



Leicester
City Council

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COUNCIL

17th MARCH 2016

INDEPENDENT REMUNERATION PANEL REPORT

REPORT OF THE DIRECTOR OF DELIVERY, COMMUNICATIONS AND POLITICAL GOVERNANCE

1. PURPOSE OF REPORT

To present to Council the final report of the Independent Remuneration Panel (IRP).

2. RECOMMENDATIONS (OR OPTIONS)

Members are recommended to:

1. consider the content and recommendations of the Independent Remuneration Panel's Report on Members' Allowances.
2. Indicate the extent to which they wish to adopt or otherwise amend the proposals to formulate the revised Members' Allowances Scheme for the period 2015/16 to 2019/20 utilising the indexing specified in the Independent Remuneration Panel's report.
3. If minded to adopt the recommendations contained within the Independent Remuneration Panel report, to approve an implementation date of the provisions of 1 April 2016.

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-optee's 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.

At the Council meeting on 8 October 2015 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.

3.2 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/allowances), a copy was made available in the Council's Customer Services Centre on Granby Street and a notice placed in the Leicester Mercury (7 March 2016). As the IRP is independent of the Council, officers are unable to respond to comments concerning the report. However an email address has been created allowances.review@leicester.gov.uk and members of the public have been requested to forward any comments to this email address by 5pm on 16 March 2016 in order to allow comments to be collated and made available to Members at this meeting.

3.3 Context

The last IRP held by Leicester City Council was in 2011 with the findings reported to the meeting of Council held on 29 March 2012 (min 46 refers). Since that time a number of changes have occurred in the context of Members Allowances.

As referred to in the IRP report the Panel were asked to consider its recommendations in the light of the Council's worsening financial situation. 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 saving of around £17,306 against the current budget. Additionally, whilst it is hard to judge the full impact prior to implementation, the recommendations should result in greater efficiencies and a reduction in the level of staffing resource required to administer the allowances scheme.

The report recommends that the basic and special responsibility allowances are indexed to the end of the Municipal year 2019/2020 (ie May 2020) in accordance with the annual percentage pay increase given to Leicester City Council staff which is agreed each year by the relevant national pay body (with other allowances also linked to relevant indices).

As indicated in the IRP report, the link which was created between the City Mayor allowance and an MP's salary by the Council decision of 29 March 2012 (min 46 refers) has broken and as reported to Council on 18 September 2014 (min 29 refers) following a decision by Government in 2014 Elected Members in England are no longer eligible to become members of the Local Government Pension Scheme with membership terminated at the end of the term of office (ie at the City Council elections in May 2015 for Elected Members in Leicester). The option of becoming a member of such a scheme remains open for Councillors in other home nations of the UK and for MPs and Police and Crime Commissioners. As referred to in the report this loss of access to the LGPS represents a major reduction in the benefit available to Members. An illustration of the impact of these changes is shown below:

Role	2012 Allowance / salary plus pension benefit	2016 Allowance / salary plus pension benefit
MP	£65,738 + £13,411 = £79,149	£74,962 + £9,670 = £84,632 Note (a)
Police & Crime Commissioner	£75,000 + £11,400 = £86,400	£75,000 + £12,525 = £87,525 Note (b)
City Mayor	£65,738 + £11,833 = £77,571	£67,856 + £0 = £67,856 Note (c)
Councillor	£9,829 + £1,769 = £11,598	£10,146 + £0 = £10,146

Note (a) - Exchequer's pension contribution for MPs from 1 April 2015 is 12.9%, 11.7% for accruing benefits and 1.2% to fund the deficit and was 29% in 2012, 20.4% for accruing benefits and 8.6% to fund the deficit.

Note (b) - The Police and Crime Commissioner role was created in November 2012, but the figures reflect the pension benefit for the full year. The post-holder remains eligible to be a member of the LGPS should they choose to be. The employer contribution to this fund for 2016/17 will be 16.7% and was 15.2 in 2012 (figures taken from The OPCC for Leicestershire Annual Financial report 2012/13).

Note (c) –The City Mayor role and Councillors were eligible to be members of the LGPS and in 2012 the employer contribution rate was 18%. Legislation removed the ability for elected members including the City Mayor to be in the LGPS from 2014.

The Panel recommends that the current Members' Support Package arrangement comes to an end and is replaced by a flat-rate Telecommunications & Support package which would cover all of the aspects previously covered by the Support Package.

The current Support Package is a covering term for a range of claimable allowances including home phone, broadband and other costs. Items purchased under the Support Package remain the property of the Council and ownership does not pass to the Member. The Panel noted in the report that the amounts and nature of the package reflect the potential costs when the Support Package was last reviewed, (drawing attention to evidence identifying changes in home broadband costs), and the costs in staff time of administering a complicated claims based system (and thus the burden on Members in making claims). This complexity is perhaps also reflected in the wide variation in take up of aspects of the Support Package by Members.

The Telecommunications & Support Package as proposed would be available at the same rate to all Members and remove the need for claims to be made and processed and define a maximum ceiling of costs to the Council at a lower level than if the full amounts as defined in the current support package were claimed.

3.4 Implementation

Should an implementation date of 1 April 2016 be agreed it is anticipated that following that date Members will be allowed 90 days to submit any claims for expenses covering the period up to and including 31 March 2016.

4. FINANCIAL, LEGAL AND OTHER IMPLICATIONS

4.1. Financial Implications

The annual budget for Members allowances covered by the IRP for 2015/16 was set at £1,129,700. If the proposals are accepted as detailed within the report the anticipated cost of the proposals (calculated as if over the full Municipal year 2015/16) is £1,112,394 giving a saving of £17,306 against the 2015/16 budget.

The report recommends that Allowances are indexed to the end of the Municipal year 2019/20 to pay awards received by local authority staff. Assuming there is no further change to allowances in that period and that the Council's financial position allows inflation rating of budgets it should mean that the £17,000 annual saving is maintained.

Colin Sharpe
Head of Finance

4.2 Legal Implications

The 2003 Regulations are cited in Section 3 of this report and this appropriately covers the statutory requirements to commission a Panel, publish its report, have due regard to its recommendations and formulate a Scheme. The contents of the final Scheme itself is for Council to decide. Regulation 10 makes provision for the approved Scheme to allow for 'indexing' for a period of four years before such time as a new Panel will have to be re-commissioned to consider Allowances afresh.

Kamal Adatia
City Barrister and Monitoring Officer

4.3 Climate Change

There are no climate change implications associated with the report.

Louise Buckley
Senior Environmental Consultant – Climate Change

5. OTHER IMPLICATIONS

OTHER IMPLICATIONS	YES/NO	Paragraph References Within the Report
Equal Opportunities	n	There are no specific implications relating to this covering report. The IRP report identifies the key principles taken into account in paragraphs 12 - 20 of the report.
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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