

APPENDIX A



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

FEBRUARY 2009

Introduction

1. In September 2001 the County Council established this Independent Remuneration Panel to advise the Council on members' allowances.

Membership

2. The Panel comprises the following:-

Prof. David Wilson, Dean of the Faculty of Business and Law,
De Montfort University (Chairman).

Mrs. Bernadette Rowles, drawn from applicants with voluntary sector experience [an active member of Home Start UK and Home Start, Melton and Rutland].

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. 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

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 report (2008) recommended no significant changes to the members' allowances scheme. However, it did acknowledge that the removal of the allowances payable to Spokesmen of the Overview and Scrutiny Committees, resulting from earlier recommendations of the Panel, had been controversial. Whilst the Panel did not think it appropriate at that time to review the matter (largely because an external review of Scrutiny was then underway), it did offer to look at it again as part of a future review, in the light of any new evidence and any further representations it might receive.
9. In its 2008 report the Panel also recommended that the Council introduce measures through which members could be made more accountable and individual member performance could be monitored and improved. The Panel is disappointed that the Council has not followed up its suggestions outside the area of the Cabinet.

Evidence

10. To assist the current review, comments were invited from all members of the Council about the members' allowances scheme and associated matters. The Panel indicated that it was particularly interested in receiving views from elected members which helped it to understand the role and functions of Cabinet Support Members and Spokesmen of the Overview and Scrutiny Committees. It also sought views about arrangements to measure performance, improve accountability and generally ensure that members contributed effectively to the work of the Council.
11. Responses were received from 13 members of the Council and the Panel would like to take this opportunity to thank those members who submitted their views. These have given a valuable insight into the workings of the Council and the role of elected members.
12. Most of the comments related to the work of Cabinet Support Members and the work of the Chairmen and Spokesmen of Overview and Scrutiny Committees. The Panel is disappointed that very little was said on the issue of accountability other than the ultimate accountability which occurs through the ballot box every four years. The Panel has noted that comments have tended to focus on activity and processes without giving a great deal of information about achievements and outcomes.

Findings

General

13. 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 2009 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 allowances and co-optees' allowances should be 2%. This is in line with the provision which the Council has made within its 2009/10 budget for general inflation on pay and prices.

Cabinet Support Members

14. The Panel is aware that the appointment of Cabinet Support Members continues to be a controversial matter within the Council and one which both opposition groups on the Council are opposed to. The question of whether Cabinet Support Members should be appointed is not a matter for the Panel. However, the Panel does have clear responsibility for advising on what, if any, special responsibility allowance such posts might warrant. The Panel is not proposing any change to the scale of the current level of allowances to Cabinet Support Members, at this point in time. However, it does believe it would be appropriate to consider the matter further as part of its next review, in the light of any further evidence which might be put forward.

Chairman and Spokesmen of Overview and Scrutiny Committees

15. A strong and well argued case has been made to the Panel for a special responsibility allowance to be paid to the Spokesmen of Overview and Scrutiny Committees. Many of the responses received argued that there was very little difference between the part played by the Chairman of these Committees, where an allowance is paid, and the Spokesmen, where it is not.
16. The Panel does not accept that the Chairman and Spokesmen of Overview and Scrutiny Committees have the same level of responsibilities. In both law and practice there is a wide catalogue of powers and duties which fall to a Chairman to exercise, which cannot be carried out by others. Potentially all Chairmen can be placed in the position of having to manage difficult meetings involving complex and sometimes sensitive issues, where feelings may run high amongst the people present, including members of the public. This means not only that there is a distinction between the role of Chairmen and Spokesmen but also that it is important for the Authority to ensure that all Chairmen are equipped with the necessary skills to undertake this important and sometimes challenging role.
17. The Panel has previously indicated that it supports the view that no more than 50% of the membership of the Council should be in receipt of special responsibility allowances. Any decision to reinstate the allowances payable to the 10 existing Spokesmen would result in this figure being exceeded. Nevertheless, having considered all the evidence very carefully, the Panel has decided to recommend the Council to restore a special responsibility allowance payable to Spokesmen of Overview and Scrutiny Committees. It recommends that

this should be set at £2,500 which is broadly 50% of the allowance payable to the Chairmen of those Committees.

Accountability and Performance

18. The Panel has drawn attention to its views about accountability in several of its previous reports and is disappointed that its recommendations do not appear to have been pursued across scrutiny and back-bench/local areas of responsibility. It would like to have an opportunity of discussing these issues with leading members of the Council and suggests that an appropriate time for such a dialogue to take place would be following the County Council's elections later this year. The Panel also suggests that at the time it would be appropriate to discuss the 50% principle referred to in the previous paragraph.

Recommendations

- (i) **The Panel recommends that the basic allowance should be set at a level of £10,152 with effect from 1 April 2009.**
- (ii) **The Panel recommends that the following rates of special responsibility allowances should apply from 1 April 2009 at the rates indicated:-**

	<u>Annual Allowance</u> £
Leader	36,228
Deputy Leader	21,744
Cabinet Member	19,344
Cabinet Support Member	7,332
Main Opposition Group Leader	696
Minority Opposition Group Leader	} per member
Chairman of Scrutiny Commission	10,464
Spokesmen of Scrutiny Commission	8,376
Chairmen of Scrutiny Committees	5,232
Spokesmen of Scrutiny Committees	2,500
Chairman of Development Control and Regulatory Board	3,984
Chairman of Corporate Governance Committee	2,580

- (iii) **The Panel recommends that co-optees' allowances be revised as follows from 1 April 2009:-**

	£
Chairman of Standards Committee	1,080
Independent Member of Standards Committee	804

- (iv) **The Panel recommends that the following rates of subsistence allowance should apply with effect from 1 April 2009:-**

Rate A – County Hall

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

Breakfast	£4.85
Lunch	£7.80

Rate B – Other than County Hall

Breakfast	£8.20
Lunch	£11.30
Tea	£5.10
Dinner	£19.50

Overnight absence (Room only)

Provincial Rate – not to exceed £110.

London Rate – not to exceed £170.

- (v) **The Panel recommends that leading members of the Council should engage in discussions with the Panel about how members can be made more accountable and their performance monitored and improved.**

D Wilson
Chairman,
On behalf of the Panel