

REPORT OF EXECUTIVE CABINET

REVIEW OF MEMBERS' ALLOWANCES SCHEME - REPORT OF INDEPENDENT REMUNERATION PANEL

1. The Chief Executive submitted a report to the Executive Cabinet which explained the background to and the remit assigned to the Independent Remuneration Panel, which was set up to review the Members' Allowances Scheme and to produce a report of their findings, with recommendations, for the Council's consideration.
2. The majority of the Chief Executive's report is reproduced below so that all Members of the Council may be aware of the history and relevant factors relating to this matter before reaching a decision.

Background

3. 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. Then, 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.

Work Undertaken by the Panel

4. An Independent Remuneration Panel is required to review Members Allowances and produce a report making recommendations:
 - (a) as to the amount of basic allowance that should be payable;
 - (b) as to the duties in respect of which special responsibility allowances should be paid and the amount of such allowances; and
 - (c) as to whether the Council's scheme should include allowances in respect of the expenses of arranging for the care of children or dependants and as to the amount of those allowances.
5. Since its establishment, our Independent Remuneration Panel has undertaken a comprehensive review, considered the amounts and types of allowances paid elsewhere and held consultation meetings with senior Members. The Panel has now produced its report, which is attached.
6. It has also considered the issue of introducing pension arrangements, which individual Members voluntarily opt into, which also comes within the remit of the Panel and is now permissible for Councils.

7. The Panel has adopted an approach based upon a "Job Evaluation" process in relation to the responsibilities of Members generally and of individual Members undertaking special responsibilities for which an additional allowance should be payable. The Panel has used the results of the job evaluation process to arrive at a recommended allowance for each special responsibility position, based upon a relationship with the basic allowance for Members, which the Panel recommends be left unchanged.
8. The result is a scheme which is flexible, should cater for most eventualities and is founded upon a logical basis of analysis.

Financial Implications

9. The total cost of changing to 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.
10. 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 Executive Cabinet

11. The Executive Cabinet gave due consideration to the attached report of the Independent Remuneration Panel in the light of the complementary report of the Chief Executive, but we decided that the recommendations contained in the Panel's report are not acceptable in their present form.

Decision of Council

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

COUNCILLOR J WILSON
Executive Leader

| BACKGROUND PAPERS | | | |
|------------------------------------------------|-------------|-------------|----------------------------|
| DOCUMENT | DATE | FILE | PLACE OF INSPECTION |
| Report of Chief Executive to Executive Cabinet | 30/06/2005 | - | Town Hall, Chorley |

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