

Open Report on behalf of David O'Connor, Executive Director Governance and Performance

Report to:	County Council
Date:	20 May 2011
Subject:	Members' Allowances 2011/2012

Summary:

This reports asks councillors to consider the level of members' allowances for the financial year 2011/2012.

Recommendation(s):

1. That the County Council notes the increased level of allowances agreed and provided for in the Members Allowances Scheme as recommended by the Independent Remuneration Panel (IRP) in its 2010 report but not as yet implemented (with the exception of IRP recommendation 2, abolition of 10,000 mile threshold, and recommendation 8 increasing/decreasing allowances by the Consumer Price Index) and considers whether or not to implement some or all of those outstanding IRP recommendations.

2. Subject to 1 above the County Council makes the necessary amendments to the Council's Constitution.

1. Background

1.1 At its annual meeting on 21 May 2010 the County Council considered a report on a fundamental review of the Council's Members' Allowances Scheme.

1.2 The review by the Independent Remuneration Panel (IRP) resulted in a number of recommendations to increase members' allowances, which were agreed by the Council. However, the Council voted not to implement the changes, due to the economic climate at the time, with the exception of Panel Recommendation 8, that any annual increase or decrease in the Members' Allowances over the following four years should be based on the Consumer Price Index (CPI) at that time.

1.3 In addition the Council voted to abolish its 10,000 mile threshold, a point at which the mileage rate dropped from 40p per mile to 25p per mile. This decision was made in the knowledge that there would be tax and national insurance implications for members who opted to claim the extra 15p per mile.

1.4 Although the new scheme includes the IRP's recommended mileage rate of 50p per mile, this has not been implemented, in line with the decision of Council in May 2010. Since that decision the mileage rate agreed by Her Majesty's Revenue and Customs has been increased from 40p per mile to 45p per mile from 6 April 2011. Council is invited to consider whether it now wishes to implement the IRP's recommended mileage rate as provided for in the Members' Allowances Scheme.

1.5 The CPI figure published in March 2011 was 4.0%, which would increase Members' basic allowance of £8,184 per annum to £8,511 per annum. Increasing the current basic allowance, plus CPI, (£8,511) to the agreed allowance, plus CPI, (£10,400) would represent an increase of 22.2%. Council is invited to consider whether it wishes to implement the basic allowance recommended by the IRP and provided for in the Members' Allowances Scheme.

1.6 Although it is not possible to quantify precisely the extra cost of the adoption of the scheme agreed in May 2010, it is likely to be approximately £250,000 in a full year.

1.7 Provision has been made in the budget for the approved scheme should it be implemented. Councillors are invited to consider whether or not they wish to implement the agreed scheme. If they choose not to, they are invited to consider how that budget provision should be reallocated.

2. Conclusion

A new Members' Allowances Scheme was approved by the Council in May 2010 after taking into account the recommendations of its Independent Remuneration Panel. Councillors are invited to consider whether or not to implement that scheme.

3. Legal Comments:

Local authorities may pay allowances and expenses. The adoption and review of a Members' Allowance Scheme is the responsibility of the full Council under the Constitution. The Council must have regard to the recommendations of the Independent Remuneration Panel and should provide full reasons and rationale in order to support the making of an informed decision on this report. The Council will need to comply with the Local Authorities (Members Allowances) (England) Regulations 2003.

4. Resource Comments:

The approved budget in 2011/12 for members' allowances provides funding to fully implement the increase in allowances approved, but not implemented, in May 2010. However, the provision for an inflation increase for 2011/12 was made at 1% as against an actual CPI increase of 4%. Should the May 2010 approved scheme be fully introduced there would be a small shortfall in the budget of approximately £40,000 as a consequence of actual inflation being 3% ahead of that provided in the budget.

5. Consultation

a) Has Local Member Been Consulted?

n/a

b) Has Executive Councillor Been Consulted?

Yes

c) Scrutiny Comments

n/a

d) Policy Proofing Actions Required

n/a

6. Appendices

These are listed below and attached at the back of the report	
Appendix A	Lincolnshire County Council's Members' Allowances Scheme
Appendix B	List of Basic Allowances of other councils for comparison purposes

7. Background Papers

The following background papers as defined in the Local Government Act 1972 were relied upon in the writing of this report.

Document title	Where the document can be viewed
Minutes of the Annual Meeting of Council on 21 May 2010	Democratic Services

This report was written by Nigel West, who can be contacted on 01522 552840 or nigel.west@lincolnshire.gov.uk.