

Council – 14th December 2006

**Report of the Chairman of the Members' Allowances Independent
Remuneration Panel**

Establishment of an Audit Committee

Introduction

1. The Members' Allowances Remuneration Panel met on the 21st November 2006 to consider the level of Special Responsibility Allowance (SRA) to be paid to the Chairman of the Audit Committee and whether the Vice-Chairman should also be awarded an SRA. It was also requested to consider whether the level of SRA payable to the Chairman of the Overview & Scrutiny (Resources & Best Value) (O&S (R&BV)) Committee and the Standards Committee should be reviewed.
2. The Panel considered the report of the Democratic Services Manager which outlined the background to Audit Committees generally, the purpose of the Panel meeting and the background to the Council's decision to establish its own Audit Committee. A copy of the report to the meeting of the Council's Selection & Constitutional Review Committee which recommended the establishment of an Audit Committee, a schedule of the variety of work undertaken by the O&S (R&BV) Committee since 2003, and an extract of a survey conducted by Sedgefield District Council in May 2006 on this issue had been appended. The Panel also interviewed three Members: - Councillor Clokie (Leader of the Council); Councillor Davison (Chairman of the O&S (R&BV) Committee); and Councillor Mrs Hawes (Chairman of the O&S (Other Issues) Committee).
3. The Panel's recommendations are set out within this report, under the following headings: - Audit Committee; Overview & Scrutiny Committees; Standards Committee; and Future Reviews. Part 6 of the Council's Constitution (Members Allowances Scheme) will be updated to reflect the Panel's recommendations, if agreed by Full Council.

Audit Committee

4. The Panel considered that it was important to set the level of SRA payable in relation to the Audit Committee at a level that reflected the importance and responsibility of the role and that would encourage Members to put themselves forward for the role. Given that, the Panel considered that the level should be higher than that paid for the Chair of a Policy Advisory Group (25% of the Leader's SRA), but not quite as high at this stage as for O&S Committees (40%). Therefore the level of SRA to be paid to the Chairman of the Audit Committee should be in line with the original level of SRA recommended for the Chairman of the Planning Committee. That would be at 33.3% of the Leader's SRA, (a current annual figure of £4,498.33). It was, however, noted that the allowance for the Chairman of the Planning Committee had subsequently been raised to 40% and this was something that should be examined in a future review of all the Council's SRA payments.
5. With regard to the Vice-Chairman of the Audit Committee, the Panel recommended that the post should be paid an SRA as was the case with all of

the other relevant Vice-Chairmen. The SRA should be at 33.3% of the Chairman of the Audit Committee (a current annual figure of £1,499.44).

Overview & Scrutiny Committees

6. The Panel considered that the levels of SRA for the Chairmen and Vice-Chairmen of the two Overview & Scrutiny Committees should remain at their current level (40% of the Leader's SRA). Additionally, as the Committees largely determine their own level of work, if after the review at the end of this Municipal Year it was decided to merge the two Overview & Scrutiny Committees, the Allowance should remain the same as the level of responsibility would not change.

Standards Committee

7. The Panel considered that the level of SRA for the Chairman of the Standards Committee should remain unchanged.

Future Reviews

8. The Panel recommended that a further meeting be arranged to review all of the Council's allowances (Basic and SRAs) after the new Council elected in May 2007 has had time to settle into its work. A date of January 2008 was tentatively suggested unless the Panel was requested to do so earlier than this by the Council. The Panel's Chairman considered that at this time they would like to interview a Member from each of the political groups to complement preparatory work from Officers. As part of this review the Basic Allowance agreed in 2001 and phased up from this date, should be reviewed in the context of allowances paid by other Local Authorities.

Summary of Recommendations

- **The level of SRA to be paid to the Chairman of the Audit Committee should be at 33.3% of the Leader's SRA - (a current annual figure of £4,498.33).**
- **The level of SRA to be paid to the Vice-Chairman of the Audit Committee should be at 33.3% of the Chairman – (a current annual figure of £1,499.44).**
- **The level of SRA paid to the Chairmen and Vice-Chairmen of the two Overview & Scrutiny Committees remain at their current level even if the two Committees subsequently merge.**
- **The level of SRA paid to the Chairman of the Standards Committee remains at its current level.**
- **A meeting of the Members Allowances Independent Remuneration Panel be arranged for January 2008 to review all of the Council's allowances (including the Basic Allowance) (unless asked to do so earlier than this by the Council).**

NB 1: It should be noted that no one Member is entitled to claim more than one SRA other than that allocated to a Group Leader. Therefore, if a Member fills two Chairmanships/Vice-Chairmanships simultaneously they will receive the higher of the two amounts unless they inform the Member Services Section otherwise.