



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

**JULY 2003**

## Introduction

1. In September 2001 the County Council established an Independent Remuneration Panel to advise the Council on members' allowances. This is the third report to be produced by the Panel, the first being in March 2002 and the second being in March 2003.

## 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, 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 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 Panel has been required to keep the scheme under review on an annual basis. More recently, the Panel has been asked to make recommendations on a new scheme of allowances as required by the Local Authorities (Members' Allowances) (England) Regulations 2003. Under these Regulations the County Council must have a new scheme in place by 31<sup>st</sup> December 2003.

## The Statutory Framework

5. The Local Authorities (Members' Allowances) (England) Regulations 2003 came into force in May 2003. The Regulations provide for new schemes of allowances to be established and put in place by 31<sup>st</sup> December 2003. The Regulations made no significant changes relating to the payment of basic and special responsibility allowances. They made a number of changes to other aspects of the system of allowances, as follows:-

- (a) Local Authorities must now determine their own travel and subsistence allowances having regard to the recommendations of their Independent Remuneration Panels, without the Secretary of State being involved in setting maximum levels;
- (b) Bodies such as Combined Fire Authorities are required to establish their own scheme of allowances rather than members being paid by their constituent authorities (such bodies have to have regard to the recommendations of Independent Remuneration Panels of their constituent authorities in determining their schemes);
- (c) Councils are able to pay co-opted and appointed members of principal councils a “co-optees’ allowance” to be determined by the local authority, having taken into account the recommendations of their Independent Remuneration Panel;
- (d) Authorities are able to make provision for the withdrawal of allowances where a member has been wholly or partially suspended because of an alleged breach of the Code of Conduct;
- (e) The Council’s local Independent Remuneration Panel is required to make recommendations on which councillors are to be eligible for access to the Local Government Pension Scheme. (The Council is only able to make membership of the pension scheme available to those members who are recommended for membership by the Independent Remuneration Panel but the Council can decide not to offer membership to some or all of the recommended members).

## Background

- 6. The Panel met in February 2003, to review the scheme of allowances and recommended increasing allowances to take into account inflation. At the time, the Panel noted that it would be necessary for it to meet again once new Government regulations had been made, to offer advice on the various issues which would need to be incorporated into the Members’ Allowances Scheme, including travel and subsistence allowances and pensions for elected members.
- 7. Following the making of the new regulations, the Panel met on 31<sup>st</sup> July, 2003 to make recommendations to the Council on the contents of a new scheme of allowances in accordance with these regulations, the details of which are set out later in this report. It also considered what advice it wished to offer to the Combined Fire Authority concerning its Members’ Allowances Scheme to be established under the same regulations.

## **Findings**

### Existing Scheme

- 8. Given that the Council had established new rates of allowances effective from 1<sup>st</sup> April, 2003, the Panel concluded that it would not be appropriate to recommend any changes to the basic allowance or existing special responsibility allowances at this stage. However, given that it has been some

two years since the Panel has heard directly from elected members about the scheme of allowances it agreed that the next full review should be undertaken in such a way as to enable the views of all members of the County Council to be taken into account and that this should be timed so as to enable the Panel's recommendations to be included in a scheme which commences on 1<sup>st</sup> April, 2004.

9. Although the Panel do not feel it appropriate to review the basic allowance or existing special responsibility allowances again at this stage there have been some recent developments within the County Council which suggested that some additions to the list of special responsibility allowances might be appropriate. These include the appointment of three Cabinet Support Members and the establishment of the seven Highways Forums. The following two sections of this report deal with these matters in turn.

#### Cabinet Support Members

10. The Panel has considered the decision of the County Council to appoint three Cabinet Support Members and details of the role description for these positions. The Panel is pleased that the Council has taken steps to specify in writing the expectations and commitments involved in these offices and is proposing to make similar arrangements for other members who are in receipt of substantial special responsibility allowances.

#### Recommendation

**The Panel recommends that a special responsibility allowance be paid to Cabinet Support Members and that the level of this allowance be set at £8,000 per annum.**

#### Highways Forum Chairmen

11. The Panel has also considered the decision of the Council to establish a series of Highways Forums jointly with the respective District Councils and, particularly, the duties which will fall to be carried out by the Chairmen of those Forums, all of whom are County Councillors.

#### Recommendation

**The Panel recommends that a special responsibility allowance be paid to the Chairmen of the seven Highways Forums and that the level of this allowance be set at £1,100 per annum.**

#### Entitlement to more than one allowance

#### Recommendation

**The Panel recommends that the provision in the existing scheme regarding the payment of more than one special responsibility allowance should be maintained i.e. that where a member qualifies for more than one special responsibility allowance he/she will be entitled to receive the higher allowance in full and 50% of any other such allowances.**

## Travel and Subsistence

12. The Panel is required to make recommendations to the County Council regarding:-
  - (a) the responsibilities or duties in respect of which travel and subsistence allowances should be payable; and
  - (b) the amount of such allowances.
13. The Panel has noted that the County Council's current arrangements are broadly consistent with the regulations. The details, which are set out in Appendix 1 to this report and have been updated to take into account constitutional and other developments, have the support of the Panel. These include the proposed extension of the delegated powers of the Chief Executive to take action when it is not practical to obtain a decision from a "relevant body".
14. The Panel has noted that the Government regulations do not permit the County Council to pay travel allowances for attendance of county councillors at meetings of Parish Councils within their electoral division, despite the representations made by the County Council on this matter. However, the Panel has noted that the Regulations do make provision for Parish Councils to make payments to their own members, where they wish to do so.

## Recommendations

**The Panel recommends that the County Council should adopt Appendix 1 to this report specifying the responsibilities and duties for which travel and subsistence allowances should be payable and other matters relating to the regulation of such allowances.**

**The Panel also recommends that the scheme of delegation to the Chief Executive be extended to cover the making of decisions regarding the payment of allowances where it is not practical to obtain a decision from a "relevant body".**

## Mileage Allowance

15. The Panel has been advised of the provisions of the Guidance on Consolidated Regulations for Local Authority Allowances issued jointly by the Office of the Deputy Prime Minister and Inland Revenue. With regard to mileage expenses, the Guidance indicates as follows:-

"Members who use their own vehicles for business travel are normally paid an allowance to cover their costs. Normally, these payments are based on an amount per mile for the mileage travelled on council business but they can also be in the form a lump sum or periodic payment. However they are paid, all Mileage Allowance Payments (amounts paid to an employee or office holder for expenses related to the use by that person for business travel of their own vehicle) are treated in the same way.

Members can receive up to a tax-free “approved amount” when using their own vehicles for business travel. These payments are known as Approved Mileage Allowance Payments, or AMAPs.

The AMAPs amount is calculated by multiplying the number of business miles in each kind of vehicle by a statutory rate in pence per mile. The rates are:

<b>Kind of Vehicle</b>	<b>Rate per mile</b>
Car or van	40p for the first 10,000 miles 25p after that
Motor cycle	24p (all miles)
Cycle	20p (all miles)

16. The Panel was also advised that the Inland Revenue had indicated that the above rates could be increased by 5p per mile when one or more passengers are carried.
17. In the circumstances the Panel is recommending that the Council should set its mileage allowances at the level of relevant AMAPs amounts.

### **Recommendation**

**The Panel recommends that the Council should adopt the following rates for mileage expenses:-**

<b>Car or van</b>	<b>40p for the first 10,000 miles 25p after that</b>
<b>Motor cycle</b>	<b>24p (all miles)</b>
<b>Cycle</b>	<b>20p (all miles)</b>

**An additional 5p per mile to be paid when one or more passengers travel to an approved duty in the same vehicle.**

### **Subsistence**

18. The Panel is of the opinion that there should be two rates of subsistence as follows.
  - (a) Rate A. A rate applying to duties at County Hall, based on the cost of breakfast and lunch in the County Hall restaurant.
  - (b) Rate B – applying to duties outside of County Hall.
19. The Panel felt the existing qualifying periods remain appropriate.

### **Recommendation**

**The Panel recommends:-**

- (a) **that the following rates of subsistence allowance be adopted:**

**(a) Rate A - County Hall**

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

<b>Breakfast</b>	<b>£3.35</b>
<b>Lunch</b>	<b>£5.40</b>

**(b) Rate B – Other than County Hall**

<b>Breakfast</b>	<b>£7.50</b>
<b>Lunch</b>	<b>£10.00</b>
<b>Tea</b>	<b>£4.50</b>
<b>Dinner</b>	<b>£17.50</b>

- (b) that the Qualifying duty period (inclusive of travelling time) for all subsistence allowances relating to meals be as follows:-**

<b>Breakfast</b>	<b>3 hours before 11.00 a.m.</b>
<b>Lunch</b>	<b>3 hours including 12 noon to 2.00 p.m.</b>
<b>Tea</b>	<b>3 hours including 3.00 p.m. to 6.00 p.m.</b>
<b>Dinner</b>	<b>3 hours ending after 7.00 p.m.</b>

- (c) that the following rates be adopted overnight absence (Room only):**

**Provincial Rate – not to exceed £80**

**London Rate – not to exceed £100**

- (d) That no limit be placed on subsistence expenses in respect of attendance overnight at conferences of relevant local government associations or similar bodies where such arrangements are made by or on behalf of the Chief Executive and that the rates for conference travel and subsistence be the same as those for other duties.**

**Co-optees Allowance**

20. The Panel is required to make recommendations regarding:-

- (a) The responsibilities or duties in respect of which co-optees allowances should be payable; and
- (b) the amount of such allowances.

21. The Panel has noted that the County Council has cop-opted members serving on the Education Scrutiny Committee and Standards Committee. Having discussed the role and responsibilities of these co-opted members the Panel does not believe that is appropriate to pay co-optees allowance in any of these cases. However, the Panel had indicated that it would be prepared to reconsider its view in the light of any evidence put forward by the co-opted members themselves or others.

## **Recommendation**

**The Panel recommends that no provision be made within the Council's scheme for the payment of co-optees allowances.**

## **Indexation**

22. The Panel is required to consider whether adjustments to the scheme should be determined according to an index and, if so, how long that should apply. The regulations specify a maximum period of four years before a view is required.
23. The Panel has noted that the County Council's political structure is still in the process of development which may need to be reflected in the Members Allowances Scheme. It has therefore concluded that it would not be appropriate to establish a system of indexation at this stage.

## **Recommendation**

**The Panel recommends that no system of indexation of allowances be introduced at this stage and that the Panel should continue to report annually with its recommendations on the extent to which allowances should be increased to take into account inflation and any other issues relating to the scheme which may be drawn to its attention.**

## **Pension**

24. The Panel is required to consider:-
  - (a) which members of the County Council should be entitled to pensions in accordance with a scheme made under Section 7 of the Superannuation Act 1972, and
  - (b) whether the basic allowance, special responsibility allowance or both should be taken into account in relation to pensions.

## **Recommendation**

**The Panel recommends that all eligible members be offered the opportunity of joining the pension scheme and that contributions should be based on both the basic and any special responsibility allowances received.**

## **Combined Fire Authority**

25. The Combined Fire Authority (CFA) is now required to establish its own scheme of allowances covering members of that Authority who are drawn from the County Council, Leicester City Council and the Rutland Council. In determining its scheme the CFA is required to have regard to the views of the Independent Remuneration Panels of the constituent authorities.
26. The Panel received a letter from the Solicitor to the Leicester, Leicestershire and Rutland Combined Fire Authority outlining the proposals of the CFA which formed the basis of a discussion. This covered the following issues:-



- (a) the payment of a basic allowance;
- (b) the payment of special responsibility allowances to the Chairman, Vice Chairman and any Group Leader not being Chairman or Vice Chairman;
- (c) the proposal that travel and subsistence allowances be paid in line with the County Council's scheme;
- (d) the payment of Dependant Carers Allowances in line with the Leicester City Council's scheme.

### **Recommendations**

**The Panel recommends with regard to the Combined Fire Authority that:-**

- (a) **a Basic Allowance of £1,100 should be paid to each member,**
- (b) **Special Responsibility Allowance be paid as follows:**
  - Chairman - £5,000**
  - Vice-Chairman - £2,000**
  - Group Leaders not being Chairman or Vice Chairman - £1,500**
- (c) **that the proposal for the payment of travel and subsistence allowances in accordance with the County Council's scheme and Dependent Carers Allowance in accordance with the Leicester City Council's Scheme, be supported.**

The Combined Fire Authority have been so advised.

### **Summary of recommendations to the County Council**

- (i) **The Panel recommends that a special responsibility allowance be paid to Cabinet Support Members and that the level of this allowance be set at £8,000 per annum.**
- (ii) **The Panel recommends that a special responsibility allowance be paid to the Chairmen of the seven Highways Forums and that the level of this allowance be set at £1,100 per annum.**
- (iii) **The Panel recommends that the provision in the existing scheme regarding the payment of more than one special responsibility allowance should be maintained i.e. that where a member qualifies for more than one special responsibility allowance he/she will be entitled to**

receive the higher allowance in full and 50% of any other such allowances.

- (iv) The Panel recommends that the County Council should adopt Appendix 1 to this report specifying the responsibilities and duties for which travel and subsistence allowances should be payable and other matters relating to the regulation of such allowances.
- (v) The Panel recommends that the scheme of delegation to the Chief Executive be extended to cover the making of decisions regarding the payment of allowances where it is not practical to obtain a decision from a “relevant body”.
- (vi) The Panel recommends that the Council should adopt the following rates for mileage expenses:-

Car or van	40p for the first 10,000 miles 25p after that
Motor cycle	24p (all miles)
Cycle	20p (all miles)

An additional 5p per mile to be paid when one or more passengers travel to an approved duty in the same vehicle.

- (vii) The Panel recommends:-
  - (a) that the following rates of subsistence allowance be adopted:

**Rate A - County Hall**

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

Breakfast	£3.35
Lunch	£5.40

**Rate B – Other than County Hall**

Breakfast	£7.50
Lunch	£10.00
Tea	£4.50
Dinner	£17.50

- (b) that the Qualifying duty period (inclusive of travelling time) for all subsistence allowances relating to meals be as follows:-
  - Breakfast 3 hours before 11.00 a.m.
  - Lunch 3 hours including 12 noon to 2.00 p.m.
  - Tea 3 hours including 3.00 p.m. to 6.00 p.m.
  - Dinner 3 hours ending after 7.00 p.m.

**(c) that the following rates be adopted for overnight absence (Room only):**

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**(d) That no limit be placed on subsistence expenses in respect of attendance overnight at conferences of relevant local government associations or similar bodies where such arrangements are made by or on behalf of the Chief Executive and that the rates for conference travel and subsistence be the same as those for other duties.**

**(viii) The Panel recommends that no provision be made within the Council's scheme for the payment of co-optees allowances.**

**(ix) The Panel recommends that no system of indexation of allowances be introduced at this stage and that the Panel should continue to report annually with its recommendations on the extent to which allowances should be increased to take into account inflation and any other issues relating to the scheme which may be drawn to its attention.**

**(x) The Panel recommends that all eligible members be offered the opportunity of joining the pension scheme and that contributions should be based on both the basic and any special responsibility allowances received.**

**D Wilson  
Chairman  
On behalf of the Panel**