



**REPORT OF THE INDEPENDENT PANEL ON
MEMBERS' ALLOWANCES
MARCH 2003**

Introduction

In September 2001 the County Council established this Independent Remuneration Panel to advise the Council on members' allowances. This is the second report to be produced by the Panel, the first being in March 2002 (the "2002 Panel Report").

Membership

2. The Panel as appointed comprises the following people:-

Prof. David Wilson, Dean of the Faculty of Business and Law
De Montfort University (Chairman)
Mrs. Judith Handford, Manager Hinckley and Bosworth Area CVS
(nominated by the CVS Community Partnership)
Mr. Martin Traynor, Chief Executive Leicestershire Chamber of
Commerce and Industry (nominated by the Chamber)

Terms of Reference

3. The Panel was appointed by the County Council in 2001 to review its current scheme of members' allowances in the light of regulations and guidance issued by 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.

The Statutory Framework

4. In April 2001 the Government approved a new legal framework for members allowances the main provisions of this being as follows:-
- (a) Each local authority is required to establish and maintain an Independent Remuneration Panel with the function of providing the local authority with advice on its scheme and the amounts to be paid. Local authorities must have regard to this advice.
 - (b) Local authorities must include in their scheme of allowances a basic allowance, payable to all members and may include provision for the payment of special responsibility allowances. There is no provision for the payment of attendance allowances. Authorities can now also allow the inclusion of a childcare and dependent carers allowance within an allowances scheme.

- (c) The approval of a members' allowances scheme has to be determined by the full Council and cannot be delegated to the Cabinet or a committee.
 - (d) Under the 2001 Regulations a Local Authority is required to establish and maintain an Independent Remuneration Panel. The Regulations came into force on 4th May, 2001 and from that date Local Authorities have been under a duty to have regard to the recommendations of an Independent Remuneration Panel when paying allowances.
 - (e) A scheme for members' allowances may be amended at any time but may only be revoked at the end of a year, i.e. 31st March, or in circumstances where the local authority is adopting a new constitution or changing the form of its executive arrangements. A further scheme must be available to replace the revoked scheme.
 - (f) The 2001 Regulations place certain duties on local authorities in connection with publicising the arrangements made by their Independent Remuneration Panel, their scheme of allowances and the actual allowances paid to members in any given year. These replace the provisions in the 1991 regulations.
 - (g) The 2001 regulations place a duty on local authorities to publish a notice in at least one newspaper circulating in the area setting out the recommendations put forward by the Independent Panel about their scheme of allowances.
 - (h) Local authorities must also as soon as reasonably practical after determining the scheme publish a notice in at least one newspaper circulating in their area stating that the authority will be adopting a scheme of allowances, describing the main features of the scheme and describing the main features of the Panel's recommendations which the Council has considered (but not necessarily agreed with) in arriving at its decision.
5. The Government has consulted on proposals to alter the arrangements for travel, subsistence and other allowances and to make provision for pensions for certain elected members both of which contain provision for Independent Remuneration Panels to advise on a variety of matters in addition to the above. Regulations covering these issues are expected to be made in April 2003.

Background

6. The 2002 Panel Report contained a recommendation, which was approved by the County Council, to the effect that the Panel should reconvene early in 2003 with a view to ensuring that the members' allowances scheme was kept up to date. Under Government regulations covering members' allowances, the Council is unable to make any changes to its scheme, even by way of minor increases to

take account of inflation, without having received the advice of the Panel. The effect of this, if members' allowances are to be kept up to date, is that the Panel will need to consider the position annually.

7. The Panel met on several occasions in 2002 prior to submitting its report and conducted a thorough review of the issue, drawing on experience of other local authorities and views expressed by many members of the County Council. Given the nature of the 2002 exercise and the fact that County Council's political management structure has not changed since that time, the Panel decided that it was neither necessary nor appropriate to undertake a review on that same scale, this year.

Findings

8. The Panel has received no evidence to suggest that the Council's current scheme of allowances requires any substantial change. The scheme was based on recommendations contained in the 2002 Panel Report which were approved by the Council in their entirety. There have been no significant changes to the Council's structure and practices since that time.
9. The Panel is of the view that the basic allowance and various special responsibility allowances should be increased with effect from 1st April 2003 to take into account inflation. It recommends that the level of this increase should be 3%.
10. The Panel is aware that the County Council has recently been given powers which allows it to review and scrutinise health matters. The Council is currently awaiting detailed guidance from the Government before determining the type of structure necessary to carry out this function. It is understood that such a structure is likely to be in place during 2003/04, and may involve the appointment of joint committees with other social services authorities. The Panel believes that special responsibility allowances should be available to the Chairman and Spokesmen of any bodies established by the Council in relation to the scrutiny of health matters (including those established jointly with other authorities – where County Councillors occupy such positions) and believes that these should be consistent with other allowances which are payable under the scheme.
11. In its 2002 Report (paragraphs 47-49) the Panel expressed views regarding:-
 - (i) the importance of specifying in writing the expectation and commitments upon those members who occupied positions of special responsibility and
 - (ii) those members who receive the more substantial special responsibility allowances being required to give proper account for their actions, for example through a short annual summary of their activities to a public meeting.

12. The Panel believes that the Council should be in a position to introduce such arrangements now that its new decision making structure is becoming more established.

Recommendations

- (a) The Panel recommends that the following changes be made to the Council's members' allowances scheme with effect from 1st April 2003:-

- (i) the basic allowance should be set at a level of £6,552;
- (ii) the levels of special responsibility allowances payable should be set at the following levels:-

	£
Leader	30,900
Deputy Leader	18,540
Cabinet Member	16,476
Chairman of Scrutiny Commission	15,444
Spokesmen of Scrutiny Commission	11,328
Chairmen of Scrutiny Committees	6,180
Spokesmen of Scrutiny Committees	4,632
Chairman of Development Control and Regulatory Board	3,396
Chairman of Combined Fire Authority (where County Councillor)	3,396
Chairman of Standards Committee	2,268
Group Whips	1,032

- (b) The Panel recommends that the Council should amend its members' allowances scheme at the appropriate time to enable special responsibility allowances to be payable to the Chairman and Spokesmen of such committees or joint committees (where County Councillors occupy such positions) as may be established to exercise the health scrutiny function provided that any changes are consistent with other special responsibility allowances contained within the scheme;
- (c) The Panel recommends that the Council makes appropriate arrangements, in relation to those members who are in receipt of the more substantial special responsibility payments:-

- (i) to specify in writing the expectations and commitments involved in these positions;
- (ii) to require the member concerned to give a proper and public account of their activities on an annual basis.

D.J. WILSON
Chairman, on behalf of the Panel