

<b>Item No.</b> 6.1	<b>Classification:</b> Open	<b>Date:</b> 12 July 2017	<b>Meeting Name:</b> Council Assembly
<b>Report title:</b>		Member Allowances Scheme - payment arrangements during periods of absence	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Constitutional Steering Panel	

That council assembly considers the recommendations of the constitutional steering panel in respect of the proposals set out in this report.

## **RECOMMENDATIONS**

1. That council assembly approves the revised Member Allowances Scheme for 2017-2018 (see Appendix 3), having regard to the advice of the London Councils Independent Remuneration Panel Report (see Appendix 1).

## **BACKGROUND INFORMATION**

### **Legal background**

2. Under Section 18 of the Local Government and Housing Act 1989, the Secretary of State may make regulations authorising or requiring councils to make a scheme providing for the payment of allowances to members. The relevant regulations are the Local Authorities (Members' Allowances) (England) Regulations 2003 as amended. The council is to agree on an annual basis a schedule of allowances payable to members' for the following financial year. Under the regulations, when making or amending a scheme, the council is required to have regard to the recommendations of an Independent Remuneration Panel.
3. The council must publish its scheme of members' allowances, dealing with basic allowances and special responsibility allowances. Payments to members of the council may only be made in accordance with this.

### **Current scheme and process for review**

4. Southwark's Member Allowances Scheme is comprehensive and includes a basic allowance, special responsibility allowances (for posts which carry specific responsibilities) and other allowances and expenses that may be claimed.
5. The current scheme of allowances for 2017-18 was adopted by council assembly on 22 March 2017.
6. The constitutional steering panel and council assembly are under a statutory duty to have regard to the advice of the London Councils Independent Remuneration Panel Report when considering the council's own scheme for member allowances.
7. In Southwark, the constitutional steering panel considers and recommends any changes to the member allowances scheme to council assembly for final adoption. The approval of the member allowances scheme and the setting of allowances are matters reserved for decision by council assembly.

## KEY ISSUES FOR CONSIDERATION

### London Councils Independent Remuneration Panel Report 2014

8. The Local Authorities (Members' Allowances) (England) Regulations 2003 ('the Regulations') authorise the establishment by the Association of London Government (now London Councils) of an independent remuneration panel to make recommendations in respect of the members' allowances payable by London boroughs. Such a panel ('the panel') was established and reported in 2001, 2003, 2006, 2010 and June 2014. The regulations require a review of the scheme every four years as a minimum. The June 2014 report is the current review. A full copy of the report is set out in Appendix 1.

### Basic and special responsibility allowances

9. The principle of pegging the basic allowance and special responsibility allowances in line with the annual local government pay settlement is already recognised in the council's Member Allowances Scheme following the council assembly decision of 21 January 2015. The licensing sub-committee meeting payments and co-opted member allowance will be increased on the same basis.
10. The outcome of the 2016-18 local government pay settlement reported in May 2016 is for a 1% increase payable from 1 April 2016 to 31 March 2017 and a further 1% increase payable from 1 April 2017 to 31 March 2018.

### Absence arrangements

11. The Independent Remuneration Panel provides guidance to councils which they are required to take into account when reviewing their member allowances scheme. The panel's report recognises that arrangements for payment and leave should be made during periods of absence for members in receipt of special responsibility allowances. The panel stated:

#### **"Sickness, maternity and paternity leave**

This issue has again been raised with us. We adhere to our recommendations in the 2006 report, repeated in 2010, namely that councils should make arrangements in their members' allowances schemes to allow the continuance of special responsibility allowances in the case of sickness, maternity and paternity leave in the same terms that the council's employees enjoy such benefits (that is to say, they follow the same policies)."

12. Southwark is a diverse borough with a young and growing population. 52% of our population is aged 18-44 compared with 36% for England as a whole. The council's Special Responsibility Allowance (SRA) scheme should encourage diversity and remove disincentives to members taking on responsibilities within the council. Members giving up full time employment to be a full time cabinet member or to take up a role with a special responsibility allowance give up the security of employment.
13. There has been a growing trend in Southwark where more cabinet members are serving in a full time capacity. At present, eight out of the ten of Southwark's cabinet members serve the council full time (i.e. less than 11 hours working elsewhere). Four out of the ten cabinet members are female.

14. The revisions being proposed to the scheme are in response to the changing and more diverse working practices of members and to encourage and support members to balance work and their family arrangements. The council are committed to family friendly policies which support both parents to participate in the upbringing of their families.
15. In recent years, in recognition of the loss of security for those giving up full time work to serve in cabinet and other positions that attract an SRA, a number of benefits have been extended including maternity leave, adoption leave, paternity leave and sick leave.
16. Currently, all members in receipt of an SRA are entitled to receive their SRA for three months maternity and adoption leave and ten days paid absence for paternity leave (see paragraphs 39 to 48 of the current Member Allowances Scheme).
17. Although this is not specifically stated in the scheme, all members shall continue to receive their basic allowance in full in the case of maternity, paternity and sickness leave.

**Proposed changes to current scheme – payment arrangements during periods of absence**

18. The proposed changes to the Member Allowances Scheme (see Appendix 3) will replace paragraphs 39 to 48 of current Southwark's Member Allowances Scheme (see Appendix 2).
19. It is proposed that absence arrangements are amended to become more comparable with the terms of the council's workforce. This can be seen as a natural progression of these conditions.
20. Parental leave is available to all employees, but the amount of maternity / adoption pay awarded is dependent upon the employee's length of service. A summary of the provision for council employees is provided at Appendix 4.
21. Southwark is a borough which celebrates its enormous diversity and strives to have a council which reflects that diversity. The council has put in place a range of policies which seek to remove barriers to enable people to stand for and hold office in the council. The council is diverse in age, gender, sexual orientation and ethnicity. The council has a mix of councillors including those working full time, part time, with caring responsibilities, and retired.
22. Southwark has a proportionally youthful population with 58% aged 35 or under. This also contributes to some areas having an increasingly transient population with young people often struggling to meet the cost of housing if they choose to start families.
23. Currently, 30% of councillors are from a black or minority ethnic background, 43% are women, 57% are men. Southwark has a relatively young council with 14% under 30 and 38% under 40. Approximately 13% are over 60. A little under a third (28%) have caring responsibilities for children and the council has a mix of people working full time, part time and retired with around 57% working full time.
24. It is important to Southwark that that diversity is maintained. The council wants to attract those who work full time or who have childcare or other caring responsibilities.

The proposals in this report aim to remove barriers which may deter people from seeking office, or those who are elected from standing for roles that attract an SRA. This is to enable the council not just to attract members which reflect the diversity of the community, but also to remove barriers from taking leadership roles and roles which carry a special responsibility within the council.

25. It is recommended that members entitled to an SRA receive their allowance in the case of maternity, paternity and sickness leave as follow:
- i) Maternity or adoption arrangements – increase from the current level of three months at the full rate to up to 20 weeks, with the first twelve weeks at full rate and a further eight weeks at half rate.
  - ii) Paternity arrangements – retain the current arrangement that allows up to 10 days paid absence. The provision is amended to clarify that this must be taken within 56 days from the date of birth of the child, or the date of placement where adopting.
  - iii) Sickness arrangements – retain the existing arrangements for sickness absence that allow the full SRA allowance to be applied for up to 6 months during any 12 month period.
  - iv) Unpaid parental support – members may take up to 18 weeks unpaid parental support absence to look after their child’s welfare. The SRA is not applied during such periods of absence. This is an amendment from the current scheme which allows for up to 13 weeks with no allowance.
  - v) The provisions of shared parental leave and shared parental pay do not extend to members. The council is however committed to achieving a shared parental leave arrangement with members, which reflects a commitment to enabling both parents to equally participate in child care arrangements.
26. It is also proposed that for clarity, a paragraph is included in the scheme noting that all members shall continue to receive their basic allowance in full in the case of maternity, paternity and sickness absence, subject to the six month councillor attendance at meetings requirement under sections 85 (1) and (2) of The Local Government Act 1972.
27. Research from other local authorities indicates that a number have special leave arrangements in place:

**Table 1: Special leave arrangements in other local authorities**

Local authority	Special leave arrangements available to members
Lambeth	Members have sick leave, but there are no provisions for maternity and paternity leave.
Islington	All members continue to receive their basic allowance in full in the case of maternity, paternity and sickness leave.  Members entitled to an SRA receive their allowance in the case of maternity, paternity and sickness leave in the same way that the council’s employees enjoy such benefits.

Local authority	Special leave arrangements available to members
Camden	Members entitled to a Special Responsibility Allowance receive their allowance in full in the case of maternity, paternity, adoption and sickness leave. The Council (or Leader in case of Cabinet Members) may, depending on the circumstances, appoint a replacement to cover the period of absence who will be entitled to the SRA pro rata for the period of the temporary appointment
Croydon	Croydon's constitution is silent on this matter.
Bromley	None
Lewisham	None
Tower Hamlets	Do not have specific provisions within the Members' Allowance Scheme for special leave, however, the political groups have approved period of leave from council duties for maternity/paternity. In these cases, they ensure that the Members do still attend the requisite meeting (i.e. a meeting within six months), to ensure that their basic allowance and SRA (if applicable) is not affected.
Westminster	Special leave of absence will be considered only upon application in accordance with S85 of LGA 1972 (i.e. if a member of a local authority fails throughout a period of six consecutive months from the date of his last attendance to attend any meeting of the authority, he shall, unless the failure was due to some reason approved by the authority before the expiry of that period, cease to be a member of the authority).
Kensington and Chelsea	Do not have any special leave provision; a member would continue to receive their basic allowance on the basis they will invariably undertake some councillor functions.
Manchester City Council	None - all members are entitled to their basic allowance provided a member attends at least one meeting in a 6 month period they remain a councillor and so keep their basic allowance.

### Community impact statement

28. SRAs are paid to compensate members for their special responsibilities in addition to their role as ward councillors (for which a separate basic allowance is payable). SRAs are not deemed as salary, as members are not employees of the Council. However most members in receipt of a full time band 3 or band 4 SRA have given up other paid work in order to devote full time attention to their role. The changes proposed in this report are likely to encourage more members who have young families or other caring responsibilities to take up these roles and thereby help to advance equality of opportunity for these members. It will help to address different needs of these members, address disadvantages experienced and enable increased participation in the governance arrangements of the Council of under represented groups.
29. Out of the protected characteristics of the general equality duty, two areas stand out as areas where enhanced payment arrangements during periods of absence will have a

positive impact: pregnancy and maternity and sex. It will also have a positive impact for all groups involved in adoption of children.

- 30. Enhanced payment is likely to expand the range of individuals from groups with less financial resources able to accept an SRA post. This may have a positive impact on women, who on a full time basis earn 14% less on average than men. Women are also more likely to work part time, further reducing their access to financial resources.
- 31. Any changes to the member allowances scheme would be published on the council's website.

**Resource implications**

- 32. The member expenditure budget makes provision for the basic allowance and special responsibility allowances, any proposed increase in allowances would be found from within this budget.
- 33. The cost payment for maternity pay would vary depending on the SRA band. For example, the total cost per SRA band 1b member would be £2010 (equivalent to 12 weeks SRA at full pay) and £670 (equivalent to 8 weeks SRA at half pay) and the total cost per SRA band 3 member would be £8088 (equivalent to 12 weeks SRA at full pay) and £2696 (equivalent to 8 weeks SRA at half pay). Maternity pay is currently three months SRA.

**Legal implications**

- 34. The council is under a duty to adopt a scheme of members' allowances by virtue of section 18 of the Local Government and Housing Act 1989 and relevant regulations. It may only pay allowances in accordance with such a scheme. Members are reminded of the need to have regard to the guidance issued in relation to members' allowance, which is referred to in the report of the London Councils Remuneration Panel attached as Appendix 1.
- 35. There is a general rule that members may not usually vote on matters in which they have a disclosable pecuniary interest. However decisions relating to the member allowances scheme are an exception to this general principle, and members may vote on this issue. A dispensation has been granted by the monitoring officer.

**BACKGROUND DOCUMENTS**

Background Papers	Held At	Contact
Member Allowances Scheme, Southwark Constitution <a href="http://moderngov.southwark.gov.uk/documents/s65704/Member%20Allowances%20Scheme%20March%202016.pdf">http://moderngov.southwark.gov.uk/documents/s65704/Member%20Allowances%20Scheme%20March%202016.pdf</a>	Constitutional Team 160 Tooley Street, London SE1 2QH	Constitutional Team constitutional.team@southwark.gov.uk 020 7525 7055

## APPENDICES

Appendix	Title
Appendix 1	London Council Remuneration Panel Report 2014 (available on website)
Appendix 2	Southwark's Member Allowances Scheme – current provisions of paragraphs 39 to 48
Appendix 3	Proposed revisions to replace paragraphs 39 to 48 of current Southwark's Member Allowances Scheme
Appendix 4	Summary of the Council's parental leave agreement for employees

## AUDIT TRAIL

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<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments Included</b>
Director of Law and Democracy	Yes	
Strategic Director of Finance and Governance	Yes	
<b>Cabinet Member</b>	No	No
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