

## **MEMBERS ALLOWANCES SCHEME**

### **Background**

The Local Government Act 2000 made substantial changes to the system of Members Allowances. Broadly, it gave Councils substantial freedom, but required them to appoint Independent Remuneration Panels. In determining the amount of the allowances and the responsibilities for which and the circumstances in which they are payable, a Council has to have regard to the advice and recommendations of its Independent Remuneration Panel. It is not bound to accept the recommendations, but as soon as reasonably practicable after a Council has received a report from its Independent Remuneration Panel, it must publish a notice in at least one local newspaper, describing the main features of the panels recommendations, including the amounts recommended, and make the report available for inspection. This requirement was complied with.

After making a decision on the recommendations and making or amending its scheme of allowances, a Council must publish another notice in a local newspaper giving details of its decision and also repeating details of the Panel's recommendations, again including the amounts.

At the Council meeting held on 12 July 2005, the Executive Leader presented a report, which incorporated the report from the Independent Remuneration Panel on the review of the Members Allowances Scheme it had undertaken in accordance with statutory provisions (the report from the Independent Remuneration Panel is again attached). The Executive Cabinet had considered the Panel's report at its meeting on 30 June 2005 and resolved that the recommendations be not accepted in their present form. Council resolved that the views of the Executive Cabinet on the Independent Remuneration Panel's report be accepted and that a Members Panel comprising of Councillors Ball, Edgerley, Goldsworthy, R Snape and J Wilson be established to take the issue of members allowances forward.

The Members Panel subsequently met following which the Independent Remuneration Panel were asked to consider their response to various representations made.

### **The Response of the Independent Remuneration Panel**

The Independent Remuneration Panel have now met and my understanding is that having considered responses to the Review of Members Allowances of June 2005 they feel that it would be improper to respond to individual approaches and are minded to standby the logic of the scheme as being fair and just. They have pointed out that the scheme does provide for the maintenance of allowances on a 'mark-time' basis where a reduction of the level of remuneration results from the introduction of the scheme.

They have suggested that it would be appropriate to review the scheme in June, 2006 when evidence against the criteria set would be considered on a case by case basis.

They have also confirmed that their recommendation provided for the back dating of the introduction of the scheme to April, 2005.

### **Next Step**

The Council must now consider its response having regard to the advice and recommendations of its Independent Remuneration Panel set out in the attached report and decide whether it wishes to amend its existing Members Allowance Scheme.

## **Financial Implications**

The total cost of the alternative remuneration scheme as outlined in this report is £278,629. The base budget for 2005/2006 totals £272,270 making a recurring shortfall of £6,359. The cost of protection would amount to approximately £5,000 but would be non recurring. The cost could be met from virement for 2005/2006, but the recurring costs will add to the budget gap for 2006/2007. In the financial strategy approved in March 2005 the Council agreed to refrain from building costs into the base budget that would affect future years. Whilst the sum is only small should a decision be made to implement the scheme this would effectively disregard the agreed strategy.

With regard to the implementation of further allowance such as the carers allowance. This once again would build extra costs into the base budget. Whilst the scheme proposes a cap on the amounts paid it is not possible to predict the likely take-up and any such costs would need to be found for virement as they occur.

## **Decision of Council**

The views and decisions of the Council on the Independent Remuneration Panel's report and recommendations are sought.

J W Davies  
Chief Executive

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There are no background papers to this report