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| Item No. 6.2 | Classification: Open | Date: 21 January 2015 | Meeting: Council Assembly |
| Report title: | | Member Allowances Scheme – London Councils Independent Remuneration Panel Report | |
| Ward(s) or groups affected: | | All | |
| From: | | Constitutional Steering Panel | |

RECOMMENDATIONS

1. That council assembly considers whether it wishes to adopt the recommendations of the constitutional steering panel (see recommendations 2-4 below), having regard to the advice of the London Councils independent remuneration panel report (see Appendix 1).
2. 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, i.e. 2.2% increase from 1 January 2015 to 31 March 2016 covering years 2014/15 and 2015/16. That the licensing sub-committee payment and co-opted member's allowance be increased on the same basis.
3. The council assembly notes the level of the childcare and dependent carers allowances for councillors has increased in line with the London Living Wage, as recommended by the London Councils independent remuneration panel report and approved in line with the Southwark member allowances scheme under delegated authority (see paragraph 24).
4. 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.
5. That the proper constitutional officer be authorised to update the member allowances scheme to reflect the changes approved and to make any consequential changes necessary.

BACKGROUND INFORMATION

Legal background

6. Under Section 18 of the Local Government and Housing Act 1989, the Secretary of State may make regulations authorising or requiring councils to make a scheme providing for the payment of allowances to members. The relevant regulations are the Local Authorities (Members' Allowances) (England) Regulations 2003 as amended. The council 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 scheme.

Current scheme and process for review

7. The current members' allowances scheme has not been significantly amended since 2010. Following the election of a new council at the May 2014 elections, the scheme is now being reviewed in the light of the London Councils independent remuneration panel report and the conclusion of the local government pay settlement.
8. This report sets out the recommendations of the London Councils independent remuneration panel report published in June 2014. The constitutional steering panel and council assembly are under a statutory duty to have regard to the advice of the panel when considering the council's own scheme for member allowances.
9. In Southwark, the constitutional steering panel considers and recommends any changes to the member allowances scheme to council assembly for final adoption. The approval of the member allowances scheme and the setting of allowances are matters reserved for decision by council assembly.
10. A copy of the current member allowances scheme is attached at Appendix 2.

Constitutional steering panel - 7 January 2015

11. The constitutional steering panel met on 7 January 2015 to consider the scheme and agreed to refer the recommended changes to council assembly for consideration.

KEY ISSUES FOR CONSIDERATION

London Councils independent remuneration panel report 2014

12. 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 and 2010. It has been re-constituted and now comprises Sir Rodney Brooke CBE DL (Chair), Steve Bundred and Anne Watts CBE. The regulations require a review of the scheme every four years as a minimum. The current panel has therefore completed a review of remuneration for councillors in London and reported in June 2014. A full copy of the report is set out in Appendix 1.

Basic and special responsibility allowances

13. The independent remuneration panel provides guidance to councils which they are required to take into account when reviewing their member allowances schemes. This report included specific recommendations about the level of the member allowances. The remuneration panel's report recognises the current financial position in local government so does not explicitly recommend an increase in basic or SRAs allowances, other than to recommend that members' allowances be pegged to the annual local government pay settlement. The panel stated:

“Our 2010 report made no recommendations for increasing the levels of members’ allowances other than continuing provision for annual adjustments in accordance with the annual local government pay settlement. As the Government-appointed Councillors’ Commission pointed out in their 2007 report, the recommendations of the London Panel had led to substantial convergence of members’ allowances across London. Indeed, the Councillors’ Commission recommended a similar system for the country as a whole. Following our recommendations, there is now considerable congruity in the basic allowance made by London boroughs. However, most London boroughs have not adopted our recommendations in their entirety. Our recommended allowances are tied to the annual local government pay settlement. Because of the current financial climate, the local government pay settlement has been frozen in three of the last four years. In 2013/14 there was a 1% pay award. Acutely sensitive to the current financial austerity, only two boroughs increased members’ allowances by that percentage. Indeed nine boroughs have reduced members’ allowances since the date of our last report. We are acutely aware that now is not the time to increase allowances made to councillors, though we continue to recommend that members’ allowances be pegged to the annual local government pay settlement. Such pegging will ensure that councillors can receive annual increases which are in line with those received by staff. We fully accept that, in the current financial climate, it would be entirely inappropriate to increase members’ allowances (beyond the annual updating). Nevertheless we hope that in the longer term the financial situation will permit further convergence of members’ allowances around our recommendations.”

14. The principle of pegging the basic allowance in line with the annual local government pay settlement is already recognised in the council’s member allowances scheme states, however any increases are still subject to final decision by council assembly. The special responsibility allowances are not pegged to the local government pay settlement and are set by council assembly.
15. In 2013/14 the local government pay settlement awarded a 1% increase, but in Southwark (as in many London local authorities) the basic allowances and special responsibility allowances were not increased by the council when it approved the budget report in February 2013.
16. The outcome of the 2014/15 local government pay settlement reported in November 2014 is for a 2.2% increase payable from 1 January 2015 covering years 2014/15 and 2015/16 i.e. applying up to 31 March 2016. In view of the remuneration panel’s recommendation on allowances, the constitutional steering panel recommended that the level of the basic allowance and special responsibility allowances be increased in line with the pay settlement. The panel also recommended that the licensing sub-committee payment be increased on the same basis.

Travel and subsistence

17. The remuneration panel at the request of some councils provided advice on travel and subsistence allowances. It view is the basic allowance should cover all reasonable out-of pocket expenses incurred by councillors, including intra-borough costs and expenses, although council may consider that there are

circumstances where it may be appropriate for a scheme for the cost of transport.

18. The Southwark scheme states that travel expenses may be claimed when councillors incur expenses carrying out their approved duties outside the borough, subject to a number of exceptions such as: members with mobility difficulties are able to claim travel costs when on council business; and members claiming taxis home after council meetings ending after 9.00pm in summer and 7.00pm in winter. Receipts must be provided for all claims.
19. It is noted that when undertaking civic duties, the Mayor and the Deputy Mayor is required to use taxis when other forms of transport are unavailable. Similarly cabinet members may on occasions need to take taxis to allow them to efficiently and effectively perform their approved duties, e.g. to enable them to attend back to back meetings.
20. Those members who claim car user, motorcycle or moped allowances these rates are payable in line with the rates payable to staff; the rates are normally reviewed annually and the scheme is updated in line with any changes.
21. Members are entitled to claim a monthly cycle allowance of £20 per month. Members in receipt of this allowance are not normally permitted to claim other travel allowances, unless exceptional circumstances are agreed by the proper constitutional officer.
22. Subsistence allowances may be claimed in respect of approved duties outside the borough, 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. The rates claimable are in line with rates available to officers.

Co-opted members

23. The current allowance payable to co-opted members is £1,061. The constitutional steering panel recommended that a 2.2% increase be applied to this allowance.

Child-care and dependent carers allowance

24. The independent remuneration panel recommended that the child-care and dependent carers allowance should be not less than the level of the London Living Wage. The Southwark scheme allows this allowance to be reviewed from time to time by the chief executive. In October 2014 under delegated authority it was agreed that the allowance should come in line with the London Living Wage. At the time the London Living Wage was £8.70. In November 2014 an increase to £9.15 was announced.
25. Officer undertook to bring forward a number of changes to the member allowances scheme so that subsequently the child-care and dependent carers allowance is reviewed annually so it keeps in line with changes to the London Living Wage. The constitutional steering panel supported the proposal include a mechanism in the member allowances scheme to automatically increase this allowance in future years. The panel requested that officers email all councillors with further information on the child-care and dependent carers allowance.

26. The independent remuneration panel also recommended that in special circumstances (e.g. for the care of a severely disabled person) the council should reimburse a higher rate of dependant's carers' allowance where this can be justified.

Pensions

27. The London Council remuneration panel reported a legislative change to pensions which has an impacted on members' remuneration. Prior to the election in May 2014, regulations provided the potential for all members to be eligible to join the Local Government Pension Scheme. However, further regulations abolished the right to join the LGPS with effect from the May 2014 elections.
28. The Local Government Association (LGA) has written out to all councils to see what level of interest there would be in establishing a LGA scheme. The council have responded positively to the consultation and are also keeping a watching brief on developments in other councils, who are exploring the possibility of offering their own pension scheme to members. Officers will report back to council assembly should a viable proposal become available.

Community impact statement

29. Any changes to the member allowances scheme would be published on the council's website.

Resource implications

30. The member expenditure budget makes provision for the basic allowance and special responsibility allowances, any proposed increase in allowances would be found from within this budget.

Legal implications

31. 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' allowances, which is referred to in the report of the London Councils Remuneration Panel attached as Appendix 1.
32. There is a general rule that members may not usually vote on matters in which they have a disclosable pecuniary interest. However decisions relating to the member allowances scheme are an exception to this general principle, and members may vote on this issue. A dispensation has been granted by the monitoring officer.

BACKGROUND DOCUMENTS

| Background Papers | Held At | Contact |
|--|-----------------------------------|---|
| Member allowances Scheme – Dated July 2012, Southwark Constitution | 160 Tooley Street, London SE1 2QH | Constitutional Team constitutional.team@southwark.gov.uk |

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| http://www.southwark.gov.uk/info/10058/about_southwark_council/375/councils_constitution | | 020 7525 7228 |
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APPENDICES

| Appendix | Title |
|------------|---|
| Appendix 1 | London Councils Remuneration Panel Report 2014 |
| Appendix 2 | Southwark's Member Allowance Scheme – Dated June 2014 |

AUDIT TRAIL

| | | |
|---|---|--------------------------|
| Lead Officer | Graeme Gordon, Director of Corporate Strategy | |
| Report Author | Ian Millichap, Constitutional Manager | |
| Version | Final | |
| Dated | 8 January 2015 | |
| Key Decision? | No | |
| CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER | | |
| Officer Title | Comments Sought | Comments Included |
| Director of Legal Services | Yes | Included in the report |
| Strategic Director of Finance and Corporate Strategy | Yes | No |
| Cabinet Member | No | No |
| Date final report sent to Constitutional Team | 8 January 2015 | |