



Leicester
City Council

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COUNCIL

8TH OCTOBER 2015

INDEPENDENT REMUNERATION PANEL PROCESS

REPORT OF THE DIRECTOR OF DELIVERY, COMMUNICATIONS AND POLITICAL GOVERNANCE

1. PURPOSE OF REPORT

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. RECOMMENDATIONS (OR OPTIONS)

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. REPORT

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 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
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- 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.

The last IRP held by Leicester City Council was in 2011 so the Regulations mean that an IRP is now needed to review member allowances.

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 the local authority's business yet have a sufficient knowledge and understanding of the local context in which we operate.

In practice therefore for transparency it is proposed that any nominees put forward for the Panel must:

- not be directly related 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.

In considering the proposed local membership in this context, it has therefore been necessary to look beyond those local organisations and partners who the Council works with on a regular basis and where there is also often some form of funding relationship. In terms of the chair of the panel efforts have been made to identify a chair who is wholly independent of the Council but who has significant experience of the complex regulations surrounding allowances and the specific requirements of an IRP chair. In terms of suitable panel members the regional Chamber of Commerce, the Magistrates Bench, and the TUC Regional office have been identified as organisations with a clear degree of independence from the Council but who can also bring knowledge of the local context. These organisations have been approached and individuals willing to undertake the role and who meet the criteria detailed above identified. The composition of the panel is therefore proposed as:

- **Chair** - Dr Declan Hall – an experienced IRP chair with over 15 years experience of working on allowances reviews for a wide range of authorities and has advised UK and regional governments in relation to allowances.
- **Derbyshire, Nottinghamshire and Leicestershire Chamber of Commerce** - Scott Knowles (Assistant Chief Executive)
- **Leicestershire & Rutland Bench Magistrates** – Stephanie Brown (Chair of the Magistrates)
- **Midlands TUC** - Lee Barron (Regional Secretary)

3.3 Report and Timescale

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

- allowances schemes in the Leicester City Council comparator group of councils that may consist for example of other mayoral authorities, the Core Cities group of 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.

In addition it is proposed that a suitable and accessible means by which the Panel Chair can receive written representations from members of the public, would be put in place. This is felt to be more appropriate than vesting the public view in one or two residents on a Panel.

The timescale proposed for the review is:

- Complete appointment of the panel – Following Council decision.
- Meetings of the Panel – November.
- Panel report – December.
- Recommendations to Council – January.

4. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

4.1. Financial Implications

It is estimated that the chair of the panel will undertake 8 days work on the review at a cost of £5,200 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;
- Receiving written views from residents;
- 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;
- Producing the final draft of report to send to council.

Any time reasonably undertaken over and above the estimated 8 days will be considered and a mutual agreement reached with the Director of Delivery Communications and Political Governance.

The Local Authorities (Members' Allowances) (England) Regulations 2003 (section 20.3) specifies that an Authority may pay allowances or expenses to Panel members. Rather than pay a specific fee it is proposed that panel members be given the opportunity to claim reasonable expenses and for loss of earnings of up to £150 for each full day. It is estimated that no more than 3 days work will be required by panel members giving a potential maximum cost of £1,350 plus any expenses. Any claims received will be assessed and approved by the Director of Delivery Communications and Political Governance.

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 a maximum of £6,550 plus expenses.

Colin Sharpe, Head of Finance, ext. 37 4081

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 Adatia, City Barrister & Head of Standards, 454 1401

4.3 Climate Change

There are no climate change implications associated with the report.

Louise Buckley, Senior Environmental Consultant, 372 293

5. OTHER IMPLICATIONS

OTHER IMPLICATIONS	YES/NO	Paragraph References Within the Report
Equal Opportunities	N	
Policy	N	
Sustainable and Environmental	N	
Crime and Disorder	N	
Human Rights Act	N	
Elderly/People on Low Income	N	
Corporate Parenting	N	
Health Inequalities Impact	N	

6. BACKGROUND PAPERS – LOCAL GOVERNMENT ACT 1972

None

7. CONSULTATIONS

Kamal Adatia – City Barrister & Monitoring Officer

8. REPORT AUTHOR

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