



## REPORT TO POLICY AND FINANCE COMMITTEE – 15 APRIL 2009

### MEMBERS' ALLOWANCES

1. The Town Council is responsible for agreeing allowances payable to Members. In setting these allowances, it must have regard to the scale of allowances commended to it by the District Council. However, the Town Council does not have to accept the District Council's recommendations.
2. In setting the recommended level of allowances, the District Council must itself have regard to the recommendations of an Independent Remuneration Panel which does not contain District Councillors. In 2005, that Panel set the level of allowances and also recommended that, in future, increases should be updated annually and linked to the average increase in the Retail Price Index for the twelve months January to February of the previous year. In effect, therefore, the Panel decided that increases should follow inflation and should only be increased to bring them to the same level as in the April of the previous year.
3. The decision of the Independent Remuneration Panel ensured that there was no real increase in the level of allowances and also removed the previously ill conceived arrangements where Councillors set their own allowances.
4. For the period January to December 2008, the Retail Price Index rose by 4%. In line with the Independent Remuneration Panel's decision, it would have been expected that the automatic uprating factor set by the Panel would be implemented. However, at its meeting on the 23<sup>rd</sup> February 2009, the District Council recommended that Members' allowances should be frozen at the 2008/09 levels.
5. Whilst this recommendation will reduce costs, it does actually undermine the very principle of both the appointment of the Independent Remuneration Panel and the way in which it carries out its task. It also puts the Council back in a position of determining Members' allowances rather than having them set by an independent review body. Freezing allowances contrary to an adopted scheme will also lead to further debate on the need to catch up in a following year. It should also be noted that, as the allowances are linked to the Retail Price Index, they can go down as well as up.
6. Whilst the principle of freezing allowances will reduce costs, it does undermine the whole concept of removing the setting of allowances from the political arena and from those who benefit from allowances. The same effect could be achieved by allowing the Independent Remuneration Panel's recommendations to be adopted and for individual Members to give notice to the Town Clerk that they do not wish to receive the uprating this year. This facility is currently available and a number of Town Councils already do not claim any allowances at all. In order to ensure that any decision on these lines is transparent, it will be perfectly

reasonable to include on the Town Council's website details of allowances payable to all Councillors. Indeed, this information is already available to the public under the Freedom of Information legislation.

7. Members may wish, in the light of the information above, to either:-
- i) Accept the District Council's recommendation to freeze allowances in the current year or;
  - ii) Agree that it would be inappropriate to undermine the work of the Independent Remuneration Panel and to formally agree to adopt the revised scale subject to :-
    - a) All Members being recommended to serve notice on the Town Clerk that they do not wish to receive the increase in the current year, and
    - b) That a list of Members, who do not claim either any allowances or the increased allowance, being prominently displayed on the Council's website, together with the full list of payments made to Members in the previous year.

**For further information, please contact:**

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