



**COUNCIL, 26 FEBRUARY 2020**

**REPORT OF THE CHIEF EXECUTIVE**

**SUBJECT: MEMBERS' ALLOWANCES**

**SUMMARY**

The Council is obliged to make a Members' Allowances scheme annually, before the 1<sup>st</sup> of April each year.

The report proposes a number of changes to the existing scheme. There will be increases in basic and special responsibility allowances in line with the inflationary rate pay increase for Council staff, as per paragraph 11 of the Member Allowances Scheme.

In addition, there are changes to the scheme proposed by the Administration, which are as follows:

- The special responsibility allowances for the Leader of the Opposition and Leaders of Minority Groups will increase on an opt-in basis to £14,706, and £4080 respectively.
- To create a new special responsibility allowance for the Vice-Chairman of Overview & Scrutiny Board (£7803, no opt-in required); and
- To re-introduce a Deputy Cabinet Member SRA (£14,677, no opt-in required)
- To increase the special responsibility allowance for the Deputy Mayor to £8160 (no opt-in required).

In reviewing the scheme, regard was given to the January 2018 report of the Independent Remuneration Panel of London Councils. The recommended revised allowances in the scheme are set with regard to their bands of recommendations, and annual update for inflation and the local government pay settlement.

**RECOMMENDATIONS**

It is recommended:

1. That the proposed Members' Allowances scheme, attached at Appendix A, becomes effective from 1<sup>st</sup> April 2020 and the existing scheme be revoked with effect from the same date.
2. To note that the basic allowance will increase to £10,412 per year, in line with the 2% inflation rate increase as per the local government pay settlement.
3. To note that special responsibility allowances will also increase by 2% as per the agreed local government pay settlement. In addition, there is a proposed voluntary opt-in increase for the Leader of Principal Opposition and Leader of Minority Group allowance levels; and an increase to the Deputy Mayor SRA, as reflected in the following table:

Category of Allowance	Proposed Amount Per Member £
<b>Special Responsibility Allowances:</b>	
Leader of the Council	45,901
Deputy Leader of the Administration	32,048
Cabinet Members	29,356
Deputy Cabinet Members	14,677
Leader of Principal Opposition	7,803 (14,706 opt-in)
Leader of Minority Opposition Groups	2,040 (4,080 opt-in)
Mayor	12,240
Deputy Mayor	8,160
Overview and Scrutiny Board Chairman	14,706
Overview and Scrutiny Board Vice Chairman	7,803
Overview and Scrutiny Sub-Committee Chairmen	7,803
Licensing, Strategic Planning and Planning Committee Chairmen	14,706
Strategic Planning Committee Vice-Chairman	7,803
Planning Committee Vice Chairman	2,040
Licensing Committee Vice Chairmen	*119
Audit, Pensions, Highways and Governance Committees Chairmen	7,803
Adjudication & Review Committee Chairman	2,000
Joint Venture Working Party Chairman	7,650

\*- the standard rate of allowance per licensing sub-committee meeting chaired

4. To note the proposed reintroduction of a Deputy Cabinet Member SRA and introduction of a Vice Chairman of Overview & Scrutiny Board SRA.

## 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 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.
  - 1.3 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 2018*", in January 2018. This report discusses the role of councillors and sets out recommended allowance levels. This includes special responsibility allowances.
  - 1.4 The current level of allowances was agreed at Council on 27 February 2019.
  - 1.5 The level of basic allowance has been fixed at £10,208 since 2008. Consecutive reports by the London Council's Independent Review Panel (2010, 2014 and 2018) have recommended basic allowance levels which exceed those of Havering's and take account of increases in inflation and local government pay settlements. It is therefore recommended that the basic allowance be increased by 2% to £10,412.
  - 1.5 Special responsibility allowances levels have varied however since 2008 when the basic allowance was last changed. In most instances, it has been as a result of changes to the Council's corporate governance regime; most notably in October 2014 with the changes to the Overview & Scrutiny regime and the reductions in the Leader and Cabinet Members' allowances. Similar to the proposal for an increase to the basic allowance level in line with the local government pay settlement, a 2% increase for special responsibility allowances is recommended.

1.6 On behalf of the Administration, a number of other changes to the scheme are proposed:

- The special responsibility allowances for the Leader of the Opposition and Leaders of Minority Groups will increase on an opt-in basis to £14,706 and £4080 respectively;
- To create a new special responsibility allowance for the Vice-Chairman of Overview & Scrutiny Board of £7803 (no opt-in required); and
- To re-introduce a Deputy Cabinet Member SRA of £14,677 (no opt-in required)
- To increase the special responsibility allowance for the Deputy Mayor to £8160 (no opt-in required).

1.7 Provided below is a table which details the current level of allowances, the proposed 2% increase for allowances for 2020-21 and proposals by the Administration, and finally the recommended allowances as suggested in the London Council's Independent Review Panel report:

<b>Category of Allowance</b>	<b>Current Amount Per Member £</b>	<b>Proposed Amount Per Member £</b>	<b>Minimum London Scheme (where applicable)</b>
<b><u>Basic Allowance</u></b>	10,208	10,412	11,045
<b>Special Responsibility Allowances:</b>			
Leader of the Council	45,048	45,901	57,085
Deputy Leader of the Administration	31,420	32,048	43,460
Cabinet Members	28,780	29,356	36,917
Deputy Cabinet Member	n/a	14,677	n/a
Leader of Principal Opposition	7,650	7,803 (14,706 opt-in)	16,207
Leader of Minority Opposition Groups	2,000	2,040 (4,080 opt-in)	2,582
Mayor	12,000	12,240	16,207
Deputy Mayor	4,000	8,160	2,582
Overview and Scrutiny Board Chairman	14,418	14,706	16,207 – 36,917
Overview & Scrutiny Board Vice Chairman	n/a	7,803	2,582
Overview and Scrutiny Sub-Committee Chairmen	7,650	7,803	2,582

Licensing, Strategic Planning and Planning Committee Chairmen	14,418	14,706	16,207
Strategic Planning Committee Vice-Chairman	7,650	7,803	2,582
Planning Committee Vice Chairman	2,000	2,040	2,582
Licensing Committee Vice Chairmen	*117	*119	n/a
Audit, Pensions, Highways and Governance Committees Chairmen	7,650	7,803	9,397
Adjudication & Review Committee Chairman	2,000	2,040	2,582
Joint Venture Working Party Chairman	7,650	7,803	2,582

\*- the standard rate of allowance per licensing sub-committee meeting chaired.

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

The cost of the proposed scheme on the basis of existing occupancy and uptake of the 2% increase across all basic allowance and SRA positions is £973,760. Under the existing regime, the cost of the scheme based on existing occupancy would have been £954,722. Subject to agreement, the increase of £19,094 will be included within the 2020-21 budget.

Adoption of the Administration's proposals, will increase the overall costs of the scheme by £24,906 to £998,666. Those calculations are based on existing occupancy and the additional SRA for the Vice Chairman of O&S Board. The calculations are not inclusive of Deputy Cabinet Member SRAs as there is no existing occupancy and no indication that any Members will be appointed to this role in the immediate future.

Should there be any significant fluctuation in the occupancy of positions which give rise to an increase in costs this will be raised through the appropriate channels.

### **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.

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 February 2020:*

*The new Scheme is agreed with effect from 1<sup>st</sup> April 2020 and the revocation of the Members' Allowance Scheme (2019) is effective from 31<sup>st</sup> March 2020.*

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:

- 1 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 2020.
- 2 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 2021 and any period of 12 months ending on 31<sup>st</sup> March in any year after 2021.
- 3 **Basic allowance (Schedule 1)**

Subject to paragraphs 7 and 11, for each year a basic allowance of £10,412 shall be paid to each councillor.
- 4 **Special responsibility allowance (Schedule 1)**
  - (a) 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 & Inflationary rate increase**

A Councillor may, by notice in writing given to the Chief Finance Officer, 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 a 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**

- (a) 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.
- (b) 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.
- (c) 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 Chief Finance Officer will arrange for the budget for members allowances to be monitored to ensure that budgetary issues are reported to Members.

(a) Increases in Allowances

Basic Allowances as quoted will be updated for 2020/21 by any 2020/21 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.

(b) 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..

12 **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 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:

- Havering 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;
- Postage costs and all costs associated with the Mayoral transport, robes etc.

### 13 **Co-Optees and Independent Persons' Allowances**

The standard rate of allowance for statutory co-optees is £119 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.

### 14 **Note**

- (a) The Council is required to keep a record of the payments made by it in accordance with this scheme.
- (b) 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.
- (c) 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.
- (d) 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>	10,412
<b>Special Responsibility Allowances:</b>	
Leader of the Council	45,901
Deputy Leader of the Administration	32,048
Cabinet Members	29,356
Deputy Cabinet Member	14,677
Leader of Principal Opposition	7,803 (14,706 opt-in)
Leader of Minority Opposition Groups	2,040 (4,080 opt-in)
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Strategic Planning Committee Vice-Chairman	7,803
Planning Committee Vice Chairman	2,040
Licensing Committee Vice Chairmen	*119
Audit, Pensions, Highways and Governance Committees Chairmen	7,803
Adjudication & Review Committee Chairman	2,040
Joint Venture Working Party Chairman	7,803

\*Per meeting chaired

**NOTES:** The basic allowance can be uplifted each year in accordance with paragraph 11.

## 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 Chief Finance Officer, prior to each event and be agreed with the Cabinet Member for Finance and Property.