

Title of meeting: Resources

Subject: Budget for Members Allowances and Expenses

Date of meeting: November 24th

Report by: Head of Customer, Community & Democratic Services (CCDS)

Wards affected: n/a

1. Requested by – Portfolio Holder for Resources

2. Purpose – To provide the Portfolio Holder for Resources with information relating to the current cost of members allowances and expenses, how they are funded, and the relationship between such costs and the service budget for Customer, Community & Democratic Services

3. Information Requested – The budget for members' allowances and expenses is a discrete cost centre contained within the service budget for Customer, Community & Democratic Services (CCDS). For the 2011/12 financial year, the budget for members' allowances and expenses is £588,300, equating to 13.9% out of a total service cash limit of just over £4.2 million. In addition, around £20,000 is re-charged to the Housing Revenue Account (HRA) as its contribution to the cost of supporting members.

Components of the budget – The budget for members' allowances and expenses comprises the following elements:

- Basic allowances (paid to all members)
- Special responsibility allowances (including portfolios, shadow spokespersons, group leaders, and chairs of scrutiny panels and regulatory committees)
- Expenses (eg IT, transport, training, etc)

Allowances for the Lord Mayor and Deputy Lord Mayor are funded from a separate budget within the Leader portfolio, while the secretarial/administrative support to members is funded from a separate budget within Resources.

Minor reductions have been made in 2011/12 with regard to hospitality and members' allowances for IT equipment, while the budget was further adjusted due to council-wide changes to the way that superannuation is accounted for.

Shortfall in existing budget – The budget for members’ allowances and expenses has an in-built shortfall of around £20,000, resulting in overspends in the last two financial years, with a further overspend projected in the current year, as follows:

2009/10 - £28,137

2010/11 - £26,655

2011/12 - £20,565 (projected as at September 2011)

In each of the last two financial years, this shortfall has been accommodated by under-spends within the CCDS service budget and within the wider Resources portfolio. However, as pressure on service budgets increases with year-on-year reductions in cash limit, this is unlikely to be sustainable indefinitely.

The shortfall is caused by two key factors, namely: 1) insufficient cash limit provision made after the last report from the independent remuneration panel; and 2) additional portfolio added in 2009 for which no funding has been made available.

Effect on service budget – The budget process at PCC in recent years has involved services being required to meet savings targets against existing cash limits on a pro-rata basis. Because of this, and the fact that the members’ allowances and expenses budget sits within CCDS, the service has to make cuts that are *notionally* against that budget. As noted above, two minor cuts were made in 2011/12, against hospitality and members’ IT equipment. Beyond that, there are no further courses of action available to officers to reduce spending in this area, and so the savings targets have to be met each year from other areas in the service. In effect, this means that other parts of the CCDS budget take disproportionate levels of cut each year (including reductions in staffing) in order to meet the service savings target.

As a result of the above, the proportion of the service budget required to finance members’ expenses has risen from 12% in 2009/10 to 13.9% in 2011/12, and will rise further each year from 2012/13 onwards as the council makes the savings required following the 2010 Comprehensive Spending Review.

.....
Signed by (Head of Service)

Appendices:

Background list of documents: Section 100D of the Local Government Act 1972

The following documents disclose facts or matters, which have been relied upon to a material extent by the author in preparing this report:

Title of document	Location
Budget Monitoring Reports – CCDS	CCDS – 3 rd floor Civic Offices
Members Allowances Scheme	PCC Website