

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

JANUARY 2025

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 County Council's Independent Remuneration Panel comprises the following:-
 - Michael Pearson –(Chairman) – Former Bursar and Finance Director of Loughborough University.
 - Jayne Kelly – Former Solicitor working with various local authorities.
 - Gordon Grimes – Former HM Revenue and Customs Area Manager.

Support to the Panel

4. The Panel was supported by the Head of Member Services and the Democratic Services Manager who provided advice and background information to help with the Panel's deliberations.

Scope of the Review

5. The Panel last met in March 2024 when it recommended the following:-
 - i. **Basic and Special Responsibility Allowances be increased by the equivalent percentage increase awarded to Spinal**

Column Point 43 of Grade 15, for the period 1st April 2024 to 31st March 2025. The increase be implemented as soon as practicable after the employee pay award is agreed and be back dated to 1st April.

- ii. **That the arrangement for indexation of Basic and Special Responsibility Allowances continue until 31st March 2028 based upon the equivalent percentage increase on SCP 43, Grade 15, of the County Council's pay spine. The increase will be implemented when the employee pay award is agreed for each year and backdated to 1st April of that year.**
 - iii. **The current levels of Travel and Subsistence allowances remain unchanged.**
 - iv. **Those Members who submitted an Annual Report be thanked for doing so.**
6. The Panel was therefore re-convened to:-
- i) Consider the payment of a Special Responsibility Allowance to the Chairmen of the Local Pension Committee and Board.
 - ii) Review the Travel and Subsistence Rates.

Recommendations of the Panel

A. Additional Special Responsibility Allowance (SRA) Review

- 7. The Panel met following a request by the County Council for it to consider whether it wished to recommend a SRA payment for the Chairmen of the Local Pension Committee and Local Pension Board.
- 8. The Panel when it met were mindful that the Member Allowances and in particular the payment of SRAs are governed by the Local Authorities (Members' Allowances) (England) Regulations 2000. Part 3 of the Regulations and in particular paragraph 5 sets out the rules in relation to the payment of Special Responsibility Allowances which are

5.—(1) A scheme made under this Part may provide, in accordance with paragraph (2), for the payment for each year for

which that scheme relates of an allowance (“special responsibility allowance”) to such members of the authority as have such special responsibilities in relation to the authority as are specified in the scheme and are within one or more of the following categories-

- (a) acting as leader or deputy leader of a political group within the authority;
- (b) acting as a member of an executive where the authority are operating executive arrangements within the meaning of Part II of the Local Government Act 2000;
- (c) presiding at meetings of a committee or sub-committee of the authority, or a joint committee of the authority and one or more other authorities, or a sub-committee of such a joint committee;
- (d) representing the authority at meetings of, or arranged by, any other body;
- (e) acting as a member of a committee or sub-committee of the authority which meets with exceptional frequency or for exceptionally long periods;
- (f) acting as the spokesman of a political group on a committee or sub-committee of the authority;
- (g) acting as a member of an adoption panel within the meaning of the Adoption Agencies Regulations 1983([1](#));
- (h) acting as a member of any committee or sub-committee that deals with any function arising under any enactment authorising the authority to license or control the carrying on of any activity;
- (i) carrying out such other activities in relation to the discharge of the authority’s functions as require of the member an amount of time and effort equal to or greater than would be required of him by any one of the activities mentioned in sub-paragraphs (a) to (h) (whether or not that activity is specified in the scheme).

(2) Any scheme making such provision as is mentioned in paragraph (1) shall—

(a) specify the amount of each special responsibility allowance, which need not be the same;

(b) provide that, where—

(i) members of an authority are divided into at least two political groups; and

(ii) a majority of members of the authority belong to the same political group (“the controlling group”),

a special responsibility allowance shall be paid to at least one person who is not a member of the controlling group and has special responsibilities described in paragraph (1)(a) or (f); and

(c) provide that where a member does not have throughout the whole of a year any such special responsibilities as entitle him to a special responsibility allowance, his entitlement shall be to payment of such part of the special responsibility allowance as bears to the whole the same proportion as the number of days during which he has such special responsibilities bears to the number of days in that year.

(3) The scheme may specify that where a member is suspended or partially suspended from his responsibilities or duties as a member of an authority in accordance with Part III of the Local Government Act 2000 or regulations made under that Part, the part of special responsibility allowance payable to him in respect of the responsibility or duties from which he is suspended or partially suspended may be withheld by the authority.

9. The Panel when making its deliberations were advised that The Leicestershire County Council Local Government Pension Scheme (the Fund), is administered by Leicestershire County Council and has over 100,000 scheme members. The Fund is currently valued at around £6.3 billion with around 200 employers whose employees are

members of the Fund. The governance of the Fund is carried out by the Local Pension Committee and Local Pension Board.

10. The Panel noted the following:-

That the Local Pension Committee is the scheme manager of the Fund and has decision making powers, delegated from Leicestershire County Council who is the Administering Authority, and has the responsibility to safeguard and manage both the employers' and employees' assets held by the Fund, which are for the purpose of ensuring that pensions and lump sum benefits can be paid to Fund members.

That the Local Pension Board does not have decision making powers but is responsible for assisting and supporting the Administering Authority in its role as Fund Manager ensuring effective governance and administration of the Fund, securing compliance with the LGPS Regulations and other legislation relating to the governance and administrative of the Fund, particularly the Pensions Regulator.

11. The Panel were also advised that both the Local Pension Committee and Local Pension Board are non-political forums and draw their membership from a range of organisations. Both forums have been in existence for some time. Originally the work of both bodies was not that onerous and this is the reason the Panel has not been asked to consider whether a SRA should be allocated to the Chairmen before. However, in the last few years the requirements around the management of the Local Government Pension scheme have become more contentious and more complex.
12. The Panel had its attention drawn to the fact that Members of the Local Pension Committee and the Local Pension Board are subject to a comprehensive programme of training to achieve the minimum level of skills and knowledge which members are required to have to discharge their responsibilities and to properly understand the technical implications of their decisions. For the Committee this required members to be able to fulfil their role as quasi-trustees for the scheme. Continuous and ongoing training, skills and knowledge attainment are a statutory requirement for both roles.

13. In terms of chairing the Local Pension Committee and Board the Panel noted that this had become increasingly complex and challenging as there is an increased level of scrutiny and public interest in whether the funds are invested in an ethical and environmentally friendly manner. The Panel noted that there is greater responsibility upon the Chairmen, to ensure decisions balance this responsibility with the financial duties of the Committee and Board, in ensuring benefits can be paid to scheme members.
14. The Panel were also advised that the County Council has established a subcommittee of the Local Pension Committee called the Investment Subcommittee which meets more regularly to decide on investment and divestment proposals and this is chaired by the Chairman of the Local Pension Committee.
15. The Panel also noted for the Fund to deliver the pooling of financial assets the Fund is an owner of the Local Government Pension Scheme Central Limited which is owned equally by the Pension Funds from Cheshire, Derbyshire, Leicestershire, Nottinghamshire, Shropshire, Staffordshire, West Midlands and Worcestershire. The Chairman of the Local Pension Committee is appointed as the Fund's shareholder on this Company. The Chairman also represents the Fund at meetings of the Joint Committee which provides oversight of the delivery of the objectives of the pool, the delivery of client service, the delivery against the LGPS Central business case and to deal with common investor issues.
16. The Panel after being advised of the above, carefully deliberated whether the Chairmen of the Local Pension Committee and Local Pension Board should receive a SRA and it concluded they should. However, the Panel noted the significant difference in responsibility between that of the Chairman of the Local Pension Committee and that of the Chairman of the Local Pension Board.
17. The Panel when making its recommendation on the amount of SRA payable to the Chairmen were mindful of the current level of all SRAs within the Members' Allowance Scheme. The Panel therefore concluded that the Chairman of the Local Pension Committee should receive the same allowance as that of a Chairman of an Overview and Scrutiny Committee i.e. £5,209.00 per annum, and that the Chairman of the Local Pension Board should receive the same allowance as the

Chairman of the Corporate Governance Committee and Development Control and Regulatory Board i.e. £2,318 per annum.

18. The Panel also recommended that the SRAs for the Chairman of the Local Pension Committee and Pension Board should be index linked in accordance with the level of indexation in the Members' Allowance Scheme as set out below:

“The Basic and Special Responsibility Allowances be increased on annual basis from 1st April 2024 to 31st March 2028 equivalent to the percentage increase that those officers on Grade 15, spinal column point 43, receive as part of the annual employee pay award. The increase will be implemented as soon as practicable after the pay award has been agreed and where applicable back dated to 1st April of that year.”

19. **The Panel recommends to Council that:-**

The Chairman of the Local Pension Committee receive a Special Responsibility Allowance of £5,209.00 per annum.

The Chairman of the Local Pension Board receive a Special Responsibility Allowance of £2,318.00 per annum

The new Special Responsibility Allowances for the Chairmen of the Local Pension Committee and Board be index linked on an annual basis in accordance the level of indexation set out in the Members' Allowance Scheme.

B. Travel and Subsistence

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

The Panel noted that for the financial year 2023/24 that the amount of mileage and subsistence that had been claimed was minimal.

The Panel recommends to Council that:-

The current levels of Travel and Subsistence allowances remain unchanged.

Summary of Recommendations

The Panel recommends to Council that:-

- i. The Chairman of the Local Pension Committee receive a Special Responsibility Allowance of £5,209.00 per annum.**
- ii. The Chairman of the Local Pension Board receive a Special Responsibility Allowance of £2,318.00 per annum.**
- iii. The new Special Responsibility Allowances for the Chairmen of the Local Pension Committee and Board be index linked on annual basis in accordance the level of indexation set out in the Members' Allowance Scheme**
- iv. The current levels of Travel and Subsistence allowances remain unchanged.**

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