

**REVIEW OF MEMBERS' ALLOWANCES****SUMMARY**

- 1.1 On 30 March 2011, Council did not approve the recommendations of the Independent Remuneration Panel (IRP) for 2011/12, but resolved that the Governance Committee be asked to consider any appropriate amendments to the Members' Allowances Scheme during 2011/12.
- 1.2 A key recommendation of the IRP was that total expenditure on Members' Allowances should be reduced in 2011/12 by 6.7%, to reflect the Council's overall revenue budget reduction. The Secretary to the Independent Remuneration Panel has analysed likely outturn for 2011/12, in relation to the budget for 2010/11, to demonstrate that this target is likely to be exceeded.
- 1.3 The IRP also recommended that the number of Special Responsibility Allowances paid to Members be reduced to less than 50% of the total number of Members. Some progress has been made towards this target.
- 1.4 Initial enquiries indicate that Derby performs well in comparison with its near neighbours Nottingham and Leicester, in terms of budget and numbers of SRAs paid, but more detailed benchmarking would be useful.
- 1.5 Leaders of the Council's three political groups have met the Chair of the IRP, to share progress made towards the IRP's recommendations and to open discussions on the 2012/13 Members' Allowances Scheme.

**RECOMMENDATION**

- 2.1 To recommend that Council notes the progress made on reducing overall spend on Members' Allowances and reduction in the number of SRAs paid.
- 2.2 To request that the Independent Remuneration Panel includes the results of benchmarking with Nottingham and Leicester City Councils, within its recommendations for 2012/13.
- 2.3 To request that the Independent Remuneration Panel examines the Derby Homes Allowance Scheme and, if appropriate, comment in the recommendations for 2012/13.

**REASONS FOR RECOMMENDATION**

- 3.1 Council asked Governance Committee to review this issue and it is required to report progress.
- 3.2 Discussions with the Chair of the IRP indicated that comparisons with neighbouring authorities and with Derby Homes would be a useful line of enquiry.

## SUPPORTING INFORMATION

- 4.1 If the IRP target reduction, of 6.7%, was applied to the 2011/12 revenue budget for Members' Allowances, the revised budget would be £777,213.
- 4.2 IRP noted that the Council wide staffing reductions had been achieved with two key principles.
- Protection of front line services
  - Streamlining of management/leadership tiers, to create fewer managers, all with wider responsibilities
- To observe these principles at Member level, there would be an expectation that the Basic Allowance for frontline councillors would remain unchanged and savings would be made by reducing spend on those roles which attract a Special Responsibility Allowance (SRA). This could be achieved by reducing the numbers of those SRAs being paid – either by removing them from the Scheme or ensuring that some Members carry out more than one role. When this occurs only the greater of the two allowances is payable. It would be inappropriate at this stage to remove SRAs from the scheme, as their inclusion was originally recommended by the IRP.
- 4.3 Council has an opportunity each year, to reduce the number of SRAs to be paid, when it makes its constitutional appointments at the Annual Meeting. In May this year those appointments did create a number of instances where doubling up occurred and Council was able to reduce the number of SRAs paid from 40 to 35.
- In addition, the Constitution and budget allows for up to ten Cabinet Members, but the portfolios are currently assigned to just eight, observing the principle applied to senior management of concentrating leadership responsibility in fewer posts.
- 4.4 The number of SRAs is unlikely to fall below 50% whilst they are paid to Members who serve on the General Licensing and Taxi Licensing and Appeals Committees. IRP has previously recognised the importance of these payments, which reflect the significant time and training commitments required of those who serve on them.
- 4.5 The measures detailed in 4.2 and 4.3 above, enable an accurate forecast of outturn for 2011/12 of £769,033, a saving on the 2010/11 budget of £60,437 or 7.3%, which is greater than the target set in the IRP Annual Report and recommendations.

## OTHER OPTIONS CONSIDERED

- 5.1 None

**This report has been approved by the following officers:**

<b>Legal officer</b> <b>Financial officer</b> <b>Human Resources officer</b> <b>Service Director(s)</b> <b>Other(s)</b>	Stuart Leslie Mark Nash not applicable Stuart Leslie none
<b>For more information contact:</b> <b>Background papers:</b> <b>List of appendices:</b>	Philip O'Brien 01332 643644 phil.o'brien@derby.gov.uk None Appendix 1 – Implications

## IMPLICATIONS

### **Financial and Value for Money**

- 1.1 Any underspend within the Members' Allowances budget in a given year can contribute to pressures elsewhere within the revenue budget.

### **Legal**

- 2.1 Members' Allowances are governed by the Local Authorities (Members' Allowances) (England) Regulations 2003. Local Authorities must establish and maintain an Independent Remuneration Panel
- 2.2 Before making or amending its Members' Allowances Scheme, the Council must have regard to the recommendations of its Independent Remuneration Panel although, with the exception of pensions, it is not bound to accept them.
- 2.3 The Council must make a Members' Allowances Scheme before 1 April each year and may amend the Scheme at any time.

### **Personnel**

- 3.1 None arising from this report

### **Equalities Impact**

- 4.1 The payment of Members' Allowances enables a diverse range of people to consider seeking election to the Council

### **Health and Safety**

- 5.1 None arising from this report

### **Environmental Sustainability**

- 6.1 None arising from this report

### **Asset Management**

- 7.1 None arising from this report

### **Risk Management**

- 8.1 None arising from this report

### **Corporate objectives and priorities for change**

- 9.1 None arising from this report