


London Borough of Hammersmith & Fulham COUNCIL 24 February 2016		 hammersmith & fulham
MEMBERS' ALLOWANCES SCHEME: ANNUAL REVIEW 2016		
Report of the Leader of the Council - Councillor Stephen Cowan		
Open Report		
Classification: For Decision Key Decision: No		
Wards Affected: All		
Accountable Director: Kim Dero, Director of Delivery and Value		
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1. EXECUTIVE SUMMARY

- 1.1. This report performs the statutory annual review of Members' allowances for the 2016/17 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 2016/17 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 and approve any amendments to the scheme.

4. INTRODUCTION AND BACKGROUND

Annual Review

- 4.1. In June 2014, the Administration agreed to reduce the Special Responsibility Allowance (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. In line with Administration's priorities, it is recommended that the basic and special responsibility allowances are frozen for the 2016/17 financial year and remain the same as the 2014/15 scheme with no additional Special Responsibility

Allowance (SRA) recommended. The new scheme will take effect from 1 April 2016.

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, 2010 and 2014. The Regulations requires a review of the scheme every four years as a minimum. A summary of their last recommendations and the Council's response is attached at Appendix 2.
- 5.3. The Council has formally taken into account the recommendations of the local Independent Panel on Remuneration for Councillors issued in June 2014. It was decided that the Council would continue to set its own SRA in line with local conditions and retain its own basic rate allowance.
- 5.4. In line with the Independent Remuneration Panel's recommendations:
 - only one SRA is 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.
 - the Council recognises the need for Dependent Carers payments to have regard to local circumstances and the nature of specialist care. The ordinary carer should be remunerated at not less than the London living wage hourly rate and payment should be made at a higher rate when specialist skills or care is required to attend meetings.

Annual Local Government Pay Settlement

- 5.5. 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.
- 5.6. In line with administration's priorities, 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 2016/17.

Level of Allowances

- 5.7. 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. Set out in Appendix 3 are the SRA and Basic allowances paid by our Shared Services partners. Data shows that our Councillors in many areas receive lower allowances than their counterparts.

Special Responsibility Allowance	LBHF	Westminster	RBKC
The Leader	£32,186.70	£ 35,000.00	£ 55,317.00
Policy & Accountability Committees	£5,564.70	£ 8,000.00	£ 15,655.00
Planning and Development Control Committees	£5,564.70	£ 4,000.00	£ 30,300.00
Audit, Pensions and Standards Committee	£5,564.70	£ 8,000.00	£ 6,034.00
Licensing Committee	£5,564.70	£ 8,000.00	£ 20,497.00
Lead Members	£2,700.00	£ 3,000.00	£ 4,545.00
Basic Allowance	£8940	£9000	£10810

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 Panel had recommended payment at not less than the London living wage, and (on presentation of proof of expense) payment should be made at a higher rate when specialist nursing skills are required. This remains the same.

Travel & Subsistence

- 6.3 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 unless where a member requires assistance to discharge his or her duties due to ill health or other circumstances approved by the Monitoring Officer. Taxis can be taken by Members who attend approved outside bodies and committee meetings out of the borough. 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.
- 6.4 Therefore, this remains unchanged.

Sickness, Maternity and Paternity Allowance

- 6.5 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.
- 6.6 Council is requested to adopt the Scheme set out at Appendix 1 effective from 1 April 2016 subject to any changes which might arise.

7 LEGAL IMPLICATIONS

- 7.1 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 proposals contained within the report are in line with the Local Government Act 2000 and appropriate regulations.

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

8. FINANCIAL AND RESOURCES IMPLICATION

- 8.1 The Strategic Finance Director 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: Andrew Lord. Head of Strategic Planning and Monitoring, Corporate Finance, 020 8753 2531

LOCAL GOVERNMENT ACT 2000 - LIST OF BACKGROUND PAPERS

None.

APPENDIX 1

Members' Allowances Scheme 2016-17 [Effective from 1st April 2016]

This scheme is made in accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003 ("the Regulations") for 2016–2017 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 line with Administration's priorities, 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 (8)	£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) £4.70 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 & 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 unless where a member requires assistance to discharge his or her duties due to ill health or other circumstances approved by the Monitoring Officer. Taxis can be taken by Members who attend approved outside bodies and committee meetings out of the borough

(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 2016/17. 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.

10) Pensions

No Members of the Council shall be entitled to membership of the Local Government Pension Scheme in accordance with Section 7 of the Superannuation Act 1972.

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 15th of each month.

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

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.

	LBHF	Westminster	RBKC
The Leader	£32,186.70	£ 35,000.00	£55,317.00
Deputy Leader	£26,816.40	£ 17,500.00	£36,772.00
Other Cabinet members	£21,454.20	£ 10,000.00	£35,752.00
Chief Whip	£21,454.20	£ 10,000.00	£35,752.00
Deputy Chief Whip	£5,564.70	£ -	£ -
Policy & Accountability Committees	£5,564.70	£ 8,000.00	£15,655.00
Leader of the Opposition	£16,086.60	£ 8,000.00	£20,497.00
Deputy Leader of the Opposition	£5,564.70	£ 4,000.00	
Opposition Whip	£5,564.70	£ 4,000.00	£ 6,034.00
Councillor Member on Adoption and Fostering Panel	£5,564.70	£ 3,000.00	£5,564.70
Planning and Development Control Committees	£5,564.70	£ 4,000.00	£30,300.00
Audit, Pensions and Standards Committee	£5,564.70	£ 8,000.00	£ 6,034.00
Pensions Sub Committee	£0.00	£ 2,000.00	£ 6,034.00
Licensing Committee	£5,564.70	£ 8,000.00	£20,497.00
The Mayor	£10,729.80	£ 23,500.00	£ 9,838.00
Deputy Mayor	£5,564.70	£ -	£ -
Lead Members (2) – Contracts, and Hospitals and Health Care	£2,700.00	£ 3,000.00	£ 4,545.00

Basic Allowance

8940

9000

10810

Report of the Independent Panel - Recommendations of the Remuneration of Councillors in London 2014

Pensions

In March 2014 the Government laid before Parliament Regulations which ended the right of councillors to enter the local government pension scheme. Access to a pension scheme can be an important factor in making service as a councillor financially possible for a wider range of people. It is particularly important for those who, like elected mayors, leaders and portfolio holders, give most or all of their time to service in local government and lose the opportunity to contribute to a pension scheme elsewhere. The Government is asked to reconsider this decision.

External Paid Appointments

We believe that if members take on extra work and responsibilities through undertaking external appointments, then they should be entitled to retain the remuneration attracted by those responsibilities. The borough might reflect on the extent to which the external duties are compatible with the time required to discharge duties within the borough and adjust responsibilities accordingly.

Chair of the Health and Well Being Board

We agree that this is a statutory post conferring personal statutory responsibility. The role is of major importance to local government and should be remunerated accordingly where they are councillors.

Lead Member for Children's and Adult Services

Given the different allocation of responsibilities in different boroughs, we do not make specific recommendations on differentiating special responsibility allowances for Cabinet members within Band Three.

Sickness, Maternity and Paternity Leave

Councils should make arrangements in their members' allowances schemes to allow the continuance of special responsibility allowances in the case of sickness, maternity and paternity leave in the same terms that the council's employees enjoy such benefits (that is to say, they follow the same policies).

Travel and Subsistence Allowances

We continue to believe that the Basic Allowance should cover all reasonable out-of-pocket expenses incurred by councillors, including intra-borough travel costs and expenses, though councils may consider 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. Where travel and subsistence allowances are payable, they should be in accordance with the current scheme for travel and subsistence applicable to the Borough's staff; and that travel allowances should extend to travel by bicycle.

Members Of Social Care And Health Scrutiny Panels And Corporate Parenting Panel

We continue to recommend that the responsibility allowance payable under Band One should include membership of committees, sub-committees and adoption panels where membership requires attendance with exceptional frequency or for exceptionally long periods. If a Council believes that such memberships are substantially more onerous than service on other committees, then we agree that they would be appropriately remunerated on Band One.

Dependants' Carers' Allowance

We recognise the need for payments to have regard to local circumstances and the nature of specialist care. We believe that ordinary care should be remunerated 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.

The Current Financial And Political Climate

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).

Level of Allowances

In particular, we think it appropriate that Leaders should receive an allowance approximating to the salary of a Member of Parliament.