REPORT

OF

THE INDEPENDENT REMUNERATION PANEL

ON

MEMBERS’ ALLOWANCES

September 2007
Background

Each Principal Local Authority is required, under the 2003 Members Allowances (England) Regulations, to maintain an Independent Remuneration Panel on Members Allowances. The annual recommendations of this Independent Panel inform the Authority’s decision making when determining its Members Allowances Scheme. This is the fourth such Panel since the introduction of these provisions.

Membership

Martin Traynor, O.B.E. (Panel Chair), Group Managing Director, Leicestershire Chamber of Commerce  
David Brazier, Past Councillor, Chief Executive of SHARP and Chair of Trustees, Voluntary Action Leicester  
Joan Garrity *, Past Councillor  
Declan Hall, Institute of Local Government Studies, University of Birmingham  
Brenda Maw, Past Councillor

* Joan Garrity was able to attend two of the meetings.
Context

Local Government continues to develop at an ever increasing rate. Challenges arising from social, economic, and environmental change and also the Government’s strategic impetus to empower local communities, not least through the local democratic leadership and accountability provided by local authorities and, notably, their Elected Members.

Listed below are the principal national strategic policy documents and discussion papers which the Panel have had in mind when making this set of recommendations:-

- Strong and Prosperous Communities – The Local Government White Paper (26 October 2006)
- Vibrant Local Leadership – ODPM
- Local Government and Public Involvement in Health Bill
- Cities Renaissance : Creating Local Leadership – Michael Heseltine, June 2007
- Does Leadership Matter – A summary of evidence on the role and impact of political leadership in English local government – Department for Communities and Local Government

The Panel have also noted the changes in political management structures within the City Council since the formation of a new Council following the City Council elections on 3 May 2007. Notable in these changes, but not exclusively, have been the new approach to Scrutiny.

The Panel fully recognises that the new political management structures within the Council are still in their infancy. The Local Government and Health Bill currently under consideration may well also have a significant impact on the Council’s future political leadership. All this has led the Panel to conclude that these current recommendations are, of necessity, in many respects potentially short-term and will need to be revisited and reviewed in twelve months, both to reflect the actuality of the Council’s new ways of working and also to take account of changes which may be brought about by legislation.

The Panel considered evidence and data from a range of sources. All Elected Members on the Council were invited to make written submissions to the Panel. Such written submissions were received from:-

- Councillor John Blackmore
- Councillor Mary Draycott
- Councillor Colin Hall
- Councillor John Mugglestone
- Councillor Wayne Naylor
- Councillor Rory Palmer
- Councillor Ross Willmott

Darren Moore, Team Leader, Benefits Advice Service, Leicester City Council

In addition, the following were interviewed by the Panel:-

- Councillor Peter Coley - Liberal Democrat Leader
- Councillor Andy Connelly – Cabinet Member, Labour
- Councillor Mary Draycott – Deputy Leader & Past Lord Mayor
- Councillor John Mugglestone –Conservative Leader & Past Lord Mayor
- Councillor Sarah Russell – Scrutiny Task Group Leader, Labour
- Councillor Ross Willmott – Leader of Council
Darren Moore, Benefits Team Leader

Comparative Members Allowances data was also examined from a range of local authorities, including family authorities and near neighbours.

**PANEL CONSIDERATION**

1. **WARD MEMBER (BASIC ALLOWANCE)**

In considering the role in common to all 54 Elected Members on the Council, the Panel were well informed through a number of channels. These include the content of a number of written submissions, the oral evidence of a number of Members (often whilst giving specific evidence on other topics), the national picture, including from an academic perspective, as contributed by Declan Hall, and Panel Members, some of whom had also been Councillors themselves.

The Panel also considered the findings of the National Census of Local Authority Councillors in England 2006, conducted by Local Government Analysis and Research on behalf of the Local Government Association and Improvement and Development Agency.

Technical evidence regarding the impact of the benefits system was also supplied by Darren Moore, Team Manager, Benefits Advice Service, Leicester City Council.

In arriving at their recommendation on the level of Basic Allowance to all Members, the Panel also had regard to the ‘Public Service’ element of being a Councillor. An individual’s motivation for engaging in Public Service as a Councillor, invariably to ‘make a difference’, is not motivated principally by the Members Allowances. However, being a Councillor is also a tremendous drain on a person’s time, resources and attention. In many cases this prevents, at least, or to some extent reduces, the ability to generate income by other means. Equally, the Panel were firmly of the view that, for Members in receipt of Benefits, they should certainly not be worse off by offering themselves to become involved in public service. Although each case is different, evidence given indicated that a Basic Allowance of £9,000 minimum is needed to ensure Members also in receipt of Benefits (which are thereby reduced on a pound for pound basis) do not fall into the Benefits trap and become financially worse off by being a Councillor.

In this regard, some quotes from the written submissions are particularly worthy of note:-

- If we want to attract more people from different sections of society into local government then the basic allowance has to be of a level to make this a viable choice for people; especially for people who may need to reduce their work and career commitments to meet the demands of being a modern Councillor.

- Being a Councillor certainly cuts down your job opportunities and promotions; put yourself in an employer’s position – would you employ someone who has to leave at all sorts of times for meetings, it makes you totally unreliable. It therefore has a knock on effect for your pensions for the future; working class Councillors will have to pay for being a Councillor for all their retired life!
Allowances must be capable of making a practical possibility of a move to part-time work for Councillors to make the work of a Councillor possible and to attract people of ability who are in full-time work.

Taking into account:-

- benchmarking data from Leicester’s ‘family’ of Local Authorities
- the ‘Public Service’ element to being a Councillor
- the submissions and evidence provided to the Panel
- the need for Councillors to avoid the Benefits trap

The Panel therefore recommend a Basic Allowance of £9,500 per Member.

Further, having regard to the current Benefits Regulations, evidence was heard of alternative Regulations which are applicable to retained fire fighters who can retain their Benefits in addition to their retained fire fighters remuneration. The Panel would, therefore, strongly urge the Council to make representations to Government to introduce such provisions for local authority Elected Members.

If such representations do not bear fruit, the Benefits trap is a matter of considerable concern for anyone in receipt of Benefits considering standing for Council. The Panel therefore recommend that this issue be specifically highlighted (including by political parties) at a sufficiently early stage in the candidates selection process for future elections and also that the Council give early specific attention to this issue as a very early part of the induction process in the days immediately after the election.

2. EXECUTIVE FUNCTIONS

2.1. LEADER

There was universal acceptance that the role of Leader in an Authority such as Leicester City is a full-time commitment.

The Panel took evidence and considered whether the Allowance for the Council Leader would be better linked to that of other office holders (for example, an M.P. £60,675 or part-time Strategic Health Authority Chair (£40-60,000 dependent on size and complexity).

The Panel were also mindful of current legislative proposals which, if approved, would transfer direct executive authority to the Leader.

Further, the Panel also had regard to the levels of Leader’s Allowance in comparable cities across the U.K. and notably within Leicester’s family authorities.

After close examination, the Panel concurred that the role of Leader in a multicultural and diverse city like Leicester requires a considerable commitment over and above what would normally be expected in an authority of this size. In recognition of this additional commitment, and noting the additional expenditure associated with this post the Panel’s recommendation for the Leader’s SRA is, therefore, £44,500 per annum. However, there was also a recognition by the Panel that changes in role and responsibility associated with the post of Leader should lead to an in-depth
review of the remuneration provision and that a significant change in recommended level could well be anticipated at that time.

The Panel also were content to continue with the current provisions for an outgoing Leader i.e. an outgoing Leader will receive both future employment advice and a final payment equating to three months of the Leader's Allowance over and above the normal entitlement. This is subject to the office having been held for at least one year in duration, and by the end of office having not been caused by bringing the office into disrepute (an issue for Standards Committee consideration if necessary).

The Panel also recognised the very extensive commitment and time input required of the Leader of the Council, including their required attendance at numerous official functions and activities. The Panel therefore recommends that the Council examine ways in which the Leader can be supported in that role through such measures as transport to official events (using vehicles which would otherwise not be being utilised).

Finally, the Panel also considered the concept of an element of performance related pay for the Leader. Possible legislative change, who would adjudicate on such a matter and other issues of practicality led the Panel to conclude that such a recommendation should not be included in this report, but that work should be undertaken to consider how such a concept could be developed in the future.

2.2. DEPUTY LEADER

Evidence provided supported the view that the post of Deputy Leader is now far more than ‘covering for the Leader when sick or on holiday’. There is a strong view that the Deputy Leader has a role significantly over that of other Cabinet Members and needs to maintain a working knowledge of all Cabinet portfolios, not just that allocated to the Deputy Leader.

This enhanced role is also reflected in the time requirements associated with this role.

As a consequence, the Panel recommend that the allowance of Deputy Leader equate to 50% of the Leader’s SRA, i.e. £22,250.

2.3. CABINET MEMBER

Evidence provided to the Panel demonstrated that fulfilling the role of Cabinet Member equates at least to a half-time commitment (in addition to their role as Ward Councillor).

The National Census of Local Authority Councillors in England, 2006, identified that Councillors holding a position of leading responsibility spend on average 25.1 hours per week on their Council activities.

Evidence was also put forward that this level of activity also impacts significantly on levels of associated expenditure, such as telephone bills, as currently funded (to a capped limit) by the Members Support Package.
The Panel were, therefore, of the view that the increased costs of holding such office should be recognised and that this would be most easily addressed within the SRA. The Panel, therefore, recommend an SRA for Cabinet Members (other than the Leader and Deputy Leader) of £14,250.

The Panel also noted that the Council’s political management structures now include provision for Portfolio Groups. This is seen as a method of supporting those Cabinet Members with the largest portfolios. No such office holders have yet been appointed. The Panel did, therefore, acknowledge their potential benefit, but took the view that recommendations regarding possible remuneration would be best addressed once they had been activated and their role developed and defined more closely.

2.4. SCRUTINY

Scrutiny Special Responsibility Allowances give the Panel some concerns. The new Scrutiny arrangements are, as yet, untested and it is, therefore, difficult, with certainty, to predict both workloads and responsibilities associated with these posts. The Panel would, therefore, recommend that these recommendations be the subject of comprehensive review in 12 months time when the new arrangements will be fully operational.

For the 2007/08 year the Panel do, however, recommend:

(i) Overview and Scrutiny Management Board
    Performance and Value for Money Select Committee
    Health Scrutiny [including Joint Health
Chair - £7,500
V Chair - £3,750

(ii) Scrutiny Task Group Leaders
    Deputy Group Leaders (where appointed)
£5,500
£2,750

(iii) Audit Committee Chair
£2,675

2.5. REGULATORY COMMITTEES

The Planning and Development Control function, a quasi-judicial meeting at regular fortnightly intervals, continues to reflect the pressured environment of a city focussed and dedicated to regeneration.

The Panel were of the view that, whilst a different type of work, the demands on the Chair and Vice-Chair equated to those envisaged for the Chair and Vice-Chair of the major scrutiny committees. The Panel therefore recommend a SRA for the Chair of £7,500 per annum and 50% of that level for the Vice-Chair.

In the area of Licensing, the Panel recognised that the increase in workload associated with the transfer of alcohol related licensing has now passed. It also acknowledged that licensing issues associated with gambling will come to the fore in the next 12 months.

The Panel took the view that this workload, including the chairing of Hearings, equates to that of a major Scrutiny Committee and therefore...
recommends a SRA for the Chair of £7,500 per annum with 50% each (£3,750) for each of the two Licensing Vice-Chairs.

2.6. **CIVIC ALLOWANCES**

The Panel received a range of evidence, including from previous Lord Mayors and ‘family’ benchmarking data. As also identified in the 2005 Report of the Independent Panel, all the evidence pointed to the Lord Mayoralty being a full-time commitment. Based on current allowances, the Panel also concluded that Lord Mayors are effectively subsidising the role to a considerable extent out of their own pocket. For these reasons, the Panel recommend an annual Lord Mayor allowance of £10,000 payable directly to the Lord Mayor, with a further £5,000 to be held within the Lord Mayor’s Office for necessary expenses of office within that environment. The Panel also support the utilisation of these allowances in as tax efficient manner as possible.

The Panel further recommend that the Deputy Lord Mayor’s allowance be 50% of the Members’ Basic Allowance (£4,750) and the High Bailiff’s allowance be £1,662 (17.5% of the Members’ Basic Allowance).

2.7. **POLITICAL OFFICES**

2.7.1. Political Group Leaders (Minority Groups)

The Panel were conscious that there can be an inequity in a ‘one size fits all’ allowance for the Group Leaders of the Minority Groups on the Council.

To address this issue, the Panel recommend an allowance for each Minority Group Leader of £1,000 per annum plus an additional £250 per Member of the Group, including the Leader, (a group leader with 6 members including themselves, would receive £1,000 + £250 x 6).

The standard element recognises that all minority group leaders have a political management and leadership role to perform regardless of size of group. The variable element recognises that the larger the group the larger the role of group leader.

2.7.2. Whips

The Panel were minded that the payment to the Whips, in recognition of their interface between the political group and the Council is appropriate and, therefore, recommend an inflationary only increase, bringing the allowance to £2,675 per annum.

2.8. **INDEPENDENT MEMBERS AND CO-OPTEES**

The Council’s Standards Committee is currently chaired by an Independent Member. One or more further Independent Members for the Committee are currently being sought.

There is also a statutory requirement for co-optees to input into the Council’s activities from an education perspective.
To date, none of these appointments have received an allowance.

The Panel, therefore, recommends that the Chair of the Standards Committee receive a Special Responsibility Allowance of £2,675 and that other Independent Members or Statutory Co-optees each receive an allowance of £475 per annum (equating to 5% of the basic allowance).

2.9. **CHILDCARE AND DEPENDANTS’ CARERS’ ALLOWANCES**

Childcare and Dependant Carers Allowances were the subject of detailed consideration, including the hearing and gathering of evidence.

The establishment of such allowances is made less straightforward as there are neither set mechanisms for the provision of childcare nor dependant carers allowance nor for the provision of such services, with each carer having different needs and requirements.

In that context, however, the Panel were of the view that the Members Allowances Scheme should make a contribution to such allowances (not full reimbursement).

It therefore recommends a Dependents’ Carers’ Allowance will be available on the basis set out in Regulation 7 of the Local Authorities (Members Allowances) (England) Regulations 2003, subject to the following conditions:-

- The maximum hourly rate reimbursed for the independent care of a child under the age of 14 shall be equal to the minimum wage applicable to the age of the carer;

- The maximum hourly rate reimbursed for the professional care of a dependant relative shall be equal to the Council’s own hourly rate for a Home Care Assistant;

- There shall be an upper limit of 10 hours carers allowance claimable per Member per week;

- Members must certify that the costs have been actually and necessarily incurred and the allowance shall be paid as a reimbursement of incurred expenditure against receipts;

- The allowance shall not be payable to a member of the claimant’s own household.

2.10. **SUPPORT PACKAGE**

The Panel were of the view that the Support Package (currently capped at £1,500 for each Member for the year following an election and £750 per annum in each subsequent year within the term) was satisfactory, subject to an inflationary increase of 3%.

The Panel were also conscious of representations put forward regarding such issues as Broadband costs, and recommend that the Council assist in this regard as far as is possible, including assisting Members to ensure they
have value for money in their procurement by utilising the Council’s processes wherever possible.

The Panel were also of the view that to maximise these funding arrangements, the current practice of carrying forward each year within the four year electoral term under-spends or overspends for each individual Members be continued. The Panel would also endorse the current monitoring of this provision by the Group Whips, including their consideration of items of special expenditure not previously covered within the remit of the Scheme.

2.11. **TRAVEL AND SUBSISTENCE**

Having regard to the compact geographical boundaries of the city, the Panel were of the view that the current Travel and Subsistence provision of £1,125 for activities within the city, with an inflationary increase of 3% was both adequate and acceptable.

The Panel did, however, believe that whilst travel outside the city is broadly adequate, the subsistence rates, including meal allowances, are not sustainable.

In consequence the Panel recommend:-

(i) **Mileage Rates**

Where a Member uses a private vehicle the rates payable shall be at the level of the Approved Mileage Allowance Payments (AMAPs) laid down by the Inland Revenue as a tax free “approved amount” and shall be amended in line with any changes made to these amounts as and when they occur.

At the time of writing these amounts are as follows:-

- **Car or van**: 40p per mile for the first 10,000 miles
  
  25p per mile after that

- **Motor cycle**: 24p per mile (all miles)

- **Cycle**: 20p per mile (all miles)

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

The following rates of subsistence shall apply when outside the city boundary:-

<table>
<thead>
<tr>
<th>Meal</th>
<th>Rate</th>
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<tbody>
<tr>
<td>Breakfast</td>
<td>£7.70</td>
</tr>
<tr>
<td>Lunch</td>
<td>£10.50</td>
</tr>
<tr>
<td>Tea</td>
<td>£4.60</td>
</tr>
<tr>
<td>Dinner</td>
<td>£18.00</td>
</tr>
</tbody>
</table>

The qualifying duty period (inclusive of travelling time) for all subsistence allowances relating to meals shall be as follows:-

<table>
<thead>
<tr>
<th>Meal</th>
<th>Time</th>
</tr>
</thead>
<tbody>
<tr>
<td>Breakfast</td>
<td>3 hours before 11.00 a.m.</td>
</tr>
<tr>
<td>Lunch</td>
<td>3 hours including 12 noon to 2.00 p.m.</td>
</tr>
<tr>
<td>Tea</td>
<td>3 hours including 3.00 p.m. to 6.00 p.m.</td>
</tr>
<tr>
<td>Dinner</td>
<td>3 hours ending after 7.00 p.m.</td>
</tr>
</tbody>
</table>

The following rates shall apply for overnight absence (room only):-

<table>
<thead>
<tr>
<th>Type</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provincial rate</td>
<td>not to exceed £85</td>
</tr>
<tr>
<td>London rate</td>
<td>not to exceed £105</td>
</tr>
</tbody>
</table>

2.12. **OTHER ISSUES**

The Panel recommend that the scheme provides for the renunciation of allowances and how that should be addressed.

In addition, the detailed scheme requires the Council to address the withholding of allowances, if so determined by the Standards Board for England or the Council’s own Standards Committee.

The Panel was fully supportive of the Council’s current inclusive approach with regard to Member access to the Council’s Superannuation Scheme.

The Panel are content that the current arrangement remains in place whereby each Member can only receive one SRA in each of the following four categories:-

Executive
Scrutiny
Regulatory
Political.

The Panel recommends that the scheme will continue in operation until a further review is undertaken.