

 the low tax borough	London Borough of Hammersmith & Fulham COUNCIL 26 FEBRUARY 2014
MEMBERS' ALLOWANCES SCHEME: ANNUAL REVIEW	
Report of the Leader of the Council: Councillor Nicholas Botterill	
Open Report	
Classification - For Decision Key Decision: No	
Wards Affected: All	
Accountable Executive Director: Jane West, Executive Director Finance and Corporate Governance	
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1. EXECUTIVE SUMMARY

- 1.1 This report performs the statutory annual review of Members' allowances for the 2014/15 financial year. The annual review takes into account the recommendations made in the Independent Remunerator's report to London Councils (May 2010).

2. RECOMMENDATIONS

- 2.1 That the Members' Allowances Scheme 2014/15 as set out in Appendix 1 be adopted.

3. REASONS FOR DECISION

- 3.1 The Council is required under the Local Government Act 2000 and the Local Authorities (Members' Allowances) (England) Regulations 2003 to undertake an annual review of its Members' Allowances scheme.

4. INTRODUCTION AND BACKGROUND

Annual Review

- 4.1 The Council's proposed Scheme for the financial year 2014/15 remains the same as the revised scheme for 2013/14 with no additional Special Responsibility Allowance (SRA) being recommended. This will take effect from 1 April 2014. The Council has taken into account the independent remunerator's recommendation issued in May 2010 but has decided to retain its own basic rate allowance.
- 4.2 In 2009, due to the economic conditions, it was recommended that all allowances be frozen at the 2008/09 levels. In years prior to this decision being taken, an automatic uplift in line with the previous year's Local Government Pay Settlement was made. Due to the current economic conditions, it is recommended that all allowances continue to be frozen for a sixth year at the 2008/09 levels.

5. PROPOSAL AND ISSUES

Independent Remunerator's Report

- 5.1 The Council is formally required to undertake a review of its members' allowances scheme each financial year. Any changes in allowances are required to take into account the recommendations of a local independent panel on remuneration for Councillors. Where a scheme includes a provision for an automatic uplift, the operation of this provision may only be relied on for a period of four years before reference must again be made to a local independent remunerator's report and recommendations.
- 5.2 In the case of London, there is a standing report produced by the local remuneration panel appointed by London Councils which is applicable to all London Borough Councils. The Local Authorities (Members' Allowances) (England) Regulations 2003 authorises the establishment by London Councils of an Independent Remuneration Panel to make recommendations in respect of the members' allowances payable by London Boroughs. Such a Panel was established and has reported in 2001, 2003 and 2006. The Panel was re-constituted in 2009 comprising Sir Rodney Brooke CBE (Chair), Professor Drew Stevenson and Anne Watts CBE. The Panel findings were agreed by London Councils Leaders' Committee in May 2010. The report has 12 recommendations which are attached at **APPENDIX 2**.
- 5.3 Having considered the proposals contained within the report, the Council once again notes that the current scheme is broadly consistent with the independent remunerator's report and recommendations, with the following significant differences:-
- Allowances to be updated in line with local government pay awards;
 - Role descriptions should be developed for councillors for all their areas of work;
 - The role descriptions should be placed on council websites;
 - Councils should consider the introduction of an appraisal system for members;

- Councillors who, without reasonable cause, fail to discharge their duties should not claim the basic allowance. The legislation requiring only an attendance at a council meeting every six months should be tightened.
- Only one SRA should be paid to a councillor in respect of duties with the same authority.
- Rationalisation in the tax treatment of expenses borne by councillors and recommend that the Local Government Association be asked to pursue that at the national level, or failing that, London Councils attempt to achieve rationalisation on behalf of London.

5.4 The Council has taken into account the independent remunerator's recommendation but has decided to retain its own basic rate allowance frozen at the 2008/09 level. The basic role of a councillor is enshrined in the constitution which is already published on the Internet. In particular there are detailed provisions in relation to the Mayor and Cabinet. The political parties rather than officers are in a better position to introduce and administer an appraisal system for members. This is a matter for the parties to undertake and administer at their discretion.

5.3 The Council agrees that Councillors who, without reasonable cause, fail to discharge their duties should not claim the basic allowance and that legislation requiring only an attendance at a Council meeting every six months should be tightened. The Council does not agree that only one SRA should be paid to a councillor in respect of duties with the same authority. Each local authority should be able to look at its own local circumstances due to the profile and size of its membership. The Council consists of 46 members with a high proportion of young councillors and people in active employment. The removal of the Cabinet, Mayor and Deputy Mayor from participating in committees reduces the number of people who would be available to sit on committees which meet with an exceptional frequency.

5.4 The Council also agrees that there should be a rationalisation in the tax treatment of expenses borne by councillors and support that the Local Government Association be asked to pursue this at the national level, or failing that, London Councils should attempt to achieve rationalisation on behalf of London.

Review of Other Allowances

5.5. The current scheme has provision for a wide range of other allowances. Due to the current economic conditions, it is recommended that some of these allowances are reviewed.

Dependent Carer Allowance

5.6 Dependant carer allowance is payable in respect of expenses incurred for the care of a Councillor's children or dependants in attending meetings of the authority, its Executive, Committees and Sub-Committees and in discharging the duties set out in paragraph 7 of the Regulations. The rate are £4.18 per half hour before 10 p.m.; £5.31 per half hour after 10 p.m. This allowance is not payable in respect of a member of the councillor's household.

5.7 In order to encourage people with childcare responsibilities to represent their electors, this allowance remains unchanged.

Travel (Outside the Borough) & Subsistence

- 5.8 Travel allowances are payable (at the same rates as employees) for duties undertaken away from the Town Halls when discharging duties under paragraph 8 of the Regulations. While Subsistence payments is also claimable for expenses incurred outside the Borough, and is subject to a maximum of £5.00 per claim. These will remain unchanged.

Travel (Within the Borough), Public Transport, Car mileage and Cycle allowance

- 5.9 Hammersmith and Fulham has some of the best public transport links in the UK, namely buses (including night buses), underground and overground trains, recently supplemented by the extensive Barclay Cycle Hire network. Moreover, the use of TfL Oyster Cards within the borough is comparatively high. Take up of these allowances (save for private taxis) has been relatively low. It is considered that councillors do not need an allowance to undertake journeys within the Borough to attend to their duties. Under this review, the payment of these allowances will cease.

Sickness, Maternity and Paternity Allowance

- 5.10 Where a Member is entitled to a Special Responsibility Allowance, it will continue to be paid in the case of sickness, maternity and paternity leave in the same way as employees.
- 5.11 Council is requested to adopt the Scheme set out at Appendix 1 effective from 1 April 2014 subject to any changes which might arise.

6. LEGAL IMPLICATIONS

- 6.1 The proposals contained within the report are in line with the Local Government Act 2000 and appropriate regulations. The legal implications for this report are contained in the body of the report.
- 6.2 Implications verified by: Tasnim Shawkat, Director of Law 020 8753 2700

7. FINANCIAL AND RESOURCES IMPLICATIONS

- 7.1 The Executive Director of Finance and Corporate Governance can confirm that the proposed action will result in a £2,500 savings and that there is sufficient provision in the existing budget to fund the costs as contained in this report.
- 7.2 Implications verified by: Jane West, Executive Director of Finance and Corporate Governance 020 8753 1900

LOCAL GOVERNMENT ACT 2000 **LIST OF BACKGROUND PAPERS**

No.	Description of Background Papers	Name/Ext of holder of file/copy	Department/ Location
1.	None		

APPENDIX 1

Members' Allowances Scheme 2014-15 (Annual Review)

[Effective from 1 April 2014]

This scheme is made in accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003 ("the Regulations") for 2014–2015 and subsequent years. The allowances scheme has been prepared having regard to the report of the Independent Panel on the Remuneration of Councillors in London established by London Councils on behalf of all London Councils, co-authored by Rodney Brooke, Drew Stevenson and Anne Watts, and published in May 2010.

1. Basic Allowance

1.1 The Independent Remunerator's report suggests a flat-rate basic allowance be paid to each member of the authority of £9964 per annum to be paid in 12 monthly instalments on the 15th of each month.

1.2 The Council has taken into account the independent remunerator's recommendation but has decided to retain its own basic rate allowance frozen at the 2008 – 09 level.

The basic rate allowance for all LBHF Councillors will therefore be:

- £8,940 - to be paid in 12 monthly instalments on the 15th of each month.

Councillors only receive an allowance for the period of their term of office in cases where it is less than the whole financial year.

2. Special Responsibility Allowances

2.1 Regard has been had to the recommendations in the independent remunerator's report for differential banding in relation to the payment of special responsibility allowances (SRAs), but in the interest of maintaining a low council tax and the current economic conditions, it has been decided to freeze the Council's own scheme of SRAs at the same level approved for 2008/09 and not to follow the independent remunerator's recommendations which would have proved considerably more costly to local council taxpayers.

2.2 The following Special Responsibility Allowances shall therefore be paid to Councillors holding the specified offices indicated:

The Leader	£35,763
Deputy Leader	£29,796
Other Cabinet members (6)	£23,838
Chief Whip (where not a member of Cabinet)	£23,838
Deputy Chief Whip	£5,000
Chairmen of Overview & Scrutiny Committees/Select Committees (4)	£6,183
Leader of the Opposition	£17,874

Deputy Leader of the Opposition	£6,183
Opposition Whip	£6,183
Chairmen of Planning Applications Committee, Audit, Pensions and Standards Committee, Licensing Committee, and Councillor Member on Adoption Panel	£6,183
The Mayor	£11,922
Deputy Mayor	£6,183
Cabinet Assistants (5)	£0
Lead Member - Crime and Anti Social behaviour	£3,000

Councillors only receive an allowance for the period of their term of office in cases where it is less than the whole financial year. A Special Responsibility Allowance would cease where the SRA entitled post ceases to exist during year.

3) Other Allowances

a) *Dependent Carer Allowance*

Dependant carer allowance is payable in respect of expenses incurred for the care of a Councillor's children or dependants in attending meetings of the authority, its Executive, Committees and Sub-Committees and in discharging the duties set out in paragraph 7 of the Regulations.

(1) £4.18 per half hour before 10 p.m.; £5.31 per half hour after 10 p.m. (not payable in respect of a member of the councillor's household).

b) *Travel (Outside of the Borough) & Subsistence*

Travel allowances are payable (at the same rates as employees) for duties undertaken away from the Town Halls when discharging duties under paragraph 8 of the Regulations. There will be no payment for intra Borough travel under this scheme.

(1) Public Transport

Actual travel costs (second class only) will be reimbursed.

(2) Car mileage

45 pence per mile.

(3) Subsistence

Allowance payable at same rates and conditions as employees. Payment is only made for expenses incurred outside the Borough, and is subject to a maximum of £5.00 per claim.

c) **Sickness, Maternity and Paternity Allowance**

Where a Member is entitled to a Special Responsibility Allowance, it will continue to be paid in the case of sickness, maternity and paternity leave in the same way as employees.

4) Annual Increase

The allowances in this scheme apply to the financial year 2014/15. All allowances have been frozen at the 2008/09 level.

5) Election to forego allowances

In accordance with the provisions of regulation 13, a Councillor may, by notice in writing to the Chief Executive, elect to forego any part, or all, of his or her entitlement to an allowance under this scheme.

6) Time limit for claims

The majority of allowances are payable monthly, but where allowances are the subject of claims, these claims should be made in the agreed form with the appropriate declaration within six months of the duty to which they relate.

7) Withholding of allowances

In the event of a Councillor being suspended or partially suspended, the Audit, Pensions and Standards Committee shall have the power to withhold the allowances payable to that Councillor either in whole or in part for the duration of that suspension.

8) Members' Pensions

Previously, Councillors could only join the authority's pension scheme if they were aged under 70 and could only pay contributions and accrue benefits until their 70th birthday. However, under new pension's regulations, the situation has changed, and the independent remunerator's report now recommends all Councillors under the age of 75 years be entitled to join the London Borough of Hammersmith & Fulham Pension Scheme, and have their basic allowance and special responsibility allowances treated as pensionable. This recommendation has accordingly been adopted.

9) Membership of more than one authority

A member may not receive allowances from more than one authority (within the meaning of the regulations) in respect of the same duties.

ALLOWANCES FOR CO-OPTED MEMBERS AND INDEPENDENT MEMBERS OF THE AUDIT, PENSIONS AND STANDARDS COMMITTEE

Co-optees

The independent remunerator's report recommends a rate of allowance for co-opted members of £117 per meeting, to be calculated on an annualised basis by the number of meetings. This recommended figure has not been adopted. The Council's own figure of £504.00 p.a. is payable by equal monthly instalments of £42.00 on the 15th of each month.

Co-opted members shall be entitled to the same travel allowances as Councillors, but shall not be entitled to subsistence payments.

Audit, Pensions and Standards Committee Independent Members

The London Borough of Hammersmith and Fulham shall pay an allowance to one of the two appointed Independent Members at a flat rate allowance of £504 per annum payable by equal monthly instalments of £42.00 on the 15th of each month. The Royal Borough Kensington and Chelsea shall pay a similar allowance to the other appointed Independent Member.

In all cases, the allowances given in this scheme shall not be uprated by the same percentage rate of increase as the previous years' national Local Government Pay Settlement but frozen at the 2008/09 levels.

INDEPENDENT REMUNERATION PANEL RECOMMENDATIONS

1. We believe that the scheme of allowances that the panel recommended in 2001, updated in line with local government pay awards, is still appropriate. We set out the five bands of responsibility with updated figures for the basic allowance and for the five bands.
2. We continue to believe that the roles identified in the 2006 report as attaching to the bands are still, in general terms, appropriate. Consultation has suggested other roles, but most are covered by the 2006 recommendations. We have added to the role descriptions in band one 'community leaders' and 'leaders of a specific major project'. We appreciate that such responsibilities can provide development opportunities for the leaders of the future and are analogous to other responsibilities within band one.

We also recommend the inclusion of 'acting as a member of a committee or sub-committee which meets with exceptional frequency or for exceptionally long periods' and 'acting as a member of an adoption panel where membership requires attendance with exceptional frequency or for exceptionally long periods'.

3. With changes in local government structure and organisation, we accept that some cabinet roles may be more demanding than others. Although it may be sensible for many councils to remunerate cabinet members at the same level, we believe that there is sufficient width in band three to permit councils to recognise different levels of responsibility within the cabinet where this is appropriate.
4. In return for the levels of remuneration which we propose, it is important that councillors account publicly for their activities. We believe that:
 - a. role descriptions should be developed for councillors for all their areas of work;
 - b. the role descriptions should be placed on council websites;
 - c. members should report publicly on their activity through a variety of channels as illustrated in the main report; and
 - d. councils should consider the introduction of an appraisal system for members.
5. Councillors who, without reasonable cause, fail to discharge their duties should not claim the basic allowance. We believe that the legislation requiring only an attendance at a council meeting every six months should be tightened.
6. We endorse the recommendations of the 2006 report in relation to the chair and members of the Standards Committee¹.
7. We reiterate our view that only one SRA should be paid to a councillor in respect of duties with the same authority.

¹ Since the Independent Remuneration Committee report wrote its report in May 2010, the Standards regime has been abolished. All references in the report to the Standards Committee now apply to the Audit, Pensions and Standards Committee which has taken over the role.

8. Although councillors are not employees, we believe that it is reasonable that their special responsibility allowances should not cease in case of sickness, maternity and paternity leave in the same way that employees enjoy such entitlements. We continue to recommend that councils should be able to make arrangements in their schemes in appropriate circumstances to enable this to happen.
9. We continue to recommend that the allowances we recommend should be updated annually in accordance with the headline figure in the annual local government pay settlement. We appreciate that Regulation 10(1) of the Local Authorities (Members' Allowances) (England) Regulations 2003 appears to require re-adoption of the scheme at the start of each municipal year. However Regulation 10(4) provides that the scheme will not be deemed amended by virtue only of adjustment of the scheme through indexation. If there is no other change a re-adoption can be achieved by a simple resolution.
10. While we continue to believe that intra-borough travel should be part of the basic allowance, we recognise that there are circumstances where it may be appropriate for a scheme to provide payment for the cost of transport e.g. journeys home after late meetings and for people with disabilities. In the case of dispute, we believe that the Standards Committee could adjudicate.
11. We strongly believe that there is need for rationalisation in the tax treatment of expenses borne by councillors and recommend that the Local Government Association be asked to pursue that at the national level, or failing that, London Councils attempt to achieve rationalisation on behalf of London.
12. We have consistently recommended that eligible councillors should be eligible for admission to the local government pension scheme and we continue to urge that councils should give their members this opportunity.