

Item No. 6.1	Classification: Open	Date: 22 March 2023	Meeting Name: Council Assembly
Report title:		Adjustment of member allowances in line with the national local government officer pay settlement 2022-23 and Member Allowances Scheme 2023-2024	
Ward(s) or groups affected:		All	
From:		Constitutional Steering Panel	

RECOMMENDATIONS

1. That council assembly approve with immediate effect (back dated to 1 April 2022), the adjustment of member allowances in line with the national local government officer pay settlement and allowances for officers 2022-2023, as detailed in paragraphs 20 to 22 of this report.
2. That council assembly approve, with effect from 1 April 2023, the member allowances scheme for 2023-2024 as detailed in paragraphs 20 to 29 and Appendix 2 of this report, having had regard to the advice of the London Councils Independent Remuneration Panel Report 2022 (see Appendix 1).

BACKGROUND INFORMATION

Legal background

3. Under Section 18 of the Local Government and Housing Act 1989, the Secretary of State may make regulations authorising or requiring councils to make a scheme providing for the payment of allowances to members.
4. The council is required under the Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended) to agree on an annual basis a schedule of Allowances payable to members for the following financial year. Under section 19 of the Regulations, when making or amending a scheme, the council is required to have regard to the recommendations of an Independent Remuneration Panel (IRP).
5. The council is required, if it wishes to pay such allowances, to adopt a Member Allowances Scheme on an annual basis with effect from 1 April each year.
6. The council must publish its scheme of members' allowances, dealing with basic allowances and special responsibility allowances. Payments to members of the council may only be made in accordance with this.

Current scheme and process for review

7. Southwark's member allowances scheme (see Appendix 2) is comprehensive and includes basic allowances, special responsibility allowances (for posts which carry specific responsibilities) and other allowances and expenses that may be claimed.
8. The proposed member allowances scheme for 2023-2024 is based on the current scheme, which was adopted by council assembly on 23 March 2022 for 2022-2023. The council agreed its scheme, having considered the recommendations of the constitutional steering panel and having taken into account the London Councils Independent Remuneration Panel's 2022 report. The IRP usually produces a report every 3 to 4 years. The attached Appendix 1 was produced in 2022. The report indicates they are doing a further investigation in 2022-23 with a view to reporting in the latter part of 2023.
9. The proposed scheme for 2023-2024 maintains the following allowance arrangements previously agreed:
 - On 13 July 2022, council assembly agreed a revision to the scheme with regard to setting out members' entitlement to maternity, adoption and shared parental leave and relevant allowances.
 - On 12 July 2017, council assembly agreed a revision to the scheme with regard to arrangements for payment and leave made during periods of absence for members in receipt of special responsibility allowances.
 - On 21 January 2015, council assembly agreed the following:
 - i) That the basic allowance and special responsibility allowances be increased in accordance with the Independent Remuneration Panel recommendation for allowances to be adjusted in line with the local government officer pay settlement and that the licensing sub-committee payment and co-opted member's allowance be increased on the same basis.
 - ii) That the member allowances scheme be amended so in future years the level of the childcare and dependent carers allowances for councillors is automatically reviewed in line with changes in the London Living Wage.
10. The constitutional steering panel and council assembly are under a statutory duty to have regard to the advice of the London Councils Independent Remuneration Panel Report when considering the council's own scheme for member allowances.
11. 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.
12. In Southwark, the constitutional steering panel considers and recommends any changes to the member allowances scheme to council assembly for final adoption. The approval of the scheme and the setting of allowances are matters reserved for decision by council assembly.

KEY ISSUES FOR CONSIDERATION

London Councils Independent Remuneration Panel Report 2022

13. The Local Authorities (Members' Allowances) (England) Regulations 2003 ('the Regulations') authorise the establishment by the Association of London Government (now London Councils) of an independent remuneration panel to make recommendations in respect of the members' allowances payable by London boroughs. Such a panel ('the panel') was established and reported in 2001, 2003, 2006, 2010, 2014, 2018 and 2022. The regulations require a review of the scheme every four years as a minimum. The 2022 report is the current review. A full copy of the report is set out in Appendix 1.

Basic and special responsibility allowances

14. The principle of pegging the basic allowance and special responsibility allowances (SRA) in line with the annual local government pay settlement is already recognised in the council's Member Allowances Scheme following the council assembly decision of 21 January 2015. The Licensing Sub-Committee meeting payments and co-opted member allowance will be increased on the same basis.
15. The member allowances scheme, paragraph 38, provides that allowances will be adjusted in line with the national local government officer pay settlement and allowances for officers¹. This includes basic allowance, SRA levels, licensing payments and co-opted member allowances
16. In 2021-22, the outcome of the local government pay settlement was for a 1.75% increase for most staff, payable from 1 April 2021 to 31 March 2022. This was applied to members.
17. For 2022-2023, the local government pay settlement offer was a fixed sum rather than a percentage increase. London Councils advised all London Boroughs that it had been appraised by the Head of London Regional Employers Organisation that the fixed sum equates to an uplift of 4.04% across all allowances. London Councils recommended that boroughs also use the 4.04% uplift for their member allowances for 2022-23. It is of course up to each borough to determine the allowances it pays to member.
18. The 2023-24 local government pay settlement has not yet been negotiated. The National Employers are proposing a flat rate (rather than percentage) increase again. This proposal is subject to agreement with trade unions, but assuming it is agreed, we will be in a very similar position for the 2023/24 member allowances. In accordance with Southwark's member allowance scheme, allowances will be increased in line with any agreed outcome.
19. The scheme has been drafted on the basis that the council still wishes to pay the current basic and special responsibility allowances.

¹ Index linking is to the general settlement rather than any special provision for particular groups of staff such as the low paid.

PROPOSED CHANGES TO CURRENT SCHEME

Local government pay settlement

20. A 4.04% increase recommended by London Councils does not fully reflect staff pay in London, including the London weighting. At Southwark, the 2022-23 pay settlement increase equates to a 5.95% percent increase across all officer grades.
21. It is proposed that changes be agreed as follows:
- Increase the total budget for all councillor allowances by 5.95%, equal to the staff pay settlement increase
 - Uplift the basic allowance for all councillors by 5.95%; also to be applied to licensing sub-committee payment and co-optees' annual allowance
 - Increase the total budget for special responsibility allowances (SRAs) by 5.95%
 - Use this to fund both: a 2.91% increase to all SRAs, and the proposed revaluing of some SRAs (as detailed in paragraphs 27 and 28 of this report).
22. In line with the local government pay settlement 2022-23, the changes will be backdated to 1 April 2022.

Payment to cabinet members for loss of office

23. On 16 March 2016, and amended in March 2019, council assembly agreed an addition to the scheme to include payment to cabinet members for loss of office. This is to cease.

Basic allowance

24. A basic allowance is paid to all councillors in recognition of their commitment to attend formal meetings of the Council as well as meetings with officers and constituents. The basic allowance is intended to cover any incidental costs which may arise.
25. Each councillor will be entitled to claim a basic allowance of £12,736 per annum (this includes the 5.95% uplift), which is payable monthly via the Council's payroll.

Special responsibility allowance

26. A special responsibility allowance (SRA) is payable in addition to the basic allowance to those councillors that are given significant additional Council duties.
27. It is recommended that the following changes are made to the current SRAs:

- Revalue band 1b at £6,311, half way between 1a and 1c (currently £8,211)
- Revalue band 2b to £24,025 (currently £25,665; £26,412 with the 2.91% uplift)
- Create an allowance for vice chair of planning committee at Band 1a
- Regrade the community champion role to the new 1b
- Regrade the deputy mayor role to the new 1b (currently 1c)
- Regrade the deputy cabinet member to 1c (currently 1a)
- Regrade the chair audit, governance and standards committee to the new 1b (currently 1a)
- Regrade the chair of planning committee and chair of licensing committee to 2b (currently 2a)

28. The above changes will be achieved at cost zero to the current member allowances budget:

- The SRAs for community champions and the deputy mayor has been reduced.
- It is proposed to delete one planning sub-committee therefore one planning sub-committee chair SRA instead of two. It is also proposed to have two main planning committees, where the chair sits on both, with a new SRA for a vice chair who also sits on both. (Note: The changes to committees and membership will be established at the annual meeting in May as part of the establishment of committees and panels report).
- Band 2b has also been reduced in value to fund these changes.

29. The revised member allowances payments for 2023-2024 (i.e. from 1 April 2023) are as follows:

Basic allowance	
All councillors	£12,736

Licensing sub-committee	
Per meeting	£140.57

Independent persons and co-optees (i.e. statutory co-optees to the education committee)	
Annual allowance (paid monthly)	£1,275

Band 1a	SRA
Vice-chair overview & scrutiny committee	£3,235
Vice chair of planning committee	£3,235
Deputy leader majority opposition	£3,235
Leader minority opposition	£3,235
Opposition whip	£3,235
Band 1b	
Community champion	£6,495
Deputy Mayor	£6,495
Chair audit and governance committee	£6,495
Band 1c	
Scrutiny commission chair	£9,753
Planning sub-committee chair	£9,753

Deputy cabinet member	£9,753
Band 2a	
Chief whip	£16,866
Leader majority opposition	£16,866
Band 2b	
Mayor	£24,025
Chair overview & scrutiny committee	£24,025
Chair planning committee	£24,025
Chair licensing committee	£24,025
Band 3	
Cabinet member	£39,218
Deputy leader	£39,218
Band 4	
Leader	£58,427

30. Our current member allowances payments (1 April 2022 to 21 March 2023):

Basic allowance	Current	5.95% increase
All councillors	£12,021	£12,736

Licensing sub-committee	Current	5.95% increase
Per meeting	£132.68	£140.57

Co-optees (i.e. statutory co-optees to the education committee) and Independent persons	Current	5.95% increase
Annual allowance (paid monthly)	£1,203	£1,275

Band 1a	SRA	2.91% increase
Chair audit & governance committee	£3,144	£3,235
Deputy leader majority opposition	£3,144	£3,235
Leader minority opposition	£3,144	£3,235
Opposition whip	£3,144	£3,235
Vice-chair overview & scrutiny committee	£3,144	£3,235
Deputy cabinet member	£3,144	£3,235
Band 1b		
Community champion	£8,211	£8,450
Band 1c		
Deputy Mayor	£9,477	£9,753
Scrutiny commission chair	£9,477	£9,753
Planning sub-committee chair	£9,477	£9,753
Band 2a		
Chair planning committee	£16,389	£16,866
Chair licensing committee	£16,389	£16,866
Chief whip	£16,389	£16,866
Leader majority opposition	£16,389	£16,866
Band 2b		
Mayor	£25,665	£26,412
Chair overview & scrutiny committee	£25,665	£26,412

Band 1a	SRA	2.91% increase
Band 3		
Cabinet member	£38,109	£39,218
Deputy leader	£38,109	£39,218
Band 4		
Leader	£56,775	£58,427

Policy framework implications

31. This report is not considered to have direct policy implications.

Community, equalities (including socio-economic) and health impacts

32. SRAs are paid to compensate members for their special responsibilities in addition to their role as ward councillors (for which a separate basic allowance is payable). SRAs are not deemed as salary, as members are not employees of the council. This report is not considered to have direct community, equalities (including socio-economic) and health impacts.

Climate change implications

33. There are no immediate climate change implications arising from this report.

Legal implications

34. The council is under a duty to adopt a scheme of members' allowances by virtue of section 18 of the Local Government and Housing Act 1989 and relevant regulations. It may only pay allowances in accordance with such a scheme. Members are reminded of the need to have regard to the guidance issued in relation to members' allowance, which is referred to in the report of the London Councils Remuneration Panel attached (Appendix 1).

35. There is a general rule that members may not usually vote on matters in which they have a disclosable pecuniary interest. However, decisions relating to the member allowances scheme are an exception to this general principle, and members may vote on this issue. The monitoring officer has granted a dispensation.

Financial implications

36. The member expenditure budget makes provision for the basic allowance and special responsibility allowances. Additional costs arising from the local government pay settlement will be met from existing base budget and will not result in a budget pressure for the council.

Consultation

37. Consultation has been undertaken with the group whips.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Member Allowances Scheme, Southwark Constitution: https://moderngov.southwark.gov.uk/documents/s100490/Members%20Allowances%20Scheme_October%202020.pdf	Constitutional Team 160 Tooley Street, London SE1 2QH	Constitutional Team constitutional.team@southwark.gov.uk 020 7525 7055

APPENDICES

Appendix	Title
Appendix 1	London Council Remuneration Panel Report 2022
Appendix 2	Amended Southwark's Member Allowances Scheme

AUDIT TRAIL

Lead Officer	Doreen Forrester-Brown, Assistant Chief Executive - Governance and Assurance		
Report Authors	Chidilim Agada, Head of Constitutional and Member Services		
Version	Final		
Dated	2 March 2023		
Key Decision?	No		
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER			
Officer Title	Comments Sought	Comments Included	
Assistant Chief Executive - Governance and Assurance	Yes	Yes	
Strategic Director of Finance and Governance	Yes	Yes	
Cabinet Member	Yes	Yes	
Date final report sent to Constitutional Team	2 March 2023		