



## Governance Committee 14 October 2014

**Subject Heading:**

**MEMBERS' ALLOWANCES – Proposed revision of scheme**

**Report Author and contact details:**

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**Policy context:**

Members Allowances Scheme

**Financial summary:**

The revisions to the special responsibility allowances scheme will ensure that the budgetary position is no longer exceeded

### The subject matter of this report deals with the following Council Objectives

Clean, safe and green borough	<input type="checkbox"/>
Excellence in education and learning	<input type="checkbox"/>
Opportunities for all through economic, social and cultural activity	<input type="checkbox"/>
Value and enhance the life of every individual	<input checked="" type="checkbox"/>
High customer satisfaction and a stable council tax	<input checked="" type="checkbox"/>

### SUMMARY

On 26 February 2014, the Council approved the 2014/15 Members Allowances Scheme. The budget position was established on the basis of a reduction in the number of Special Responsibility Allowances which was not enacted at that time.

Subject to the agreement of the proposed revisions to the Council's committee structure, this report proposes a revision to the existing scheme. In reviewing the scheme due regard was given to the June 2014 report of the Independent Remuneration Panel of London Councils and the allowances in the scheme are set with regard to their bands of recommendations.

In addition, close consideration was given to the diverse political make-up of the Council which was critical when establishing the number of positions that were to receive a special responsibility allowance. The Allowances proposed fall within

the budget that had been set to ensure Allowances were reduced in line with reductions elsewhere within the council.

## RECOMMENDATIONS

That

- 1) Governance Committee recommend to Council that the proposed revision to the Members' Allowances Scheme for the remainder of the 2014/15 municipal year as set out in paragraph 2 of the report and Schedule 1 of Appendix A be approved.

Alternatively that

- 2) Governance Committee recommend to Council different proposals for the Members Allowances Scheme which do not exceed the budget position.

## REPORT DETAIL

### 1. **BACKGROUND INFORMATION – THE CURRENT SCHEME**

- 1.1 The Local Authorities (Members' Allowances) (England) Regulations 2003 provide that a Local Authority shall make a scheme in accordance with these Regulations in respect of each year. Regulation 10 provides that such a scheme shall be made before the beginning of each year commencing on 1<sup>st</sup> April. Such a scheme may be amended during the year, but only revoked and replaced with a new scheme with effect from the beginning of a year.
- 1.2 Members approved the 2014/15 Member Allowances Scheme at Full Council on 26 February 2014 with Members resolving that the total number of SRAs be reduced to no more than 27 in line with the Government's recommendations for the proportion of SRAs. The budget position was established on the basis of plans put in place by the previous Administration to make changes to cabinet and scrutiny positions. Not all of those changes were, however, made at Annual Council because it was the will of some Members to review the Council's Overview and Scrutiny function. A report to Council on 11 June 2014 explained that revisions to the scheme would be required ensure it fell within the financial envelope agreed. This report seeks to do that and, in addition, has regard to changes in political representation in the light of the establishment of a new political group.

## 2. Revisions to the Allowances Scheme

- 2.1 In light of the on-going financial pressures the Council faces with the continued reduction in central government funding, it is proposed that the level of special responsibility allowance for a number of posts be reduced, the figures for which are detailed in the table below.
- 2.2 In recognition of the diverse political make-up of the Council and the representation of all Groups through positions as Chairmen on various committees, it is not proposed that the overall number of posts receiving a special responsibility allowance be reduced. Despite this, the proposals which are presented on behalf of the Administration correspond with the Council's savings targets for 2014/15 and beyond because of reductions in the levels of allowances proposed.
- 2.3 To ensure expenditure does not exceed the budget position, account has been taken of the circumstance that when a councillor would otherwise be entitled - under the scheme - to more than one special responsibility allowance then that entitlement shall instead be only to **one** of them, being the one attracting the higher rate. The effect of this is that only 29 of the 33 special responsibility allowances proposed in this report will actually be paid to Members.
- 2.4 The revisions also take account of the proposed changes to the operation of Overview and Scrutiny. Clearly, should the proposals not be approved then the SRA level for the position of Overview and Scrutiny Chairman will need to be revisited as it could have budgetary implications.
- 2.5 The revised list of members' allowances, if agreed, would be as follows:

Category of Allowance	Amount Per Member £	Minimum London Scheme (where applicable)
<b><u>Basic Allowance</u></b>	10,208	10,703
<b>Special Responsibility Allowances:</b>		
Leader of the Council	45,048	54,769
Deputy Leader of the Administration	31,420	35,128
Cabinet Members	28,780	35,128
Leader of Principal Opposition	14,418	15,486
Leader of Minority Opposition Groups	4,000	2,392
Mayor	12,000	15,486
Deputy Mayor	4,000	2,392
Overview and Scrutiny Board Chairman	14,418	15,468 - 35,128

Overview and Scrutiny Sub-Committee Chairmen	7,650	2,392
Licensing and Regulatory Services Committee Chairmen	14,418	15,486
Regulatory Services Committee Vice-Chairman	2,000	2,392
Licensing Committee Vice Chairmen	2,000	2,392
Audit, Pensions, Highways and Governance Committees Chairmen	7,650	
Adjudication & Review Committee Chairman	2,000	
Rainham & South Hornchurch Working Party Chairman	7,650	

In accordance with paragraph 4(c) of the Members' Allowance scheme, when a Councillor would otherwise be entitled to more than one special responsibility allowance, then the entitlement shall be to only one, that being the one attracting the higher rate

- 2.6 Under Regulation 19 of the 2003 Regulations, before an authority amends a scheme, it shall have regard to the recommendations made in relation to it by an independent remuneration panel.
- 2.7 The Council uses the London Council's Independent Review Panel in this regard and that panel has published a report, "*The Remuneration of Councillors in London 2014*", in June 2014. This report discusses the role of councillors and sets out recommended allowance levels. This includes special responsibility allowances.
- 2.8 Special Responsibility Allowances (SRAs) are presented in 5 bands determined by the types of role a Member may have. The allowance levels for each band are shown in a range and as a percentage of the remuneration package for a Council Leader. This gives flexibility and takes into account the different level of complexity similar roles may have between Councils.
- 2.9 Due regard has been given to the Independent Review Panel report in determining the proposed scheme and comparisons between the proposed SRA levels and the recommendations of the Independent Panel are referred to in the table above. It can be seen that in each case - apart from minority group leaders' and chairmen of Overview and Scrutiny Sub-Committee allowances - the Allowances proposed are below the Independent Panel recommendation.

### **Financial Implications and Risks:**

After the approved savings the 2014/15 budget provision is £1,066k. Based on the proposed new scheme and an initial assessment of possible circumstances that when a councillor would otherwise be entitled under the scheme to more than one special responsibility allowance then the entitlement shall instead be only to one of them, being the one attracting the higher rate, it is project that this

will be within budget. When nominations are confirmed, this will be validated by the Director of Strategy and Resources and represents a 20% saving on the previous SRA scheme in recognition of the savings taken in other parts of the council.

#### **Human Resource Implications and Risks:**

None arising directly.

#### **Legal Implications and Risks:**

The 2003 Regulations provide for an allowance scheme to be made each year prior to, and with effect from, 1st April and the revocation of a scheme with effect from the same date. **It is permissible to amend the scheme during a year but not to make a new scheme other than at 1st April.**

The Regulations set out various detailed requirements in respect of:

- publicity
- categories of special responsibility allowances
- basic allowances being the same for all members
- co-optees' allowances etc.

In addition, the Regulations provide that an Independent Remuneration Panel's report shall, as soon as reasonably practicable after it is received, be made available for public inspection and the main features of the report be published in one or more newspapers circulating in its area.

**Regulation 19 provides that before a local authority makes or amends a scheme, the authority shall have regard to the recommendations made to it by an independent remuneration panel.** This does not mean that a local authority has to adopt only those recommendations but it does mean that if an authority is going to depart from those recommendations it should objectively justify those departures and the rationale for them so that if the decision making of the authority is called in to challenge there are both reasoned and reasonable grounds for its decision taking into account all the material factors in issue.

#### **Background Papers**

None

## Members' Allowances Scheme

*Agreed at the meeting of the Council on 26<sup>th</sup> February 2014:*

*The new Scheme is agreed with effect from 1<sup>st</sup> April 2014 and the revocation of the Members' Allowance Scheme (2014) is effective from 31<sup>st</sup> March 2014. A revision to the scheme was agreed at an Extraordinary meeting of Council on 22<sup>nd</sup> October 2014 and is effective from that date.*

The Council of the London Borough of Havering in exercise of the powers conferred by the Local Authorities (Members Allowances) (England) Regulations 2003 hereby makes the following scheme:

- (a) This scheme may be cited as the Havering London Borough Council Members' Allowance Scheme. The new scheme shall have effect from 1<sup>st</sup> April 2014.
- (b) In this scheme, "councillor" means a councillor of the London Borough of Havering and "year" means the period ending on 31<sup>st</sup> March 2015 and any period of 12 months ending on 31<sup>st</sup> March in any year after 2015.
- (c) **Basic allowance (Schedule 1)**

Subject to paragraphs 7 and 12, for each year a basic allowance of £10,208 shall be paid to each councillor.

#### 4 **Special responsibility allowance (Schedule 1)**

- (d) For each year a special responsibility allowance shall be paid to those councillors who hold the special responsibilities in relation to the Council that are specified in schedule 1 to this scheme.
- (b) Subject to paragraph 7, the amount of each such allowance shall be the amount specified against that special responsibility in that schedule.
- (c) When a councillor would otherwise be entitled under the scheme to more than one special responsibility allowance, then the entitlement shall instead be only to one of them, being the one attracting the higher rate.
- (d) Where a Member is also a member of another authority, that Member may not receive allowances from more than one authority in respect of the same duties.

**5 Child and dependent care allowance**

These expenses are expected to be met from the Basic Allowance.

**6 Renunciation**

A Councillor may, by notice in writing given to the Group Director Strategy and Resources, elect to forego any part of his/her entitlement to an allowance under this scheme.

**7 Part-year entitlements**

- (a) The provisions of this paragraph shall have effect to regulate the entitlements of a councillor to basic and special responsibility where, in the course of a year, this scheme is amended or that councillor becomes, or ceases to be, a councillor, or accepts or relinquishes a special responsibility in respect of which a special responsibility allowance is payable.
- (b) If an amendment to this scheme changes the amount to which a councillor is entitled by way of a basic allowance or a special responsibility allowance, then in relation to each of the periods:
  - (i) beginning with the year and ending with the day before that on which the first amendment in that year takes effect, or
  - (ii) beginning with the day on which an amendment takes effect and ending with the day before that on which the next amendment takes effect, or (if none) with the year.

The entitlement to such an allowance shall be to the payment of such part of the amount of the allowance under this scheme as it has effect during the relevant period as bears to the whole the same proportion as the number of the days in the period bears to the number of days in the year.

- (c) Where the term of office of a councillor begins or ends otherwise than at the beginning or end of a year, the entitlement of that councillor to a basic allowance shall be to the payment of such part of the basic allowance as bears to the whole the same proportion as the number of days during which his/her terms of office subsists bears to the number of days in that year.
- (d) Where this scheme is amended as mentioned in paragraph 7(b), and the term of office of a councillor does not subsist throughout the period mentioned in paragraph 7(b)(i), the entitlement of any such councillor to a basic allowance shall be to the payment of such part of the basic allowance referable to each such period

(ascertained in accordance with that paragraph) as bears to the whole the same proportion as the number of days during which his/her term of office as a councillor subsists bears to the number of days in that period.

- (e) Where a councillor has, during part of, but not throughout, a year such special responsibilities as entitle him or her to a special responsibility allowance, that councillor's entitlement shall be to payment of such part of that allowance as bears to the whole the same proportion as the number of days during which he or she has such special responsibilities bears to the number of days in that year.
- (f) Where this scheme is amended, as mentioned in paragraph 7(b), and a councillor has, during part, but does not have throughout, the whole of any period mentioned in paragraph 7(b)(i) of that paragraph any such special responsibilities as entitle him or her to a special responsibility allowance, that councillor's entitlement shall be to payment of such part of the allowance referable to each such period (ascertained in accordance with that paragraph) as bears to the whole the same proportion as the number of days in that period during which he or she has such special responsibilities bears to the number of days in that period.

## **8 Travelling and Subsistence (Schedule 2)**

- (a) Members can claim travelling expenses for travelling outside of the Borough on official Council business as set out in Schedule 2.
- (b) Members can claim subsistence expenses on official Council business when outside of the Borough as set out in schedule 2.

## **9 Claims and payments**

- (b) Payments shall be made in respect of basic and special responsibility allowances, subject to paragraph 8(b), in instalments of one-twelfth of the amount specified in this scheme on the last working day of each month.
- (c) Where a payment of one-twelfth of the amount specified in this scheme in respect of a basic allowance or a special responsibility allowance would result in the councillor receiving more than the amount to which, by virtue of paragraph 7, he or she is entitled, then payment shall be restricted to such amount as will ensure that no more is paid than the amount to which he or she is entitled.
- (d) Payments in respect of Travel and Subsistence shall be made to the councillor on receipt of a claim form with supporting



receipts/vouchers. Claims must be made within three months of the claim arising.

## 10 **Pension Scheme**

No Member in the scheme is entitled to apply for inclusion in the Pension Scheme.

## 11 **Financial Limits**

The Group Director Strategy and Resources will arrange for the budget for members allowances to be monitored to ensure that budgetary issues are reported to Members.

### (e) Increases in Allowances

Basic Allowances as quoted will be updated for 2014/15 by any 2014/15 increases as agreed under the annual Local Government Pay Settlement of the Joint Negotiating Committee for Chief Officers of Local Authorities or its replacement under the local pay agreement. The amounts so calculated are to be rounded up to be divisible for payment purposes.

The amended basic allowance will be found on the Internet once any annual % uplifts have been agreed.

The Travelling and Subsistence allowances will be increased in line with the increase in officer rates.

### (f) Suspension of Basic and Special Responsibility Allowance

Where a Member is suspended, or partially suspended, from his/her responsibilities or duties as a Member of the Authority in accordance with Part III of the Local Government Act 2000, or Regulations made under that part, the part of Basic and Special Responsibility allowance payable to him/her in respect of the period for which he is suspended or partially suspended will be withheld by the Authority..

## 14 **Mayor and Deputy**

The Mayor and Deputy Mayor's allowance covers the cost of all Mayoral activities such as clothing, personal expenses and sundry expenses – including items such as attendance at dinners, raffle tickets, sponsorship and donations.

The Mayor and Deputy Mayor will be responsible for all such payments via the SRA, which will be taxed. The Council will meet the cost of:

- Having Civic receptions, award pins and certificates at the civic award ceremony;
- medals, certificates and frames in the event of there being any ceremony associated with Honorary Alderman/Freeman of the Borough awards;
- gifts given on behalf of the Council in reciprocation or gifts initiated by the Council for promotional purposes;
- maintaining and provisioning the beverage machine in the Parlour;
- postage costs and all costs associated with the Mayoral transport, robes etc.

15 **Co-Optees and Independent Persons' Allowances**

The standard rate of allowance for statutory co-optees is £117 per meeting attended.

The Independent Person for standards of Members' Conduct will be paid an annual allowance of £1,000, in monthly instalments.

Co-optees *and Independent Persons* will be reimbursed for all travel costs in accordance with the above, whether the travel is within or outside the Borough, but will not be paid subsistence.

16 **Note**

- (g) The Council is required to keep a record of the payments made by it in accordance with this scheme.
- (h) The record is required to be available for inspection at all reasonable times free of charge by any local government elector for the borough who may make a copy of any part of it.
- (i) The Council is also required to arrange publication of the total sums paid in each year to each member in respect of basic and special responsibility allowances.
- (j) The Council is required to arrange publication of the Scheme when approved.

## Schedule 1: Members' allowances

Category of Allowance	Amount Per Member £
<b><u>Basic Allowance</u></b>	10,208
<b>Special Responsibility Allowances:</b>	
Leader of the Council	45,048
Deputy Leader of the Administration	31,420
Cabinet Members	28,780
Leader of Principal Opposition	14,418
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Mayor	12,000
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Overview and Scrutiny Board Chairman	14,418
Overview and Scrutiny Sub-Committee Chairmen	7,650
Licensing and Regulatory Services Committee Chairmen	14,418
Regulatory Services Committee Vice-Chairman	2,000
Licensing Committee Vice Chairmen	2,000
Audit, Pensions, Highways and Governance Committees Chairmen	7,650
Adjudication & Review Committee Chairman	2,000
Rainham & South Hornchurch Working Party Chairman	7,650

**NOTES:** The basic allowance will be uplifted each year in accordance with paragraph 12.

## Schedule 2: Travel and Subsistence

Travelling expenses can only be claimed for travel outside of the borough on official Council business. The rules and entitlements for reimbursement of travel outside the Borough are the same as those for officers.

Subsistence allowances are only payable for official Council business outside the borough where the duties entail an overnight stay or working outside 'normal office hours'. Members will be reimbursed actual expenditure incurred up to the maximum of the rates set for officers

Allowances are payable on the basis of expenditure incurred and receipts must be submitted to support claims for subsistence allowances and travel costs

Travel and subsistence arrangements for key events will be set in line with the above. Taking account of the practicalities of arrangements however, these will be set out and documented by the Group Director Strategy and Resources, prior to each event and be agreed with the Cabinet Member for Value.