

APPENDIX A



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

FEBRUARY 2006

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, formerly 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. 1st 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 its report dated February 2005 the Panel suggested to the Council that the time was right for a “root and branch” review of the structure of the Members’ Allowances Scheme later that year, given that the framework for the scheme had been established as long ago as 1999 and there was a need to take into account various developments which had occurred since that time. This was supported by the County Council. However, following consultation with Group Leaders this review has not proceeded. It was not considered appropriate to attempt a review of this nature whilst so many question marks existed over the future structure of the Council’s scrutiny activities.
8. This report therefore deals with the normal annual review of allowances to ensure that the level keeps pace with inflation and a number of relatively minor issues which have arisen recently. It also suggests a means of recognising the particular position of opposition Group Leaders, an issue which the Council has itself identified as needing to be addressed.

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. However, it continues to believe that it would be appropriate to undertake a fundamental review to examine the 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.
10. The Panel is disappointed that it has not been possible to make progress on this matter. It believes that such a review should be undertaken at the earliest practical opportunity but recognises that whilst possible changes to the Council’s structure are still under consideration, it would be inappropriate to do so.

11. The Panel is of the view that the basic allowance and various special responsibility allowances should be increased with effect from 1 April 2006, to take account of the effects of inflation since the last annual review. The Panel recommends that the level of this increase should be 2.95%.

Opposition Group Leaders

12. The Panel has considered the position of the two Opposition Group Leaders further in accordance with the wishes expressed by the Council. In its February 2005 Report the Panel indicated that it was finding it difficult to identify any way of recognising properly the role of opposition group leaders without disrupting other aspects of the Council's scheme. The Panel now believes that it has identified a satisfactory way of resolving this issue.
13. The Council's scheme of allowances has never specifically recognised the role of Opposition Group Leaders as such. The Constitution makes provision for the Leader of the main opposition party to be ex officio the Chairman of the Scrutiny Commission and, in practice, the minor opposition party leader has always occupied the position of spokesman of the Scrutiny Commission.
14. The point has been made that the role of Opposition Group Leader is quite distinctive from a scrutiny role and they should be seen as separate. This is particularly important to avoid scrutiny activity and "political opposition" becoming confused, the place for the latter being recognised as in the full Council meeting and not Scrutiny Committees.
15. The Panel recognises that the role of Opposition Group Leader is a complex one and has an important bearing on the operation of the Council's political management arrangements. It is not just the party group but the Council as a whole that benefits from this role being carried out effectively. The Panel therefore agrees that it is a role deserving of specific recognition within the Members' Allowances Scheme.
16. To achieve this the Panel is recommending:-
 - (a) that the level of the special responsibility allowance to the Chairman of the Scrutiny Commission be changed to £14,000 per annum;
 - (b) that the level of the special responsibility allowance to the Spokesmen of the Scrutiny Commission be retained at its current level;
 - (c) that a new Opposition Group Leader allowance of £650 per member of that Group be established within the scheme.

17. In arriving at this recommendation the Panel has taken into account the provisions in the scheme covering members who are in receipt of more than one special responsibility allowance.

Corporate Governance Committee

18. The Panel has discussed the role and functions of the newly established Corporate Governance Committee and has concluded that a special responsibility allowance should be paid to the Chairman of that Committee. It is recommending that an allowance of £2,400 should be granted.

Co-optees Allowance

19. The Panel has been reviewing its decision not to recommend the payment of co-optees allowances in the light of recent developments such as the move to require Standards Committees to be chaired by an Independent Member, and particularly representations made by the Combined Fire Authority (CFA) (The Independent Remuneration Panels of the constituent authorities are all required to advise the CFA on its Members' Allowances scheme).
20. With regard to the payment of a co-optees allowance to Independent Members of the Standards Committee, the Panel has concluded that it would be appropriate to grant an allowance.
21. The CFA has suggested an allowance of £650 per annum in respect of the Chairman of its Standards Committee and £500 per annum in respect of the other Independent Member and the Panel has agreed to support this proposal. The CFA is being informed accordingly.
22. In relation to the County Council, the Panel is of the view that the role of Chairman/Member of the Standards Committee justifies a higher allowance. It is recommending that the Chairman should receive an allowance of £1,000 per annum and the other Independent Member £750, per annum.
23. The Panel has considered whether it would be appropriate to pay a co-optees allowance to other non-elected members, namely those co-opted to the Education Scrutiny Committee. It has concluded that it would not be appropriate to do so.

However, the Panel has indicated that it would be prepared to reconsider its views in the light of any evidence put forward either by co-opted members themselves or other people.

Travel and Subsistence

24. The Panel has reviewed those elements of the scheme relating to travel and subsistence and is recommending amendments to a scheme which:-

- (a) increases the level of allowances in line with inflation, where appropriate and;
- (b) simplifies the scheme and brings it up to date with the modern world, particularly in relation to air travel. Appendix 2 to the present scheme contains a lot of unnecessary detail which it is believed can be removed without any detrimental effect on its working. The Chief Executive has agreed to prepare a revised document which meets the Panel's concerns, for submission to the Council.

Accountability

- 25. The Panel has previously drawn attention to its view that those people who receive the more substantial special responsibility allowances should be required to give a proper public account of their actions and performance. The Panel suggested that such an account might be by way of a short annual summary of activities which could be submitted to, say, the Constitution Committee (i.e. to a public meeting) by the following:-
 - (a) the Leader and members of the Cabinet collectively
 - (b) the Chairman and Spokesmen of the Scrutiny Commission individually
 - (c) the Chairman and Spokesmen of each of the Scrutiny Committees jointly.
- 26. The Panel is not aware that these suggestions were pursued. However, the Panel is aware of the practice which has developed of the Leader making regular position statements to the full Council and for the Chairman of the Scrutiny Commission to make an annual report to the Council on scrutiny activity generally. It believes there may be scope in developing these practices so as to meet its concerns.

Recommendations

(a) The Panel recommends that the level of basic allowance be increased by 2.95% to £7140 per annum from 1st April 2006.

(b) The Panel recommends that the level of Special Responsibility Allowances be increased by 2.95% from 1st April 2006, the revised level of allowances being as follows:-

	£
Leader of the Council	33,648
Deputy Leader of the Council	20,196
Members of the Cabinet	17,952
Cabinet Support Members	8,724
Opposition Group Leaders	650
	Per group member
Chairman of Scrutiny Commission	14,000
Group Spokesmen of Scrutiny Commission	12,336
Chairmen of Scrutiny Committees	6,732
Spokesmen of Scrutiny Committees	5,052
Chairman of Development Control and Regulatory Board	3,696
Chairman of Corporate Governance Committee	2,400
Chairman and Spokesmen of Health Scrutiny Committees	1,596
Chairmen of Highways Forums	1,200
Group Whips	1,128

(c) The Panel recommends that a full review of the Council's scheme should be undertaken on the basis referred to in paragraphs 9 and 10 of this report at the earliest possible opportunity.

(d) The Panel recommends that a Co-optees Allowance be paid to the Chairman and other Independent Member of the Standards Committee as follows:-

	£
Chairman of Standards Committee	1,000
Independent Member of Standards Committee	750

(e) The Panel recommends that the following rates of subsistence allowance should apply with effect from 1st April 2006:-

Rate A – County Hall

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

Breakfast £4.00
Lunch £6.65

Rate B – Other than County Hall

Breakfast £ 7.70
Lunch £10.50
Tea £ 4.60
Dinner £18.00

Overnight absence (Room only)

Provincial Rates – not to exceed £85.
London Rate – not to exceed £105.

- (f) The Panel recommends that Schedule 2 of the Members' Allowances Scheme relating to the duties and other conditions applying to travel and subsistence be simplified and updated.**

- (g) The Panel recommends that the Council considers introducing an arrangement which requires those in receipt of the more substantial allowances to give a proper public account of their activities.**

D. Wilson
Chairman
on behalf of the Panel.