

# **APPENDIX A**



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

**FEBRUARY 2007**

## 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.
6. 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

7. 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.

8. Arising from the Panel's last review, the County Council, at its meeting on 22 March 2006, asked the Panel to undertake a fundamental review of the Council's Scheme of Members' Allowances which examined 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.
9. As part of its review the Panel has considered a range of evidence including, in particular, the implications of the recent Local Government White Paper 'Strong and Prosperous Communities'. The Panel has also had the benefit of meetings with each of the three Group Leaders.

Evidence

Comparative Information

10. An examination of the allowances of all shire counties has revealed the following:-

Allowance	Leicestershire Amount	County Average	Position in League Table of 34 Shire Counties
Basic	7140	8990	31
Leader's SRA	33,648	26,464	5
Cabinet Members' SRA	17,952	14,683	7
Scrutiny Chairman (Commission)	14,000	9,643	6

### Number of Allowances

11. Leicestershire's scheme involves the payment of 45 separate allowances to elected members. Were it the case that no member of the Council could receive more than one allowance this would result in 82% of the members of the Council being in receipt of a special responsibility allowance. As it is, 67% of the Council are in receipt of special allowances.
12. The Panel has noted that the recent report of the Independent Panel appointed by London Councils to review the remuneration scheme for councillors in London contained the recommendation that no more than 50% of councillors should receive a special responsibility allowance (SRA) and that only one SRA should be paid to a councillor in respect of duties with the same authority.
13. The Guidance on Members Allowances issued by the then Office of the Deputy Prime Minister in July 2003 contained the following statement on these issues:
  - “71. *The Regulations do not limit the number of special responsibility allowances which may be paid, nor do the Regulations prohibit the payment of more than one special responsibility allowance to any one member.*
  72. *However, these are important considerations for local authorities. If the majority of members of a council receive a special responsibility allowance the local electorate may rightly question whether this was justified. Local authorities will wish to consider very carefully the additional roles of members and the significance of these roles, both in terms of responsibility and real time commitment before deciding which will warrant the payment of a special responsibility allowance.*
  73. *It does not necessarily follow that a particular responsibility which is vested to a particular member is a significant additional responsibility for which a special responsibility allowance should be paid. Local authorities will need to consider such particular responsibilities very carefully. Whilst such responsibilities may be unique to a particular member it may be that all or most members have some such responsibility to varying degrees. Such duties may not lead to a significant extra workload for any one particular member above another. These sorts of*

*responsibilities should be recognised as a time commitment to council work which is acknowledged within the basic allowance and not responsibilities for which a special responsibility allowance should be recommended.”*

#### The Changing Role of Elected Members

14. One of the main strands of Government policy for local government in recent years has been directed towards removing the “attendance culture” and encouraging elected members to spend less time in Council meetings and more time in the local community. Hence the decision to remove the ability of local authorities to pay allowances specifically relating to attendance at meetings.
15. Most recently, changes are being proposed in the Local Government and Public Involvement in Health Bill now before Parliament to give effect to the ideas set out in the Local Government White Paper ‘Strong and Prosperous Communities’, published in October 2006. The stated aims of the Government are to:-
  - encourage more people to put themselves forward for election;
  - support the role of non-executive councillors as democratic champions for their local areas;
  - legislate for stronger, more accountable local leadership;
  - strengthen overview and scrutiny committees.
16. The Panel’s particular attention has been drawn to the following developments within the County Council:-
  - the Council’s proposals for community engagement, in particular through the establishment of Community Forums;
  - a continuing view that the most effective scrutiny outcomes are achieved through the Five Member Scrutiny Review Panels;
  - the planned provision of extra officer support facilities to elected members.

## Findings

17. Representations have been made to the Panel which indicate there are differences of opinion amongst the political groups about the principle and the level of special responsibility allowances currently paid in respect of certain positions on both the executive and scrutiny arms of the Council.
18. The Panel is aware and appreciative of the fact that its previous recommendations have been approved by the Council on a cross-party basis. It would hope that basis of approval would continue.
19. The Panel has been charged by the Council with inter alia reviewing and potentially reducing the numbers and amounts of special responsibility allowances. It supports the view that no more than 50% of the membership of the Council should be in receipt of special allowances. The Panel believes that it has fulfilled task but, in doing so it is inevitable that there will be a reduction in the total allowances paid to some members. If there are aspects of the Panel's proposals which do not attract cross-party support the Panel, in consultation with the Group Leaders, would be prepared to look into any particular allowances as part of its next annual review.
20. The Panel agrees with the view that the most effective scrutiny outcomes are being achieved through the 5 member review panels. It has taken that into account in recommending an increase in the basic allowance. The Panel also accepts there are differing views about the effectiveness of the scrutiny committees and their management by all spokespersons. It may be that in light of the White Paper the Council will wish to review its current scrutiny structure – although it was reviewed in 2006, it remains very much dominated by Committees. However, the Panel would comment that any move towards an increase in special responsibility allowances could put the Council back in the uncomfortable position where a majority of members receive special responsibility allowances. The Panel's recommendation to increase substantially the basic allowance is intended to bring about an appropriate balance between the different types of allowances.
21. Whilst the White Paper describes three models of executive arrangements, the Panel is not aware that the Council is considering any radical change. However, any review by the Council of its executive arrangements and consequent change would be taken into account by the Panel at a future time.
22. The Panel believes that a strong case exists for a fundamental change in the structure of the County Council's Members' Allowances Scheme and that it is possible to do this within the additional provision of £100,000 approved by the County Council at its budget meeting on 21 February 2007.

23. As part of this restructuring of the Scheme the Panel is proposing a substantial increase in the Basic Allowance payable to every member of the Council.
24. As a consequence of the proposed increase in the basic allowance, the Panel is proposing changes to the level of a number of allowances. The Panel is also proposing removal of that provision within the scheme which provides that where an individual is entitled to more than one allowance they receive the higher allowance only in full and the other allowance at 50%.
25. With regard to those allowances which are unaffected by these proposals, the Panel is recommending increases to take into account the effects of inflation.

#### Basic Allowance

26. Basic allowances are intended to recognise the time commitment of all councillors, including informal meetings with officers and constituents and attendance at political group meetings. They are also intended to cover incidental costs.
27. The Panel believes that the current level of basic allowance is too low when compared with that of similar authorities and it fails to recognise the wide range of activities which are performed by all members of the Council, recognising that the details will differ from member to member. This would include such things as membership of Scrutiny Review Panels and Highways Forums and various activities within the member's own electoral division.

#### **Recommendation**

- (i) **The Panel recommends that the basic allowance should be set at a level of £9,708 with effect from 1 April 2007.**



### Special Responsibility Allowances

28. Special responsibility allowances are meant to recognise significant additional responsibilities over and above the generally accepted duties of a councillor. The Panel believes that the basic allowances should be regarded as covering the vast majority of activities which members take on “as part and parcel of the job,” and that the use of special responsibility allowances should be very much restricted, so that, in future, they should only apply where the additional duties are significant both in terms of responsibility and real time commitment. The Panel believes the proposed substantial increase in the basic allowance will make this approach sustainable.
29. As a consequence the Panel thinks it is right to recommend the removal of the following allowances and adjustment of the rates in some other cases:-

Group Whips  
Chairmen of Highways Forum  
Spokesmen of Scrutiny Committees.

### **Recommendations**

- (ii) The Panel recommends that the following special responsibility allowances should be included in the Members’ Allowances Scheme to apply from 1<sup>st</sup> April 2007 at the rates indicated:-**

	<u>Annual Allowance</u> £
<b>Leader</b>	<b>34,656</b>
<b>Deputy Leader</b>	<b>20,796</b>
<b>Cabinet Member</b>	<b>18,492</b>
<b>Cabinet Support Member</b>	<b>7,008</b>
<b>Main Opposition Group Leader</b>	<b>672</b>
<b>Minority Opposition Group Leader</b>	<b>} per member</b>
<b>Chairman of Scrutiny Commission</b>	<b>10,008</b>
<b>Spokesmen of Scrutiny Commission</b>	<b>8,004</b>
<b>Chairmen of Scrutiny Committee</b>	<b>5,004</b>
<b>Chairman of Development Control and Regulatory Board</b>	<b>3,804</b>
<b>Chairman of Corporate Governance Committee</b>	<b>2,472</b>

- (iii) The Panel recommends that the provision in the existing scheme covering situations where members qualify for more than one allowance, and limiting the amount payable in these cases, should now be removed.**

Co-optees' Allowance

30. The Panel is proposing that these be increased to take into account the effects of inflation.

**Recommendation**

- (iv) The Panel recommends that co-optees' allowances be revised as follows:-**

	<b>£</b>
<b>Chairman of Standards Committee</b>	<b>1,032</b>
<b>Independent Member of Standards Committee</b>	<b>768</b>

Travel and Subsistence Allowance

31. The Panel has reviewed the level of travel and subsistence allowance contained within the scheme and believes that with one exception there is no reason for it to commend 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**

- (v) The Panel recommends that the following rates of subsistence allowance should apply with effect from 1<sup>st</sup> April 2007:-**

**Rate A – County Hall**

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

<b>Breakfast</b>	<b>£4.40</b>
<b>Lunch</b>	<b>£7.00</b>

### Conclusion

32. The Panel continues to believe that the system of members' allowances should act to encourage people who otherwise might be unable to do so, to serve on the Council and become effective councillors, recognising that public service, not financial reward, will be their main motivation.
33. The Panel also believes that remuneration at the level now proposed can especially be justified in cases such as Leicestershire where all members, both executive and non executive, contribute to the provision of excellent quality services.
34. The proposed restructuring of the Members' Allowances Scheme now put forward, the Panel believes, will better meet the needs of the future. In particular, in the longer term it will help to attract able people to serve as elected members and ultimately improve the quality of local democracy in the County.

### Summary of Recommendations

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D Wilson  
Chairman,  
On behalf of the Panel