

ASSEMBLY

30 MARCH 2011

REPORT OF THE LEADER OF THE COUNCIL

Title: Members' Allowances 2011/12	For Decision
<p>Summary:</p> <p>This report sets out proposals in relation to Members' allowances for the 2011/12 municipal year.</p> <p>In response to the current economic situation and the increasing pressures on public sector funding, the Assembly is recommended to agree a freeze, for the third successive year, on basic and special responsibility allowances.</p> <p>Due to a budget pressure of approximately £20,000 as a result of increased pension contributions on the overall Members' Allowances budget, the report also sets out proposals to contain these additional costs within the overall budget through a number of reductions / deletions to the current scheme.</p> <p>It is also proposed for the future to incorporate the position of Independent Adviser to the Public Accounts and Audit Select Committee (PAASC) within the overall Scheme.</p> <p>The proposed Members' Allowances Scheme for the 2011/12 municipal year is attached at Appendix A.</p> <p>Wards affected: None</p>	
<p>Recommendation(s)</p> <p>The Assembly is recommended to agree:</p> <ul style="list-style-type: none">(i) That no increase be applied to Members' basic and special responsibility allowances for the 2011/12 municipal year, representing a freeze in allowance levels for the third year in succession;(ii) Incorporate the position of Independent Adviser to the PAASC in the overall Scheme and, in view of the current economic situation, to set the allowance payable for 2011/12 at £300 per meeting; and(iii) That the draft Members' Allowances Scheme for the 2011/12 municipal year attached at Appendix A take effect from 19 May 2011(the day after Annual Assembly), with the exception of the proposed changes to the Mayor and Deputy Mayor's Purses which will take effect from 21 May 2011 (the day after the 2011/12 Ceremonial Council meeting)	
<p>Reason(s)</p> <p>To meet the requirements of the Local Authorities (Members' Allowances) (England) Regulations 2003.</p>	

Comments of the Chief Financial Officer The changes set out in the recommendations can be funded within existing budgets		
Comments of the Legal Partner The Council is required to publish an annual Members' Allowances Scheme in accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003. Section 111 of the Local Government Act 1972 empowers the Council to do anything calculated to facilitate discharge of any of its functions.		
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1. Background

- 1.1 In 2000, an Independent Remuneration Panel (IRP) was established to review and make recommendations to the Council on Members' Allowances. Each year the IRP would consider a range of factors such as inflation indices, staff pay awards and how other London Boroughs' schemes were applied, as well as reviewing Members' time inputs through questionnaires and interviews. The IRP's recommendations would be presented to the Assembly for adoption.
- 1.2 For 2009/10 and 2010/11, the IRP recommended a freeze in allowance levels in response to the prevailing economic situation and the increasing squeeze on the public sector. These recommendations were fully supported by the Assembly.
- 1.3 For this year, following consultation between the Leader and the three IRP members it was agreed that it would not be necessary to convene the IRP on the basis that for the third successive year no increase to allowance levels would be recommended.
- 1.4 The Members' Allowances Scheme forms part of the Council Constitution (Part F).

2. Financial issues

- 2.1 The total budget provision for 2011/12 for Members' Allowances and the Mayor and Deputy Mayor's Purses amounts to £896,860.
- 2.2 There is an on-going pressure of approximately £20,000 in relation to the overall Members' Allowances budget provision of £896,860. This has arisen following the May 2010 Local Elections and the subsequent increase in the number of Councillors opting into the Council's Pension scheme, which attracts an additional employer's contribution.
- 2.3 In order to address this shortfall, a range of changes are proposed:

(i) Deletion of the Deputy Mayor's Purse allowance

A review of the support arrangements for the Mayor and Deputy Mayor was undertaken in the light of the need to make savings across the division. As a result, the posts of Mayoral and Civic Support Officer and Deputy Mayor's chauffeur were deleted from the establishment. This was on the understanding that there would be a reduction in the number of Mayoral engagements attended by the Mayor, particularly outside of the Borough, and support for any Mayoral charity work being led directly by the Mayor and his/her charity support group.

The Deputy Mayor role is solely to provide support and cover for the Mayor and the reduced workload therefore has a direct impact on the need for a Deputy to provide cover. In deleting the Deputy Mayor position, other efficiencies would be accrued through a reduction in transport costs (e.g. decommissioning of the Deputy Mayor's car) and driver overtime which would amount to something of the order of £8,500 per year, although these savings are not directly related to the Members' Allowances budget.

The saving to the Members' Allowances budget through the deletion of the position will be approximately £3,000.

(ii) Reducing the Mayor's Purse allowance to £12,000

This is to reflect the anticipated reduced workload for the new Mayor compared to previous years as referred to above. This would represent a saving of £2,351 plus related on-costs.

(iii) Replace the Deputy Chairs' special responsibility allowance (SRA) of £1,571 with an ad-hoc allowance

In deleting the fixed SRA for Deputy Chairs it is proposed to introduce an ad hoc allowance of £150 for each meeting where a Deputy Chair is required to chair a meeting. The level of ad-hoc allowances that would be payable in a year, based on the corresponding committee attendance over the past 12 months, would be £1,350 (9 x £150). Therefore, the projected saving in a full year is estimated at £13,000 plus related on-costs.

2.4 Collectively, the proposed savings as outlined above would meet the shortfall associated with pension contributions in the overall budget.

3. Independent Adviser to the Public Accounts and Audit Select Committee

3.1 The Council presently engages an independent adviser to PAASC to provide members with specialist knowledge and guidance around the Council's audit function and responsibilities. This role accords with best practice advice from the Chartered Institute of Public Finance and Accountancy (CIPFA).

3.2 The level of remuneration of such independent advisers sits outside the scope of the 2003 regulations. However Section 111 of the Local Government Act 1972 provides local authorities with a general power to do anything that facilitates the discharge of any of its functions. In order therefore to improve accountability and

transparency it is proposed going forward that the role be incorporated into the Members Allowance Scheme on the basis that, subject to its reappointment, in future years, the IRP be responsible for assessing and recommending the appropriate level of remuneration.

- 3.3 Notwithstanding the above and in view of the current economic situation, it is suggested that for the coming year the appropriate level of payment for the role be fixed at £300 per meeting plus incidental expenses.

4. Options appraisal

- 4.1 There are a number of options for achieving the required reductions / savings but the proposals above are considered to be the most appropriate in the current circumstances.

5. Background papers used in the preparation of the report: None

6. List of appendices:

Appendix A – Proposed Members' Allowances Scheme for 2011/12.