

## OPEN REPORT



**Chester-le-Street**  
District Council

**Report to:** Council

**Date of Meeting:** 27 September 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:** **13**

---

### **1. Purpose and Summary**

- 1.1 At its meeting on 22 March 2007 Council received a report on the Scheme of Members Allowances and recommendations from the Independent Remuneration Panel. Council decided to continue the existing scheme and requested that a future report be made to Council on travel and subsistence and telephone costs.
- 1.2 The purpose of this Report is to consider whether or not the Basic Allowance and Special Responsibility Allowance should be changed and to consider the other recommendations from the Independent Remuneration Panel.

### **2. Consultation**

- 2.1 The Director of Resources and the Chief Executive have been consulted

### **3. Corporate Plan and Priorities**

- 3.1 Members are pivotal to the delivery of the corporate plan and priorities and a proper members' allowances scheme enables them to discharge their duties.

### **4. Implications**

#### **4.1 Financial Implications and Value for Money Statement**

- 4.1.1 The cost can be met from existing budgets.

## 4.2 Legal

4.2.1 The matter is governed by The Local Authorities (Members' Allowances) (England) Regulations 2003 SI No. 1021.

4.2.2 Under regulation 10(2) of those Regulations a scheme may be amended at any time but revocation can only take place from and including 1 April each year.

## 4.3 Personnel

There are minimal implications and can be met from existing staff resources.

## 4.4 Other Services

There are minimal implications

## 4.5 Diversity

There are no implications arising from this Report.

## 4.6 Risk

4.6.1 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

There are no implications arising from this Report

## 4.8 Data Quality

Every care has been taken in the development of this Report to ensure that the information and data used in its preparation and the appendix attached is accurate, timely, consistent and comprehensive. The Council's Data Quality Policy has been complied with in producing this Report.

## 4.9 Other Implications

None

## **5. Background , Position Statement and Option Appraisal**

- 5.1 The present Scheme of Members Allowances which was agreed to continue in March 2007 was reviewed by the Independent Remuneration Panel this year.
- 5.2 The 2007 Report of the Independent Remuneration Panel with its recommendations are set out in Appendix 1. Incorporated within the 2007 Report is also the present Scheme of Members Allowances which appears Appendix C to that Report.
- 5.3 Travel and Subsistence – The choice is status quo or change. A change has been put forward by the Independent Remuneration Panel which met with expressions of concern by a number of Members in March 2007. The recommendations of the Independent Remuneration Panel in respect of removing the right to claim travel and subsistence would result in the present unified scheme being abandoned with one system for officers and one for members. Furthermore, to include a set sum of money into a basic allowance to compensate for the withdrawal of the right to claim travel and subsistence within the District ('the broad brush approach') and so save such claims being made with the associated administrative costs would however be at the expense of simply reimbursement of actual travel and subsistence incurred (within the financial limits set of course). On balance members may wish to stay with the status quo and reject these particular recommendations of the Independent Remuneration Panel for the reasons stated.
- 5.4 Basic Allowance – The Basic Allowance has not increased since 2004. The choice is status quo or a change. The Independent Remuneration Panel has recommended a change in terms of an increase to £4347.14 per year with such figure includes all telephone costs. The Regulations make clear that the Basic Allowance is payable to all elected members to assist them in the costs incurred in respect of their incidental expenses in discharging their duties. The cost of communicating (including by phone) is one of those incidental expenses covered by the Basic Allowance.
- 5.5 The issue for Members is therefore the appropriate level of that Basic Allowance so as to cover, amongst other things, such telephone costs. Again some Members expressed concerns about being financially worse off.
- 5.6 The recommended level of the Basic Allowance made by the Independent Remuneration Panel may be felt to be adequate by Members (change option 1) or Members may feel that there is a need to increase the Basic Allowance beyond that recommended by the Independent Remuneration Panel in order to further the drive towards e-government which will deliver savings (e.g. postal costs, officer time etc.) (change option 2).

- 5.7 Should Members feel that the Basic Allowance should be higher to better reflect the costs of including telephone rental and calls, then it is suggested that the new Basic Allowance should comprise 'component A' covering all incidental expenses (except communication costs) of £4,347.14 per year (that figure recommended by the Independent Remuneration Panel and 'component B' covering a communications allowance including broadband with its facility to use the internet for free calls (so as to encourage keeping phone call costs down) of blanket rate of £408 per year. The total all inclusive Basic Allowance therefore would be **£4,755.14 per year**, being an increase of £649.54 on the current Basic Allowance. The total cost of Basic Allowances for all 34 District Councillors would be £161,674.80 per year (inclusive of all telephone costs). This is within budget (given vacancy savings). Appendix 2 sets out the options (though clearly other amounts could be chosen).
- 5.8 Special Responsibility Allowance – The types of positions attracting special responsibility allowances are recommended by the Independent Remuneration Panel to remain the same as that previously agreed by the Council as indeed is the method of calculating the Special Responsibility Allowance. (The existing method of calculating special responsibility allowance is to use the Basic Allowance figure and multiply it by 2.5 to calculate the Leader of the Council's Special Responsibility Allowance and then to use ratios of that Allowance to determine the Special Responsibility Allowances of other members). If Members decide to go for a Basic Allowance of £4,755.14 per year, then an option (option 1) would be to use only 'component A' as the figure to multiply by 2.5. This means that the Leader of the Council's Special Responsibility Allowance would be £4,3417 x 2.5 i.e. **£10,867.85** per year (current figure being £10,264.00). If the Basic Allowance figure of £4,755.14 was used for calculation purposes (option 2), then the Leader of the Council's Special Responsibility Allowance would be **£11,887.85 per year**.
- 5.9 Appendix 2 sets out the positions which attract Special Responsibility Allowances and the relative ratios together with option 1 and option 2. The total cost of option 1 is £41,297.84 and the total cost of option 2 is £45,173.84.
- 5.10 Backdating and Indexation – Backdating and Indexation of these allowances is not currently provided for in the existing Scheme of Members' Allowances. The introduction of something new would not be an amendment of something existing so would require introduction as from and including 1 April 2008 if Members were so minded to agree to a backdating and/or indexation provision. Members are reminded that a Scheme of Members Allowance can only be revoked with effect from the beginning of a year under regulation 10(3) and that by regulation 10(1) an authority is required before the beginning of each year to make a scheme for that year. Backdating could only apply with effect from the beginning of the year in which the amendment was made (i.e. from 1 April of any year) [regulation 10(6)] and indexation decision can only last for a period of up to four years before a further recommendation of the Independent Remuneration Panel would need to be obtained [regulation 10(5)].

5.11 Scheme of Members Allowances – The Independent Remuneration Panel recommended the adoption of a new Scheme of Members Allowances. If Members were to reject certain recommendations of the Independent Remuneration Panel, then it will be necessary to redraft that recommended Scheme of Members Allowance to reflect decisions made by Members and a future report put before Members.

## **6. Recommendations**

6.1 That Members consider whether to amend the current Scheme so as to alter the Basic Allowance and if so to determine the amount for 2007/2008 and the date of implementation

6.2 That Members consider whether to amend the current Scheme so as to alter the Special Responsibility Allowance and if so to determine the amount for 2007/2008 and the date of implementation

6.3 That a new Scheme of Members Allowance be drafted by the Head of Legal and Democratic Services in the light decisions made by Members and for the draft to be submitted to a future meeting for consideration

## **7. Background Papers/ Documents referred to**

7.1 ODPM Guidance on Regulation for Local Authority Allowance

7.2 The 2007 Report of the Independent Remuneration Panel

**AUTHOR NAME: Christopher Potter**

**DESIGNATION: Head of Legal and Democratic Services**

**DATE OF REPORT: 6 September 2007**

**VERSION NUMBER: 1**

**AUTHOR CONTACT: Tel: 0191 387 2011 [chrispotter@chester-le-street.gov.uk](mailto:chrispotter@chester-le-street.gov.uk)**

This page is intentionally left blank