

<b>tem No.</b> 6.1	<b>Classification:</b> Open	<b>Date:</b> 29 October 2003	<b>Meeting Name:</b> Council Assembly
<b>Report title:</b>		Members' Allowances	
<b>Ward(s) or groups affected:</b>		All	
<b>From:</b>		Standards Committee	

## RECOMMENDATIONS

That Council Assembly

1. Notes the ALG Panel's reports of 2001 and 2003, copies of which have been provided to all Members.
2. Notes Standards Committee's recommendation that "given that the Association of London Government (ALG) Panel was formed specifically to make recommendations on allowance levels, and that considerable work went into research, their recommendations should be given significant weight."
3. Agrees the Members' Allowances scheme for 2003/2004; and agrees
  - a. **Index Linking:** That the Members Allowances Scheme should be index-linked for the next 4 years to the Local Government Pay Settlement.
  - b. **The Basic Allowance:** That the basic allowance for the 2003/04 Municipal Year should be that recommended by the ALG Panel of £9,149.40;
  - c. **Special Responsibility Allowances:**
    - i. **Leader's Allowance:** That the Leaders Total Allowance, including the Basic Allowance should be that recommended by the ALG of £55,973.  
*i.e. £46,823 SRA + £9,149 basic = £55,973*
    - ii. That other SRAs should be set by reference to percentages so that, taken together with the Basic Allowance, the Total Allowance paid to members in that band is set as a percentage of the Leader's Total Allowance.
    - iii. The percentages should be within the percentages set by the ALG (assuming the Mayor is in the ALG's Band 2), and that Southwark's Band 1 and 2 are within the ALG's Band 1.)
    - iv. That Band 3 Allowance should be set at 70% of the Leader's Total Allowance, the lowest level recommended by the ALG.  
*i.e. £30,032 SRA + £9,149 basic = £39,181*
    - v. The Mayor's Allowance should be set at 55% of the total of the Leaders Allowance;  
*i.e. £21,636 SRA + £9,149 basic = £30,785*

- vi. That Council Assembly consider options within the ALG Range of 20-30% for Band 1 and Band 2 Allowances and agrees allowances set by reference to one of the following percentages.

**Option 1. Band 1 20%, Band 2 30%**

*i.e. Band 1 SRA = £2,045 + £9,149 basic = £11,195,*

*Band 2 SRA = £7,642 + £9,149 basic = £16,792,*

**Option 2. - Band 1 21%, Band 2 29%**

*i.e. Band 1 SRA = £2,605 + £9,149 basic = £11,754,*

*Band 2 SRA = £7,083 + £9,149 basic = £16,232,*

**Option 3. - Band 1 22%, Band 2 28%**

*i.e. Band 1 SRA = £3,165 + £9,149 basic = £12,314.*

*Band 2 SRA = £6,523 + £9,149 basic = £15,672*

- d. **Abatement:** That Council Assembly considers, in light of the ALG recommendation whether the level of Allowance paid to a Band 3 or Band 4 Member continues to be 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

**SRAs: Posts to which allowances are payable: Band 1**

- e. That the following posts should receive a Band 1 Allowance
- i. Councillor Members of the Adoption Panel
  - ii. Leader of the Minority Opposition
  - iii. Deputy Leader of the Majority Opposition
  - iv. Opposition Group Whip
- f. That the following posts should be added to Band 2 SLA
- i. Chair of the Disciplinary Appeals Sub-Committee
  - ii. Community Council Chairs
- g. That the following posts of Vice- Chairs not receive an SLA
- i. Overview and Scrutiny Committee (removed from Band 2)
  - ii. Overview and Scrutiny sub committees (removed from Band 1)
  - iii. Planning Committee (removed from Band 1)
  - iv. Licensing Committee (removed from Band 1)
- h. **Leader of the Majority Opposition :** That Council Assembly cConsider whether the Leader of the Majority opposition is in the correct band. Options include:
- Option 1. Band 2 (current)
  - Option 2. Mayor's Band (subject to abatement as for Band 3 and 4)
  - Option 3. Mayor's Band (not subject to abatement)
  - Option 4. Band 3
- i. **Co-optees Allowances:**
- i. Allowances should be paid to Statutory Co-optees only
  - ii. The Chair of Standards Committee should receive a Band 2 SRA allowance (but not the basic allowance)

- iii. That other Independent Members of the Standards Committee should be entitled to receive Band 1 SRA allowances (but not the basic allowance)
  - iv. Statutory co-optees on the Education Committee should receive Band 1 SRA allowances (but not the basic allowance)
  - v. That Statutory Co-optees receiving an allowance 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)
  - vi. Non-statutory co-optees should be able to claim reimbursement of travelling, and subsistence expenses.
- j. **Electing not to receive allowances:** To continue the current provision that Members may in writing elect not to receive allowances.
- k. **Withholding Allowances:** That Standards Committee should be able to 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. In the case of partial suspension the basic allowance should continue to be paid (though Council Assembly would expect 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.
- l. **Travel and Subsistence Allowances:** That the amounts and conditions for claiming should be the same for Members may claim in respect of travel and subsistence should be the same as officers who claim casual car or cycle user allowance, subject to the exceptions set out below.
- i. **Intra Borough Travel not claimable:** That the basic and special responsibility allowances paid to Councillors and Statutory Co-optees should be treated as covering intra-borough travel and subsistence with the following exceptions
    - Members with mobility difficulties are able to claim the cost of travel when on council business,
    - That Members be eligible to claim for taxis after 7.00pm in Summer (BST) and 9.00pm in Winter (GMT).
  - ii. Non statutory co-optees (who do not receive an allowance) can claim their reasonable travel expenses.
  - iii. That Council Assembly agrees the conditions for subsistence allowance payments as either option 1 or option 2 of paragraph 14 of the Members Allowances Scheme at Appendix 1: as follows.
    - Option 1. (Current policy) 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

- Option 2. (Adapted from Officers Conditions) Reimbursement of reasonable expenditure is payable to members who are prevented by their official duties from taking a meal at their home, or establishment where they normally take their meals, and thereby incur additional expenditure
- m. **Childcare and Dependent Carer Allowance:** That the rate should continue to be £6.00 per hour but that it may be increased from time to time by the Chief Executive on the advice of the Strategic Director of Social Services.
  - n. **Approved Duties** –That the Duties for which travel, subsistence and dependent carers allowance can be claimed should be the same, as set out in the draft Members Allowances Scheme at Appendix 1 (Paragraph 15).
  - o. **Pensions:** That Council Assembly considers the following issues:
    - i. Whether Members should have the option of joining the Local Government Pension Scheme.
    - ii. Whether both basic and SRAs should be pensionable.
  - p. **Annual Reports/ Accountability.** To note that Standards Committee will receive a report on Annual Reports and that this will come to Council Assembly in due course.
  - q. **Backdating of Allowances:** That increases in allowances should be backdated to Constitutional Council on 21 May 2003 see paragraph 128.
- 4. Notes that Standards Committee have asked for the payments made to Members and representatives sitting on the Arbitration Tribunals to be reviewed.
  - 5. To note the Financial Implications and agree where the cost of the increase in funding required to meet the ALG Panel recommendations will come from.
  - 6. Agrees that the Members Allowances Scheme at Appendix 1, be revised to reflect the decisions taken on the items above.

## **BACKGROUND INFORMATION**

- 7. Under the Council Constitution decisions on Member Allowances are reserved 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 ALG Independent Panel.
- 8. The ALG Independent Panel was appointed by the ALG to make recommendations to boroughs on appropriate allowance levels. The Panel has recently updated its Summer 2001 report to take account of the new allowances regulations, the new pensions regulations, and of the experience in London since their Summer 2001 report. All Members of the Council have in years past been sent a copy of the full 82 page Summer 2001 report. Electronic copies are available by e-mail. Further paper copies are available

on request. All Members of the Council have recently been sent a copy of the 2003 report, along with a summary of the 2001 report, prior to their consideration at Council Assembly.

9. The Standards Committee's recommendations are set out in the body of this report.
10. A revised Draft of the Scheme is attached as Appendix 1, which reflects the recommendations of the Standards Committee of 13 October 2003. Where the committee did not make firm recommendations, it contains options for members to consider. The remainder of this report provides the discussion of those options. The draft scheme has been updated to reflect the position under the new regulations – where substantial changes have been made they have been marked as a strikethrough. Minor textual and grammatical changes have not been marked up.
11. Spreadsheets showing financial implications of different schemes are set out at Appendix 2.

### **History**

12. The Council's last major review was carried out at the start of the new administration in May 2002 and agreed at Council Assembly on 26 June 2002 to be effective from 1<sup>st</sup> July 2002, for the year 2002/2003.
13. Standards Committee considered the allowance scheme on 12 February and 19 March 2003, and recommended the following changes to the scheme:
  - a. Community Council Chairs should be paid a Band 2 Allowance of £7,000.
  - b. That the status quo on travel and taxi-cabs remain
  - c. That in line with government legislation for increased public accountability over the performance of members' duties and responsibilities, the practice adopted by councils elsewhere and the Leader of the Council's own public statements, be agreed in principle; that any new Members' Allowances Scheme should only be introduced in conjunction with performance indicators/standards. The indicators/standards should be transparent and comprehensive, and be particularly demanding for Executive Members. And these criteria be applied first to the Executive Members after May 2003 Constitutional Council meeting.
  - d. That payments of Childcare and Dependants' Carers' Allowances be made as and when claimed after meetings attended.
14. Following that meeting, on 7 April 2003, new regulations were made which repealed and rationalised previous provisions. The regulations required the Council to review its Allowances scheme by 30 September 2003, but that date has now been extended to 31 December 2003. This report forms the basis of that review.
15. Standards Committee's recommendations were referred to Council Assembly on 30 April 2003. At that meeting, Members agreed to defer consideration of the report, pending this review, on the basis that changes arising from Council Assembly's previous decisions, of 26 June 2002, be implemented.
16. The existing scheme provided that Council Assembly agreed that the basic allowance should be index-linked to the New Earnings Survey of the average male white-collar hourly rate in London. An index-linked increase to the basic

allowance of 6.75%, and flow on increase of 1.08% to all SRA's except for the Leader of the Council, has been paid and backdated with effect from 1 April 2003.

17. No other change was made at that time, but several Members queried whether Band 1 Allowances should for the 2003/04 year be paid to the full range of posts within Band 1, in line with Council Assembly's decision the previous year. On 26 June 2002 Council Assembly had agreed that Band 1 SRAs would be payable to the posts listed below **but** that "due to budgetary constraints for the municipal year 2002/03, only the Deputy Leader of the Majority Opposition within Band 1 should receive a SRA". The posts currently in Band 1 are:
  - Deputy Leader of the Minority Opposition
  - Leader of Minority Opposition
  - Chairs of Community Councils
  - Vice Chairs of the 6 Scrutiny Sub Committees
  - Opposition Group Whip
  - Vice Chair of Planning
  - Vice Chair of Licensing.
18. A letter was sent to all members on 22 July 2003 advising that Council Assembly's decision meant that Band 1 allowances should be paid to all members in Band 1, and that that would now be done. In response, an urgent motion was agreed at Council Assembly on 23 July 2003, that "payment of all Band 1 SRA's (except for the Deputy Leader of the majority Opposition Party) be suspended in accordance with the decision of Council Assembly on 30th April 2003, until any further decision of the Council Assembly following receipt of the Southwark Standards Committee's report on ALG Member Allowance recommendations."
19. Accordingly, the only Band 1 Allowance which has been paid for the 2003/4 Municipal year is that paid in respect of the post of Deputy Leader of the Majority Opposition, currently shared between Councillor Dixon-Fyle and Councillor Friary.

## **KEY ISSUES FOR CONSIDERATION**

### **Responsibilities and Challenges of Members**

20. The breadth and complexity of Southwark's work, the nature of the demands and population means that Southwark Council is one of the most complex public authorities in London, and indeed in England. Members are overall responsible for the stewardship of an estimated turnover of around £1.2 billion (three times that estimated for some Outer London Boroughs). The Council employs around 5,000 full time equivalent staff, which rises to 8,000 when schools are included. When part time and agency staff are counted around 10,000 people carry forward the work of the Council.
21. The Borough is very diverse. Over 237,000 people live here and the population is growing by about 1,000 a year, thanks to a high birth rate and inward migration, due to new house building. It is a relatively young borough and projections suggest that by 2011 there will be 20% more people under 24 than in 1991. Just under a third of the population is from an ethnic minority, and over 100 languages are spoken in Southwark's schools.

22. The Council has one of the largest housing stocks, and faces significant challenges in delivering education and social services. Other pressures, challenges and opportunities arise due to its proximity to the City of London, and at the heart of a world city. By some estimates, Southwark (Bankside in particular) receives more tourist visitors than Scotland. The Council is continually challenged to be creative in its solutions to problems. Change is a constant. Much of the work done is (and must be) at the leading edge.
23. This diversity and complexity places high demands on Members. For example, in 2003/04 there were over 6500 pages of reports and agenda papers produced for Executive Meetings alone and more than 2000 for Council Assembly. This excludes plans and strategies circulated as separate documents (for which the Executive is responsible for 23 in its own right and Council Assembly an additional 14 which form the policy framework.) In addition, most Members receive significant additional correspondence via e-mail and paper (e.g. forward plan notices, circulars, ward correspondence, departmental plans, tenant and resident association agendas). It would be surprising if Executive Members received fewer than 1000 pages a month for direct attention (and many other members receive copies of the agendas). In addition to mastering the paperwork, Members are expected to be proactive in representing their constituents.

**Index Linking Basic and SRA Allowances**

24. The new regulations make explicit provision for allowances to be automatically increased to keep up with changes in the cost of living by reference to an index. This index can then be used for a maximum of 4 years. The ALG Panel and Standards Committee have recommended that the appropriate index is that for the Local Government Pay Settlement (LGPS), which would mean that Members are treated on the same basis as council officers. This provided for a 3% increase from 1 April 2002, a 1% increase from 1 October 2002 calculated by reference to the salary at 31 March 2002, and a 3.5% increase from 1 April 2003 – i.e. a total increase in the 2 years since the ALG Summer 2001 report of 7.64%.
25. Other than the index-linked increase, the ALG considered that its other recommendations as to the levels of the basic allowance, and the bandings of SRAs should stand, subject to the index-linked increase of 7.64% over the 2 years.

26. **ALG and Standards Committee Recommendation: That the Members Allowances Scheme should be index-linked for the next 4 years to the Local Government Pay Settlement.**

**Basic Allowance**

27. The ALG Panel recommended in 2001 a basic allowance based on an assumed time commitment for Councillors of 60 hours per month, of which 20 could be regarded as voluntary. The Panel considered that the most appropriate rate for payment was the average hourly rate of male white-collar workers in London, which, with rounding came to £8500.
28. The Council's Current Basic Allowance is £8,540.00 The ALG recommend a basic allowance of £9149.40 per annum.

29. **ALG and Standards Committee Recommendation: That the Basic Allowance should be £9149.40**

**Special Responsibility Allowances (SRAs)**

30. **ALG Panel Recommendations:** The ALG Panel recommended in 2001 that special responsibility allowances should be payable only where there are significant differences in the time requirements and level of responsibility from those generally expected of a councillor and that no individual Member should receive more than one Special Responsibility Allowance. Government guidance is that they should be paid only to members who have “significant additional responsibilities” over and above the generally accepted duties of a councillor.
31. In 2003 the Panel remains “firmly of the view” that the proportion of Councillors entitled to receive a Special Responsibility Allowance should not exceed 50 per cent of the total number of Councillors. The panel stressed the importance of a general principle of limiting tightly, as a matter of good practice, the proportion of councillors entitled to SRAs. It noted that if a Borough finds this too restrictive then it should consider whether the responsibility the Borough wishes to recognise is not already adequately catered for in the basic allowance.
32. The Standards Committee’s recommendation reduce the number of posts to which an allowance is payable, by removing the Vice-Chairs of committees, whose workload might be considered not to be significantly greater than ordinary members of the committees. This would result in 56% of Members receiving an SRA of some form (when Members who cover more than one special responsibility are considered). However, given that the many members of the executive do not presently claim full allowances (so that 7 1/3 out of 10 allowances are claimed), and overall 31 1/3 allowances are currently claimed, or 49.7%.
- Level of Special Responsibility Allowances and relativity between them.**
33. **Leader’s SRA:** The ALG Independent Panel considered that the role of Leader of the Council was at least as demanding as that of a Member of Parliament, and that therefore the Leader’s total allowances (Basic plus SRA) should be based on a back-bench Member of Parliament’s salary. This was currently £55,118 as at 1<sup>st</sup> April 2002, and £56,358 as at 1 April 2003, and is linked to Senior Civil Service pay bands. However, the ALG Panel is now recommending that the Leader’s allowance should be based on the back-bench member salary in 2001, uplifted by the Local Government Pay Settlement, which would give a total figure of £55,972.80 per annum. Council Assembly in June 2002 agreed to pay the Leader at a lower rate of £50,000, which with the increased basic allowance is currently £50,540.

34. <b>ALG and Standards Committee Recommendation: That the Leaders Total Allowance, including the Basic Allowance should be £55,973.</b>
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35. **Band 1-3 SRAs: Amounts:** The ALG Panel’s approach was to link Band 1-3 SRAs to the total amount of the Leader’s allowance, so that the total (basic +SRA) was a % of the Leader’s total (Basic and SRA), as follows. The Council in the event adopted band limits for SRAs (excluding Basic allowance) to a percentage of the leader’s allowances (including the Basic allowance). This can cause confusion when working out percentages, and Members are recommended to fix the total allowance levels including SRAs by reference to a



percentage of the Leader's total allowances, in line with the ALG's approach. The current relativities are set out in column 2 of the table below.

Column	1	2	3
Band	ALG SRA+Basic as % of Leader's Total	Southwark SRA+Basic as % of Leader's Total (Current %)	Southwark SRA only as % of Leader's SRA +Basic (Agreed proportionality)
Band 4	100%	100%	-
Band 3	70-80%	62%	45%
Mayor	(band 2)	59%	40%
Band 2	40-60%	31%	14%
Band 1	20-30%	22%	5%

Note: All figures are rounded to the nearest decimal point). (Note: this is not suggesting any change in allowance levels – rather that the baseline percentages be taken from different figures and calculated on a more logical basis).

**36. Standards Committee Recommendation: Other SRAs should be set by reference to percentages so that the Total Allowance Received (Basic + SRA) is set as a percentage of the Leader's Total Allowance.**

37. In practice, Southwark set most allowances at the lower end or below the ALG Banding. In particular, what Southwark calls "Band 2" is paid at an amount equivalent to the higher end of the ALG Panel's recommendations for Band 1 allowances. Some, but not all of the posts Southwark places in Band 2 are in the ALG Band 2, and some are in Band 1.

The amounts set out below summarise the ALG recommendations, as they apply to Southwark, assuming that the Mayor is Southwark's current Band 2, and Southwark's Band 2 is set at the high end of Band 1.

Southwark Bands		ALG	Southwark
Band 4		£55,972.80	£50,540
Band 3	% of Leader's total SRA Total Allowance	70-80% £27,900-£33,100 £36,400-£41,000	62% <b>£22,743</b> £31,283
Mayor (ALG Band 2)	% of Leader's total SRA Total Allowance	40-60% £13,239-£24,434 £22,389-£33,584	59 % <b>£20,216</b> £28,756
Band 2 (ALG high end of band 1)	% of Leader's total SRA Total Allowance	20-30% £2,045-£7,642 £11,195-£16,792	31% <b>£7,076</b> £15,616
Band 1 (ALG Lower end)	% of Leader's total SRA Total Allowance	20-30% £2,045-£7,642 £11,195-£16,792	22 % <b>£2,527</b> £11,067

**38. Standards Committee Recommendation: The percentages should be within the percentages set by the ALG (assuming the Mayor is in the ALG's Band 2), and that Southwark's Band 1 and 2 are within the ALG's Band 1.)**

### Band 3

39. **Standards Committee Recommendation: That Band 3 Allowance should be set at 70% of the Leader's Total Allowance, the lowest level recommended by the ALG**  
**i.e. £30,032 SRA + £9,149 basic = £39,181**

### Mayor

40. Standards Committee noted that the ALG placed the Mayor (Chair of Council Business) in their Band 2, and agreed that a payment in the middle or higher ranges of the ALG Band 2 is realistic given that Southwark's Mayor is one of the busier in London and the Council expects the Mayor to take a lead on community partnership issues. Accordingly, the Standards Committee recommended that the Mayor's total allowance be set at 55% of the Leader's total allowance, for a total allowance of £30,785. The committee noted this would mean that the Mayor would receive an amount very close to the average earnings of people employed full time in Southwark (for more information on average earnings see paragraph 44 below).

41. **Standards Committee Recommendation: The Mayor's Allowance should be set at 55% of the total of the Leaders Allowance;**  
**i.e. £21,636 SRA + £9,149 basic = £30,785**

### Band 1 and Band 2

42. Standards Committee considered a recommendation that Southwark's Band 1 and Band 2 allowances should be set at the lower (20%) and upper (30%) ends of the ALG's Band 1. Some members of the committee raised concerns about the gap between the two bands, and asked that Council Assembly also receive additional options for different percentages (within the ALG Recommended range).

43. **Standards Committee Recommendation: That Council Assembly consider options within the ALG Range of 20-30% for Band 1 and Band 2 Allowances**  
 Three options are set out in the table below:  
 Option 1. Band 1 20%, Band 2 30%.  
 Option 2. Band 1 22%, Band 2 28%.  
 Option 3. Band 1 23%. Band 2 27%

	2002	Current levels	Option 1 Band 1 20% Band 2 30%	Option 2 Band 1 22% Band 2 28%	Option 3 Band 1 23% Band 2 27%
Basic	£8,000	£8,540	9,149	9,149	9,149
<b>Total allowances including Basic + SRA</b>					
Band 1	10,500	11,067	11,195	12,314	12,874
Band 2	15,000	15,615.60	16,792	15,672	15,113
Mayor	8,000	28,756	30,785	30,785	30,785
Band 3	30,500	31,283	39,181	39,181	39,181
Band 4	50,000	50,540	55,973	55,973	55,973
<b>SRA</b>					
Band 1	2,500	2,527	2,045	3,165	3,724
Band 2	7,000	7,075.60	7,642	6,523	5,963
Mayor	20,000	20,216	21,636	21,636	21,636
Band 3	22,500	22,743	30,032	30,032	30,032
Band 4	42,000	42,000	46,823	46,823	46,823

\*This assumes Band 2 is high end of Band 1 recommendations, and Mayor is lower end of Band 1 recommendations.

### Information about London and Southwark Average Earnings

44. The Table below shows information from the New Earnings Survey, in relation to Earnings in London. The categories shown include those in professional or associate professional occupations, along with corporate managers and administrators who do not fall into the professional category, but might be expected to require a similar ability to assimilate complex information, manage a demanding workload, and provide leadership to that expected of members of the executive or the mayor.
45. The Executive and Mayoral allowances, for full time service, are currently significantly lower than the average for professional and all associate professional occupations in London, with the exception of health associate workers. One further point to note is that the Mayor's allowance is less than the average earnings of those employed in Southwark (and the average figure includes both manual and non-manual workers). The Executive allowance for full time members is currently close to the average figure for all people employed full time in Southwark.
46. If the levels recommended by Standards Committee and the ALG were implemented, then the Executive members (£39,181) would receive something close to the average earnings of a non-manual worker in London, (£38,229), but still below the average for professional or associate professional occupations. (£43,049, or £41,219).
47. Similarly, the levels recommended by the Standards Committee would place the Mayor close the average full-time earnings of people working in Southwark.

London Average Full Time Earnings	Weekly	Annual equivalent*
All Professional Occupations	£825.60	£43,049
All Associate Professional Occupations	£790.50	£41,219
Science and Engineering Professional	£715.20	£37,293
Science and Engineering Associate	£624.70	£32,574
Health Professional	£1,115.70	£58,176
Health Associate	£516.00	£26,906
Teaching professional	£709.50	£36,995
Other professional	£932.80	£48,639
Other associate professional	£921.30	£48,039
Corporate Managers and Administrators not falling into the professional category.	£681.70	£35,545
All Non Manual	£806.70	£38,229
All Manual Occupations	£409.10	£20,508
All Male	£704.80	£34,762
All Female	£503.60	£26,259
Employed in Southwark All	£623.60	£31,130
Employed in Southwark Male	£662.90	£34,565
Employed in Southwark Female	£535.70	£27,933

\*These figures are not taken from the London earnings survey, which gave weekly figures for most earnings, but is estimated by assuming 52 1/7 weeks per year. It may overestimate slightly as a result.

**Abatement of Band 3 and Band 4 Allowances**

48. The Council's current scheme provides that the level of Allowance paid to a Band 3 or Band 4 Member is dependent on the 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

49. The ALG Panel do not recommend this approach. Their view is that "the allowance should reflect the role rather than the mode in which it is performed. We expect that the role of Leader will, in most boroughs be full-time, and the allowance takes that into account. Executive Members may or may not be full-time, but if their roles are of comparable responsibility, ***we recommend that they should be remunerated at the same rate, irrespective of whether they are actually undertaken part time or full-time mode.*** Otherwise there would be an incentive to Members to shift from part-time to full-time service for the sake of an enhanced allowance."

50. **Standards Committee Recommendation:** The Standards Committee discussed the ALG recommendation and did not agree to recommend a change to the current position, so the matter is left for Council Assembly to determine.

**Responsibilities for which SRAs are payable:**

51. **Community Council Chairs:** Since the allowances scheme was first agreed, the delegations to Community Councils have been determined. This alters the workload of Planning and Licensing Committees and the workload of Chairs of Community Council Chairs. Standards Committee has previously considered the relative workloads and recommended that Community Councils (currently listed in Band 1, but not in payment) be paid a Band 2 allowance of £7,000 per annum (Band 2 has since moved to £7,075.60).

52. **Standards Committee Recommendation:** That Community Council Chairs should receive a Band 2 allowance.

53. **Members of the Adoption Panel, and Planning and Licensing Committees:** The new regulations specifically empower councils to pay SRAs to Members who sit on an Adoption panel. The Council has 2 adoption panels, which meet fortnightly during the day. Similarly, provision can be made for Members of Planning and Licensing Committees. The ALG Panel acknowledged that some councils have a heavy workload of quasi-judicial hearings, and suggested that such Councils consider setting up a panel of non-executive Councillors consider appointing a panel of non-executive members to cover Planning, Licensing, Adoption and other quasi-judicial functions, and pay an allowance to members on that panel. Southwark Council has not taken this approach to date. Informal feedback from Members is that Disciplinary Appeals Sub-Committee and panel has a particularly heavy workload, as it is scheduled fortnightly (although not all meetings go ahead), during the day, and meetings can be quite lengthy (e.g. regularly take half a day, sometimes longer.)

54. **Standards Committee Recommendation:**
- a. That Members of the Adoption Panel be paid a Band 1 Allowance
  - b. That the Chair of the Disciplinary Appeals Sub-Committee should be paid a Band 2 Allowance

- Revisions to Banding: Band 1 and 2**
55. Standards Committee considered whether other allowances were in the appropriate bands, and made the following recommendations:

56. **Standards Committee Recommendation:**
- That the following posts should be in Band 1
- Leader Minority Opposition
  - Deputy Leader Majority Opposition
  - Opposition Group Whip
- That the following Vice Chairs not receive SRAs
- Overview and Scrutiny (removed from Band 1)
  - Overview and Scrutiny sub committees (removed from Band 2)
  - Planning (removed from Band 1)
  - Licensing (removed from Band 2)

- Leader of the Majority Opposition**
57. Standards Committee discussed the banding of the Leader of the Majority Opposition, but made no definite recommendation, other than that the banding be considered.

58. **Standards Committee Recommendation:** That Council Assembly Consider whether the Leader of the Majority opposition is in the correct band.
- Options include:**
- Option 1. Band 2 (current)
  - Option 2. Mayor's Band (subject to abatement as for Band 3 and 4)
  - Option 3. Mayor's Band (not subject to abatement)
  - Option 4. Band 3

- Co-optees Allowance**
59. Previously, Co-optees were able to claim a financial loss allowance subject to maxima set by the Secretary of State, which were not subject to an inflation uplift. The amounts were as follows:
- for a period not exceeding 4 hours, £27.65
  - for a period exceeding 4 hours but not exceeding 24 hours, £55.31
  - for a period exceeding 24 hours, the aggregate of £55.31 and such amount specified above as is appropriate to the number of hours
- Experience indicates these levels may have been inadequate to reimburse for actual levels of financial loss incurred in performing the duties.
60. This provision has been replaced in the new regulations with provision for a co-optees allowance, which must be paid on an annualised basis (and not as an attendance allowance). The ALG panel considers that co-opted members have

a different role from that of an elected member, and that it would have been more appropriate to allow for an attendance allowance. The ALG Panel, therefore recommend that the annualised allowance be calculated by reference to the expected number of meetings.

61. The Panel recommended that boroughs adopt a standard sum per meeting, for which they suggest £100, and then multiply it by the anticipated meeting load for the year. The resulting allowance would cover not only attendance at the meetings of the committee concerned but also any related and incidental activity.
62. The regulations also provide that, where a co-opted education representative chairs a meeting, the SRA should be the same as it would be for an Councillor. Currently the chair of the Education scrutiny sub-committee is a Councillor, so this does not apply. There is no corresponding requirement for the chair of a Standards Committee.
63. Standards Committee considered advice from the Borough Solicitor that the ALG Panel may have overlooked the likelihood that some Standards Committee meetings (when considering references from the Standards Board) could take a half day, full day, or two days, and so a per meeting rate of £100 would be inappropriate.
64. Information about the Statutory and non-statutory co-optees is set out in the table below:

<b>Committee</b>	<b>Standards Committee</b>	<b>Overview and Scrutiny, and Education and Leisure Scrutiny Sub-Committee</b>	<b>Housing Scrutiny Sub Committees</b>
<b>Number of co-optees and whether statutory</b>	4 Statutory Co-optees – Independent Members	4 Statutory co-optees 2 Diocesan reps, and 2 Parent Governor Reps.	3 non-statutory co-optees – 2 Tenant Council, and 1 Leaseholder Council rep
<b>Estimated meetings per year</b>	Difficult to estimate total meeting numbers. 4 Ordinary, 2 urgent for regular business. Unknown number of unknown duration of references from the Standards Board (requiring more preparation and time than ordinary meetings. Perhaps 4 full days – equivalent of 12 meetings	OSC (10, of which members could be expected to attend when education matters are on the agenda – estimated as all or part of 4 meetings) E&L SSC (10, of which members could be expected to attend all meetings).	10 meetings.
<b>ALG rate of £100</b>	£1800	£1400 p.a.	£1000
<b>Standards Committee Recommendation</b>	<b>Chair – Band 2 Other Independent Members – Band 1</b>	<b>Band 1</b>	<b>Able to claim travel , subsistence , and carer’s expenses..</b>

65. **Standards Committee Recommendation:**
- a. Allowances should be paid to Statutory Co-optees only
  - b. The Chair of Standards should receive a Band 2 SRA allowance (but not the basic allowance)
  - c. That other Independent Members of the Standards Committee should receive Band 1 SRA allowances (but not the basic allowance)
  - d. Statutory co-optees on the Education Committee should receive Band 1 SRA allowances (but not the basic allowance)
  - e. That Statutory Co-optees receiving an allowance 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)
  - f. Non-statutory co-optees should be able to claim reimbursement of travelling and subsistence expenses.

#### **Electing to Forego Allowances**

66. The ALG Panel recommends that the scheme should (continue to) provide that a person may by notice in writing given to the proper officer (Borough Solicitor) of the authority, elect to forego entitlement to allowances.

67. **Standards Committee Recommendation:** That the current provision should continue (i.e. that Members may elect in writing not to receive some or all of their allowance entitlement.)

#### **Withholding Allowances**

68. The Panel recommends that boroughs should include in their scheme provision for Standards Committee to withdraw allowances in whole or in part in the event of a member being suspended or partially suspended in the event of a member being suspended or partially suspended. All allowances should be withheld for the period of total suspension, and in the case of partial suspension the basic allowance should continue to be paid (though they would expect 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), and 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.

69. **Standards Committee Recommendation:** That the ALG recommendation set out above be implemented.

#### **Travel and Subsistence Allowances**

70. On 26<sup>th</sup> June 2002 Council Assembly decided (in line with ALG recommendations) that the basic allowance should cover travel and subsistence costs within the borough. Members may therefore usually only claim travel and subsistence expenses incurred in the performance of "Approved Duties" for meetings held outside the borough, except that Members can claim for cabs where a meeting ends after 8pm, or dusk, whichever is the earlier. Members with mobility difficulties are able to claim for taxi fares at any time whilst on Council Business. On 22<sup>nd</sup> January 2003 Council Assembly further determined that councillors could not claim for the congestion charge.

71. Maximum levels for travel and subsistence allowances were previously set by the Secretary of State. The new regulations remove this provision, allow for payment for bicycle allowances, and require the ALG Panel to make a recommendation as to allowance levels.
72. The ALG Panel recommend that the basic allowance should be treated as covering all intra-Borough travel costs and subsistence, but with local variations to this rule to meet different local conditions. They also strongly recommend that the rules and entitlements for reimbursement of travel expenses, and for travel by bicycle should be the same for officers, members and co-opted members, as this approach offers efficiency by providing a uniform model for the handling of claims, and it also conveys equal treatment of officers and members.
73. The current rates for officers are set out in the draft scheme. Officers rates are divided into essential and casual car use, and it is suggested that the rates for casual car use are those, are those which are appropriate for members travelling outside the borough and it is these which are shown in the draft Members Allowances Scheme at Appendix 1, paragraph 13). The appendix also shows the rules and entitlements for members adapted from those for officers. These will vary as officers' conditions will.
74. Members will note that Officers cannot claim a tea allowance, and that there is no overnight subsistence rate. The other major difference is that the current provision for travel by taxi after late meetings is currently more generous for Members, who are able to travel by taxi after dusk or 8pm, whereas officers normally can travel home by taxi only where a meeting finishes after 9pm (and then only at the discretion of their manager).

75. **Standards Committee Recommendation: that**
- a. **Level of allowance.** That the amounts and conditions for claiming should be the same for Members may claim in respect of travel and subsistence should be the same as officers who claim casual car or cycle user allowance, subject to the exceptions set out below.
  - b. **Intra Borough Travel not claimable:** That the basic and special responsibility allowances paid to Councillors and Statutory Co-optees should be treated as covering intra-borough travel and subsistence with the following exceptions
    - o Members with mobility difficulties are able to claim the cost of travel when on council business
    - o That Members be eligible to claim for taxis after 7.00pm in Summer (BST) and 9.00pm in Winter (GMT).
    - o Non-statutory co-optees (who do not receive an allowance) can claim their travel expenses.

76. The Standards Committee meeting did not specifically discuss or make a recommendation about the detailed conditions under which Members could claim for subsistence allowances.. In revising the scheme, officers have identified that it may be more appropriate not to completely adopt the officers' conditions on this point. Two options have been identified, and are set out below, and in paragraph 14 of the Members Allowances Scheme at Appendix



1. Both options are subject to the general rule that intra borough subsistence is not claimable.

**Officer Recommendation**

**That Council Assembly agrees one of the following options**

**Option 1 - (Current policy)** 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.

**Option 2 - (Adapted from Officers Conditions)** Reimbursement of reasonable expenditure is payable to members who are prevented by their official duties from taking a meal at their home, or establishment where they normally take their meals, and thereby incur additional expenditure

**Childcare and Dependant Carers Allowance**

77. The maximum rate of Childcare and Dependant Carers Allowance claimable by Members was agreed on 30 October 2002 at £6.00 per hour, this figure to be uplifted on an annual basis. This figure was agreed at Council Assembly on 30<sup>th</sup> October 2002. Standards Committee has in the past recommended that this limitation be removed but that the maximum allowance be capped at £200 per calendar month per member. Standards Committee noted the advice that payments of this allowance must be published annually, and considered that sufficient to provide for accountability, and has therefore recommended that this limitation be removed.
78. The ALG Panel recommend a flexible approach to the childcare and dependent carer’s allowances, but especially recommend that boroughs have regard, when setting appropriate levels to their local social services department’s levels of reimbursement:
  - a. A maximum rate should be set locally to reflect local costs, in accordance with social service departments levels;
  - b. Payments should be subject to a maximum weekly payment of £30 equivalent to seven-and-a-half hours of care per week (this recommendation has since been withdrawn – see paragraph 51 below).
  - c. Payment should be 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;
  - d. Only one weekly payment should be claimable in respect of the household of each member, except in special circumstances to be judged by the Council’s Standards Committee;
  - e. The allowance should be paid as a reimbursement of incurred expenditure against receipts;
  - f. The allowance should not be payable to a member of the claimant’s own household
  - g. Any dispute as to entitlement and any allegation of abuse should be referred to the Council’s Standards Committee for adjudication; and
  - h. The scheme should be reviewed after not more than twelve months’ operation.
79. Several boroughs have raised concerns that the ALG report recommended a maximum weekly payment of £30 for 7 ½ hours care. This equates to less

than the current minimum wage of £4.20, which will increase to £4.50 in October 2003. Officers at the ALG advise that this was copied from the previous report, and a Chief Executive's circular was distributed withdrawing this recommendation.

80. Comparisons with the Social Services Department show that the amounts paid vary depending on the needs of the person receiving care. In some cases an agency is engaged, and in others, payments are made direct to the person receiving care to arrange their own support, according to their care plan. Officers in the Social Services Department advise that the rate paid to adults with Community Care needs e.g, physical disabilities who want control over their own care is around £7.00/£8.89 per hour according to the care plan. The Social Services Department does not arrange childcare ("babysitting") although payments are made to foster carers.

81. **Standards Committee Recommendation:** That the rate should continue to be £6.00 per hour but that it may be increased from time to time by the Chief Executive on the advice of the Strategic Director of Social Services.

82. That in light of the requirement for publishing allowances there be no monthly cap.

#### **Approved Duties**

83. The new regulations remove the anomaly whereby Dependant Carers' allowance could be claimed for a more limited range of duties than Travel and Subsistence Allowances. Otherwise, the range of duties for which allowances can be paid remains the same.

84. **Standards Committee Recommendation:** That the Duties for which travel, subsistence and dependent carers allowance can be claimed should be the same, as set out in the Members Allowances scheme at Appendix 1 (Paragraph 15)

#### **Pensions**

85. The Local Government Pension Scheme and Discretionary Compensation (Local Authority Members in England) Regulations 2003 permit the Council to allow Councillors to join the Local Government Pension Scheme subject to the following
- An eligible councillor will have to positively elect to become a member of the scheme.
  - The councillor member's pay in any year comprises (a) the basic allowance and (b) any special responsibility allowance payable
  - Pension benefits will be calculated by reference to career average pay not final salary
  - The retirement age for a councillor will be age 70
  - Councillor membership will not count towards calculating any other period of local government employment/LGPS membership
86. The ODPM view is that the provisions for pensions take into account the commitment of local councillors, and the fact that many members of local authorities may have lower personal or occupational pension provision than they could otherwise have had, due to missing out on full time employment or foregoing promotions and other opportunities on account of their public duties.

The new provisions allow authorities to address this disincentive from serving in local politics.

87. The ALG Panel recommended that Allowances Schemes should provide for allowances to be pensionable through the LGPS, and that all members under the age of 70 should in principle be eligible to join the scheme in respect of all allowances paid to them (basic and special), and without reference to any qualifying service.
88. The cost to individual members would be 6% of Basic and SRA allowances. The cost to the Council for each person who elects to become a member of the scheme would be the same as the cost for officers, currently **10.5%** of salary/basic and SRA allowance.
89. Travel and, Subsistence and Dependant Carers' Allowances are not pensionable.

90. <b>Standards Committee Recommendation:</b> Standards Committee noted the ALG recommendation, and that there would be a cost to pensions. They agreed that Council Assembly should make the decision as to whether the cost is affordable.
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**Backdating of Allowances and Pensions**

91. As set out above, amendments to the scheme have been delayed, due to the statutory changes. Members have the option of backdating increases to the old scheme to 1 April 2003 (but not the revocation of any allowance payable from that time). In addition, Members have the option of backdating changes to 1 May 2003, or to Constitutional Council, under the terms of the new regulations, provided that any change does not mean that any person receives more under the backdating than they would have under the new scheme.

92. <b>Standards Committee Recommendation:</b> That increases in allowances (including bringing into payment allowances, previously unpaid, should be backdated to Constitutional Council.
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**Performance Indicators/ Accountability**

93. Standards Committee previously resolved: "That in line with government legislation for increased public accountability over the performance of members' duties and responsibilities, the practice adopted by councils elsewhere, and the Leader of the Council's own public statements, that it be agreed, in principle, that any new Members' Allowances Scheme should only be introduced in conjunction with performance indicators / standards. The indicators/ standards should be transparent and comprehensive, should be particularly demanding for Executive Members, and should be applied first to Executive Members after the May 2003 Constitutional Council meeting.
94. The ALG Panel's view is that the current system of Members' remuneration allowances, with its principle of annualised allowances rather than attendance allowances, places a high premium of trust. They regard accountability for the use of public money as being of the highest importance, and welcome the provisions in the regulations, which require records of allowances to be published, and to be open for inspection.

95. The ALG Panel recommends that Members themselves should go further than the minimum publicity requirements, and consider that job descriptions for members should be used as the basis for reporting by members on their activities on behalf of their electors and their boroughs. Councillors should see making such reports as a way of broadcasting the extensive range of tasks and duties, which they undertake on behalf of the electorate. The Panel would like Councillors to give an account of what services they have provided to their constituents, what their objectives have been, and their success in achieving them, along with some record of their general industry.
96. Officers are not aware of any other London Borough with such a reporting mechanism, although it has been adopted by Members of Tameside Council, who use a job description very similar to that used in the ALG report, and whose reports are published on their website. One possible option would be for all members to be entitled to have published on the Council's Internet site, and circulated to all residents of their ward a report setting out their activities over the preceding year. The sort of information which could be provided by members includes the positions held within the council, and the activity which arose from those positions (e.g. membership of a committee and a brief outline of the Members' work with the committee), a summary of meetings attended (both formal council meetings and in a representative role on bodies external to the council) information about the steps the member took to be accessible to his or her constituents and to represent the constituents (for example, information about surgeries or walkabouts), and the steps the member took to maintain and improve their knowledge and skills.
97. As part of the [Forward@Southwark](#) Member Development Project, work has been done on drafting role descriptions for members, as a base for identifying training and development needs to support members to be effective in the roles. The role descriptions can be used as a basis for the reports. The draft descriptions have been prepared and are in the process of consultation.
98. Any reports published would need to comply with the Council's duties on the publication of party-political material.

99. **Standards Committee Recommendation:** Standards Committee will consider this issue further, and have asked to receive a more detailed report on this issue to their next meeting.

### **EQUAL OPPORTUNITIES IMPLICATIONS**

100. An inadequate Members' Allowance Scheme creates too narrow a base from which to recruit Members and disadvantages certain sections of the community. The ALG recommends that the recruitment of Councillors should be drawn from across the social spectrum and not just be restricted to those people who can afford to give open-ended time commitment in return for no more than honorary remuneration. In England Councillors have disproportionately been drawn from the ranks of the retired, those with independent means, and the self employed. Women, young people, and ethnic minorities have been proportionately underrepresented.
101. The Council has for some time chosen to set the basic allowance at a level (at one time £10,000) at which Councillors could afford to move to working part time (Southwark Council took the lead in this respect). It is notable that a number of

Councillors were elected at the last election (across all 3 parties) in younger age ranges, and the Executive has the youngest average age in the country.

102. A realistic remuneration package also assists those individuals with caring responsibilities to be able to make alternative arrangements and allow them to be active in Council business, thus helping to attract a wider spectrum of Councillors from all sides of the community and reinforce the ethos of public service. Similar considerations apply to co-opted Members.

#### **POLICY IMPLICATIONS**

103. In setting the level of Childcare and Dependent Carers' Allowances, the Council's policies on low pay is a relevant consideration. In respect of travel allowances the Council's strategies for encouraging the use of public transport and green issues are also relevant.

#### **LEGAL IMPLICATIONS**

104. Much of the legal information is contained in the body of the report. This advice summarises some additional information.

#### ***Members' Interests***

105. All Members have a personal interest in this matter, as defined by paragraph 8 of the Code of Conduct, and are required to disclose this interest to the meeting under paragraph 9 of the Code.
106. Ordinarily, Members would be required to consider whether the personal interest was also a "prejudicial interest". However, paragraph 10(2)(g) of the code applies: it provides that a member may regard himself or herself as not having a prejudicial interest in a matter if that matter relates to members' allowances. Members are therefore free to remain in the meeting and to vote on this item.

#### ***Basic provisions: making and amending an allowance scheme***

107. The payment of Members' Allowances is now governed by the Local Authorities (Members' Allowances) (England) Regulations 2003, which took effect on 1 May 2003. The regulations largely consolidate and rationalise existing provisions, but do introduce a new powers to pay pensions for members, to pay allowance to statutory co-optees, to index-link allowances, and include payment for members of adoption panels.
108. The regulations initially required that Councils review existing schemes and establish new schemes of allowances under the regulations before 30 September 2003. That period has now been extended to 31 December 2003.
109. The regulations require the Council to make a scheme in accordance with these regulations which provides for the payment of a basic allowance in respect of each year to each member of an authority, and that the amount of the basic allowance should be the same for each member. An authority may also make provisions for special responsibility allowance, dependants' carers' allowance, travelling and subsistence allowance and, a new provision, co-optees' allowance.
110. Any scheme continues until revoked and replaced by a subsequent scheme. The scheme may be amended at any time, but may only be revoked with effect from the beginning of a year (for this purposes a year begins on 1 April and

- ends on 31 March). If an in-year amendment is made, the regulations require that the allowance is paid proportionately based on the number of days in the year.
111. The new regulations specifies the categories of Members of the Authority to whom special responsibility allowances may be payable as follows:
- (a) Acting as Leader or Deputy Leader of the political group
  - (b) membership of an executive
  - (c) Presiding at meetings of a committee or sub-committee or joint committee or sub-committee of a joint committee on which the authority is represented. (This would include area committees)
  - (d) Representing the authority at meetings of or arranged by any other body.
  - (e) Membership of a Committee or sub-committee which meets with exceptional frequency or for exceptionally long periods
  - (f) Acting as a spokesman of a political group on at Committee or sub-committee
  - (g) Acting as a member of an Adoption Panel within the meaning of the Adoption Agencies Regulations 1983 **(this is a new inclusion)**
  - (h) Acting as a member of any committee or sub-committee that deals with any function arising under any enactment authorising the authority to licence or control the carrying out of any activity.
  - (i) Such other activities in relation to the discharge of the Authority's functions as require of the Member an amount of time and effort equal to or greater than would be required of him or her by any one of the activities mentioned in sub-paragraphs (a)-(h) above.
112. The regulations maintain the requirement that where there is a controlling political group (where half the authority's membership are of the same political group) an allowance must be paid to at least one person who is not a member of that group. However, as no political group has half the membership of the council, this section does not apply in Southwark at present.

***Co-optees Allowance***

113. Attendance Allowance was abolished by a previous amendment. Co-optees could claim Financial Loss allowance, but this has been replaced by a provision, which enables the Council to pay to a co-optees allowance "for each year " to " a member of a committee or sub-committee of an authority who is not a member of the authority".

***Approved Duties for Childcare and Dependent Carer's Allowance, Travel and Subsistence Allowances***

114. Previously, Dependent Carers' allowance could be paid for a limited range of duties, which could not be extended. This limitation has been removed, and can now be paid for the full list of duties shown in the current scheme.

115. Members are able to add additional duties or classes of duties, provided that the duties are carried out for the purpose of or in connection with the discharge of the functions of the Council, or any of its committees or sub-committees. Allowances cannot be paid for attendance at political group meetings. This is subject always to the overriding principle that Member's can claim only for expenses necessarily incurred, and cannot claim from more than one allowance system for the same duties.

***Travel Allowances and Subsistence Allowances***

116. The amount of Travel and Subsistence Allowances was previously tied to maxima set by the Secretary of State. This has been removed, and is now subject to the recommendations of the ALG Panel.
117. The ALG Panel recommended that intra borough travel and subsistence should be covered for by the Basic Allowance, but that the rates should otherwise reflect the Council's rates payable to staff. For the first time, bicycle allowances are claimable.

***Pensions***

118. The Local Government Pension Scheme and Discretionary Compensation (Local Authority Members in England) Regulations 2003 permit the Council to allow Councillors to join the Local Government Pension Scheme subject to the following
- An eligible councillor will have to positively elect to become a member of the scheme.
  - The councillor member's pay in any year comprises (a) the basic allowance and (b) any special responsibility allowance payable
  - Pension benefits will be calculated by reference to career average pay not final salary
  - The retirement age for a councillor will be age 70
  - Councillor membership will not count towards calculating any other period of local government employment/LGPS membership
  - An eligible councillor will be able to contribute to Additional Voluntary Contributions where appropriate

***Tax***

119. All Members have previously received a letter outlining LGIU advice on taxation. As a general rule, basic and SRA allowances are taxable as income, although Members can offset against that income expenses that have been wholly, exclusively and necessarily incurred in the performance of their duties as a councillor.

***Publicity***

120. Amendments to the scheme must be publicised as soon as practicable after any amendment is made. As soon as practicable after 31 March in any year, the Authority must publish the total sum paid by it to each member in respect of basic, special responsibility and dependent carer's allowances. The council is now required to publicise the amount received by Members by way of travel, subsistence, dependants' carers' allowance, and co-optees' allowance, but not telephone allowances.

***Backdating***

121. The new regulations contain express provision to backdate allowances to 1 May 2003. Under the old provisions, amendments to a scheme could be

backdated, but revocations could not. In theory, some increases to allowances could be paid under the previous provisions, from 1 April 2003.

## RESOURCE IMPLICATIONS

122. It has been recognised that the move to an Executive form of governance places new demands on members, and an increased level of allowances reflects that. Similarly, the move to pensions means an increase in the cost of Members Allowances. Standards Committee's role was to make recommendations as to the principles which should underpin the allowance scheme – it is a matter for the Executive and Council Assembly to determine how to finance any additional costs arising from any proposed changes.
123. Currently, most band 1 Allowances have been suspended, for budgetary reasons, pending this review. The cost of the current scheme (before any decisions taken on this report, and assuming not all allowances are claimed in full) would be around £1,012,000, assuming all Band 1 allowances are in payment (including Community Councils in Band 1). The cost with Community Councils in Band 2 would be an extra £41,000, or £1,053,000. The cost with the allowances suspended is around £964,000. These figures have been rounded.
124. The current year's budget for member allowances is £936,000. The budget is based on historic costs, and has not been uplifted to reflect the move to executive arrangements, the government initiative to allow councils to allow Members to join the Local Government Pension Scheme, or the move to pay allowances to co-optees. Assuming Members agree to link allowances to an index, in future years it will be automatically increased to reflect inflation, and questions for funding allowances will come back to Members only if growth is required (e.g. in the form of additional allowances).
125. The total cost of the 2003/04 scheme depends on options taken by Members. Assumptions have been provided in the spreadsheets attached at Appendix 2. Summary information is set out below for each of the 3 options.

	<b>Option 1 Band 1 – 20% Band 2 – 30%</b>	<b>Option 2 Band 1 – 21% Band 2 – 29%</b>	<b>Option 3 Band 1 – 22% Band 2 – 28%</b>
Cost of Councillors Allowances excluding Oncosts	<b>£1,018,490</b>	<b>£1,010,094</b>	<b>£1,001,698</b>
Cost of Co-Opted Members Allowances excluding Oncosts	£21,959	£25,317	£28,675
<b>Total Allowances Cost excluding Oncosts</b>	<b>£1,040,448</b>	<b>£1,035,411</b>	<b>£1,030,373</b>
Oncosts (NI etc)	£133,177	£132,533	£131,888
<b>Total Allowance including oncosts</b>	<b>£1,151,667</b>	<b>£1,142,626</b>	<b>£1,133,586</b>
Pensions Cost (10.5%), assuming all members are aged under 70 and opt in.	£106,941	£106,060	£105,178
<b>Total Cost</b>	<b>£1,258,608</b>	<b>£1,248,686</b>	<b>£1,238,764</b>
Current Budget	£936,000	£936,000	£936,000
<b>Additional funding required</b>	<b>£322,608</b>	<b>£312,686</b>	<b>£302,764</b>



126. The figures do not include the Travel, Subsistence, or Dependent Carers Allowances, which are not significant amounts in the context of the overall budget.
127. The figures assume the Leader of the Majority Opposition is paid a Band 2 allowance. The Maximum increase in budget required for him to receive a full time Band 3 allowance would be £29,369, made up of the difference in allowances (£30,342- £6,523 = £23,819) the difference in allowances plus oncosts (12.8% = (£3,049), and pension contribution 10.5% = £2,501).
128. The proposals represent an increase on the current 2003/04 budget ranging from £302,000 to £322,000 if they are backdated to 1 April 2003. A backdating to the date of the Constitutional Council reduces the increase by £42,000 to £45,000. No specific provision exists to meet additional costs arising from increases affecting 2003/4 but an estimate will be included in the 2004/5 provisional budget which is currently being drafted. It is for Members to determine where the increased cost is to be met, one option which is available is for it to be met from balances.

#### **REASONS FOR LATENESS AND URGENCY**

129. Members will note that this report is necessarily complex. There was not sufficient time between the Standards Committee meeting on Monday 13<sup>th</sup> October 2003 and the deadline for submission of Council Assembly reports, for this report to be written, financial implications researched, the necessary spreadsheets prepared, and for the report to be proof read. The report is urgent as Members have had their allowances suspended, pending this review.

<b>Background Papers</b>	<b>Held At</b>	<b>Contact</b>
No unpublished papers have been relied on in drafting this report.		

<b>Published Papers</b>	<b>Held At</b>	<b>Contact</b>
ALG Panel Reports	Borough Solicitors' Office Town Hall Peckham Road	Rachel Prosser 020 7525 7678
Standards Committee reports	Constitutional Support Town Hall Peckham Road	Paula Thornton 020 7525 4395

<b>List of Appendices</b>	
Appendix 1	Draft Members Allowances Scheme, showing proposed amendments.
Appendix 2	Spreadsheets 2A (Summary) 2B Option 1 2C Option 2 2D Option 3

#### **Audit Trail**

<b>Lead Officers</b>	Bob Coomber, Chief Executive Deborah Holmes, Borough Solicitor and Secretary	
<b>Report Author</b>	Rachel Prosser, Senior Lawyer (Corporate)	
<b>Version</b>	<b>Final</b>	
<b>Dated</b>	20 October 2003 18.50pm	
<b>Key Decision?</b>	Not applicable – decision reserved to Council Assembly	
<b>CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / EXECUTIVE MEMBER</b>		
<b>Officer Title</b>	<b>Comments Sought</b>	<b>Comments included</b>
Borough Solicitor & Secretary	N/a	N/a
Chief Finance Officer	Yes	Yes
Executive Member	No	No
<b>Date final report sent to Constitutional Support Services</b>		