

SHADOW COUNCIL
26 FEBRUARY 2009

SUBJECT	MEMBERS' ALLOWANCES SCHEME 2009/10 (To approve and adopt a Scheme of Members' Allowances for Central Bedfordshire Council for the year commencing 1 April 2009, having regard to the recommendations of the Independent Remuneration Panel and a revised Scheme proposed by the Shadow Executive at its meeting on 20 January 2009.)
REPORT OF	Head of Legal and Democratic Services
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IMPLICATIONS

SUSTAINABILITY	None
FINANCIAL	<p>The revised Scheme proposed by the Shadow Executive is estimated to cost £1,243,682. Estimated employer contributions to the Local Government Superannuation Scheme would cost a further £75,000, assuming 33% take-up based on current County Council experience.</p> <p>Provision has been made in the overall budget for members' costs.</p>
LEGAL	<p>The Bedfordshire (Structural Changes) Order 2008 requires the shadow authority to formulate proposals for the scheme of members' allowances to be adopted by Central Bedfordshire Council. The recommendations of the Independent Remuneration Panel appended to this report accord with the provisions of The Local Authorities (Members' Allowances) (England) Regulations 2003 which govern such schemes, as do the revised proposals since put forward by the Shadow Executive.</p>
PERSONNEL/EQUAL OPPORTUNITIES	None
COMMUNITY DEV/SAFETY	None
TRADE UNIONS	None
HUMAN RIGHTS	None
KEY ISSUE	Yes
BUDGET/POLICY FRAMEWORK	Yes

OTHER DOCUMENTS RELEVANT TO REPORT
None

RECOMMENDATIONS:

That the Shadow Council

- (a) considers whether to adopt a Scheme of Members' Allowances for Central Bedfordshire Council for the year commencing 1 April 2009 as outlined in Appendix A.2 and as recommended in the full Scheme set out at Appendix C, at an estimated cost of £1,243,682;**
- (b) resolves that all Central Bedfordshire councillors should be given access to the Local Government Pension Scheme, based on the sum of basic allowance and any special responsibility allowance that may be payable, at an estimated cost of £75,000;**
- (c) requests the Independent Remuneration Panel to review the Scheme in the autumn of 2009 in the light of further evidence of the demands and responsibilities placed upon Members of the new Council and of similar unitary authorities; and**
- (d) agrees to amend retrospectively the Scheme of Members' Allowances for the year commencing 1 April 2008, adopted by the Shadow Council on 8 July 2008, to enable the payment of a special responsibility allowance to those members nominated by the Shadow Council to serve as observer members of the Bedfordshire Police Authority or the Bedfordshire and Luton Combined Fire Authority who are not already members; the allowance to be paid pro rata to the period of appointment at the rate set for existing members by those two authorities.**

Background

1. Article 18(5) of The Bedfordshire (Structural Changes) Order 2008 places a duty on the Shadow Council to formulate proposals for the scheme of members' allowances to be adopted by Central Bedfordshire Council. This must be done in accordance with The Local Authorities (Members' Allowances) (England) Regulations 2003 (the 2003 Regulations).
2. In addition to a basic allowance for all members of an authority, the 2003 Regulations enable the inclusion within a scheme of the following allowances:
 - (a) special responsibility allowance (SRA) to such members of the authority as have significant special responsibilities;
 - (b) dependants' carers' allowance in respect of expenses incurred in arranging for the care of their children or dependants whilst attending meetings and other duties specified in the 2003 Regulations;
 - (c) travelling and subsistence allowance; and

(d) co-optees' allowance.

3. A scheme must also set out which members of the authority are to be entitled to pensions under the Local Government Superannuation Scheme; and whether the basic allowance or the special responsibility allowance, or both, may be treated as amounts in respect of which such pensions are payable.
4. The Regulations place a duty upon the Council to establish an Independent Remuneration Panel which is required to report with recommendations on the levels of allowances payable, the means by which those levels may be adjusted, whether any allowances may be backdated, and which members may have access to the Local Government Superannuation Scheme. The Council must have regard to the Panel's recommendations before making or amending a scheme of members' allowances.

The Report of the Independent Remuneration Panel

5. At the first meeting of the Shadow Council in April 2008 the Interim Chief Executive was authorised to appoint two members from each of the Independent Remuneration Panels of Bedfordshire County Council, Mid Bedfordshire District Council and South Bedfordshire District Council for the purpose of making recommendations to the Shadow Council (i) on a Members' Allowances' Scheme for the year commencing 1 April 2008, and (ii) on a Scheme for the year commencing 1 April 2009.
6. The Panel's report and recommendations in respect of the year commencing 1 April 2008 were submitted to the Shadow Council on 8 July 2008, where they were adopted with minor amendments.
7. The Panel met again on 26 September and 10 October 2009 to take written and verbal evidence from members on, and to consider a scheme of members' allowances for the year commencing 1 April 2009. This includes both the period between 1 April and 8 June 2009 (on which date the newly elected councillors will take office), during which the shadow authority will continue in being with 124 members, and the period following the election of the new 66-member authority.
8. The Panel issued its final report and recommendations in December, including a draft Scheme for the shadow authority to consider. A summary of the allowances recommended by the Panel is attached at Appendix A.1. The Panel's covering report giving its rationale for making its recommendations is attached at Appendix B.

Consideration by the Shadow Executive

9. The Shadow Executive on 20 January 2009 considered the financial implications of the Panel's recommendations and recommended:

“that the Shadow Council:

- (a) notes that the Shadow Executive, having taken careful consideration of the recommendations of the Independent Remuneration Panel and additional information provided since the review, would support a revised scheme of members’ allowances for the year commencing 1 April 2009, including a basic allowance of £11,220 and additional special responsibility allowances for specified Vice-Chairmen and for Assistant Portfolio Holders, as set out in the amended summary circulated at the meeting by the Portfolio Holder for Corporate Resources, and subject also to a flat rate Special Responsibility Allowance of £2,525 (i.e. 7.5% of the Leader’s allowance) for each Minority Group Leader, at an estimated total cost of £1,200,000.
 - (b) notes that the Shadow Executive endorses the conclusion of the Independent Remuneration Panel that all Central Bedfordshire Councillors should be given access to the Local Government Pension Scheme, based on the sum of members’ basic and Special Responsibilities Allowances, at an estimated cost of £75,000.
 - (c) approves a scheme of members’ allowances for the year commencing 1 April 2009 as proposed by the Shadow Executive at (a) and (b) above.”
10. The Executive noted that the Minority Group Leader’s allowance should apply to any Group having at least 7 members, as recommended by the Independent Remuneration Panel.
11. A summary of the revised Scheme proposed by the Shadow Executive is attached at Appendix A.2.

Draft Scheme of Members' Allowances 2009/10

12. A draft Scheme including details of the recommended approved duties, travel and subsistence allowances and dependants' carers' allowance is attached at Appendix C for the Shadow Council's consideration. The rates of basic allowance and special responsibility allowance, and the duties for which special responsibility allowances would be payable, are as proposed by the Shadow Executive on 20 January 2009.

13. The costs of adopting the Scheme in full in 2009/10 are:

	£
(a) Basic Allowance	740,520
(b) Special Responsibility Allowances	328,887
(c) NI Employer's Contributions	120,000
(d) Dependants' carers' allowance (estimate)	2,000
(e) Travel and subsistence allowances (estimate)	33,000
(f) Co-optees' allowance (estimate)	5,250
(g) Civic allowances	14,025
SUB-TOTAL	<u>1,243,682</u>
(h) Superannuation (estimated employer's contribution, assuming 33% take-up)	75,000
TOTAL	<u>1,318,682</u>

14. The overall cost of £1,318,682 in 2009/10 compares with a total cost of £1,371,123 in 2008/09 across the three legacy authorities (the allowances schemes currently operated by the two district councils plus 60% of the County Council's current scheme), being a reduction of £52,441 or 3.82%.

Co-optees', Travel/Subsistence and Carers' Allowances

15. The scheme as recommended by the Panel provided for the payment of a co-opted member's allowance to any person appointed to a committee or panel of Central Bedfordshire Council. While paragraph 9.1 of the Panel's covering report includes mention of independent members of both schools admission and exclusion appeals and adoption, fostering and permanence panels, these are not co-opted members serving on Council committees and will be subject to different payment arrangements. They have therefore not been included in the final draft Scheme attached.

16. The sum of £5,250 provided in the budget for co-opted members' allowances is an estimate based on the recommended rate of £75 for a half day and £150 for a full day, and may increase according to the number of meetings actually held. The cost of travel, subsistence and dependants' carers' allowances will likewise vary according to actual mileage, usage, etc.

Access to the Local Government Superannuation Scheme

17. The Pensions Regulations 2003 amended the Local Government Pension Scheme Regulations 1997 to enable members of local authorities to be eligible to belong to the pension scheme, acting on the recommendations of its Independent Remuneration Panel. In essence councillors who joined the scheme would be treated as employees and benefits would be payable according to their period of membership of the scheme.
18. The councillors' "pay" in any year may include basic allowance and any special responsibility allowance. The Panel's role is to recommend which members in the local authority are to be entitled to pensions, and also whether basic allowance, or special responsibility allowance, or both, should be treated as amounts in respect of which pensions are to be payable. An eligible councillor would have to positively elect to join the pension scheme. The retirement age for a councillor under the scheme is 70.
19. Any member is eligible to participate in the scheme if the local authority so decides and such members have been recommended by the Independent Remuneration Panel. The government, in introducing the 2003 regulations, indicated that the provisions for pensions take into account the commitment of local councillors, and their contribution to public life. Members of local authorities may have lower personal or occupational pension provision than they might otherwise have had, due to missing out on full-time employment, promotion or other opportunities on account of their public duties. The pensions regulations sought to address any disincentive from serving in local politics.
20. The entitlement for councillors to join the Local Government Pension Scheme varies in the three legacy authorities. Bedfordshire County Council allows its councillors to join the pension scheme and 17 out of 52 are currently in membership. Six former councillors have deferred benefits. There is no similar provision for councillors who serve on either Mid Bedfordshire or South Bedfordshire District Council.
21. If it is agreed that all Central Bedfordshire councillors should have access to the Local Government Superannuation Scheme, provision will be required for employer's contributions. The cost of doing so will depend on take-up, which is clearly unpredictable in advance. A provisional sum of £75,000 has been included in the draft budget at this stage, assuming 33% take-up based on current County Council experience.

Retrospective Amendment to the 2008/09 Scheme – Members Appointed as Observers to the Police and Fire Authorities

22. At the time the Shadow Council approved the Central Bedfordshire Members' Allowances Scheme for the year commencing 1 April 2008 the arrangements for Member representation on the Police and Fire Authorities were not known. It was subsequently confirmed that in both cases Central Bedfordshire Members were to be appointed as observers until 31 March 2009. Whilst not having a vote (unless already appointed by the County Council as a voting member), those members would have a say in debating the Police and Fire Authorities' budget proposals for 2009/10.
23. At the time of writing, the allocation of seats to the Police Authority has still not been settled but five Central Bedfordshire Members have been appointed as observers to the Fire Authority, only one of whom is an existing County Council Member.
24. The Panel was aware that existing Members of the Police and Fire Authorities received allowances from those authorities (as will voting members from 1 April 2009). While the Police and Fire Authorities' own allowances schemes do not provide for the remuneration of Members appointed to serve as observers during the period to 31 March 2009, the Independent Remuneration Panel took the view that they should be similarly remunerated. Paragraph 19 of the Panel's report gives details.
25. If approved, the allowance will be paid pro rata to the period of actual appointment based on the following annual rates:

Bedfordshire Police Authority - £8,487

Bedfordshire and Luton Combined Fire Authority - £2,856

Regulations allow for such amendments to be backdated to the beginning of the year in which they are made.

Background Papers: None

Appendices:

- Appendix A.1: Summary of Recommendations of the Independent Remuneration Panel
- Appendix A.2: Revised Scheme Proposed by Shadow Executive on 20 January 2009
- Appendix B: Report and Recommendations of the Independent Remuneration Panel
- Appendix C: Draft Members' Allowances Scheme for the year commencing 1 April 2009