



Report to Council

23 FEBRUARY 2011

LEADER

Councillor Stephen Greenhalgh

**COUNCILLORS' ALLOWANCES SCHEME:
REVISION**

**WARDS
All**

SYNOPSIS

This report performs the statutory annual review of Councillors' allowances for the 2011/12 financial year, and takes into account the recommendations made in the Independent Remunerator's report to London Councils (May 2010).

CONTRIBUTORS

DFCS
ADLDS

RECOMMENDATION:

That the Councillors' Allowances Scheme 2011 – 12 as set out in Appendix 1, be adopted.

1. BACKGROUND

- 1.1 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.
- 1.2 The Council's proposed Scheme for the financial year 2011/12 is set out at **APPENDIX 1** to this report. The Council's Scheme broadly remains the same as agreed in May 2010 with no additional Special Responsibility Allowance (SRA) being recommended. There has been a reduction of the cooptee allowance as the Committees meet less often. Council has taken into account the independent remunerator's recommendation issued in May 2010 but has decided to retain its own basic rate allowance.
- 1.3 In 2009, due to the economic conditions, it was recommended that all allowances be frozen at the 2008/9 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. The pay award for 2010/11 was 0%. Due to the current economic conditions, it is recommended that all allowances continue to be frozen for a third year at the 2008/9 levels.

2. INDEPENDENT REMUNERATOR'S REPORT

- 2.1 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.
- 2.2 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 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 was established and reported in 2001, 2003 and 2006. The Panel was re-constituted in 2009 comprising Sir Rodney Brooke CBE (Chair), Professor Drew Stevenson and Jo Valentine. The Panel findings were agreed by London Councils Leaders' Committee in May 2010. The report has 12 recommendations which are attached at **APPENDIX 2**.
- 2.3 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.

2.4 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.

The Council agrees that Councillors who, without reasonable cause, fail to discharge their duties should not claim the basic allowance and 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 participating in the committees reduces the number of people who would be available to seat on committees which meet with an exceptional frequency.

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 attempt to achieve rationalisation on behalf of London.

2.5 Council is requested to adopt the Scheme set out at Appendix 1 effective from 26 May 2011 subject to any changes which might arise.

3. COMMENTS OF THE ASSISTANT DIRECTOR OF LEGAL AND DEMOCRATIC SERVICES

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

4. COMMENTS OF THE DIRECTOR OF FINANCE AND CORPORATE SERVICES

- 4.1 The Director of Finance and Corporate Services can confirm that the proposed action is cost neutral and that sufficient provision in the existing budget to fund the costs as contained in this report.

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

No.	Description of Background Papers	Name/Ext. of Holder of File/Copy	Department/ Location
1.	The Remuneration of Councillors in London: 2010 Review (May 2010)	Kayode Adewumi, ext 2499	FCS Room 202a, Hammersmith Town Hall
2.	Members' Allowance Scheme report 2010/11	Kayode Adewumi, ext 2499	FCS Room 202a, Hammersmith Town Hall

APPENDIX 1

Members' Allowances Scheme 2011-12

[Scheme effective from 26th May 2011]

This scheme is made in accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003 ("the Regulations") for 2011 –2012 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 Jo Valentine, 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 (SRA's), 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 SRA's at the same level approved for 2008 - 9 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 (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 and Pensions Committee, Licensing Committee & Councillor member on Adoption Panel	£6,183
The Mayor	£11,922
Deputy Mayor	£6,183
Cabinet Assistants	£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 member'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 & Subsistence

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. In addition, the cost of travel after late evening meetings from the Town Hall would be paid.

(1) Public Transport

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

(2) Car mileage

Cc	first 8500 miles (pence per mile)	above 8500 miles (pence per mile)
Below 1000	42.9	11.7
1000 or more	47.7	12.2

The figures above are the 2009/10 rates as car mileage is paid at the same rate as for officers.

(3) Cycle allowance

£36.93 per month – where this is claimed, no other travel claims are permissible.

(4) 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 2011-12. All allowances have been frozen at the 2008 – 9 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 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 pensions 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 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. 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

Standards Committee Independent Members

The independent remunerator's report also recommends the independent Chairman and Committee Members of a Standards Committee be paid an allowance of £256 and £127 per meeting respectively, calculated on an annualised basis by the number of meetings, to reflect not just attendance at meetings, but related and incidental additional activity carried out by the postholders. This recommendation has not been adopted. The Council's own figure of £252.00 p.a. payable by equal monthly instalments of £21.00 on the 15th of each month.

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 – 9 levels.