
Independent Remuneration Panel Process

Decision to be taken by: Council

Decision to be taken on/Date of meeting: 6 July 2023

Lead director/officer: Miranda Cannon,
Director of Delivery, Communications & Political
Governance

Useful information

- Ward(s) affected: All Wards
- Report author: Miranda Cannon, Director of Delivery Communications and Political Governance
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- Report version number: 0.4

1. Summary

To enable Council to consider approval of the commencement of a review of the Council's Scheme of Members Allowances by an independent panel as specified in legislation.

2. Recommended actions/decision

Council is recommended to:

1. approve the appointment and composition of an Independent Remuneration Panel to consider Members Allowances in Leicester as detailed in the report;
2. approve the commencement of a review of the Council's Scheme of Members Allowances by the Independent Remuneration Panel as specified in legislation on the basis defined in the report and taking into account the current financial constraints facing the Council; and
3. note that consideration of the report of the Panel is a matter reserved to Council and that Council in setting a Scheme of Allowances at that point will have the choice to accept in full or in part or reject the findings of the Panel.

3. Background and approach

3.1. Background

Under the Local Authorities (Members' Allowances) (England) Regulations 2003 (section 19.1), all councils must make a scheme providing for the payment of allowances, and before the Council makes or amends a Members' Allowances Scheme, it has to have regard to recommendations made by its statutory Independent Remuneration Panel (IRP).

Section 21 of the Regulations defines that the IRP report must make recommendations on the responsibilities or duties in respect of:

- special responsibility allowance (SRA);
 - travelling and subsistence allowance; and
 - co-optees allowance
- the amount of such allowances and the amount of basic allowance;
 - whether dependents' carers allowance should be payable and the amount;

- whether payments can be backdated when a scheme is amended at any time so as to affect an allowance payable for the year in which the amendment is made and;
- whether changes to allowances are decided according to an index and, if so, which index and for how long that index should apply, (a maximum of four years), before its application is reviewed.

Whilst not required by the legislation, the civic allowances are also considered as part of the Panel's terms of reference and consistent with previous reviews.

The last IRP held by Leicester City Council published their report in March 2020 and so the Regulations mean that an IRP must now be put in place to review member allowances during 2023/24 in order for a scheme to be approved for 2024/25.

3.2 The Panel

The regulations require that an IRP must have at least three members. The members of an IRP cannot be elected members of an authority in respect of which it makes recommendations and cannot be a member of a committee or sub-committee of such an authority. Anyone disqualified from being an elected member of any local authority is also disqualified from being a member of an IRP.

The regulations do not specify how members of an IRP are appointed but the 2003 Statutory Guidance (48-49) states:

“A local authority will need to consider carefully and plan its appointments process having regard to this guidance and the need to ensure that this process commands public confidence throughout all the communities in the local authority's area. The council should adopt an appointments process which it considers is best able to result in the membership of its independent remuneration panel being truly independent, well qualified to discharge the functions of the panel and representative of the diversity of the communities in the local authority's area.”

In constituting a Panel the main challenges are being able to identify panel members with sufficient knowledge and experience to make informed evaluations on such roles when in practice they may only be called on to do so every 4 years, and often are not able to draw on any comparable experience. Secondly, to engender public confidence in the approach ideally we need panel members who are suitably independent of the local authority, who have no direct conflicts of interest in any significant aspects of that local authority's business yet have a sufficient knowledge and understanding of the local context in which we operate.

Taking that into account, for the previous two IRP reviews, Full Council therefore approved the panel composition as follows:

- Dr Declan Hall as the appointed Chair – an experienced IRP chair with many years of experience of working on allowances reviews for a wide range of authorities and who has advised UK and regional governments in relation to allowances.
- Senior Officer from East Midlands Chamber of Commerce
- Regional Secretary of Midlands Trade Union Congress (TUC) or representative identified by them
- Chair of Leicestershire & Rutland Magistrates Bench or other member of the local judiciary as proposed by the Chair

In addition, Full Council previously approved that in order to ensure that the Panel represents the views of city residents, up to three members of the public who meet the statutory conditions for membership of the panel be appointed by the Director of Delivery, Communications and Political Governance on the recommendation of the Chair of the Panel, following an open and formal public recruitment exercise.

This range of skills and experience worked well for the reviews held in 2015 and 2019/20 and it is therefore proposed to follow a similar approach for the 2023/24 review utilising the same panel composition including the recruitment of up to three members of the public. Any resident who formed part of the panel previously may of course apply again.

In constituting the panel, steps will be taken as far as reasonably practicable to seek to have a balanced panel particularly in terms of age, sex and ethnicity as far as it is possible to do so.

An authority may pay expenses of an IRP constituted under the Regulations incurred in carrying out its functions. It also may pay the members of the panel such allowances or expenses as the authority, or authorities, for which it makes recommendations decide. Previously it was agreed that panel members would be able to claim for reimbursement of loss of earnings up to a limit of £175 per day plus reasonable expenses. In practice this presented some practical challenges for some in evidencing loss of earnings including those who were self-employed. Also, some panel members who did not work but had still given their time to the panel deemed it an inequitable approach in that they were not eligible to receive any payment. It is therefore proposed that a simpler and more equitable approach would be to pay a set allowance to each representative on the panel for undertaking the review, plus expenses. The proposed allowance is £565, this is based on experience of the time involved from panel members for the previous reviews which amounted to around 5 days, and calculated using the median hourly pay rate for employees according to the pay policy statement for 2023/24 approved by Council. This is also in line with the allowance of £564 currently paid to co-opted members of other Council Committees. All panel members will be able to claim for any other reasonable expenses incurred.

Any representative who is put forward (or in the case of city residents who applies) must meet the following:

- Not be directly related to or have any close personal relationship with any elected member or employee of Leicester City Council;
- Be perceived from a public perspective as an individual who is suitably independent of the Council to include no direct funding relationship (other than in a routine manner such as a Council Tax payer); and
- Have skills in assimilating a range of information and evidence and being able to make informed and balanced judgements on that basis.

The organisations / individuals named above have all been approached and agreed in principle to being involved subject to approval by Full Council.

3.3 Report and Timescales

In preparing its report and considering its recommendations the IRP will be asked to take into account:

- allowances schemes from comparator local authorities such as those in the CIPFA nearest neighbours group of authorities, other mayoral authorities, and geographically neighbouring cities where these do not fall within the previous categories;
- the views of Members, both written and oral; and
- the economic climate and the need for recommendations which could be feasibly met within the existing budget envelope available.

The timescale proposed for the review is:

- Recruitment of panel members – July – September 2023
- Preparatory work – September – October 2023
- Meetings of the Panel – October - December 2023
- Panel report – February 2024
- Recommendations to Council – March 2024
- Scheme in place – 1st April 2024

For the 2023/24 financial year the Council will continue to operate with its existing scheme as set out at [Members allowance scheme \(leicester.gov.uk\)](https://www.leicester.gov.uk/members-allowance-scheme).

4. Financial, legal, equalities, climate emergency and other implications

4.1 Financial implications

It is estimated that the chair of the panel will undertake 9 day's work on the review at a cost of around £6,000 plus expenses to include:

- Leading the organisation of the review including preparing the terms of reference and information pack for the Panel;
- Preparatory meetings in Leicester with relevant Officers to gather background information, collecting and analysing comparative information, and gathering views from Members;
- Preparing the training presentation for the IRP;
- Visiting Leicester City Council to chair the IRP;
- Leading on the first full draft of the report, including further research and any necessary follow up interviews via telephone, and further redrafting based on
- any comments received from other IRP members; and
- Producing the final draft of report to send to council.

Any time reasonably undertaken over and above the estimated 9 days will be considered and a mutual agreement reached with the Director of Delivery Communications and Political Governance. This is consistent with the approach taken in the previous reviews held in 2015 and 2019/20.

The Local Authorities (Members' Allowances) (England) Regulations 2003 (section 20.3) specifies that an Authority may pay allowances or expenses to Panel members. As set out in the report, members of the panel will be paid an allowance of £565 plus expenses, and all panel members will be eligible to claim for any reasonable expenses incurred. Any claims received will be assessed and approved by the Director of Delivery Communications and Political Governance. Again, this is consistent with the approach taken previously.

Any resources or support provided to the Panel by the Council will be met from within existing budgets.

It is therefore estimated that the review process will cost in the region of £10,000 plus expenses.

Martin Judson, Head of Finance

4.2 Legal implications

The legal issues which are pertinent to the appointment and function of the IRP are covered within the main body of the report

Kamal Adataia, City Barrister & Head of Standards, ext 37 1401

4.3 Equalities implications

Although there are no direct equalities implications arising from the recommendations of this report, there are several potential equalities issues which may need to be considered as part of the review of the scheme of allowances.

In particular, the panel will be required to make a decision on whether dependant carers' allowance should be payable and the amount. If there are changes to this, there may be a disproportionate impact on those with the protected characteristic of pregnancy and maternity, who are parents or those who care for a disabled or elderly relative. A change to dependant carers' allowance may also have a disproportionate impact in terms of sex, as women are more likely to be lone parents with primary responsibility for childcare, spend more time on childcare responsibilities and are more likely to become a carer for an adult relative.

The report outlines proposed steps to ensure that the panel is representative of the diversity of the community of Leicester, including by recruiting three members of the public to sit on the panel to ensure a diversity of thought, background and experience.

The level of allowances within the scheme should not discriminate or create barriers for those who may wish to stand for office. Advancing equality of opportunity involves having due regard to the need to encourage persons who share a protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low. The open and formal public recruitment exercise should be undertaken in such a way that bias is minimised, and which would promote equality of opportunity for people from across all protected characteristics.

Surinder Singh Equalities Officer, ext 37 4148

4.4 Climate Emergency implications

There are no significant climate change implications associated with this report.

Aidan Davis, Sustainability Officer, ext 37 2284

4.5 Other implications (You will need to have considered other implications in preparing this report. Please indicate which ones apply?)

None

5. Background information and other papers:

6. Summary of appendices:

7. Is this a private report (If so, please indicate the reasons and state why it is not in the public interest to be dealt with publicly)?

8. Is this a “key decision”? If so, why?