
Independent Remuneration Panel Report

Decision to be taken by: Council

Date of meeting: 29th April 2021

Lead director/officer: Director of Delivery,
Communications and Political Governance

Useful information

- Ward(s) affected: All
- Report author: Matthew Reeves
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1. Summary

This report seeks to provide Council with the current status regarding the Member's Allowances Scheme; to enable Council to consider the final report of the Independent Remuneration Panel (IRP) and for Council to meet the legal requirement of making a scheme of Members allowances for the forthcoming financial year.

2. Recommended actions/decision

Members are recommended to:

1. Make a Members' Allowances Scheme (MAS) for the City Council for the municipal year 2021/2022, in accordance with the Scheme proposed by the Independent Remuneration Panel through their report dated February 2020.
2. Monitor the implementation of the Dependent Carer's Allowance provisions with a view to considering any possible further changes to this if required.

3. Scrutiny / stakeholder engagement

The IRP review undertook a full process of consulting with Councillors and relevant officers for their views on the Members' Allowance Scheme and associated regulations and legislation. The Panel also spoke with a considerable number of post holders on the Council as well as other Councillors who requested to speak with them. This took place during the time period of 15 November 2019 to 7 February 2020.

4. Background and options with supporting evidence

Under the Local Authorities (Members' Allowances) (England) Regulations 2003 (section 19.1), all councils must make a scheme providing for the payment of allowances to Members (ie Councillors and Elected Mayors) and before a Council makes or amends such a Members' Allowances Scheme, it must publish and have regard to a report and 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 dependent 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.

5. Detailed report

5.1 Update and current position

At its meeting of Council on 19th March 2020, the following was resolved:

That a Members Allowance Scheme for the municipal year 2020-2021 comprising the 2019-2020 Scheme with indexing of allowances in line with IRP report approved at Council in March 2016, be made and the recommendations contained in the report of the Independent Remuneration Panel (March 2020) be considered at a future Council meeting.

It was noted at the March 2020 meeting that there were concerns with the provisions in the proposed scheme in relation to the Dependent Carer's Allowance (DCA). It was, and remains, the intention to review the implementation of this allowance, but the priority of the pandemic response has delayed this. There were however some changes proposed to the DCA by the IRP, which address some of the deficiencies within the existing allowances scheme regarding rates of reimbursement and increasing the number of hours which can be claimed. These have not been applied, because the Scheme made in March 2020 was a continuation of the old Scheme and none of the elements of the new Scheme (including the more generous components) were therefore adopted.

The Members Allowances Scheme approved by Council at its meeting in March 2020 was based on the existing scheme approved prior to the Panel's most recent review. The regulations mean that the existing scheme based on the last IRP review cannot be indexed any further, and Council are now required to approve a new scheme which takes into account the recommendations made by the Panel in its most recent report. The Panel made a number of recommendations on areas which have not yet been given due consideration and these are outlined in more detail below in section 5.3.

As Members will be aware, the current approved allowance scheme permits the basic allowance, special responsibility allowances, Co-optees allowances, Civic Allowances and the Telecommunications and Support allowance to be updated annually in line with the annual percentage pay increase given to Leicester City Council employees. These uplifts have been applied since 1 April 2020 to payments being made under the existing scheme. The same recommendation in relation to indexing of any new scheme was made by the Panel's most recent review. This report and the attached draft scheme have therefore where appropriate applied the 2.75% pay increase awarded in April 2020 to the IRP's latest recommendations to show the actual amount that would be paid from 1 April 2021 should Council approve the recommendations in section 2. The original report from the Panel has not been amended.

5.2 Context

At the Council meeting on 13 June 2019 it was agreed to set up an IRP to conduct a review for Leicester. The IRP invited views from all elected Members and undertook a series of meetings and has now presented its final report (attached at Appendix A). A summary of the representations and evidence received by the IRP is detailed in the IRP report and its appendices.

The determination of the Council's Scheme of Members' Allowances is a matter reserved to full Council. The Independent Remuneration Panel's report is such that its contents and recommendations can, if the Council so wishes or subject to any variation Council may decide, form the Members' Allowances Scheme for the current Municipal year. A draft Members' Allowances Scheme in those terms is, therefore, also attached at Appendix B.

5.2 Publicity for the Recommendations of the Panel

As required Local Authorities (Members' Allowances) (England) Regulations 2003 in addition to publishing the report on the Council's website (www.leicester.gov.uk/remunerationpanel), a copy was made available in the Council's Customer Services Centre on Granby Street and a notice placed in the Leicester Mercury (5th March). As the IRP is independent of the Council, officers are unable to respond to comments concerning the report. Members of the public were also invited to make comments by email on the Panel's report. The responses received are detailed at Appendix 3.

5.3 Details of consideration and summary of proposals

The last IRP held by Leicester City Council was in 2016 with the findings reported to the meeting of Council held on 17 March 2016 (min 33 refers).

Please note, where figures are referred to below, they include the 2020/21 index uplift of 2.75% which is why they may differ from figures in the main IRP report.

As referred to in the IRP report the Panel were asked to consider its recommendations in the light of the Council's financial situation and wider economic climate. The full financial impact of the changes within the recommendations can be difficult to map accurately as they will reflect individual claims and Council decisions regarding Member positions. For example, the impact of changes such as Dependent Care Allowances will depend on Members personal and professional circumstances and require individual claims. However, if the recommendations are implemented as published it will result in an estimated annual increase of around £8,079 against the budget. Additionally, whilst it is hard to judge the full impact prior to implementation, the recommendations will maintain the efficiencies and reduction in the level of staffing resource required to administer the allowances scheme achieved following the 2016 review.

The Panel noted that the review in 2016 was a wide-ranging review which made a number of significant changes to the Members Allowance Scheme which was previously in place. The Panel in 2019/20 noted that there wasn't a similar need to undertake such a wide-ranging review, as the scheme was generally 'fit for purpose', but would focus on any anomalies which may have arisen over time and consider any representations regarding aspects of the scheme that were thought to be inequitable.

There were a number of areas where the Panel recommended some change from the existing scheme, which are detailed below, otherwise the status quo was recommended.

Basic Allowance

The Panel undertook a 'triangulation' process which took into account three points of reference:

- I. Recalibration based on the 2006 Statutory Guidance
- II. Benchmarking
- III. Representation received by the Panel

The report considered this process in more detail, but the Panel gave consideration to factors such as; time spent on duties; the 'public service discount'; comparators on the rate of remuneration; and any feedback from Councillors. Taking all these factors into account, the Panel felt that the arising formula indicated that the basic allowance had comparatively dropped and it was out of line compared to similar comparator authorities on a median basis. Therefore, a small increase in the basic allowance taking it to £11,276 was recommended.

Special Responsibility Allowance – City Mayor

The Panel took time to consider the principle of aligning the remuneration to that of an MP, but weren't convinced that this was appropriate, primarily because virtually no other Councils followed this approach and it would have meant a significant increase.

The Panel considered other benchmarking including other City Mayors and other roles such as a Police and Crime Commissioner and Combined Authority Mayors. There was clear evidence that the remuneration for Leicester's City Mayor had fallen behind comparative authorities and there was a rationale for the post to not receive less than the Leicestershire Police and Crime Commissioner, when relative responsibilities were taken into account.

The Panel therefore recommended a small increase in the special responsibility allowance to £65,787 for the post of City Mayor. The allowance in the current scheme is £62,932.

Chairs and Vice-Chairs of the Planning & Development Control and Licensing & Public Safety Committees

The Panel received representation that these roles merited a higher SRA, based on a number of arguments. Firstly, the quasi-judicial and high-profile nature of the roles meant that the meetings were challenging and considered highly technical matters. Further, there were considerably more meetings compared to Scrutiny Commissions. It was also noted that it was fairly common practice to pay more for these types of chair roles at other authorities. The Panel therefore recommended that the Chair's SRA be increased to £10,483 and Vice Chair to £2,620. The respective allowances in the current scheme are £8,736 and £2,184.

The In-Authority Travel & Subsistence Allowance

When considering this issue, the panel noted that from the benchmarking comparators, there were no other authorities that provided a lump sum for travel and subsistence. Some authorities paid nothing, and some had claims based arrangements. However, the simplicity of the lump sum was thought to be something which shouldn't be lost as there were administrative / staffing cost benefits for the Council.

The Panel did however feel that the current allowance amount was excessive because; the comparatively high spend compared to other authorities; evidence that it didn't reflect actual costs / expenditure; and the Council provided free parking for Councillors attending meetings. The panel devised a formula based on likely travel costs for either bus or car and a likely amount for subsistence. The Panel therefore recommended that the Subsistence and Travel amount be set at £1000 per annum.

Dependent Carer's Allowance

The Panel spent considerable amounts of time considering issues around Dependent Carer's Allowance (DCA). It was the issue that the vast majority of Councillor submissions were focussed upon. The Panel also received verbal evidence from Councillors and direct legal advice on this issue. Overall the Panel were very supportive of the principle of a DCA as it reduced barriers of entry to public service for traditionally underrepresented groups.

There were a number of concerns raised by the submissions and evidence received in relation to the DCA, mostly based around concerns that the system was over complex and led to rejected payments, but it was also felt that there was a limited number of activities which were covered by the allowance and didn't reflect the realistic work of a Councillor. There was a great deal of sympathy around these issues, but ultimately it was agreed that the scheme as it stood reflected what was legally possible and therefore couldn't be fundamentally changed.

The Panel did however make recommendations for some changes to the scheme to increase rates and numbers of hours which were claimable. A suggestion was also made that better clarification be made about what is / isn't approved duties under the scheme.

6. Financial, legal, equalities and other implications

6.1 Financial implications

The proposed cost of the new scheme is £1.2m, which can be accommodated within the existing Delivery, Communications and Political Governance Budget.

Colin Sharpe, Deputy Director of Finance

6.2 Legal implications

This report highlights the key legal considerations in section 4, and the report of the Independent Remuneration Panel addresses legal considerations throughout. The Council is required, by Regulation 19 Local Authorities (Members' Allowances) (England) Regulations 2003, to "have regard" to the report of the IRP before making the Scheme.

Kamal Adatia, City Barrister and Head of Standards

6.3 Equalities implications

Under the Equality Act 2010, public authorities have a Public Sector Equality Duty (PSED) which means that, in carrying out their functions, they have a statutory duty to pay due

regard to the need to eliminate unlawful discrimination, harassment and victimisation and any other conduct prohibited by the Act, to advance equality of opportunity between people who share a protected characteristic and those who don't and to foster good relations between people who share a protected characteristic and those who don't. Due regard to the Public Sector Equality Duty should be paid before and at the time a decision is taken, in such a way that it can influence the final decision.

Protected Characteristics under the Equality Act 2010 are age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation.

There are no direct equality implications arising from the report. 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.

Surinder Singh Equalities Officer Tel 37 4148

6.4 Climate change and carbon reduction implications

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

Aidan Davis, Sustainability Officer

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

None.

7. Background information and other papers:

None

8. Summary of appendices:

Appendix 1 – Report of the Independent Remuneration Panel.

Appendix 2 – Draft Members' Allowance Scheme.

Appendix 3 – Responses from Members of the public

9. 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)?

No

10. Is this a "key decision"? If so, why?

No