

 <b>EXECUTIVE 10<sup>th</sup> JUNE 2009</b>		<b>Agenda Item No.</b>
<b>Title</b>	Members Allowances 2009/10	
<b>For further information about this report please contact</b>	Philip Morgan	
<b>Service Area</b>	Finance	
<b>Wards of the District directly affected</b>	None	
<b>Is the report private and confidential and not for publication by virtue of a paragraph of schedule 12A of the Local Government Act 1972, following the Local Government (Access to Information) (Variation) Order 2006</b>		
<b>Date and meeting when issue was last considered and relevant minute number</b>	Section 8 of the Budget report to Executive (4 February 2009) and Council (23 February 2009) minute number 820	
<b>Background Papers</b>	Report from the Independent Remuneration Panel regarding Members' Allowances – March 2008	

<b>Contrary to the policy framework:</b>	No
<b>Contrary to the budgetary framework:</b>	No
<b>Key Decision?</b>	No
<b>Included within the Forward Plan? (If yes include reference number)</b>	No

<b>Officer/Councillor Approval</b>		
With regard to officer approval all reports <u>must</u> be approved by the report authors relevant director, Finance, Legal Services and the relevant Portfolio Holder(s).		
<b>Officer Approval</b>	<b>Date</b>	<b>Name</b>
Relevant Director	15 <sup>th</sup> May 2009	Andy Jones
Chief Executive	26 <sup>th</sup> May 2009	Chris Elliot
CMT	26 <sup>th</sup> May 2009	CMT
Section 151 Officer	13 <sup>th</sup> May 2009	Mike Snow
Legal	12 <sup>th</sup> May 2009	Peter Oliver
Finance	13 <sup>th</sup> May 2009	Mike Snow
Portfolio Holder(s)	26 <sup>th</sup> May 2009	Andrew Mobbs/ Michael Doody
<b>Consultation Undertaken</b>		
Please insert details of any consultation undertaken with regard to this report.		
<b>Final Decision?</b>		Yes
<b>Suggested next steps (if not final decision please set out below)</b>		

## 1. **SUMMARY**

- 1.1 The Local Authorities (Members' Allowances) (England) Regulations 2003 require Local Authorities to establish and maintain an independent remuneration panel which will broadly have the function of providing the Warwick District Council with advice on its scheme and the amounts to be paid. Local authorities **must** have regard to this advice before they amend a scheme.
- 1.2 In February 2009 the Council made decisions concerning Members Allowances without having regard to the advice of the panel and hence these could be subject to a legal challenge.
- 1.3 The recommendations below will remedy the position.

## 2. **RECOMMENDATION(S)**

- 2.1 That Executive, having further regard to the recommendations of the March 2008 Independent Remuneration Panel regarding Members' Allowances, concerning members basic and special responsibility allowances approves that they are frozen at the 2008/09 level and that the indexation increase will not be applied, and that the 2009/10 indexation increase will not be applied to future year's allowances.
- 2.2 That after having due regard to the Independent Remuneration Panel's recommendations, Executive approves that the Panel will not sit in 2009/10, but will sit during 2010/11 to make recommendations applicable from 1 April 2011. Ahead of then, the Panel and its terms of reference should be reviewed.

## 3. **REASONS FOR THE RECOMMENDATION(S)**

- 3.1 At its meeting on 4 June 2008, the Executive considered a report from the Independent Remuneration Panel regarding Members' Allowances. The Executive made 24 recommendations (which are set out in full in the minutes of the meeting), and which were approved and adopted at the Council meeting on 9 July 2008. The recommendations included the following:

“(12) the workloads and responsibilities of the leader and Executive members should be reviewed in 12 months time in conjunction with a wider review of the Basic Allowance and the workload of Members of the Planning Committee;

(15) the Co-optees' Allowances be reviewed in 12 months to assess the impact of the new powers on the roles and responsibilities of the statutory Co-optees on the Standards Committee;

(21) the current indices be approved and remain in place for another 4 years [there follow details of various allowances and the indices to which they are to be linked]

(23) another review of allowances be held in 12 months time, with a particular remit to review the Allowances of the Leader, Executive, Members, Members of the Planning Committee - within the context of clarifying the scope of the Basic Allowance and the allowances for ordinary Members of the Standards Committee"

There is thus a commitment to review many of the Allowances in 2009, and a commitment that the allowances be index linked.

- 3.2 Section 8 of the Budget report to Executive (4 February 2009) and Council (23 February 2009), and recommendation (2) of the minutes of the meeting of the Executive.

Section 8.1.1(a) contains to "freeze members allowances - so that there will be no increase in allowances in 2009/10, and neither is it proposed to hold a further review of members allowances during the year. The freeze will save £8,300". Recommendation (2) provides ".....the Portfolio holder proposals for savings in paragraph 8.1 of the report be agreed.....".

The minutes of the Council meeting of 23 February provide (at min. 820) "... the recommendations contained in the minute of the report of the Executive held on 4 February 2009 headed "Budget 2009/10 and Council Tax - Revenue and Capital" be approved and adopted,

It would therefore appear on the face of it that the Council have amended their adopted scheme - the result of which is to freeze member's allowances and to agree not to carry out further reviews in the forthcoming year.

- 3.3 Regulation 19 of the Local Authorities (Members' Allowances) (England) Regulations 2003 provides "Before an authority makes or amends a scheme, the authority shall have regard to the recommendations made in relation to it by an independent remuneration panel".

There is no overt evidence that in reaching their decision to amend the scheme, the council had any regard to the most recent recommendations from the panel.

- 3.4 The Head of Legal has advised that the decision of the Executive and Council remains open to challenge for failing to have regard to the recommendations of the panel. Nor is there any explicit decision that the reviews of various allowances set out in the minutes of the Executive on 9 July 2008 should not be carried out and therefore advise that a report should be made to a meeting of the Executive for 10 June 2009 to consider the matters outstanding from the July 2008 meeting.

- 3.5 The freeze of members allowances, so that there will be no increase in allowances in 2009/10 does not address clearly to what extent for 2010/11 there will be a catch up and that the 2009/10 increase will be applied. The recommendation in 2.1 clarifies this situation.

- 3.6 The existing panel has been sitting since 2003. The Regulations recommend that panels should only sit for a term of office of several years (perhaps 3 to 5 years). It is timely to now review the panel and its terms of reference.

#### **4. ALTERNATIVE OPTIONS CONSIDERED**

- 4.1 That nothing was done and that the council decisions remains open to challenge.

#### **5. BUDGETARY FRAMEWORK**

- 5.1 The 2009/10 budget for members allowances is £274,500 adopting the recommendations will result in a saving of £3,130 assuming a pay award of 0.5%
- 5.2 This budget originally allowed for a 3% increase when the Base budget was agreed at the December 2008 Executive, giving an overall cost of inflation of £8,300. The 3% reflected inflation projections at the time and the possible 2009/10 staff pay award which forms the basis of the increases in members allowances. The employers are currently offering employees 0.5% pay increase for 2009/10 if this was not applied to members allowances it would save approximately £1,380.
- 5.3 When the panel sat in 2008 they were paid a total of £1,750 in fees. The saving in 2009/10 should be of a similar amount.
- 5.4 The 2009/10 agreed budget and subsequent financial projections removed the inflation allowance for members allowances for 2009/10 these recommendations seek to remedy the position, there will be no further impact on the Council's budget.

#### **6. POLICY FRAMEWORK**

- 6.1 The Local Authorities (Members' Allowances) (England) Regulations 2003 require Local Authorities to establish and maintain an independent remuneration panel which will broadly have the function of providing the Warwick District Council with advice on its scheme and the amounts to be paid. Local authorities must have regard to this advice before they amend a scheme.