

BABERGH DISTRICT COUNCIL

FROM: Head of Corporate Services

REPORT NUMBER **F 190**

TO: COUNCIL

DATE OF MEETING: 26 February 2007

**REVIEW OF MEMBERS' ALLOWANCES SCHEME 2007 – REPORT OF THE
INDEPENDENT REMUNERATION PANEL (IRP)**

1. **PURPOSE OF REPORT**

To enable Members to consider the recommendations of the 2007 Independent Remuneration Panel (IRP) following its recent review of the Scheme.

2. **RECOMMENDATIONS**

2.1 The recommendations of the IRP for the period from 1 May 2007 are set out below:

(the italics refer to the relevant paragraphs of the IRP report attached as Appendix 1)

(1) That subject to recommendation (6) below (concerning inflation) the base rate for the following allowances (adopted by the Council in 2003) remain the same:

(a) Basic Allowance (£3,354 per annum) (2.1)

(b) Special Responsibility Allowances for:- (2.2 – 2.5)

- Chairman of the Council (£6,707 pa)
- Vice-Chairman of the Council (£1,677 pa)
- Chairman of Strategy Committee (£6,707 pa)
- Chairmen of Overview and Scrutiny Committees (2) (£3,354 pa)
- Chairman of Development Committee (£3,354 pa)
- Chairman of Standards Committee (£1,677 pa)
- Chairman of Licensing and Appeals Committee (£3,354 pa)
- Chairmen of Task Groups and Panels (£168 pa)
- Development Members (£335 pa)
- Group Leaders (£671 pa)

(c) Dependants' Carers' Allowance (£11.16 per hour) (2.6)

(2) That subject to recommendation (6) below (concerning inflation) the Special Responsibility Allowances for the Vice-Chairmen of Committees be increased as shown:- (2.2 – 2.5)

		£
Vice-Chairman of Strategy	from £1,677	to 3354 pa
Vice-Chairmen of Overview and Scrutiny (2)	from £335	to 1677 pa
Vice-Chairman of Development	from £335	to 1677 pa
Vice-Chairman of Licensing and Appeals	from £335	to 1677 pa
Vice-Chairman of Standards	from £335	to 838 pa

- (3) That subject to recommendation (6) below (concerning inflation) a Special Responsibility Allowance of £838 pa be payable for Priority/Member Champions. (2.2 – 2.5)
- (4) That the Childcare Allowance be increased (from £5.58 per hour) to coincide with the SCC Childminder Rate and reflect future increases in that rate. (2.6)
- (5) That the Co-optees' Allowances be increased from £335 pa to £671 pa. (2.8)
- (6) That all Allowances payable under the Scheme and to which this report relates, be revised in line with changes in the RPI headline rate of inflation, being the RPI as for the month of March immediately preceding the relevant review date, until the Scheme is next reviewed or until 30 April 2009 whichever is the earlier. (2.9)
- (7) That the Travel and Subsistence Allowances continue to be revised to accord with those payable to Council employees from time to time with the exception of overnight absences which increase in line with RPI in accordance with (6) above. (2.7)
- (8) That as from 1 May 2007 and subject to the terms of the Local Government Pension Scheme, all Members of the Council be entitled to subscribe to the LGPS and the Basic Allowance and SRAs be treated as amounts in respect to which such pensions are payable. (2.10)
- (9) That the Council keeps a detailed record of the amount of work which Vice-Chairmen and Priority/Member Champions carry out, in order to facilitate future reviews. (2.2)
- (10) That the Council gives consideration to developing ways in which Members could be encouraged to reduce their reliance on motorised transport when carrying out Council business including IT related / home working solutions. (2.14)
- (11) That the Council establishes a form of self-assessment for its Members. (2.12, 2.13, 2.15)
- (12) That all other aspects of the 2003 Allowances Scheme be continued including:
 - procedures for claims
 - withholding of allowances as provided for in the Regulations
 - more than one SRA may be claimed per Councillor
 - entitlement not to claim.

3. **FINANCIAL IMPLICATIONS**

- 3.1 The current Members Allowances budget, including the Chairman and Vice-Chairman of the Council's allowance is £192,000.
- 3.2 The estimated cost of applying the March 2007 RPI (Headline Rate of Inflation) to the relevant allowances has been reflected in the draft budget for 2007/08. This is based on an RPI of 4.4% in December 2006 – the March 2007 figure may, of course, vary slightly from this). Members could apply a different basis of inflation if they so wished by amending the current RPI basis in the Members Allowances Scheme.

- 3.3 The estimated additional annual cost of the IRP's entire proposals, including an indication of the possible costs of Basic Allowance and SRAs being treated as amounts in respect to which pensions are payable are shown in the table below:

Proposal	Additional Cost £
Increase in Vice-Chairmen's SRA	6,450
SRA for Priority/Member Champions (12 assumed)	10,500
Co-optees' allowances (4 assumed)	1,400
Pension Scheme contributions	9,000 – 15,000
Total estimated additional cost	27,350 – 33,350

- 3.4 The pension scheme costs would depend on take-up and the estimate shown is based on between 30% - 50% of Members being interested in joining the LGPS. The recent questionnaires sent to Members indicated a 50/50 split on whether the scheme should be offered but some Members who indicated in favour of it being offered said they might not actually take it up themselves. The position may, of course, be slightly different after the May elections.
- 3.5 A proportion of this cost (25%) would fall on the HRA. This would leave between £20,500 and £25,000 being met by the General Fund.

4. **RISK MANAGEMENT**

Risk Description	Likelihood	Seriousness or Impact	Mitigation Measures
The recommendations of the IRP are not accepted. Any attempt to increase significantly the level of allowances could lead to a judicial review. Alternatively the recommendations might not be accepted.	Low/Significant	Marginal	Consultation with all Members undertaken, and Panel took into account the views of those Members who responded.

5. **KEY INFORMATION**

- 5.1 The current Members' Allowances Scheme was approved by the Council in August 2003. The Scheme provided for the allowances to be updated annually by reference to the headline rate of inflation, until 30 April 2007 (or until the next review, whichever was the earlier) and included provision to cover the increased workload of the Chairman of the Licensing and Appeals Committee with the introduction of the 2003 Licensing Act requirements.
- 5.2 The IRP's review of the Scheme takes into account the Council's specific request for the issue of an SRA for Priority/Member Champions to be addressed. The review of the Scheme itself was based on the continuation of the Council's current structure for the immediate future until such time as the new Council decides whether or not to change its arrangements following the May 2007 Elections.

5.3 The review is therefore limited in its scope but identifies issues which would need to be addressed in a more fundamental review once the new Council has made and implemented any decisions regarding its future operation.

6. **APPENDICES**

APPENDIX 1 – Report to Babergh District Council from the Independent Remuneration Panel

APPENDIX 2 – Information supplied to the Panel

7. **BACKGROUND PAPERS REFERRED TO:**

None.

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