



Report to: Council

Date of Meeting: 1 March 2007

Report from: Head of Legal & Democratic Services

Title of Report: Scheme of Members Allowances and recommendations from the Independent Remuneration Panel

Agenda Item Number: **9**

1. PURPOSE AND SUMMARY

- 1.1 The purpose of this Report is firstly to receive recommendations from the Independent Remuneration Panel as to a revised Scheme of Members Allowances and secondly to receive recommendations from that Panel as to the allowances payable under it, and thirdly for the Council to agree a revised Members Allowances and the allowances under it.

2. CONSULTATION

- 2.1 Members were circulated a questionnaire for completion and return and invited to make representations to the Independent Remuneration Panel.

3. CORPORATE PLAN AND PRIORITIES

- 3.1 This is a mandatory matter.

4. IMPLICATIONS

4.1 Financial

- 4.1.1 The existing budget for basic allowances is £145,870 and if Members were to agree the recommendations an extra £1,932.76 would need to be found.
- 4.1.2 The current budget for special responsibility allowances is £40,580 and if Members were to agree the recommendations there would still be £1,455.74 surplus which could be used to meet the shortfall referred to above at 4.1.1,

leaving just £477.02 to be found to fund the recommended increase in basic allowances above.

- 4.1.3 The implications in respect of the other allowances and pensions are more difficult to predict as take-up of these by individuals are more variable.

4.2 Legal

Scheme

- 4.2.1 The Local Authorities (Members' Allowances) (England) Regulations 2003 (SI No.1021) as amended requires the Council to have a scheme dealing with the mandatory basic allowances and, if the Council intends to make payments, such a scheme must also make provision in respect of special responsibility allowance, dependants' carers allowance, traveling and subsistence allowance, co-optees allowance and pensions.

- 4.2.2 Before the Council can make or amend a scheme it is required under regulation 19 of those Regulations to have regard to the recommendations made in relation to it by the Independent Remuneration Panel.

- 4.2.3 Under regulation 16(1) of those Regulations the Council must, as soon as practicable after the making or amendment of a scheme make arrangements for its publication, including the inclusion of a notice in at least one newspaper circulating its area containing prescribed information. It must also supply a copy of that scheme upon request and upon payment of a reasonable sum determined by the Council.

- 4.2.4 Attention is also drawn to the legal requirement under regulation 16(2) of those Regulations to publish a notice in at least one newspaper as soon as possible 12 months after the last notice has appeared, irrespective of whether or not the Scheme has been amended during that twelve month period.

Allowances

- 4.2.5 With regard to allowances, there is an obligation under regulation 21 of those Regulations on the Independent Remuneration Panel to produce a report making recommendations –

(a) as to the responsibilities or duties in respect of which the following should be available –

- (i) special responsibility allowance;
- (ii) travelling and subsistence allowance; and
- (iii) co-optees' allowance;

(b) as to the amount of such allowances and as to the basic allowance;

- (c) as to whether dependants' carers' allowances should be payable to members of an authority, and as to the amount of such an allowance;
- (d) as to whether, in the event that the scheme is amended at any time so as to effect an allowance payable for the year in which the amendment is made, payment of allowances may be backdated in accordance with regulation 10(6);
- (e) as to whether adjustments to the level of allowances may be determined according to an index and if so which index and how long that index should apply, subject to a maximum of four years, before its application is reviewed;
- (f) as to which members of the authority are to be entitled to pensions in accordance with a scheme made under section 7 of the Superannuation Act 1972; and
- (g) as to treating basic allowance or special responsibility allowance, or both, as amounts in respect of which such pensions are payable in accordance with section 7 of the Superannuation Act 1972.

4.2.6 Under regulation 22 of those Regulations the Council must as soon as reasonably practicable after receiving a copy of the report from the Independent Remuneration Panel make arrangements for its publicity, including a notice in at least one newspaper circulating in its area containing prescribed information. It must also supply a copy of that report upon request and upon payment of a reasonable sum determined by the Council.

4.2.7 Attention is also drawn to the legal requirement under regulation 15 of those Regulations for the Council as soon as practicable after the end of each year to make arrangements to publish the total sum paid by the Council in the particular year to each Member in respect of basic allowance, special responsibility allowance, dependants' carers' allowance, travelling and subsistence allowance and co-optees allowance.

4.3 Personnel

4.3.1 None

4.4 Other Services

4.4.1 None

4.5 Diversity

4.5.1 One of the purposes of allowances is to increase the likelihood of more individuals wishing to become or remain Members.

4.6 Risk

- 4.6.1 If the Council fails to agree a Scheme, then no allowances are payable. If the level of allowances is set too low, then this undermines the idea of increasing the pool of those wishing to be or to remain Members. If the level of allowances is too high, the public may find the cost unacceptable.

4.7 Crime and Disorder

- 4.7.1 There is no impact on crime and disorder.

4.8 Other Implications

- 4.8.1 None

5. BACKGROUND, POSITION STATEMENT AND OPTION APPRAISAL

- 5.1 The Council reconstituted its Independent Remuneration Panel last year and following a recruitment process is now up to full strength.
- 5.2 A review of the Scheme and allowances under it was last conducted in 2003 and reported to Council on 18 December 2003 and a copy of its last recommendations appears in the Appendix hereto, with a revised Scheme being approved at that Meeting.
- 5.3 The reconstituted Independent Remuneration Panel was not asked to sit as a Parish Remuneration Panel as no Parish Council wished the District Council to establish such a Panel.
- 5.4 Therefore, the Independent Remuneration Panel has confined itself to the District Council by firstly making recommendations as to the Scheme of Members Allowances itself and secondly to discharging its duties under regulation 21 as set out in para. 4.2.5 above to this Report.
- 5.5 With regard to the Scheme, the Independent Remuneration Panel has had regard to the guidance issued by the then Office of the Deputy Prime Minister, to the provisions of The Local Authorities (Members' Allowances) (England) Regulations 2003 SI 1021 as amended, and to best practice elsewhere. Its recommendations as to the Scheme as set out in the Appendix hereto.
- 5.6 The Council is not obliged to accept the recommendations of the Independent Remuneration Panel but must have regard to those recommendations.
- 5.7 My advice to Council is that the proposed Scheme itself embodies the requirements under the 2003 Regulations and better fit for purpose than the current Scheme.

5.8 With regard to the allowances, the recommendations of the Independent Remuneration Panel are shown in the Appendix hereto.

6. RECOMMENDATIONS

6.1 That the Council revokes the Scheme of December 2003 as from 1 April 2007 and approves the Scheme recommended by the reconstituted Independent Remuneration Panel as set out in the Appendix hereto, such Scheme commencing on 1 April 2007 and applying to subsequent years until further notice.

6.2 That the Council authorises the said duly approved Scheme to be duly incorporated into Part 6 of the Council's Constitution with effect from 1 April 2007.

6.3 That the Council agrees that the cost of providing a paper copy of the Scheme of Members' Allowances be the sum of £1.50 per copy.

6.4 That the Council authorises the Head of Legal & Democratic Services to publish the required statutory notices relating to the Scheme in one or more newspapers circulating in the District of Chester-le-Street

6.5 That the Council receives and accepts the recommendations of the reconstituted Independent Remuneration Panel set out in its statutory report in discharge of the Panel's duties under regulation 21 of The Local Authorities (Members' Allowances)(England) Regulations 2003 and that such recommendations be implemented with effect from 1 April 2007.

6.6 That the Council agrees that the cost of providing a paper copy of the Independent Remuneration Panel's report be the sum of £5.00 per copy.

6.7 That the Council authorises the Head of Legal & Democratic Services to publish the required statutory notice relating to the Independent Remuneration Panel's report in one or more newspapers circulating in the District of Chester-le-Street

6.8 That the Council agrees that the cost of supplying a paper copy of the record of allowances required to be kept under regulation 15(1) of The Local Authorities (Members Allowances) (England) Regulations 2003 be the sum of £5.00 per copy.

6.9 That the Council authorises the Director of Resources to publish as soon as possible after 31 March each year the notice required under regulation 15(3) of The Local Authorities (Members Allowances) (England) Regulations 2003 setting out what each recipient has received during the preceding year.

7. BACKGROUND PAPERS / DOCUMENTS REFERRED TO

7.1 ODPM Guidance on Regulation for Local Authority Allowances

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