

COUNCIL – 16 DECEMBER 2010

REVIEW OF THE SCHEME FOR MEMBERS' ALLOWANCES

Report of the: Corporate Resources Director

Also considered by:

Status: For decision

Executive Summary: This report sets out the implications for, and options for amending, the current Members' Allowance Scheme to achieve the saving proposal (SCIA 33) included in the "Draft Budget" report to Cabinet on 28th October 2010.

The proposal is to make savings of £45,000 ongoing, by deleting the 2011/12 phased increase (year 3) included within the current scheme.

This report supports the Key Aim of effective management of Council resources

Portfolio Holder Cllr. Fleming

Head of Service Head of Legal and Democratic Services - Christine Nuttall
Head of Finance and Human Resources - Tricia Marshall

Recommendation: Council be recommended to amend the existing Members' Allowance Scheme by adopting the revised allowances as set out on the updated Schedule 1 to Appendix G of the Constitution, as included at Appendix D2 to this report, and adding this to the Constitution.

Background

- 1 The current Members' Allowance Scheme was adopted at the Council meeting on 7th April 2009 following consideration of a report by the Joint Independent Remuneration Panel (JIRP) dated November 2008. A copy of the Council report and Minute are attached at Appendix A and B respectively. A copy of the JIRP report is attached at Appendix F.
- 2 The agreed new allowance levels, which were at a lower level than those recommended by the JIRP, were to be phased in over a four year period from 2009/10 to 2012/13 proportioning the increase by 10% in 2009/10 and 30% in each of the following three years. A table setting out the Basic and Special Responsibility Allowances for the old scheme (2008/09), the JIRP recommendations and the four-year phasing is attached at Appendix C.

Item No. 6(a)

- 3 The first two years of the phasing have now been implemented, and the current published Members' Allowance Scheme (2010/11) is set out at Schedule 1 to Appendix G of the Constitution, which is attached at Appendix D1 to this report.

Draft Budget and Savings Proposals

- 4 Cabinet at its meeting on 28th October 2010 considered a report setting out savings proposals as part of the budget preparation process for the next four years and beyond. The report identified that overall savings of the order of £4.3m need to be found.
- 5 One of the specific savings proposed by Cabinet at that meeting was an ongoing saving of £45,000 on Members' allowances. This proposal was set out on Service Change Impact Assessment (SCIA) 33, a copy of which is attached at Appendix E to this report.
- 6 Each of the three 30% phasing increases of the new Scheme generates an overall cost increase of about £45,000 and the SCIA is based on the deletion of the 2011/12 phased increase. This would mean that Members' allowances for next year (2011/12) would remain at the current year's level (2010/11), subject to any indexing in accordance with the National Joint Council for Local Government Services (NJC) Pay Award. The NJC is currently proposing a zero increase for 2011/12.
- 7 If the proposal was adopted, Members' allowances would increase by the 30% phasing in 2012/13, reaching the levels that were originally approved to be met in 2011/12. Such allowances would then remain at that level, subject to future indexing, and would not reach the levels originally agreed in the current Scheme. This proposal would generate a saving of £45,000 in 2011/12, ongoing into the future.

Options

- 8 The only other option open to Members to meet the required £45,000 ongoing saving from 2011/12 would be to review the current scheme completely and make changes to the levels of, and the balance between, the Basic and various Special Responsibility Allowances. In order to do this Members would need to have regard to a current JIRP Report, which may mean commissioning the Panel to produce a new one. This is not recommended as it would be costly, would delay the process and the current scheme is substantially based on the proportioning of allowances recommended following the 2008 JIRP report.
- 9 Options to delete the 30% phasing in 2011/12 but add it back on to the 2012/13 phasing would only produce a one-off saving in 2011/12, or to delete the 30% phasing in 2012/13 rather than 2011/12 would not achieve the £45,000 saving in 2011/12. Neither of these alternatives would meet the saving required by SCIA 33.

Item No. 6(a)**Effect on the Members' Allowance Scheme**

- 10 In order to implement the saving set out in SCIA 33 Members need to amend the existing Members' Allowance Scheme by adopting only the first of the two remaining phases, but implementing it in 2012/13 rather than 2011/12..
- 11 This is illustrated on the Phasing Table at Appendix C to this report, and is set out on the proposed updated Schedule 1 to Appendix G of the Constitution included at Appendix D2 to this report.

Key ImplicationsFinancial Implications

- 12 Under the current four-year financial plan the Members Allowances budget is planned to increase as follows:

	2010/11	2011/12	2012/13
	£000	£000	£000
Members Total Allowances Payments	335	380	425
Increase on previous year		45	45

- 13 By amending the current scheme as recommended the financial plan would change to:

	2010/11	2011/12	2012/13
	£000	£000	£000
Members Total Allowances Payments	335	335	380
Increase on previous year		Nil	45

- 14 This achieves the £45,000 ongoing saving from 2011/12 required by SCIA 33.

Legal Implications

- 15 Section 20 of The Local Authorities (Members' Allowances) (England) Regulations 2003 requires each authority to establish an Independent Remuneration Panel.
- 16 Section 19 of the 2003 Regulations state that before an authority make or amends a scheme, the authority shall have regard to the recommendations made in relation to it by the Independent Remuneration Panel.

Item No. 6(a)

- 17 Section 16 of the 2003 Regulations places a duty on the Council to publish as soon as reasonably practicable after making any amendments to the current Members' Allowance Scheme a notice in one or more newspapers circulating in its area. The Council must also ensure that copies of the scheme are available for inspection by members of the public at the principal office of the authority, at all reasonable hours.

Equalities

- 18 The Scheme applies equally to all Members and there are no proposals to change the "expenses" elements, such as Carer's Allowance. For these reasons, the equalities implications are all taken into account.

Impact on and outcomes for the Community

- 19 It will be recognised that an effective Members' Allowance Scheme should ensure that there is fairness in opportunity to become a Councillor. The Cabinet's proposal is to balance this against Members' expressed wishes to protect front-line services as far as possible.

Risk Assessment

- 20 In order to achieve the required saving as part of the overall budget process, the current Members' Allowances Scheme must be amended, or alternative savings must be found elsewhere in the budget.
- 21 Any alternative review of the Scheme would be complex and time-consuming, and could require a further JIRP report, which may put at risk the planned budget. Consideration of alternative savings in the budget, given the scale of the overall savings planned, could also put at risk the planned budget.

Conclusions

- 22 The proposed amendment to the current Members' Allowance Scheme is a logical way of achieving the saving required under SCIA 33, and would ensure the scheme still has regard to the principles of the 2008 JIRP report.

Sources of Information:

The Local Authorities (Members' Allowances) (England) Regulations 2003

JIRP's "A Review of the Scheme for Members' Allowance for 2008/09"

Members' Allowance Scheme (2010/11) set out in the Council's Constitution

SCIA 33 Cabinet 28/10/10

Report to Council 7/4/09

Item No. 6(a)

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Council – 16 December 2010

Item No. 6(a)