



# London Borough of Hammersmith & Fulham

COUNCIL

25 FEBRUARY 2015

## MEMBERS' ALLOWANCES SCHEME: ANNUAL REVIEW

Report of the Leader of the Council: Councillor Stephen Cowan

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 2015/16 financial year. The annual review takes into account the recommendations made in the Independent Remuneration report to London Councils (June 2014).

### 2. RECOMMENDATIONS

- 2.1 That the Members' Allowances Scheme 2015/16 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 2015/16 remains the same as the 2014/15 scheme with no additional Special Responsibility Allowance (SRA) being recommended. The new scheme will take effect from 1 April 2015. The Council has taken into account the Independent Remuneration Panel's

recommendation issued in June 2014 but has decided to retain its own basic rate allowance.

- 4.2 In June 2014, the Administration agreed to reduce the SRA paid to Members by 10% and that under the scheme only one SRA will be paid to a Councillor in respect of duties undertaken. Due to the economic conditions, it is recommended that the basis and special responsibility allowances are frozen.

## **5. PROPOSAL AND ISSUES**

### **Independent Remuneration Panel'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 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. A summary of their recommendations and the Council's response is attached at Appendix 2.
- 5.3 The Council has taken into account the independent remunerator's recommendations but has decided to retain its own basic rate allowance frozen at the 2008/09 level. The Council supports all the Panel's recommendations which are in line with our current practice except for the two listed below.

### **Annual Local Government Pay Settlement**

- 5.4 Although the Panel did not recommend a Councillor allowance increase, it continued 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.

Due to the current economic climate, the Council agreed in June 2014 to reduce the Special Responsibility Allowance by 10% and freeze the basic allowance at the 2014/15 level. Both allowances will continue to be frozen in 2015/16.

### **Level of Allowances**

- 5.5 The Panel thought it appropriate that Leaders should receive an allowance approximating to the salary of a Member of Parliament. We believe that the Independent Remuneration Panel's recommendation would prove considerably more costly to local council taxpayers and be unsustainable in the current economic climate.

## **6 REVIEW OF OTHER ALLOWANCES**

6.1 The current scheme has provision for a wide range of other allowances.

### **Dependent Carer Allowance**

6.2 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 rates are £4.18 per half hour before 10 pm; £5.31 per half hour after 10 pm. This allowance is not payable in respect of a member of the Councillor's household.

6.3 The Panel had recommended payment at not less than the London living wage of £8.60 per hour, and (on presentation of proof of expense) payment should be made at a higher rate when specialist nursing skills are required. We support the Panel's proposal.

### **Travel (Outside the Borough) & Subsistence**

6.4 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**

6.5 Travel allowance is not payable for intra borough travel such as the use of Public Transport, Car mileage or payment of a Cycle allowance. It is considered that Councillors do not need an allowance to undertake journeys within the Borough to attend to their duties. Therefore, this remains unchanged.

### **Sickness, Maternity and Paternity Allowance**

6.6 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.

6.7 Council is requested to adopt the Scheme set out at Appendix 1 effective from 1 April 2015 subject to any changes which might arise.

## **7 LEGAL IMPLICATIONS**

7.1 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.

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

**8. FINANCIAL AND RESOURCES IMPLICATION**

- 8.1 The Executive Director of Finance and Corporate Governance can confirm that there is sufficient provision in the existing budget to fund the costs as contained in this report.
- 8.2 Implications verified by: Jane West, Executive Director of Finance and Corporate Governance 020 8753 1900

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

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

Appendices 1 and 2

## Members' Allowances Scheme 2015-16 [Effective from 1<sup>st</sup> April 2015]

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This scheme is made in accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003 ("the Regulations") for 2015–2016 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 Sir Rodney Brooke CBE DL (Chair), Steve Bundred and Anne Watts CBE, and published in June 2014.

### 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 £10,703 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 2014/15 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
Chair 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
Chair 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.

### 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) £4.30 per half hour before 10 pm; £5.31 per half hour after 10 pm (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 2015/16. All allowances have been frozen at the 2014/15 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.

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

### **Co-optees**

Co-opted members shall be paid £504.00 per annum by equal monthly instalments of £42.00 on the 15<sup>th</sup> 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 15<sup>th</sup> of each month. The Royal Borough of 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.*