

Title of Report	RECOMMENDATIONS OF THE INDEPENDENT REMUNERATION PANEL	
Presented by	Councillor Keith Merrie Infrastructure Portfolio Holder	
Background Papers	The Local Authorities (Members' Allowances) (England) Regulations 2003 The Code of Conduct Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012	Public Report: Yes
Financial Implications	<p>The additional costs for the carers' allowance will be met from within existing budgets.</p> <p>The cost for the Co-Opted Independent Members of the Audit and Governance Committee will be subject to a cost pressure bid as part of the General Fund Budget 2025/26 to be agreed by Council in February 2025. Should the appointments be made prior to the end of the current financial year, the costs will be met from within existing budgets as the sums will be nominal.</p> <p>Signed off by the Section 151 Officer: Yes</p>	
Legal Implications	<p>The Council is required by The Local Authorities (Members' Allowances) (England) Regulations 2003 to establish an Independent Remuneration Panel to advise on the level of remuneration to members for fulfilling their role.</p> <p>Signed off by the Monitoring Officer: Yes</p>	
Staffing and Corporate Implications	<p>There are none.</p> <p>Signed off by the Head of Paid Service: Yes</p>	
Purpose of Report	To receive recommendations from the Independent Remuneration Panel on the Members' Scheme of Allowances.	
Recommendations	<p>THAT COUNCIL ADOPTS THE RECOMMENDATIONS OF THE INDEPENDENT REMUNERATION PANEL AS FOLLOWS:</p> <p>1) WITH EFFECT FROM 6 NOVEMBER 2024, AN ANNUAL ALLOWANCE OF £800.00 TO BE PAID TO EACH OF THE TWO POSITIONS OF CO-OPTED INDEPENDENT MEMBER OF THE AUDIT AND GOVERNANCE COMMITTEE;</p>	

	<p>2) THE CHANGES LISTED IN BOLD AT PARAGRAPH 4 OF THE REPORT TO TAKE EFFECT FROM 1 APRIL 2025; AND</p> <p>3) THAT COUNCIL DELEGATES AUTHORITY TO THE MONITORING OFFICER TO AMEND THE MEMBERS' SCHEME OF ALLOWANCES IN THE COUNCIL'S CONSTITUTION IN ACCORDANCE WITH THE CHANGES SHOWN AT APPENDIX A.</p>
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1.0 BACKGROUND

1.1 The Council is required by The Local Authorities (Members' Allowances) (England) Regulations 2003 to establish an Independent Remuneration Panel to advise on the level of remuneration to members for fulfilling their role as Members.

1.2 The Independent Remuneration Panel (IRP) was convened to carry out a full review of the Scheme of Allowances for Members, as one had not been completed for a number of years, and to consider a request from the Strategic Director of Resources to introduce an annual allowance for the two positions of co-opted independent members of the Audit and Governance Committee.

1.3 The Panel has agreed that, moving forward, a full review of the Members' Allowance Scheme will be carried out annually, with any changes taking effect from the start of the next financial year.

2.0 THE INDEPENDENT REMUNERATION PANEL

2.1 The Panel's membership is as follows:-

- Stephen Barkby
- Margaret Dadley
- Elaine Oldham
- Trevor Moore

2.2 The Panel's terms of reference are to make recommendations to the authority:

- as to the amount of basic allowance that should be payable to its elected Members;
- about the responsibilities or duties which should lead to the payment of a special responsibility allowance and as to the amount of such an allowance;
- about the duties for which a travelling and subsistence allowance can be paid and as to the amount of this allowance;
- on whether any allowance should be backdated to the beginning of a financial year in the event of the scheme being amended;
- as to whether annual adjustments of allowance levels may be made by reference to an index, and, if so, for how long such a measure should run.

2.3 Since its establishment, the Panel's approach has been that recommendations should be formulated appropriate to the circumstances of the Council. The following underlying principles form the fundamental basis of the Panel's review process:

- Allowances should take account, as far as possible, of the amount of time taken by members to fulfil their roles.

- The scheme should enable, as far as practical, that as wide a range of people as possible should be able to stand for election.
- Allowances are not a salary but a level of 'compensation';
- Any increases to the scheme which might be recommended should be balanced against the interests of the council tax payers in the district.
- Special Responsibility Allowance payments should be banded to reflect both the time commitment and workload of the identified special responsibilities;
- The assumption is made that all members will participate as fully as possible in council business and play an active role in their wards and the importance of these mutually inclusive roles is reflected in the level of the basic allowance.

2.4 The Panel met on 5 September 2024 and 3 October 2024 to consider the report from the Strategic Director of Resources and review the scheme.

3.0 ANNUAL ALLOWANCE FOR CO-OPTED INDEPENDENT MEMBERS OF THE AUDIT AND GOVERNANCE COMMITTEE

3.1 The Panel was asked to consider whether remuneration should be offered given the need for specialised experience in audit and finance, otherwise the position will continue to be advertised as a voluntary position. Officers consider that the particular level of specialist knowledge and the limited pool of possible appointees supports the need for a small allowance in order to attract suitably qualified and experienced applicants and to recognise the time commitment and resources required. It was noted that the roles had been advertised four times without remuneration and on each occasion no applications had been received.

3.2 The Panel was provided with information relating to the role of the committee and the independent member, along with benchmarking data from other Councils that co-opted to a similar role.

3.3 After considering the information provided, the Panel felt that due to the technical knowledge required for the role and the lack of interest in the recent recruitment process, an annual allowance should be paid. In relation to the amount for the annual allowance, the Panel discussed the benchmarking information provided and felt that £800 was appropriate for the role. They were confident that this would attract the right candidate required and would be a good starting point. The Panel was advised that they could look at the amount again should the recruitment process not be successful.

3.4 It was recommended that the Council introduces an annual allowance of £800 to each of the two positions of Co-opted Independent Member of the Audit and Governance Committee.

4.0 ANNUAL REVIEW OF MEMBERS' ALLOWANCE SCHEME

Recommendations from the meeting on 5 September 2024

4.1 At the first meeting, the Panel reviewed the Scheme of Allowance and considered benchmarking data that had been provided by officers. Paragraphs 4.2 to 4.5 detail the recommendations agreed by the Panel and the requests for further information to be brought back to the second meeting.

4.2 Basic Allowance – Annual Review of the Level

The Panel discussed the benchmarking information provided and the way in which NWLDC currently increases it annually by the same percentage as the National Joint Council staff pay award.

It was agreed to continue with the current method of annual increase and as the current amount already reflected this, no changes be made to the current basic allowance figure of £5,715.33.

4.3 Special Responsibility Allowances (SRA)

The Panel discussed the benchmarking information and decided that since it hadn't been reviewed in a while, it was time to look at the SRAs again. They also discussed the Scrutiny Chair's SRA and considered that further information was required now that the changes to the scrutiny function had been in operation for over a year. The Panel requested that all Committee Chairs be invited to submit a statement about their roles to the Democratic Services Team Manager, to circulate to the Panel ahead of the second meeting. On reviewing any information provided, any member of the Panel, would then ask officers to invite Committee Chairs to the second meeting should it be required.

It was agreed for the Panel to undertake a review of the SRAs. Further discussions were held in respect of SRAs at the meeting on 3 October 2024 and these are set out in paragraph 4.7 below.

4.4 Travel and Subsistence Allowances

The Panel discussed the benchmarking information provided and discussed the alternative methods that could be used for claiming the allowance including receipt reimbursement. It was agreed that the current method with limits was the most appropriate as there should be a restriction on what could be claimed for. It was the consensus that this allowance was a gesture to help with costs rather than intended to cover the whole cost but it was acknowledged that the current amounts were on the lower side, therefore a small increase was recommended. The Panel also felt that there was no longer a need for a separate tea allowance, therefore this should be deleted and the amount included in the evening meal allowance. It was noted that the travel allowance would include electric vehicles as it did for staff.

It was recommended that:

- **the travel and subsistence allowance be increased to the following:**
 - **Breakfast – from £4.92 to £6.50**
 - **Lunch – from £6.77 to £8.00**
 - **Evening meal - £8.38 to £11.00**
 - **Overnight accommodation - £79.83 to £90.00**
 - **Overnight accommodation (London or LGA Conference) – from £91.04 to £100.00**
- **Remove the tea subsistence allowance.**
- **Make no changes to the current travel allowances.**

4.5 Other Areas for Review

The Panel discussed the allowance scheme as a whole and asked that more information and benchmarking be made available on the following as part of the ongoing review:

- Telephone and internet allowance: it was queried whether this was still required, particularly the landline allowance.
- Carers allowance: consideration of the government allowance available, as well as consideration of the wording for school age children and childcare for two-year-old children.

Recommendations from meeting on 3 October 2024

4.6 At its next meeting, the Panel considered the additional information and benchmarking that had been requested. The Panel also had regard to a written statement that had been received from the Scrutiny Committee Chairs, setting out to the Panel the responsibilities and aims of their roles, and how they achieved those aims. It was noted by the Panel that many of responsibilities and aims were also applied to the Audit and Governance Chair. Paragraphs 4.7 to 4.10 detail the recommendations agreed by the Panel.

4.7 Special Responsibility Allowances (SRA)

The Panel discussed the information provided on the different roles of the Committee Chairs. In relation to the Scrutiny Chairs, the Panel felt that the workload and demands on the roles were equivalent to other chairs roles. It was acknowledged that some Members put more into the role, which was good to see, however, the special responsibility allowances needed to be tailored towards the role not the person in the role.

The Panel considered the benchmarking information provided and felt that NWLDC's current rates were appropriate. They felt that no changes were required at this time.

It was recommended that the Council make no change to the current levels of Special Responsibility Allowances.

4.8 Carers' Allowance

Following discussion at the previous meeting, the panel were content with the proposed removal of the requirement within the scheme in respect of children of compulsory school age. The Panel considered the benchmarking information provided, and it was acknowledged that although the allowance was rarely used, it was important that it be retained. During discussion on the current claim rate, it was noted that there was a Member substitute scheme in place which could be used if Members were unable to attend a committee. The Panel felt that the maximum rate for claims be increased to £10 per hour and that the wording be changed from 'maximum hourly rate...' to 'does not exceed...'

It was recommended that

1. **The following requirement be removed from the scheme:**

That no payments be made in respect of the care of children of compulsory school age during school hours.

2. That the hourly rate for the claiming carer allowance be increased from £8.34 per hour to £10 per hour.

3. The wording in the scheme relating to the hourly rate for provision of care be amended as follows:

‘Payments are made on the basis of reimbursement of actual expenditure incurred to a maximum of an hourly rate of £8.34 per hour providing it does not exceed £10 per hour for each hour of absence from home and is subject to the production of satisfactory receipts by the member.’

4.9 Broadband and telephone allowances

The Panel considered the benchmarking information provided. There was some discussion on whether the allowance was now obsolete, particularly the broadband allowance as most households had an internet provider as standard. It was felt that the allowance should remain as it is currently but this would be something to consider in more detail in the 2025 annual allowance review.

It was recommended that the Council makes no change to the current broadband and telephone allowances.

4.10 Changes of allowances to come into effect

It was recommended that Council approves the changes to the Scheme of Allowances put forward by the panel at its meeting on 5 September 2024 and 3 October 2024 to come into effect from the 2025/26 financial year, with the exception of the Independent Audit and Governance Committee Members, which it was recommended to come into effect immediately due to the requirement for the recruitment process.

5.0 MEMBERS INTERESTS AND DISPENSATIONS

5.1 This section of the report considers the issue of members interests.

Councillors Code of Conduct

5.2 The Council adopted the Councillors Code of Conduct in February 2022. The Code requires Members to notify the Monitoring Officer of any disclosable pecuniary interests and register them in the Register of Interests. Furthermore, members must not take part in any decision in which they have a Disclosable Pecuniary Interest (DPI). The categories of DPI are set out in Regulations. The Councillors Code of Conduct and Regulations can be accessed via the links in the background papers to this report.

5.3 One of the categories of DPI is “any employment, office, trade, profession of vocation carried on for profit or gain”. There is legal uncertainty about whether the receipt of an allowance paid by the Council to its members could amount to a DPI when considering council business. It is understood that some councils have sought a view from differing Kings Counsel and the advice has been split. In the circumstances, some councils have advised their members to err on the side of caution to, as failure to declare a DPI could amount to a criminal offence under the Code.

- 5.4 Even if it were to be found that the allowance did not amount to a DPI, it is likely that it would amount to a non-registerable interest under the Code. A non-registerable interest is one which “directly relates to” or “affects a financial interest of yourself or a friend relative or close associate”. It is likely that the consideration of the Members Allowance Scheme would “directly relate” to members’ financial interests. Members would be advised to declare that interest, not take part in the debate and not vote. The difference between a DPI and a non-registerable interest is that the latter would risk a complaint and potential breach of the Councillors Code, rather than a criminal sanction.

Dispensations

- 5.5 Section 31 (4) of the Localism Act 2011 states that a member may not take part in the discussion, participate or vote on a matter in which they have a DPI.
- 5.6 Section 33 of the Localism Act states that a council may, following the written request of members to the proper officer, grant a dispensation from the requirements of Section 34 of the Act. A dispensation is, in effect, an exemption from the rules in Section 34 (4). A council may only grant a dispensation if, having had regard to all the relevant circumstances, the authority:
- a) considers that without the dispensation the number of persons prohibited by section 31(4) from participating in any particular business would be so great a proportion of the body transacting the business as to impede the transaction of the business,
 - (b) considers that without the dispensation the representation of different political groups on the body transacting any particular business would be so upset as to alter the likely outcome of any vote relating to the business,
 - (c) considers that granting the dispensation is in the interests of persons living in the authority's area,
 - (d) if it is an authority to which Part 1A of the Local Government Act 2000 applies and is operating executive arrangements, considers that without the dispensation each member of the authority's executive would be prohibited by section 31(4) from participating in any particular business to be transacted by the authority's executive, or
 - (e) considers that it is otherwise appropriate to grant a dispensation.
- 5.7 The Council is required to have a members’ allowance scheme in place. Approval of the scheme is a matter for Full Council. All members are entitled to receive allowances under the Members Allowance Scheme, whether that be the basic allowance only or an additional Special Responsibility Allowance. The scheme also covers allowances for co-opted members, such as the Independent Person on Audit and Governance Committee and subsistence allowances. If all members were to declare an interest and not take part in the discussion and vote, it would impede the transaction of the business (section 34(4)a) above) and mean that the Council could not agree a scheme as required. It is considered that it is in the interests of the residents of North West Leicestershire that the Full Council can fulfil the requirement to agree a members allowance scheme.
- 5.8 Under the Council’s Constitution (Section G3 – Delegations to the Head of Paid Service and Statutory Officers), the Monitoring Officer has been given the authority to grant dispensations to Councillors who require them for one meeting or on one occasion. The grant of such a dispensation will be recorded in the minutes of the meeting.

5.9 For the reasons above and to ensure that the Council can transact the business of this report, the Monitoring Officer has granted a dispensation from the requirements of Code relating to interests to all councillors of the Council. This means that Members may take part in the debate and vote.

6.0 NEXT STEPS

6.1 Should Council agree to the changes to the scheme, the Democratic Services Team Manager will ensure that, in line with The Local Authorities (Members' Allowances) (England) Regulations 2003, all requirements are met in relation to the publicity requirements in advertising the changes to the scheme.

Policies and other considerations, as appropriate	
Council Priorities:	A well-run council
Policy Considerations:	The Local Authorities (Members' Allowances) (England) Regulations 2003 Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012
Safeguarding:	No issues identified
Equalities/Diversity:	No issues identified
Customer Impact:	No issues identified
Economic and Social Impact:	No issues identified
Environment, Climate Change and zero carbon:	No issues identified
Consultation/Community Engagement:	None.
Risks:	There is a reputational risk to the Council when increasing allowances to Councillors.
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