

CORPORATE RESOURCES OVERVIEW AND SCRUTINY COMMITTEE

Committee Report

Public

Date of
Meeting:

13 June 2002

Title:

MEMBERS TELEPHONE ARRANGEMENTS

Report of:

City Treasurer

Report
reference:

Financial Memo 2002/03 No 20

Summary:

The purpose of this report is to give the Corporate Resource Overview and Scrutiny Committee an opportunity to comment on revised arrangements for Members' telephone allowances before the Executive consider the matter.

Recommendations:

The Overview and Scrutiny Committee are asked to note:

- a. The current arrangements for the telephone allowances for Members
- b. The discrepancies in the current arrangements
- c. Proposals for an alternative arrangement

And indicate their support or otherwise for the proposals for forwarding to the Executive and Council for approval.

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CITY OF CARLISLE

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To: The Chairman and Members of the Financial Memo

Corporate Resources Overview & Scrutiny Committee 2002/03 No 20

13 June 2002

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MEMBERS TELEPHONE ARRANGEMENTS

1. Background

1. Currently Members are expected to find the cost of all their telephone usage from within their annual allowance. Part of this allowance is a sum, currently £200, which is specifically designated towards telephone rental costs.
2. Members' circumstances and usage of telephones differ widely. Some Members have subscribed to Featurenet in order to access a greater degree of functionality; some Members have installed a second line solely for Council business, whilst others manage with a single line. In addition no two Members have the same usage of the phone with some Members making greater use of the phone for constituency business with others making greater use of the telephone line for computer usage. In addition some Members incur an income tax liability on their allowance, and there is also a VAT liability that Members did not have to meet under previous schemes. In effect there is no direct relationship between the allowance paid to Members and the costs incurred.
3. It is proposed that in future the telephone allowance be more closely aligned to the actual costs incurred. The proposal is to adopt a scheme that resembles the one in use by the County Council. Under this scheme the Council pays for a Featurenet line to be installed solely for Council business and pays for all calls on that line. Under the scheme there is no telephone allowance included as part of the basic Members' allowance.
4. Some Members may have reservations about a dedicated line being Featurenet which is a premium line costing £45 per quarter (excluding VAT) as opposed to a normal BT quarterly rental of £30 (excluding VAT). It is considered that the extra expense is justified by the saving the Council will make by the on-net free calls subscribers make between each other and to and from the Council and the low tariff Featurenet

call rates. Arrangements are made for those Members outside the normal Featurenet service area to access the network by the use of special access codes.

5. We have examined other BT subscription services such as BT Surftime and BT Together as a possible low cost alternative to Featurenet. However, these would not be suitable for Council use as the computer access relies on Members being dialled back and these services would not be available to large corporate accounts.

2. Cost Implications

1. It is estimated that the annual revenue cost to the Council (NB. The actual cost will depend on the number of Members taking up the scheme and the actual cost of call charges) would be: -

Line Rental - 52 Members @ £180 = £9,360

Call charges - 52 Members @ (say) £30 p.q. = £6,240

Against this would be offset:-

Reduction of Members Allowances 52 @£200 = £10,400 CR

Total Cost to Council p.a. = £5,200

However against this cost there would also be a currently unquantified reduction in Council call charges to Members: -

In addition to the above annual cost, there is also an initial one off installation cost for Members of £99 (Maximum £5148).

2. In terms of funding the increased cost of telephone allowances, the Democratic Representation budget was under spent in 2001/02. There was a similar albeit slightly smaller under spend in 2000/2001. It is therefore considered that the additional annual cost of the Members' telephones could be accommodated within the existing budgets for Democratic Representation. The one-off installation charge of up to £5,148 could be met from a carry forward of under spend on the Democratic process budget for 2001/02.
3. As previously stated, the actual cost of the scheme will depend on the number of Members taking it up, the number who already have a Featurenet line and the cost of the annual call charges. It must be stressed that the provision of this line is for undertaking Council Business only. Any occasional usage for non-council business should be declared and reimbursed to the Council. Normal checks and procedures will be put in place to ensure that this is so. It should be noted that there would be a tax implication for Members if the line was used for non-council business and not reimbursed. There would also be a staff resource burden on the Council if the line were available for non-council business in administering the reimbursements.
4. It is recommended that the Council does not operate a split scheme. That is, any changes are applied universally to all Members without permitting any Members to remain on the current scheme. There is no single proposal that will suit every individual Member's requirements, however the scheme proposed seems to be the one that satisfies the majority of member requirements and concerns.
5. The Independent Remuneration Panel Chairman has been consulted and is in agreement with the proposals. Technically, telephone allowances are not within the statutory remit of the Panel, and therefore were originally considered by them on a 'voluntary' arrangement. The Chairman is content that the issue is one for the Council to deal with in whichever way it sees fit.
6. The three Group Leaders have been consulted and are in agreement with the proposals.

3. Recommendations

3.1 The Overview and Scrutiny Committee are asked to note:-

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