



London Borough of Hammersmith & Fulham

COUNCIL

16 JUNE 2014

MEMBERS' ALLOWANCES SCHEME - REVISIONS

Report of the Leader of the Council

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 provides an update to the Members' Allowances Scheme approved by Council at its meeting on 26 February 2014.

2. RECOMMENDATIONS

- 2.1 That all Members who are entitled to an Special Responsibility Allowance (SRA) shall take a 10% reduction in this allowance.
- 2.2 That under this scheme only one SRA will be paid to a Councillor in respect of duties undertaken.
- 2.3 That the revisions to the Members' Allowances Scheme 2014/15 as set out in the report and attached as Appendix 1, be approved.

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 and approve any amendments to the scheme.

4. MEMBERS' ALLOWANCES SCHEME UPDATE

4.1 Council approved the 2014/15 Members' Allowances scheme at its meeting in February. Subsequently, the Administration has nominated an Executive consisting of nine Cabinet Members increasing the current number by one. The Cabinet Member portfolios have been changed to reflect the new responsibilities.

4.2 The new Cabinet consists of the following Members:-

LEADER	Councillor Stephen Cowan
DEPUTY LEADER	Councillor Michael Cartwright
CABINET MEMBER FOR CHILDREN AND EDUCATION	Councillor Sue Macmillan
CABINET MEMBER FOR ECONOMIC DEVELOPMENT AND REGENERATION	Councillor Andrew Jones
CABINET MEMBER FOR FINANCE	Councillor Max Schmid
CABINET MEMBER FOR HEALTH AND ADULT SOCIAL CARE	Councillor Vivienne Lukey
CABINET MEMBER FOR HOUSING	Councillor Lisa Homan
CABINET MEMBER FOR SOCIAL INCLUSION	Councillor Sue Fennimore
CABINET MEMBER FOR ENVIRONMENT, TRANSPORT & RESIDENTS SERVICES	Councillor Wesley Harcourt

4.3 It is proposed that two Lead Members' posts be created to work with the Leader to oversee Contracts - Councillor Guy Vincent, and Hospitals and Health Care - Councillor Sharon Holder. Both Members will be entitled to a special responsibility allowance.

4.3 In line with the Independent Remuneration Panel's recommendation, it is proposed that only one SRA should be paid to a councillor in respect of duties with the same authority. Where a Councillor is entitled to two SRAs, he or she will be paid the highest allowance.

4.4 During the review of the Allowances Scheme in February 2014, the Council formally took into account the recommendations of the local Independent Panel on Remuneration for Councillors. It was decided that the Council would continue to set its own SRA in line with local conditions. Under Regulation 5 of the Local Authorities (Members' Allowances) (England) Regulations 2003, the Council has the powers to agree the amount it pays its members. The Administration and Opposition have agreed to reduce the SRA paid to their Members by 10%.

5. LEGAL IMPLICATIONS

5.1 The legal implications for this report are contained in the body of the report.

Implications verified by: Tasnim Shawkat, Director of Law 020 8753 2700

6. FINANCIAL AND RESOURCES IMPLICATIONS

6.1 The new allowances can be accommodated within the existing budget.

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		
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APPENDIX 1

Members' Allowances Scheme 2014-15 (Revision) [Effective from 17th May 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	£32,186.70
Deputy Leader	£26,816.40
Other Cabinet members (7)	£21,454.20
Chief Whip (where not a member of Cabinet)	£21,454.20
Deputy Chief Whip (2)	£5,564.70
Chairmen of Policy & Accountability Committees (5)	£5,564.70
Leader of the Opposition	£16,086.60

Deputy Leader of the Opposition	£5,564.70
Opposition Whip	£5,564.70
Chairmen of Planning and Development Control Committees, Audit, Pensions and Standards Committee, Licensing Committee, and Councillor Member on Adoption and Fostering Panel	£5,564.70
The Mayor	£10,729.80
Deputy Mayor	£5,564.70
Lead Members (2) – Contracts, and Hospitals and Health Care	£2,700.00

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. Only one SRA will be paid to a Councillor in respect of duties undertaken with the authority.

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) 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.

9) Non Entitlement to more than One SRA

A member shall not receive more than one SRA in respect of duties undertaken with the authority. Where a Councillor is entitled to two SRAs, he or she will be paid the highest allowance.

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.