendation

The Panel recommends to Council that the Basic Allowance for all Members be set at a level of £10,691 with effect from 1st October 2017.

C. Special Responsibility Allowance

22. The request to the Panel was to address the specific issue of paying a Special Responsibility Allowance to the newly appointed Deputy Chairmen of the four existing Scrutiny Committees and the Deputy Chairman of Development Control and Regulatory Board. As such, the current Special Responsibility Allowances have not been reviewed.
23. Prior to the County Council elections in May 2017, the County Council appointed a Chairman and two Opposition Group Spokesmen for each of the four Overview and Scrutiny Committees. Following the election, the Council decided that, with the exception of the Scrutiny Commission which has different arrangements in place, the four Overview and Scrutiny Committees would be chaired by Members of the majority party and that in addition to two Opposition Group Spokesmen for each Committee, a Deputy Chairman drawn from the majority party should also be appointed.
24. The Panel was advised that a Deputy Chairman is expected to attend all agenda planning and briefing meetings alongside the Chairman and Spokesmen and would be required to undertake the role expected of Spokesmen. In addition, the Deputy Chairman would be required to provide cover for the Chairman in his or her absence.
25. The Panel noted the comments made by the two Opposition Groups on this matter. The Panel concluded that having in place a properly briefed Deputy Chairman of a Committee was important particularly in the event that the Chairman was unable to undertake the role at the meeting and in the planning and management of the work programme. In addition, the Panel was of the view that having two members of the Administration leading in each scrutiny area might also strengthen any challenges that might be made to the Administration.

26. With regard to the appointment of a Deputy Chairman for the Development Control and Regulatory Board, the Panel noted that this Board meets 12 times a year and operates in a quasi-judicial manner. The Deputy Chairman could also be called upon to chair the Panel if the Chairman had an interest in a matter before the Board and was conflicted.
27. The Panel concluded that an SRA should be paid to Deputy Chairmen and that this should be at the same rate paid to Scrutiny Spokesmen i.e. £2000.00 per annum from 1st October 2017.

Recommendation

The Panel recommends to Council that a Special Responsibility Allowance should be payable to the Deputy Chairmen of Scrutiny Committees and the Deputy Chairman of the Development Control and Regulatory Board and that the level be set at £2,000 per annum with effect from 1st October 2017.

D Group Whips

28. Since 2007 the County Council has employed Political Assistants, for those Groups who qualify and wish to have one, to carry out a range of duties on behalf of their affiliated Political Party. However, following a review it has been decided that the posts of Political Assistants should be deleted from the establishment, from February 2018, and that some aspects of the work of the Political Assistants should now be undertaken by the Group Whips and Group Leaders of each Political Party.
29. Currently the Members' Allowance Scheme recognises and remunerates Group Leaders but it does not remunerate Group Whips. The Panel therefore deliberated the role of Group Whips and concluded that once Political Assistants have left the County Council the Whips will have a role to play in supporting the decision making structure. The Group Whip will provide a link between the political groups and the County Council's formal structures. The Panel therefore concluded that a modest allowance should be paid to the Group Whips from 1st March 2018.
30. The Panel, in the absence of any benchmarking data, decided that the total amount payable to the three Group Whips be 25% of the current amount paid to Opposition Group Leaders (£13,000) apportioned across all three Groups pro rata to the number of members in each group, i.e. a total of £3,250.00 allocated at rate of £59.00 per member.
31. In allocating an amount per Member, the Panel was of the view that it was important to recognise the number of Members in each political group as this would determine the workload and responsibilities for each Group

Whip. Based on the current political makeup of the Council the allocation to each Group will be as follows:-

Conservative Group	£2,124.00
Labour Group	£354.00
Liberal Democrat Group	£767.00

32. In recommending this level of allowance for Group Whips, the Panel recognised that it would need to review the level of the allowance in the light of experience and the demands placed on Group Whips. It intends to do this when it next meets. The Group Whip Allowance should be payable from 1st March 2018 when the contracts of the Political Assistants expire.

Recommendation

The Panel recommends to Council that allowances be payable to the Group Whips with effect from 1st March 2018 at the following rates, £59.00 per member, and that it be noted that the allowance level will be reviewed at the Panel's next meeting:-

Conservative Group	£2,124.00
Labour Group	£354.00
Liberal Democrat Group	£767.00

E. Opposition Group Leaders

33. When determining the Group Whips' Allowance the Panel noticed a disparity between the Special Responsibility Allowance paid to the Opposition Group Leaders. Currently the amounts payable are as follows:-

Main Opposition Group Leader	£10,000
Minority (second largest) Opposition Group Leader	£3,000

34. The Panel was of the view that, given that it is recommending that Group Whips receive £59.00 per Member, it would be consistent to take a similar approach to that of Opposition Group Leaders. The Panel therefore recommends that Opposition Group Leaders' cumulative allowance of £13,000 be apportioned according to the numbers on each Group, which results in each Group Leader receiving £684.00 per member. The Panel concluded that this was a fair and equitable approach taking into account the work that each Group Leader will be required to undertake. Based on the current political balance this would equate to allowances as follows:-

Liberal Democrat Group Leader	£8,892
Labour Group Leader	£4,104

Recommendation

The Panel recommends to Council that the Opposition Group Leader allowances be calculated at a level of £684.00 per member with effect from 1st October 2017.

Liberal Democrat Group Leader	£8, 892
Labour Group Leader	£4,104

F. Members in receipt of more than one Special Responsibility Allowance

35. The Panel noted that with the introduction of the new Special Responsibility Allowances it is conceivable that a Member may be in receipt of more than one Special Responsibility Allowance. In the current scheme where this is the case, the Member concerned receives both allowances and the Panel is not recommending any change to this.

Recommendation

The Panel recommends to the Council that if a Member is in receipt of more than one Special Responsibility Allowance, the Member should be able to claim all allowances in full.

G. Indexation of Allowances

36. As stated earlier, allowances have remained frozen since 2009. The Local Government (Members' Allowances) (England) Regulations 2003 contain a provision to increase allowances on an annual basis by reference to an index for longer than a period of four years.
37. The Panel was of the view that it would be appropriate for the Basic and Special Responsibility Allowances to be index linked and to that end considered the following indexation options:-
- Employee Local Government Pay Award;
 - Consumer Price Index;
 - Average Earnings in Leicestershire.
38. Following careful deliberation the Panel concluded the Basic and Special Responsibility Allowance should be linked to the Local Government Employee Pay Award for that particular year.

39. If the Panel's earlier recommendation on Basic Allowance is accepted, Members will receive an increase in Basic Allowance from 1st October 2017. Given this, the Panel's view was that the new indexation of allowances, Basic and Special Responsibility, should not commence until 1st April 2018. The Panel noted that in some years the Local Government Employee Pay Award is not settled until mid-way through a financial year and if this were to occur the increase should be back dated to the 1st April as it is for Council employees.

Recommendation

The Panel recommends to Council that Basic and Special Responsibility Allowances be increased on an annual basis, from 1st April 2018, for a four year period in line with the Local Government Employee Pay Award.

H. Travel and Subsistence

40. The Panel reviewed the Travel and Subsistence allowances and concluded no changes to the scheme were necessary.

Recommendation

The Panel recommends to Council that the current levels of Travel and Subsistence allowances remain unchanged.

I. Financial Implications

41. The amounts involved in the proposed changes to the Members' Allowance Scheme are set out below:-

Basic Allowance	£29,645 per annum
Special Responsibility Allowances for the four Deputy Chairmen of Overview and Scrutiny Committees and Deputy Chairman of Development Control and Regulatory Board	£10,000 per annum
Group Whips	£3,235 per annum

Taking into account the savings, £280,000 per annum, identified in paragraph 7 and the additional costs arising from the recommendations of the Panel, the overall cost of democracy for the County Council will reduce by £235,000 per annum.

Summary of Recommendations

The Panel recommends to Council that:-

- a. All Members of the County Council be required to prepare and submit an Annual Report for publication on the County Council's website by June 2018.
- b. Group Leaders and Group Whips be responsible for ensuring that all Members of their Groups complete and submit an Annual Report. (The Panel intends to reconvene in the autumn of 2018 to review the outcome of this recommendation.)
- c. The Panel recommends to Council that the Basic Allowance for all Members be set at a level of £10,691 with effect from 1st October 2017.
- d. The Panel recommends to Council that a Special Responsibility Allowance should be payable to the Deputy Chairmen of Scrutiny Committees and the Deputy Chairman of the Development Control and Regulatory Board and that the level be set at £2,000 per annum with effect from 1st October 2017.
- e. The Panel recommends to Council that allowances be payable to the Group Whips with effect from 1st March 2018 at the following rates, £59.00 per member, and that it be noted that the allowance level will be reviewed at the Panel's next meeting:-

Conservative Group	£2,124.00
Labour Group	£354.00
Liberal Democrat Group	£767.00

- f. The Panel recommends to Council that the Opposition Group Leader allowances be calculated at a level of £684.00 per member with effect from 1st October 2017.

Liberal Democrat Group Leader	£8, 892
Labour Group Leader	£4,104

- g. The Panel recommends to Council that if a Member is in receipt of more than one Special Responsibility Allowance, the Member should be able to claim all allowances in full.
- h. The Panel recommends to Council that Basic and Special Responsibility Allowances be increased on an annual basis, from 1st

April 2018, for a four year period in line with the Local Government Employee Pay Award.

- i. The Panel recommends to Council that the current levels of Travel and Subsistence allowances remain unchanged.**

"JOB DESCRIPTION"

THE ROLE AND FUNCTIONS OF MEMBERS OF LEICESTERSHIRE COUNTY COUNCIL

Each County Councillor is elected by the people of a particular electoral division to represent them on Leicestershire County Council. Whilst they each represent a particular part of the County they are also required to represent the interests of the wider Leicestershire community, sometimes on issues which go beyond the County Council's functions or local boundaries.

County Councillors have particular responsibilities for the services provided by the County Council; within a legislative framework they decide what services to provide and how much money to spend on them and ensure that they are delivered efficiently and effectively. The Government and other bodies have issued various guidance as to how councillors should carry out their roles.

KEY TASKS

Representatives

to be accessible to local people (including people who did not vote for them), to advocate their views and to look after their concerns generally;

to explain to people the responsibility and decisions of the County Council and other public services bodies with which the County Council works in partnership; to represent the Council to the community and the community to the Council;

to support and promote citizenship and participation in local democracy generally;

Decision Making and Scrutiny

to attend regularly and take part in meetings of the full County Council, its committees and other bodies;

to develop a good working knowledge of how the County Council operates and to apply this knowledge through:-

- contributing to the formation and scrutiny of the Council's policies, budget strategies and service delivery;
- contributing to the scrutiny and/or performance review of the Council's services and those of other local public bodies;

to participate in the activities of any Party group of which the councillor is a member;

Individual

to participate constructively in good governance of the area and to ensure that all duties and actions are carried out in accordance with the highest standards of conduct;

to behave in a manner which maintains public confidence in the County Council and local democracy generally;

to identify any skills or gaps in knowledge and request training and support where required;

to explain and account for personal performance as a County Councillor on a regular basis, particularly through the publication of an Annual Report on the Council's web site.

County Councillor Annual Report

This report summarises the activities of the following member of the County Council during

Name of Councillor

Briefing Note

This form enables you demonstrate to your constituents what you have achieved during the year. The information provided will be published on the County Council's website. The report will be tailored to the response. For example, briefing notes and any unused boxes will be removed.

1) Electoral Division activities

Briefing Note

Please specify any particular aspect of your work within your electoral division which you would like to draw attention to. This is an opportunity to set out your main activities, priorities, achievements, challenges etc .which you have been addressing in the past year.

Main Activities and the impact during the past year:

Engagement with the Council, other statutory bodies and public utility companies (Water, Gas etc) about services in the area

Priorities for the immediate future are:

Briefing Note This is an opportunity to recognise any issues which may be particularly relevant to the future well being of people within your electoral division.

2) Council Activities

Briefing Note

Please specify any particular issues of note that you have been actively involved in connected with the following bodies.

Committees you serve on at County Hall

Local committees/Outside Bodies

Other bodies – School governors/community and charity organisations etc

3) Learning and development:

Briefing Note

Please specify any learning and development activities which you have undertaken during the year.

4) Other Matters:

Briefing Note

This gives an opportunity to include anything else which you think is relevant.

Social Media

Signed by Councillor

Date