

Independent Remuneration Panel: Review of Members' Allowances 2011

Purpose of report

For decision.

Summary

1. The last review of members' remuneration was carried out in 2009 and came into effect on 1 September 2009. It included:
 - 1.1. extension of the scheme to cover governance structures across the then LG Group;
 - 1.2. the introduction of role descriptions;
 - 1.3. revisions to the scheme of allowances.
2. The Panel's report was presented to the Executive in July 2011, who referred it on to the Leadership Board for detailed consideration. The Leadership Board has met with Lord Best on two occasions and commends the recommendations of the Independent Panel, set out in paragraph 4.3 of this report.

Recommendations

That the Executive thank Lord Best and the Independent Panel for all their work and agree the recommendations set out in **paragraph 4.3**.

Action

Subject to members' decision:

1. Officers to update the current scheme of allowances.
2. Chairman of the LGA and chairs of all LGA governance structures to hold 1:1s with members of their respective bodies.

Contact officer: Claire Holloway
Position: Head of Corporate Governance
Phone no: 020 7664 3156
E-mail: claire.holloway@local.gov.uk

Independent Remuneration Panel: Review of Members' Allowances 2011

Background

1. The last review of members' remuneration was carried out in 2009 and came into effect on 1 September 2009. It included:
 - 1.1. extension of the scheme to cover governance structures across the then LG Group;
 - 1.2. the introduction of role descriptions;
 - 1.3. revisions to the scheme of allowances.
2. Following the introduction of new governance arrangements across the LGA from 1 September 2010, the Executive invited Lord Best to reconvene the Independent Remuneration Panel to review the Scheme of Members' Allowances. The Panel presented their report to the Executive in July 2011, who referred it to the Leadership Board to consider in detail.

Response to the Independent Panel's findings

3. The Leadership Board met with Lord Best on two occasions and welcomed the overall findings of the Independent Panel that:

"... in relation to the current arrangements for payments to Local Government Group Members: first, we noted that levels have not been increased since 2009 despite the extension of responsibilities for senior post holders following the integration within the Local Government Group of the Improvement and Development Agency and other parts of the previous LGA family. We concluded that these levels of remuneration for post holders are not excessive, either in comparison with comparable positions within individual local authorities or with comparable positions in statutory and non-governmental public bodies. We found the level of allowances for all post holders to be fair and reasonable.

Second, in relation to expenses – which have caused so much difficulty amongst Members of Parliament – we found the system to be disciplined, properly accounted for, and with sensible constraints. We do not feel the level of expenses should give rise to public criticism or concern."
4. A copy of the current levels of remuneration, endorsed by the panel, is attached at **Appendix A**.
5. In relation to the individual recommendations, the Leadership Board:

- 5.1 Thanked the Independent Panel for its work on how the LGA might achieve a revised balance between allowances and expenses should it wish to do so. However after further consideration, the Board agreed to continue with the current approach to payment of expenses for the time being.
- 5.2 Agreed a revised job description for Deputy Chairs of the Association with an allowance of £7778 per annum.
- 5.3 Endorsed the Panel's recommendations that:
 - 5.3.1. *Responsibility Allowances may be withdrawn permanently or temporarily if a councillor, without good reason or the express consent of the chairman, misses two successive meetings*
 - 5.3.2. *The LGA commits to a system of annual review for all members who receive an allowance, through an annual 1:1 with the relevant chair.*
 - 5.3.3. *Clause 22 of the Scheme of Allowances is amended to read that "mileage will be paid at the nationally agreed HMRC mileage rate".*

Conclusion and next steps

6. The Independent Panel has now completed its work. Subject to the outcome of the Executive discussion, the Panels recommendations will be implemented with immediate effect.

Financial Implications

7. The HMRC mileage rate is lower than the NJC rate currently used. Whilst this will result in a small saving, most members travel by public transport on LGA business and the impact will therefore be negligible. The remaining recommendations do not have any financial implications.

LGA Responsibility Allowances

Post	Allowance	Post	Allowance
LGA Office Holders/ Leadership Board		Company Boards	
Chairman of the LGA	£54,482	LG Improvement (as Improvement PB)	
Vice chair (leader of 2 nd largest group)	£37,878	Chair	£15,556
Vice chair (leader of largest group)	£32,690	Vice chair/Deputy chair	£7,778
Vice-chair (leader of 3 rd largest group)	£32,690	Member	£2,593
Vice-chair (leader of 4 th largest group)	£27,500		
Deputy chairs	£ 7,778	LG Employers (as Workforce PB)	
		Chair	£15,556
Programme Boards & Resources Panel		Vice chair/Deputy chair	£7,778
		Member	£2,593
Chair	£15,556		
Vice/deputy chairs	£7,778	LGIB (as European & International PB)	
Member	£2,593	Chair	£15,556
		Member	£2,593
Audit & Scrutiny Panel			
Chair	£7,778	LG Regulation	
Vice/deputy chairs	£2,593	Chair	£10,365
Member	£2,593	Vice chair/Deputy chair	£2,593
		Member	£2,593
Fire Services Management Cttee			
Chair	£10,365	Local Partnerships	
Other office-holders	£5,181	Chair	£10,365
Members	£1,096	Vice chair/Deputy chair	£2,593
		Member	£2,593
Rural and Urban Commissions			
Chair	£10,365	LG Leadership	
Vice/ Deputy Chairs	£5,181	Separate scheme	

The following are entitled to claim back for travel and subsistence expenses:

- LGA Office Holders
- Chairs of Programme Boards
- Chairs, Vice Chairs of the company Boards
- Regional representatives and representatives of CCN, DCN and SIGOMA attending LGA Executive meetings
- LGA members appointed to outside bodies or attending meetings as representatives of the LGA
- Members representing the Employers at negotiations and meetings
- Member Peers undertaking LGA commissions or attending training sessions.