

CABINET

8 SEPTEMBER 2010

REVIEW OF MEMBERS' ALLOWANCES SCHEME

Report of the Chief Executive, Director of Financial Resources and Chief Solicitor

1. Purpose of Report

- 1.1 This report considers proposals for a review of the current Members' Allowances Scheme and for the membership of the Independent Remuneration Panel which will make recommendations to the Council on the allowances to be paid to Members.

2. Description of Decision

- 2.1 Members are asked to:

- 2.1.1 Agree that a review of the current Members' Allowances Scheme be undertaken.
- 2.1.2 Agree that the Chief Executive, the Chief Finance Officer and the Monitoring Officer be given delegated powers to take all necessary action to facilitate the review including the appointment of the Independent Remuneration Panel.

3. Background

- 3.1 The Council approved the current Members' Allowances Scheme in January 2007 having considered the report of the Independent Remuneration Panel.
- 3.2 The functions of the Panel have been extended considerably under the Local Authorities (Members Allowances) (England) Regulations 2003 and now include responsibility for making recommendations on pensions eligibility, travel and subsistence, and co-optees allowances as well as recommendations on Basic and Special Responsibility Allowances. The functions of the Panel are described in the Appendix to this report. Local Authorities must have regard to the advice of the Panel when deciding on their Members Allowances Scheme and the amounts to be paid there under.
- 3.3 The relevant Regulations provides that an independent remuneration panel shall consist of at least three members none of whom:-
- (a) is also a member of an authority in respect of which it makes recommendations or is a member of a committee or sub-committee of such an authority; or

(b) is disqualified from being or becoming a member of an authority.

3.4 The last panel comprised:

John Anderson (former Chairman of the Local Strategic Partnership and currently Chair of Sunderland Arc)
Ian Todd (ex Principal, Sunderland College)
Karen Straughair (Chief Executive of Sunderland TCPT)

3.5 Ian Todd has indicated he does not wish to serve again. Karen Straughair has indicated she is willing to serve if required. John Anderson has expressed an interest in serving again and his experience would be helpful. It is suggested that an advertisement is placed and that the relevant officers are granted delegated powers to make additional appointments having regard to the statutory guidance.

4. **Current Position**

4.1 When the Scheme was last approved Council agreed to accept the Panel's recommendation that annual adjustments for Basic Allowances and Special Responsibility Allowances (SRAs) should be made using the Retail Price Index (excluding mortgage interest payments). The Panel recommended that the provision for annual adjustments should run for three years before the next formal review of the allowances scheme was undertaken.

It was agreed that the first annual adjustment should be undertaken in April 2008 and following the third and final annual adjustment in April of this year Members generally agreed to forego this index linked increase. However, as the third and final adjustment has been made this year another formal review of the Allowances Scheme is now required.

4.2 Other issues have arisen which prompt the need for a formal review including:-

- the change to the new form of executive arrangements
- changes to roles and responsibilities
- the increased work-load of Members in respect of the community leadership programme
- the appointment of co-optees to the Port Board
- the need to review the amounts payable in respect of those ward surgeries held in premises not owned by the Council to reflect the frequency of such surgeries
- the need to review the Foreign Travel Policy.

5. **Reasons for the Decision**

- 5.1 In view of the passage of time since the Council approved the current Scheme it is considered that a formal review of the Scheme is appropriate to take account of changes in circumstances and the current economic climate.

6. **Alternative Options**

- 6.1 None submitted for consideration as the Allowances Scheme is now due for a formal review.

7. **Background Papers**

The Local Authorities (Members Allowances) (England) Regulations 2003

New Council Constitutions – Guidance on Consolidated Regulations for Local Authority Allowances

The work of the Panel

The regulations provide for independent remuneration panels to have the following functions:

- To make recommendations to the authority as to the amount of basic allowance that should be payable to its elected members.
- To make recommendations to the authority about the responsibilities or duties which should lead to the payment of a special responsibility allowance and as to the amount of such an allowance.
- To make recommendations to the authority about the duties for which a travelling and subsistence allowance can be paid and as to the amount of this allowance.
- To make recommendations as to the amount of co-optees' allowances.
- To make recommendations as to whether the authority's allowances scheme should include an allowance in respect of the expenses of arranging for the care of children and dependants and if it does make such a recommendation, the amount of this allowance and the means by which it is determined.
- To make recommendations on whether any allowance should be backdated to the beginning of a financial year in the event of the scheme being amended.
- To make recommendations as to whether annual adjustments of allowance levels may be referred to an index, and, if so, for how long such a measure should run.
- To make recommendations as to which members of an authority are to be entitled to pensions in accordance with a scheme made under section 7 of the Superannuation Act 1972.
- As to treating basic allowance and special responsibility allowance as amounts in respect of which such pensions are payable.