

Subject: Review of Members' Allowances
Date of Meeting: 9 March 2010
Report of: Director of Strategy and Governance
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Wards Affected: All

FOR GENERAL RELEASE

1. SUMMARY AND POLICY CONTEXT:

- 1.1 To consider the recommendations of the Independent Remuneration Panel (IRP) following its review of the Members' Allowances Scheme.
- 1.2 This is the eighth report of the Panel to the Council on the level of allowances and expenses it feels are appropriate. Once again the Panel has considered basic, special responsibility, travel and subsistence allowances and also payments to carers and co-optees.

2. RECOMMENDATIONS:

- 2.1 That the recommendations of the Independent Remuneration Panel, as set out in its report which is listed as Item No. 79(b) be recommended to Council for approval.
- 2.2 That the Chief Executive be authorised to amend the Brighton & Hove Members' Allowances Scheme to reflect the foregoing, to submit to Council for adoption, and to issue the revised scheme following council approval.
- 2.3 That the allowance payable to each of the members of the Independent Remuneration Panel be increased by the council's salary inflation of 1% for 2009 with effect from 14 May 2010, (i.e. the day after the Annual Council meeting and in line with the effective date recommended by the Panel for increases in Members' Allowances), in recognition of their time commitment and their important role.

3. RELEVANT BACKGROUND INFORMATION / CHRONOLOGY OF KEY EVENTS:

- 3.1 In order to revise its Members' Allowances Scheme, the Council is required to have regard to the recommendations of the Independent Remuneration Panel.
- 3.2 The Panel has taken the view that in line with the Local Authorities (Members' Allowances) (England) Regulations 2003 and the introduction of the new governance arrangements in May 2008, it would review the Members' Allowances Scheme and make recommendations to the Council on :

- (a) The level of Basic Allowance to be paid to all councillors;
- (b) The responsibilities for which Special Responsibility Allowances (SRA's) should be payable (only one Special Responsibility Allowance is payable per councillor);
- (c) The levels of SRA payable;
- (d) The payment of Travel & Subsistence Allowances and appropriate mileage and subsistence rates payable to councillors undertaking approved council duties;
- (e) The payment of a Co-optee's Allowance;
- (f) The payment of Childcare & Dependant Carer's Allowances, the level of such payments and any upper limits that should apply.

- 3.3 The Panel has received and analysed evidence from a range of local authorities, including the council's family tree identified by the Audit Commission, in order to maintain as much consistency as possible. The move to the new executive arrangements has dictated the style of the Panel's current review, which also included surveying all Members and having one to one meetings with the Group Leaders, Chairmen, Deputy Chairmen and Backbench Members.
- 3.4 The Panel has completed an 18-month review following the introduction of the new executive arrangements, and their recommendations are contained within the Annual Report for 2008/10 which is attached as Item 79(b) to this report.
- 3.5 The Panel has looked at the levels of responsibility for each and every role that is set down in the new Scheme of allowances, and has revised its formula for setting the Leader of the Council's Special Responsibility Allowance (SRA). It has then used the 'core' element of the SRA as the basis for the other Special Responsibility Allowances listed in the scheme, whilst looking at the roles of the Cabinet Members, Chairmen and Deputy Chairmen of the Regulatory Committees and Overview & Scrutiny Committees. The Panel also noted that the roles and portfolios of the Cabinet members may be changed by the Leader at any time and has sought to acknowledge that possibility without requiring further amendment to the Members' Allowances Scheme.
- 3.6 Once again the Panel has taken account of the latest regional and national earnings information in relation to any increase in allowances and has made comparisons with the council's own salary inflation rate for 2009.

4. CONSULTATION

- 4.1 The Panel has met with the Group Leaders and the majority of other Members, including post holders within the new executive arrangements and also received written feedback from those that could not attend meetings.

4.2 The recommendations of the Independent Remuneration Panel are being reported to the Governance Committee where all party groups are represented, before being submitted to Full Council on 18 March 2010.

5. FINANCIAL & OTHER IMPLICATIONS:

Financial Implications:

- 5.1 Subject to agreement at Council on 25 February the Members' Allowances revenue budget for 2010/11 has been set at £1,054,900 assuming the current level of take up of the superannuation scheme.
- 5.2 The proposed new scheme allows for an inflationary increase of 1% to the Basic Allowance making a total of £625,212 plus on costs for the full year. This inflationary increase is in line with the Council's budget strategy assumptions.
- 5.3 The proposed new scheme contains provision for 25 SRA's, with the likelihood that a maximum of 24 could be paid in 2010/11 based on the current make-up of the council. The total payment of SRA's is estimated at £253,563 plus on costs.
- 5.4 The total estimated cost of the proposed new scheme is £1,036, 953 including superannuation and national insurance on costs at 18% based on current take up which can be accommodated within the budget for 2010/11. An estimated £18,000 would be available to fund any additional take up of the local authority pension scheme or support other members' budgets.
- 5.5 Should the current scheme be retained with no inflationary rise attributed to the Basic Allowance or the SRA's, the total cost of the allowances (assuming full take up of allowances) would reach £901,367. With the current level of superannuation and national insurance on costs at 18% on-costs included, the total cost of the scheme would amount to £1,063,613 which would result in an overspend of £8,713. In 2009/10 not all members took the full allowances leading to an underspend.
- 5.6 The Members Allowances Budget has previously resulted in an underspend because of the lower take-up in the local authority pension scheme. If there was a significant change in take up rate this would lead to a small budget pressure. This is considered to be a low risk and could if necessary be addressed within the Strategy and Governance Directorate budget.

Finance Officer Consulted: Anne Silley

Date: 16/02/10

Legal Implications:

- 5.7 The proposals in this report comply with the requirements of the Local Authorities (Members' Allowances) (England) Regulations 2003 and associated guidance.
- 5.8 There are no adverse Human Rights Act implications arising from this report.

Lawyer Consulted:

Abraham Ghebre-Ghiorghis

Date: 15/02/10

Equalities Implications:

- 5.9 The recommendations explicitly seek to encourage a wider cross-section of the community to become councillors, and reduce the financial disincentives, which deter a broader spectrum of people from serving as councillors.

Sustainability Implications:

- 5.10 None arising directly from this report

Crime & Disorder Implications:

- 5.11 None arising directly from this report.

Risk and Opportunity Management Implications:

- 5.12 None arising directly from this report.

Corporate / Citywide Implications:

- 5.13 None arising directly from this report.

SUPPORTING DOCUMENTATION

Appendices:

None

Documents in Members' Rooms

None

Background Documents:

None