

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

FEBRUARY 2004

Introduction

1. In September 2001 the County Council established an Independent Remuneration Panel to advise the Council on members' allowances. This is the fourth report to be produced by the Panel.

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 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 also deal 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 Pensions Scheme.

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 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

6. The Panel met in July 2003 to offer advice on the issues arising from the Local Authorities (Members' Allowances) (England) Regulations 2003. These largely related to travel and subsistence allowances and pensions. The Panel was also asked to offer advice on the payment of allowances by the Combined Fire Authority.
7. The Panel's last report (July 2003) contained the following statement:-

"Existing Scheme

Given that the Council had established new rates of allowances effective from 1st 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 1st April, 2004."

8. Accordingly, a letter was sent on 18th December, 2003 inviting members to submit their views on the scheme which could then be considered by the Panel. A similar letter was sent to co-opted members. A response was requested by 16th January. In the event no member responded. In the case of Group Leaders this is understandable since they were told that they would have the opportunity to put their views directly to the Panel.
9. One member did submit a letter prior to this invitation. This related to the possible payment of travelling allowances for attendance at Parish Council meetings and this matter is referred to below.
10. Each of the Group Leaders took the opportunity of meeting with the Panel on 20th February, 2003.

Findings

Basic Allowance

11. The Panel has received no evidence to suggest that the level of basic allowance is in need of change other than an increase to take account of inflation.

Recommendation

- 12. The Panel recommends that the level of basic allowance be increased by 2½% to £6720 per annum from 1st April, 2004.**

Special Responsibility Allowance

13. The Panel has been advised of recent changes in the operation of the Cabinet which has caused it to question whether the payment of the same amount of special responsibility allowance to all Cabinet members continues to be appropriate. The Panel has studied the job descriptions which have been prepared for the Leader, Deputy Leader and other Cabinet members and Cabinet Support members. The Panel has expressed a wish to consider further the level of special responsibility allowances for members of the Executive and Cabinet Support members and hold discussions with some of the individual members concerned.
14. Similarly, the Panel wishes to consider further the roles of the two opposition Group Leaders and how these are reflected in the scheme. The current scheme does recognise their role in scrutiny but not as the “political opposition”. Again the Panel has indicated that this is something which it wishes to consider further.
15. The Panel was asked to reconsider the position of the Deputy Chairman of the Scrutiny Commission which was a matter addressed in its 2002 report. The Panel is not convinced that the role justifies any payment but is prepared to consider this again in the light of any further representations it might receive on the matter.
16. The County Council is currently finalising its arrangements for the establishment of bodies to carry out the function of scrutinising health matters. The Panel will be prepared to address the issue of special responsibility allowances in relation to these bodies as soon as the structure has been determined.

17. The Panel is of the view that all special responsibility allowances should be increased to take account of inflation. With regard to those matters referred to in paragraphs 13 to 16 above, the Panel wishes to have more time to consider these issues and to report back when it has done so, recognising that it will not be possible to do this as part of its annual review. This will not prevent the County Council amending its scheme of allowances should it be considered appropriate to do so, later in the year.

Recommendation

18. **The Panel recommends that the level of Special Responsibility Allowances be increased by 2½% from 1st April, 2004, the revised level of allowances being as follows:-**

	£
Leader	31,680
Deputy Leader	19,008
Cabinet Member	16,896
Cabinet Support Member	8,208
Chairman of Scrutiny Commission	15,840
Spokesmen of Scrutiny Commission	11,616
Chairmen of Scrutiny Committees	6,336
Spokesmen of Scrutiny Committees	4,752
Chairman of Development Control and Regulatory Board	3,480
Chairman of Standards Committee	2,328
Chairman of Highways Forum	1,128
Group Whips	1,056

19. **The Panel also recommends that the issues identified in paragraph 13 to 16 of this report relating to special responsibility allowances should be examined further and be the subject of a further report to the County Council, later in the year.**

Payment of Travel Allowances for Attendance at Parish Council Meetings

20. The Panel received representations from Mr. David Jennings CC about the possible payment of travel allowances to County Councillors for attendance at meetings of parish councils within their electoral division. This is a matter which has been the subject of representations from the County Council to central government, who were urged to make provision for such payments within the Regulations. In the event the Government did not amend its proposals and no explanation was received.

21. Mr. Jennings provided a copy of a letter he received from Phil Hope MP, Parliamentary Under Secretary of State in the Office of the Deputy Prime Minister. The letter indicates that the County Council could pay such allowances provided it, and by implication its Independent Remuneration Panel, was satisfied that attendance at such meetings relates to the County Council's official functions, this being a requirement of the Regulations.
22. The Panel has received advise from the Council's officers on this matter which, in particular has drawn attention to the following:-
- (a) A purist approach to this matter would probably result in the conclusion that parish councils were concerned with parish council functions and not county council functions. However, the world of local government is becoming ever more complicated and increasingly local authorities have to work together in partnership with each other and with other bodies to carry out their functions efficiently and effectively. The County Council has long recognised the need for it to work together with parish and local councils. It has a strategy for working together with these bodies which contains the following statements:-
- "Leicestershire County Council recognises the important role played by Parish and Town Councils, not only in the provision of local services, but also in helping to ensure that citizens have a voice, are listened to and have full access to those services."
 - "Parish and Town Councils are the grass roots of local democracy. Local democracy can only be strengthened by a close and robust working relationship between a principal authority (the County Council) and more local Parish and Town Councils."
- (b) A Code of Practice produced to support the strategy contains the following commitments:-
- "Holding an annual meeting between elected representatives of County, Parish and Town Councils with an agreed agenda."
 - "County Council elected members and officers to continue to attend by invitation meetings of Parish and Town Councils and annual general meetings."

- (c) More recently the conclusions of the Highways Review included the need to encourage greater participation by local councils in relevant aspects of service delivery for example grass cutting on County Council land as well as improved community liaison via Parish Councils on the design and programming of new schemes and nature and timing of maintenance and improvement works.
- (d) The County Council already pays travel allowances for District Community Forums in the Harborough District area which comprise District and County elected members based on County electoral divisions which perform similar consultative and advisory functions to those carried out by Parish Councils.
- (e) Some authorities do pay travelling allowances for this purpose. Investigations have shown this is the case in Lincolnshire, Nottinghamshire and Warwickshire.

In the case of Lincolnshire this applies to travel allowances but not subsistence.

In the case of Nottinghamshire this applies to “Attendance by invitation at a Parish Council or Parish meeting to participate in the discussion of a County Council function”.

23. In the light of the advice it has received the Panel is persuaded that travel allowance should be paid for these duties provided the requirement of the Regulations can be satisfied. It has been advised that a recommendation in the terms set out below would be consistent with the Regulations.

Recommendation

- 24. The Panel recommends that the Members Allowances Scheme be amended to provide for “Attendance by invitation at a Parish Council or Parish Meeting to participate in the discussion of a County Council function (this provision to apply to travel allowance but not subsistence)”.**

Level of Travel and Subsistence Allowances

25. Given that new travel and subsistence allowances only took effect from 1st October, 2003 the Panel is not recommending any change at present to these allowances.

26. However, the Panel has pointed out with regard to mileage expenses, that its July 2003 report linked these to the Approved Mileage Allowance Payments (AMAPs) laid down by the Inland Revenue as a tax free “approved amount”. The Panel recommended that the Council should set its mileage allowances at the level of the relevant AMAPs amounts and this was subsequently agreed by the Council. The Panel is of the view that the Council’s scheme should continue to reflect the relevant AMAPs amounts and should be amended in line with any changes to those agreed by the Inland Revenue, whenever they occur.

Recommendation

- 27. The Panel recommends that no change be made to the levels of travel and subsistence allowances agreed with effect from 1st October, 2003.**
- 28. The Panel recommends that the Council’s scheme should continue to reflect the relevant AMAPs amounts adopted by the Inland Revenue and should be amended in line with any changes made to those amounts as and when they occur.**

Other Matters

29. The Panel’s attention has not been drawn to any other matters within the scheme which are considered to be in need of review.

Summary of Recommendations

- (a) The Panel recommends that the level of basic allowance be increased by 2½% to £6720 per annum from 1st April, 2004.**
- (b) The Panel recommends that the level of Special Responsibility Allowances be increased by 2½% from 1st April, 2004, the revised level of allowances being as follows:-**

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Leader	31,680
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Group Whips	1,056

- (c) The Panel also recommends that the issues identified in Paragraphs 13 to 16 of this report relating to special responsibility allowances should be examined further and be the subject of a further report to the County Council, later in the year.**
- (d) The Panel recommends that the Members Allowances Scheme be amended to provide for “The Attendance by invitation at a Parish Council or Parish Meeting to participate in the discussion of a County Council function (this provision to apply to travel allowance but not subsistence)”.**
- (e) The Panel recommends that no change be made to the levels of travel and subsistence allowances agreed with effect from 1st October, 2003.**
- (f) The Panel recommends that the Council’s scheme should continue to reflect the relevant AMAPs amounts adopted by the Inland Revenue and should be amended in line with any changes made to those amounts as and when they occur.**

D. Wilson
Chairman
on behalf of the Panel.