

<b>Item No:</b> 6.	<b>Classification:</b> Open	<b>Date:</b> May 23 2007	<b>Meeting:</b> Council Assembly
<b>Report title:</b>		Members' Allowances 2007/08 to 2010/11	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Standards Committee	

## RECOMMENDATIONS

1. That members consider the options for a revised member allowance scheme and agree a scheme to cover the period 2007/08 to 2010/11 including:
  - Basic and special responsibility allowances (appendix A)
  - Commencement and anniversary dates
  - Arrangements for maternity leave
  - Other allowances for travel and subsistence etc.
2. That members instruct officers to make any necessary consequential changes to the scheme (identified in appendix B).

## BACKGROUND INFORMATION

3. The current member allowance scheme was agreed in October and November 2003 by council assembly. The scheme was for the period 2003 to 2007 and included annual inflation linked increases. The existing scheme expired at the end of March 2007 and the council is required to agree a new scheme. Council assembly previously agreed on February 21 2007 that allowances for the beginning of this financial year be in line with the existing scheme plus inflation to allow payments to continue until a new scheme is agreed by council assembly. Any variation to the applied inflation will be back-dated to April 1 2007.
4. An amendment was made to the scheme in November 2004 to take into account new licensing legislation and the impact this would have on members of the licensing committee.
5. The London Councils latest independent panel report was published on October 18 2006 and was considered by the constitutional steering panel on February 19 2007, which subsequently reported to standards committee on March 7 2007.
6. Standards committee at its meeting on May 9 2007 considered two group proposals on allowances (appendix A) as well as other general scheme proposals (appendix B) and recommends to council assembly that all are considered.
7. Decisions on member allowances are reserved by law to council assembly, following consideration by standards committee. In coming to a decision members must take into account standards committee's recommendations, government guidance and the advice of the independent panel.
8. Member allowances are treated as salary for the purposes of taxation and NI contributions.

9. Council assembly on February 21 2007 agreed that the option of a member pension scheme be deferred for a further year.
10. Council assembly also agreed the formation of an audit committee with a Band One allowance for the chair.

#### KEY ISSUES FOR CONSIDERATION

11. The current sequence of budget setting, agreement of the scheme and then member appointments to SRA posts is not conducive to satisfactory financial management. Members are asked to consider an anniversary date of June 1 for any changes in the scheme to allow for SRA adjustments in particular to be applied after the appointments.
12. The current arrangement for SRA payments to the Mayor and Deputy Mayor does not adequately recognise that their term of office can be variable depending on the date of Mayor making assembly. Members are asked to consider the anniversary date of June 1 with full payment of the annual SRA for every serving Mayor and Deputy Mayor.
13. The restriction on payment of full allowances set out in paragraph 3.3 of the existing scheme (new paragraph 9) does not allow the council to act responsibly towards members seeking maternity leave. Members are asked to consider the revision to this paragraph set out in appendix B and receive a later proposal for a maternity pay scheme in line with the officer provision and the eligibility and limitations of statutory maternity pay.

Independent panel recommendations:

15. The recommendations were drafted for 2006 and are as follows:

Basic allowance	£9,964
Band Four (Leader)	£51,191 (giving Total Leader's Allowance (TLA) of £61,155)
Band One	20%-30% of TLA (£2,227 to £8,323)
Band Two	40%- 60% of TLA (£14,418 to £26,609)
Band Three	70%-80% of TLA (£32,705 to £48,765)
Co-opted members	£117 per meeting
Chair of standards	£240 per meeting

16. The current figures (including 2% interim inflation increase applied for April 2007) for the Southwark scheme are:

Basic allowance	£10,161
Band Four	£46,656 (giving TLA of £56,817)
Band One	£2,907 (23% of TLA)
Band Two	£8,589 (33% of TLA)
Band Three	£31,313 (73% of TLA)

In addition Southwark has a special band for the Mayor at £21,090 (55% of TLA). Co-opted members receive £1086 and the chair of standards committee is set at Band One.

17. Both group proposals and the existing budget restriction means that any new scheme will contain lower rates of SRA payments than it would if of the council implemented the full London Councils independent panel recommendations. To do so would exceed the budget for 2007/08.

Travel expenses and subsistence

19. The current scheme contains provision for travel allowances, child care and dependant carers' allowances and subsistence in line with officer rates. The independent panel does not make recommendations for these and members need to agree that these continue. Members may wish to reconsider that expenses incurred due to congestion charges cannot be reclaimed. If agreed it should be for the basic charge only and not cover any related fines (see proposed amendment to paragraph 12 in appendix B).

#### Scheme changes

20. The required changes to the existing scheme are set out in appendix B (renumbered for consistency and clarity). Further changes will be necessary as a result of the committee's decision.

#### Resource Implications

21. The existing scheme is managed within democratic services and no additional management resource is necessary to implement any scheme. The budget for 2007/08 has been set and any scheme must be contained within the current budget. Both group proposals can be contained with the budget.
22. Additional costs other than any derived from changes to the basic and SRA rates are anticipated to be negligible and can be contained within existing budgets.
23. No additional funding has yet been agreed to support the audit committee chair.
24. Allowances have been increased by inflation on average 2.88% over the last three years and such increases are normally built into the base budget. An interim inflationary increase of 2% has been applied to the 2005/06 rates for April 2007.

#### Director of legal and democratic services

25. The legal implications are set out in the body of the report and appendices.

#### Finance Director

26. The financial implications are set out in this report.

#### Community Impact Statement

27. There is no direct impact arising from this report other than the acknowledgement that any scheme supports all members in their representative and community leadership roles.

#### BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Independent panel's reports of 2001, 2003 and 2006	Member Services Town Hall Peckham Road	Gillian Allwright 020 7525 7325
Current Member Allowance Scheme	On-line as part of the Constitution	
Standards Committee reports	On-line	

## APPENDICES

No.	Title
Appendix A	Group proposals
Appendix B	Member Allowance Scheme amendments

## AUDIT TRAIL

<b>Lead Officer</b>	Graham Love, Head of democratic services	
<b>Report Author</b>	Graham Love, Head of democratic services	
<b>Version</b>	Final	
<b>Dated</b>	May 10 2007	
<b>Key Decision?</b>	No	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Director of legal & democratic services	Yes	Yes
Finance Director	No	Yes (as previously noted)
List other officers here		
<b>Executive Member</b>	No	No
<b>Date final report sent to Constitutional/Community Council/Scrutiny Team</b>	May 10 2007	

**Labour group**

Basic allowance to rise with inflation, all other SRAs to be reduced by 10%.

*Officer comments*

*An inflation increase on the basic allowance is in line with the current scheme and the independent panel recommendations.*

*A 10% reduction on all SRAs would give savings of approximately £50,000 per year assuming full uptake of allowances.*

**Liberal Democrat group**

<b>Allowance</b>	<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>Posts</b>
Basic	9963	10213	10470	10731	11000	All members
Band 1a	12812	13062	13062	13062	13062	Audit chair, opp. Deputy leader, opp. Group whip, standards chair, leader min. opp.
Band 1b	N/A	18806	18806	18806	18806	Deputy Mayor, CC chairs, DAC chair, OSC v-chair
Band 2a	18382	21213	22713	24413	25073	Scrutiny chairs, Planning chair, Licensing chair, chief whip, opp. Leader
Band 2b	30639	31509	32148	32806	33484	Mayor
Band 3	40664	41835	42783	43760	44767	Executive members, deputy leader, OSC chair
Band 4	55704	57326	58739	60195	61694	Leader
Co-optee	1035	1061	1061	1061	1061	Ind. members of standards, co-opted scrutiny members

The band 1 allowance for ordinary licensing members is discontinued and replaced by an attendance at the rate of £117 per meeting.

All SRA band figures include the basic allowance.

The proposal achieves the independent panel recommendations by 2011 although not at the highest level of TLA suggested.

The basic allowance matches the independent panel recommendation and includes annual inflationary increases (at 2.5%).

The independent panel recommended that community council chairs be set at band 1. In order not to impose a cut the allowance has been set at the top level (identified here as band 1a). The positions of Deputy Mayor, DAC chair and OSC vice chair have been moved into this new band.

Band 2 posts have hitherto been set at levels well below the previous ALG recommendations. The figures for band 2a place these posts at the bottom of the new band 2 recommendations.

For the remaining band posts (2b, 3 and 4) a 3% increase per year has been applied to achieve the current independent panel recommendations by 2011 in even steps.

*Officer comments*

*An inflation increase on the basic allowance is in line with the current scheme and the independent panel recommendations.*

*The proposed scheme gives savings of approximately £54,000 per year after allowing for budgetary inflation.*

*Bands 1a, 1b and the co-optee allowance are not themselves subject to inflationary increases after 2007. They are reduced to offset the inflationary increase in the basic allowance.*

*Current legal advice would indicate that moving licensing members to an attendance allowance is within the scope of the Local Government & Housing Act 1989 and the Local Authorities (Members' Allowances) (England) Regulations 2003.*

*This proposal would require a number of changes to the scheme to specify the band rates and the application of inflationary or other adjustments to the basic allowance and SRAs (paragraphs 7, 27, 31 and 34).*

**Members' allowances scheme** (proposed and consequential changes are shown underlined)

**Introduction**

1. The Local Government & Housing Act 1989 and the Local Authorities (Members' Allowances) (England) Regulations 2003 require authorities to make a scheme for payment of allowances to councillors. The regulations do not limit the amount that can be paid.
2. Before making, amending or reworking its allowance scheme, the council is required to have regard to the recommendations of an independent remuneration panel. The council is not, however, bound to adopt all or any of the panel's recommendations provided it has given them due consideration and is satisfied that it has justifiable reasons for not doing so.
3. In May 2007 the council agreed a new members' allowances scheme having considered the recommendations of the standards committee and having taken into account the London Councils Independent Remuneration Panel's report of 2006.

**Basic allowance**

4. Each member of the council is entitled to receive the annual basic allowance of £TBA. This is paid on a monthly basis rather than as a lump sum.
5. If a member of the council does not serve for the whole of the 12 month period, or becomes disqualified, they will only be entitled to pro-rata payments for the period(s) during which they were actually a serving member of the council.
6. If a member wishes to waive their right to receive a basic allowance, or any other allowance under the scheme, they must notify the monitoring officer in writing.

**Special responsibility allowance**

7. The council has decided to pay special responsibility allowances (SRA) to those members whom it considers to have special responsibilities for the discharge of the council's functions. The list of SRAs payable is set out in paragraph 12 below. This allowance is in addition to the basic allowance. No member may normally receive more than one SRA except for members of licensing committee who may, if they already receive a band 1 or band 2 allowance, receive an additional band 1 allowance to recognise the increased workload for this committee, due to the new licensing legislation.
8. The level of allowance paid to a band 3 or band 4 member is dependent on the average number of hours per week the member is employed elsewhere, as set out below:
  - less than 11 hours elsewhere, full SRA;
  - 11 to 24 hours elsewhere, two thirds SRA;
  - more than 24 hours elsewhere, one third SRA.
9. SRAs are paid monthly. If a member of the council does not serve as an elected member for the whole of the 12 month period, or becomes disqualified they will only be entitled to pro rata payments for the period(s) during which they undertake the duties. Except in the case of eligible maternity leave, if a member of the council ceases to perform the duties for which the allowance is payable, they will only be entitled to pro rata payments for the period(s) during which they undertake the duties. Similarly, if the scheme is amended so as to affect entitlement, the allowance will be paid pro rata.

10. In accordance with the Local Authorities (Members Allowances) (England) Regulations 2001, the council is required to publish details of any basic and special responsibility allowances paid to councillors for the previous financial year, along with details of the allowances scheme which applied at that time.

### Travel allowance

11. Councillors (and co-optees receiving a special responsibility allowance) may only claim travel expenses incurred in the performance of approved duties (see paragraph 19 below) for meetings held outside the borough, subject to the following exceptions (no allowance is paid for approved duties held within the borough).
- Members with mobility difficulties are able to claim the cost of travel when on council business.
  - That members are able to claim for taxis home after council meetings ending after 9.00pm in summer (BST) and 7.00pm in winter (GMT).
  - Non statutory co-optees (who do not receive an allowance) can claim their travel expenses.
12. Members cannot reclaim expenses they have incurred due to:
- a. congestion charge fines or penalties;
  - b. parking/clamping fines.
13. Other conditions applying and the approved rates are set out in paragraphs 35-40 below and are the same as for officers who claim casual car or cycle user allowance.

### Subsistence allowance

14. The maximum rates for subsistence allowance relating to approved duties are set out in paragraphs 41-43 below and are the same for members as for officers. This allowance is not payable where the council has made arrangements for refreshments and/or accommodation.
15. Subsistence allowance may be claimed in respect of approved duties if they involve an absence from the normal place of residence exceeding four hours in total which includes one hour travelling time.
16. The amount to be reimbursed in respect of qualifying duties is the actual amount spent subject to the maximum figures in paragraph 42. Receipts must be produced in respect of all claims.

### Child-care and dependant carers allowance scheme

17. Members may claim this allowance as reimbursement of costs they incur in arranging carers to look after dependants who cannot be left by themselves by reason of age or other special needs. The allowance may only be claimed in respect of approved duties.
18. The maximum rate claimable is £6.00 per hour (and may be increased from time to time by the chief executive on the advice of the strategic directors of health & community services and children's services taking into account local conditions). The following criteria also apply:
- payment is claimable in respect of children aged 15 or under or in respect of other dependants where there is medical or social work evidence that care is required;
  - the allowance will be paid as a reimbursement of incurred expenditure against receipts;
  - the allowance is not payable to a member of the claimant's own household;
  - the carer must be 18 or over (and not a spouse or partner/co-habitee of the member or a relative living at the same address); and,
  - any dispute as to entitlement and any allegation of abuse will be referred to the standards committee for adjudication.



**Approved duties**

19. For a member, an approved duty for the purpose of travel, subsistence and childcare and dependant carers allowances means:
- a attendance at a meeting of the council or of any committee or subcommittee of the council, or of any other body to which the council makes appointments or nominations, or of any committee or sub-committee of such a body, provided they are a member of the body concerned;
  - b attendance at any other meeting, the holding of which is authorised by the council, or a committee or sub-committee of the council or a joint committee of the council, or a sub committee of such a joint committee, provided that it is a meeting to which members of at least two political groups have been invited;
  - c attendance at a meeting of any association of authorities of which the council is a member;
  - d attendance at a meeting of the executive or of any of its committees;
  - e attendance at tender openings, where this is required by the council's procedure rules;
  - f performance of any duty in connection with the discharge of a function of the authority empowering or requiring the inspection of premises;
  - g performance of any duty in connection with arrangements made by the authority for the attendance of pupils at special schools;
  - h any other duty approved by the council for the purpose of, or in connection with, the discharge of the functions of the council, or any of its committees or sub-committees; and,
  - i any duty for the purpose of or in connection with the discharge of the functions of the executive.
20. No allowances can be claimed in respect of political group meetings, members' surgeries or attendance at college or school governing bodies.

**Claiming allowances**

21. Basic and special responsibility allowances are paid automatically, unless a member elects to forego them, by writing to the monitoring officer. Claims for all other allowances must be submitted within two months of the duty undertaken and accompanied by relevant receipts. Claims submitted outside of the two month period may be put forward to the standards committee for consideration.

**Withholding allowances**

22. The standards committee may withdraw allowances in whole or in part in the event of a member being suspended or partially suspended. All allowances should be withheld for the period of total suspension.
23. In the case of partial suspension:
- the basic allowance should continue to be paid (though the council expects a member voluntarily to abate their claim according to the extent to which they were able to continue to fulfil the functions of a non-executive member).
  - to the extent that the partial suspension made it impossible or impracticable for a member to undertake activities in respect of which a special responsibility allowance was payable, that allowance should be withdrawn.

**Co-opted members**

24. In May 2007 council assembly agreed the following regarding payment of allowances to co-opted members:

- A The chair of standards committee should receive a band 1 allowance but no allowance under B below.
- B All other statutory co-optees (i.e. standards committee members and statutory co-optees to the education committee) should receive an annual allowance of £TBA.
- C No statutory co-optees may receive more than one allowance under (i) or (ii) above.
- D That statutory co-optees should be subject to the same travel and subsistence claim regime as councillors (i.e. not able to claim for intra borough travel and subsistence except where one of the exceptions applies).
- E Non-statutory co-optees should be able to claim re-imbursment of travelling and subsistence expenses.
25. Co-optees may, in writing to the monitoring officer, elect not to receive allowances.
26. Allowances to standards committee co-optees should be payable from the date of their appointment. The allowance to education co-optees should be payable from the date of appointment.
27. Co-optees allowances are subject to the same index linking as members allowances generally.
28. Co-optees do not receive the basic allowance.
29. If a co-opted member does not serve for the whole of the 12 month period, or become disqualified, they will only be entitled to pro-rata payments for the period(s) during which they were actually a serving co-opted member.
30. Both statutory and non-statutory co-opted members are entitled to claim dependant carer's allowance as set out in section 6.

#### **Amendments to the allowances scheme**

31. Levels of basic, special responsibility and financial loss allowance are adjusted in accordance with the local government pay settlement. This index linking will continue until June 2010.
32. Travel and subsistence allowances will be amended in line with changes to allowances for officers.
33. Dependent carer's allowance may be increased from time to time by the chief executive, in consultation with the strategic director of social services, to reflect local conditions, and amounts payable by the social services department for the level of care required.

#### **Allowances**

34. Special responsibility allowances in addition to basic allowance:

##### **Band 1 £TBA ?% of total leader's allowance**

Deputy leader majority opposition  
Leader of minority opposition  
Opposition group whip  
Licensing committee members  
Independent chair of standards

##### **Band 2 £TBA ?% of total leader's allowance**

Deputy Mayor  
Chairs of scrutiny sub-committees  
Chair, planning committee

Chair, licensing committee  
 Chief whip  
 Leader of majority opposition  
 Vice chair overview & scrutiny  
 Chairs of community councils  
 Chair of disciplinary appeals

**Band 2.25 £TBA ?% of total leader's allowance**

Mayor

**Band 3 £TBA ?% of total leader's allowance**

Deputy leader  
 Executive members  
 Chair, overview & scrutiny

**Band 4 £TBA**

Leader

**Travel allowances**

35. Members may claim the cost of public transport relating to approved duties outside the borough (receipts must be produced in respect of all claims). Members using their own transport may submit mileage claims. The maximum rates per mile are set out below:
36. Travelling expenses necessarily incurred in carrying out their approved duties will be reimbursed, subject to the conditions set out below, and in the members' allowances scheme.
37. The following is a summary of the conditions, and have been excerpted and adapted from those which apply to officers.
38. Casual car users allowances: general conditions
  - Public transport must be used on all appropriate occasions, e.g. where more economic, timely etc.
  - Members should not use their own cars when there is room in one of the local authority's cars or in the car of another member making the same journey on the same business. As far as possible journeys over the same route should be arranged so as to synchronise.
  - All official mileage has to be recorded.
  - Members shall have included and maintain in their insurance policy a clause indemnifying the local authority against all third party claims (including those concerning passengers) arising out of the use of the vehicle on official business.
  - Members must ensure that the car they are travelling in has current insurance and MOT certificates and are encouraged to ensure that their car has passed emission checks.
    - For cars less than three years old, annually.
    - For cars three years and above, twice yearly.
39. The national joint council reviews the rates payable to staff on an annual basis. The current rates are set out below. There are three bands of allowance according to the cubic capacity of the car: 451 - 999 CC; 1000 - 1199 CC; 1200 CC and above.

**Casual Users**

**451-999 cc 1000-1199 cc 1200 cc and above**

**Per mile-first 8,500 miles**

38.7 pence 42.0 pence 52.7 pence

**Per mile-after 8,500 miles**

11.7 pence 11.8 pence 13.9 pence

**Motorcycles:**

There are five bands of allowance according to the engine size of the motorcycle: the rates are set out below:

**Rates of allowances: moped, motorcycle & pedal cycle allowances from 1<sup>st</sup> October 2002**  
**Engine Size (cc) Mileage (pence per mile)**

Up to 150 7.0 pence per mile  
 151 – 244 10.7 pence per mile  
 245 – 500 13.2 pence per mile  
 501 – 999 17.4 pence per mile  
 1000 + 21.2 pence per mile

**Pedal cycles:**

Monthly cycle allowance is payable for councillors, independent and co-opted members who use their own cycles in connection with their official duties. The rate is currently £20 per month.

40. Members may claim congestion zone charges at current rates but not fines or penalties.

**Subsistence allowance**

41. Subsistence allowance may be claimed in respect of approved duties, except where food is provided, if they involve an absence from the normal place of residence exceeding four hours in total which includes one hour travelling time.

42. Claims are subject to the following maximum, which are the same for members as they are for officers:

Breakfast £5.66  
 Lunch £7.82  
 Evening Meal £9.65

43. The amount to be reimbursed in respect of approved duties is the actual amount spent subject to the maximum figures quoted above. Receipts must be produced in respect of all claims.

**Summary list of approved duties**

- 1 Attendance at council, committee or sub-committee meetings.
- 2 Attendance at neighbourhood forums that fall within the member's ward.
- 3 Attendance at tenants' council and leaseholders' council.
- 4 Attendance at licensing or development control committees as a ward representative.
- 5 Attendance at a meeting of a body to which the member has been nominated by the council.