

**APPENDIX A**



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

**FEBRUARY 2008**

### 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. The Panel's last review resulted in recommendations which amounted to a radical restructuring of the Members' Allowances Scheme, involving a substantial increase in the level of the basic allowance payable to all members at the expense of a reduction in the proportion of members who received some form of special responsibility allowance. The Panel acknowledged in its report *"that 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."*
9. In view of this, the Panel included the following specific comment in its 2007 report:-  
  
*"If there are any 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."*
10. The Council approved the recommendations of the Panel and amended its scheme of allowances accordingly at its meeting on 21 March 2007. At the same time it passed the following resolution:-  
  
*"That the County Council considers it will be timely after the Annual Meeting to undertake an external review of the effectiveness of scrutiny and that the means of doing so be considered by the Group Leaders and Scrutiny Commission Spokesmen, the outcome of such review to be communicated to the Independent Panel on Members' Allowances prior to its next review."*
11. The Panel has been advised that the review of scrutiny involving Jessica Crowe of the Centre for Public Scrutiny and Steve Nicklen of the Leadership Centre for Local Government commenced in September 2007. The Panel understands that the review is likely to report in late Spring. Unfortunately, this will be too late for the Panel to take into account in its present review and, without knowing the reasons for any delay, this is very disappointing.
12. In view of this, the Panel has confined its activities to the normal annual review of allowances to ensure that the level keeps pace with inflation. The likely limits of this year's review were referred to by the Chief Executive at a meeting of Group Leaders who were invited to put any particular comments they wished to make to the Panel. In the event no comments were put forward.
13. Members may be aware that members of the Panel have been attending various meetings recently in order to gain a better, first hand, appreciation of the Council's operations.

14. The Panel has identified a number of issues within its current review which it wishes to draw to the attention of the Council. Some of these are likely to be issues feeding into subsequent reviews.

#### Recent Evidence

15. The Panel is aware that in December 2007 the following documents were published by the Councillors Commission, both of which are of direct relevance to its work:-
  - (a) Representing the Future – Report of the Councillors Commission.
  - (b) Members' Remuneration: Models, issues, incentive and barriers (written by Sir Rodney Brooke and Dr Declan Hall of the School of Public Policy, University of Birmingham).

The two reports together comprise over 200 pages and the Panel has found the material they contain very useful in its deliberations. It believes that they will be of interest to all elected members.

#### Findings

##### General

16. 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 allowances should be increased with effect from 1 April 2008 to take into account the effects of inflation since the last annual review. The Panel recommends that the level of the increase in the basic allowance special responsibility allowance and co-optees' allowance should be 2.5%.
17. The Panel is aware that the recommendation contained in its 2007 Report relating to Scrutiny Spokesmen resulted in controversy. Whilst it does not think it would be appropriate to make changes at this stage, particularly in light of the external review of scrutiny, which unfortunately has not concluded, the Panel wishes to express a willingness to revisit this matter as part of any future report in the light of any new evidence and any further representations it might receive.

##### Accountability and Performance

18. The Panel has previously drawn attention to its views about accountability.
19. In its 2003 Report it recommended that the Council should make appropriate arrangements in relation to people who were in receipt of the more substantial special responsibility payments to:-

- (i) specify, in writing, the expectation and commitments involved in those positions;
- (ii) require the members concerned to give proper and public account of their activities on an annual basis.

20. The Panel's 2006 Report contained the following comments:

"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."*

21. The Panel is aware that Cabinet Members other than the Leader make statements to the full Council and that the Chairman of the Scrutiny Commission now makes more frequent statements. The Panel is also aware that the Leader has developed for Cabinet members a system of job descriptions and targets reviewed annually.

22. The Panel has noted that this issue of accountability has been addressed in the recent Councillors Commission publication on Members' remuneration and considers that it is an issue which the Council should now take more seriously, particularly in areas outside the Cabinet membership, where it is not aware the discipline of job descriptions and targets exists.

23. The following good practice example is quoted in the Commission's publication showing how Birmingham Labour Group is attempting to sharpen performance through enhanced member accountability,

transparency and support as a means of ensuring that members contribute effectively.

#### Box 6: Good practice – Birmingham Labour Group and Member

- All Labour Group Members have roles and responsibilities that cover not only roles and responsibilities for Shadow Cabinet members and back benchers but also for Lead Members of Regulatory Committees and Labour Group officers.
- Candidates for Council are also presented with a copy of their roles and responsibilities as a backbencher and are asked to sign a copy which also states they will undertake the duties stated – known as a Compact with the Electorate.
- The Group Officers (led by the chief whip) have also rolled out performance and development reviews for all members of the Labour Group from which individual members produce performance and portfolio development plans on which they are monitored every six months.
- Performance reviews are carried out for Shadow Cabinet members and Lead Members of Regulatory Committees by the Leader and Deputy Leader of the group and for back bench members by the appropriate Shadow Cabinet Member.
- The performance of all group members is monitored through the six monthly performance and development reviews and progress is checked for all members against the performance and portfolio development plans.
- Training is arranged for Members whose performance is falling short of what is required in the relevant roles and responsibilities. However, this is subject to the City Council providing a budget for Member training.
- Any Group Member whose performance is consistently well below that required in the roles and responsibilities is subject to a report compiled by the Labour Group Chair and Chief Whip.
- In the case of the Leadership, a Shadow Cabinet member, Lead Member of a Regulatory Committee or Group Officer, the report will be presented to the Labour Group AGM along with the appropriate recommendation.
- In the case of a Member failing to meet the requirements of the back bench roles and responsibilities, a report from the Group Chair and Chief Whip will be submitted to the appropriate Labour Party body with the recommendation that that Member be excluded from the party panel of potential candidates, which effectively removes any Member whose performance consistently fell well short of the minimum standard required.

Source: Email from Birmingham Labour Group Deputy Leader 14 September 2006 to Dr Declan Hall

24. The Panel believes that the County Council should establish its own mechanisms through which these issues can be addressed. In particular, it believes the Council should consider:-
- laying down a "role description" for all members as well as job descriptions and, where possible, performance targets for those members holding particularly responsible positions, not just in the executive arm.
  - establishing an all party group to advise the Council and individual Group Leaders on the establishment of arrangements whereby elected member performance can be monitored and improved. (The existing Member Learning and Development Working Party, enhanced as necessary, may be able to undertake such a role.)
  - how the newly appointed political assistants might be able to assist Political Groups and support members to improve member accountability and performance.

#### Invitation to Comment

25. As part of previous reviews the Panel has in some cases specifically invited all members of the County Council to put forward their views. The information received as a result has been valuable to the Panel and has enhanced its knowledge of the work of the Council and, indeed, the role of the elected member more generally. The Panel wishes to make it clear that it welcomes the views of elected members at any time. In particular it hopes the views of elected members on the contents of this report can be used to inform the Panel in any subsequent review of these matters.

#### Membership of the Panel

26. Mrs Judith Handford has indicated that she intends to retire from the Panel once a successor can be found. This means, in effect, that this will be her last review.
27. Judith has served on the Panel since it was created in 2001, as a representative of the voluntary sector in Leicestershire, and her contribution to the work of the Panel has been invaluable.
28. The Panel wishes to place on record its grateful thanks to Judith for her work and wise counsel over the years and to wish her well for the future. It is sure that the County Council will wish to echo these remarks.



**Recommendations**

- (i) The Panel recommends that the basic allowance should be set at a level of £9,948 with effect from 1 April 2008.
- (ii) The Panel recommends that the following rates of special responsibility allowances should apply from 1 April 2008 at the rates indicated:-

	<b><u>Annual Allowance</u></b>
	<b>£</b>
Leader	35,520
Deputy Leader	21,312
Cabinet Member	18,960
Cabinet Support Member	7,188
Main Opposition Group Leader	684
Minority Opposition Group Leader	} per member
Chairman of Scrutiny Commission	10,260
Spokesmen of Scrutiny Commission	8,208
Chairmen of Scrutiny Committee	5,124
Chairman of Development Control and Regulatory Board	3,900
Chairman of Corporate Governance Committee	2,532

- (iii) The Panel recommends that co-optees' allowances be revised as follows from 1 April 2008:-

	<b>£</b>
Chairman of Standards Committee	1,056
Independent Member of Standards Committee	792

- (iv) The Panel recommends that the following rates of subsistence allowance should apply with effect from 1 April 2008:-

**Rate A – County Hall**

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

Breakfast	£4.70
Lunch	£7.40

**Rate B – Other than County Hall**

Breakfast	£8.00
Lunch	£11.00
Tea	£5.00
Dinner	£19.00

**Overnight absence (Room only)**

**Provincial Rate – not to exceed £90.**

**London Rate – not to exceed £110.**

- (v) **The Panel recommends that the Council introduces measures through which members can be made more accountable and individual elected member performance can be monitored and improved.**

D Wilson  
Chairman,  
On behalf of the Panel