

REPORT TO	Cabinet Council
DATE	2 nd September 2010
SUBJECT	Members' Allowances
WARDS AFFECTED	All
REPORT OF	Director of Corporate Services/Assistant Chief Executive
CONTACT OFFICER	Andrea Grant, Assistant Director (Democratic Services) 0151 934 2030
EXEMPT/ CONFIDENTIAL	No

PURPOSE/SUMMARY:

To request that proposed reductions in the Scheme of Members' Allowances be approved.

REASON WHY DECISION REQUIRED:

In order to achieve savings on the Members' Allowances budget.

RECOMMENDATION(S): That the Cabinet recommend to Council that

- (1) the views of the Independent Remuneration Panel on the proposal be noted;
- (2) the recommendations made by the Cabinet on 5th August 2010 be accepted;
- (3) the changes be implemented with effect from 2nd September 2010; and
- (4) any increases from 2011/12 continue to be linked to any National Joint Council (NJC) for Local Government employees pay awards.

KEY DECISION: No

FORWARD PLAN: Not appropriate

IMPLEMENTATION DATE: 2nd September 2010

ALTERNATIVE OPTIONS:

The alternative is to continue with the existing scheme.

IMPLICATIONS:

Budget/Policy Framework: The proposals represent an annual saving in the order of £25,400 (inc on costs) pa.

Financial:

<u>CAPITAL EXPENDITURE</u>	2008/ 2009 £	2009/ 2010 £	2010/ 2011 £	2011/ 2012 £
Gross Increase in Capital Expenditure				
Funded by:				
Sefton Capital Resources				
Specific Capital Resources				
<u>REVENUE IMPLICATIONS</u>				
Gross saving in Revenue Expenditure			14,800	25,400
Funded by:				
Sefton funded Resources				
Funded from External Resources				
Does the External Funding have an expiry date? Y/N	When?			
How will the service be funded post expiry?				

Legal:

Risk Assessment: No specific risk assessment has been carried out, but the risks associated with the report are already being addressed as part of the Council's approach to risk management.

Asset Management:

CONSULTATION UNDERTAKEN / VIEWS

Leaders

CORPORATE OBJECTIVE MONITORING:

<u>Corporate Objective</u>		<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		√	
2	Creating Safe Communities		√	
3	Jobs and Prosperity		√	
4	Improving Health and Well-Being		√	
5	Environmental Sustainability		√	
6	Creating Inclusive Communities		√	
7	Improving the Quality of Council Services and Strengthening local Democracy	√		
8	Children and Young People		√	

LIST OF BACKGROUND PAPERS RELIED UPON IN THE PREPARATION OF THIS REPORT

Report of the findings of the Independent Remuneration Panel 2007.

1.0 BACKGROUND:

1.1 At its meeting on 5th August 2010, the Cabinet considered a report on the recommendations of the three Political Group Leaders for reductions to be made to the Scheme of Members' Allowances (Minute 74 refers).

1.2 It was resolved that

(1) the recommendations made by the Political Group Leaders in Section 2.3 of the report be referred to the Independent Remuneration Panel for consideration; and

(2) the Independent Remuneration Panel's response to the recommendations be reported to the Cabinet and the Council on 2nd September 2010, or as soon as possible.

1.3 Under the Local Authorities (Members' Allowances) (England) Regulations 2003, the Council has a duty to have regard to recommendations made to it by the Independent Remuneration Panel, prior to making or amending a Members' Allowances Scheme.

1.4 The following proposals were considered by the Panel:

- Basic Allowance for Members to remain unchanged;
- Weighting on Special Responsibility Allowances (SRA's) to remain unchanged;
- Payment of daily Special Responsibility Allowances to cease;
- The rates of all Special Responsibility Allowances be reduced by 5%.

1.5 Due to the short timescales involved it proved impossible to convene a formal meeting of the Panel. However an e-mail consultation with Panel members has taken place. Panel members raised a number of issues which have been responded to by Officers (see Appendix A).

1.6 The final responses from Members of the Panel are as follows:

Mrs Susan Lowe - The papers you enclose clarify the issue to some extent. Bearing in mind the very short timescale and the fact that we have been unable to meet to discuss the matter, I can only state that the reductions seem reasonable as a short term expedient.

Any further responses received will be circulated at the meeting.

APPENDIX A

Q. Some of the daily Special Responsibility Allowances were given to Members to fulfil statutory functions e.g. visits to Children's Homes, and noting that before allowances were given not many Members undertook them - should there be confirmation that Members will still be doing these duties after September 1st?

A. The Panel last met on 16th November 2009 at which meeting it was resolved that the request to pay traveling expenses to those Members who undertake statutory Regulation 33 visits to Children's Homes be declined. Members attending such visits have never been entitled to a daily SRA.

The reference in the Cabinet report to the ceasing of payments of daily Special Responsibility Allowances refers to the following parts of the scheme:

Members of Licensing Sub Committee	£35.00 Daily rate
Members of Planning Visiting Panel	£35.00 Daily rate
Members of Adoption Panel	£35.00 Daily rate
Members of Fostering Panel	£35.00 Daily rate

The requirement to convene these meetings will not cease although it is fair to point out that meetings of the Licensing Sub-Committee will now be at a somewhat reduced rate from when the Sub-Committee was first established.

Q. A clear date and timetable be drawn up by Legal Services to instigate a review - probably before the end of the current Municipal Year.

A. A timetable for the review of the Scheme of Members' Allowances will be submitted for approval and subsequently a calendar of meetings for the Panel will be drawn up (in full consultation with Panel members).

Q. What is the position of the Committee as to when it is convened and meets, and who decides when we meet?

A. The Panel is required to meet at least annually to recommend a Scheme of Members' Allowances for the following Municipal Year to the Standards Committee and on to full Council. The Panel is also consulted each time the Council amends its Members' Allowances Scheme. However, the Panel does not need to approve a Scheme annually if the Scheme includes provision for adjustments to the level of allowances to be determined according to a specified index - the Scheme would also need to specify how long that index should apply (subject to a maximum of four years).

Q. Could a paper still be drawn up for us that spells out what the above proposals actually mean i.e. : The list of current weightings for Special Responsibility Allowances?

Q. How many daily Special Responsibility Allowances were actually paid in 2009/2010 and for what functions/duties?

- Q. What a 5% reduction actual means in financial terms for all the holders of Special Responsibility, e.g. current allowance and propose allowance with 5% reduction?
- Q. I would like to understand the savings of £25,400 as a percentage of the Members Budget.
- Q. It would also be useful to understand the percentage reductions being sought by the Council across its various budget heads.
See attached paper

REPORT CIRCULATED FOR CONSULTATION

Report to: Independent Remuneration Panel

Title of Report: Scheme of Members' Allowances

Report of: John Farrell – Interim Head of Corporate Finance & Information Services

Contact Officer: John Farrell - 0151 934 4339

1. Introduction and Background

- 1.1 The Council has 66 Members all of whom receive a Basic Allowance, which is £8,970 for 2010/11. In addition certain Members receive a Special Responsibility Allowance (SRA) which is calculated based upon a multiplier of the Basic Allowance.
- 1.2 The Panel last met on 16th November 2009 because the Council had asked them to review their previous recommendations which had included an increase to the SRA for the Chairs of Overview & Scrutiny Committees (costing an additional £20,000).
- 1.3 At the meeting the Panel recognised the Council's budgetary concerns regarding their proposals but had received no further information which would cause them to revise their original recommendations
- 1.4 The Council deferred any decisions on the proposals and also decided that in view of the current financial climate, they wished to defer the planned review of the full Scheme.

2 Matters for consideration

- 2.1 The Leaders of the political groups met to discuss the Scheme of Members' Allowances with a view to contributing towards the savings required by the Council, and made the following recommendations:
- that the current rate of Basic Allowance remains unchanged for 2010/11
 - that the weightings for the Special Responsibility Allowances remain unchanged for 2010/11.
 - that payment of the daily Special Responsibility Allowances should cease
 - that the rates of all Special Responsibility Allowances (including the Mayoral) be reduced by 5%
- The effects of the changes are attached at Annex A
- 2.2 The Leaders also recommended that the changes should be implemented with effect from 1st September 2010 saving £14,800, and that any increases from 2011/12 continue to be linked to any National Joint Council (NJC) for Local Government employees pay awards.

- 2.3 Cabinet on 5th August 2010 approved the recommendations subject to consultation with the Independent Remuneration Panel.
- 2.4 The Independent Remuneration Panel are therefore requested to consider the proposals above.

Information on Members Allowances 2010/11

Annex A

Basic Allowance - £8,970 paid to all Members of the Council

Special Responsibility Allowance (SRA)

Paid to the following Members in addition to their Basic Allowance

	Current	Proposed
Leader of the Council	£26,910	£25,560
Party Leaders (with Cabinet position)	£22,425	£21,300
Other Members of the Cabinet	£17,940	£17,040
Chair of Planning Committee	£8,970	£8,520
Chairs of Overview and Scrutiny Committees	£4,485	£4,260
Chair of Licensing and Regulatory Committee	£8,970	£8,520
Chair of Audit and Governance Committee	£4,485	£4,260
Party Spokespersons for all Cabinet & Planning	£4,485	£4,260
Waste Disposal Authority - Chair	£8,970	£8,520
Members of Licensing Sub Committee	£35.00 per day	Nil
Members of Planning Visiting Panel	£35.00 per day	Nil
Members of Adoption Panel	£35.00 per day	Nil
Members of Fostering Panel	£35.00 per day	Nil

Cost of Current Scheme including on costs - £1,162,200

Cost of proposed Scheme including on costs - £1,136,800

Savings by reducing SRA by 5% (inc on costs) - £25,400

Overall reduction – 2.1% reduction

Daily SRA information 2009/10

103 claims were paid – costing £3,448 including on costs

The Council's saving

The current estimate of savings required by the Council is £53m over the next 3 years, (with £20m being required to balance the budget for 2011/12), but Departments have not been issued with target percentages.

The Council's gross budget is approximately £600m+ but within this figure are contractual commitments, repayments of debt, and other items that reduce the amount from which savings can realistically be found to about £227m.

In simplistic terms it can be argued that savings of approximately 9% need to be achieved (£20m out of £227m) for 2011/12 which increases to 23% (£53m out of £227m) by 2013/14.

Departments have put forward proposals in parallel with the Members' exercise of prioritising services. They are conscious that there may be elements of double counting between the two exercises and this is being examined very carefully by the Strategic Leadership Team, Transformation team and Financial Management.

It should be noted that senior managers have had a pay freeze in 2009/10 and 2010/11 with every possibility that the freeze will continue into 2011/12 and 2012/13. Based upon the RPI increases between April 2009 and June 2010 this is the equivalent of approximately 6% reduction in real terms.