

	<p><b>COUNCIL</b></p> <p><b>15 July 2014</b></p>
<p style="text-align: right;"><b>Title</b></p>	<p><b>Scheme of Members Allowances-2014/15</b></p>
<p style="text-align: right;"><b>Report of</b></p>	<p>Assurance Director (Monitoring Officer)</p>
<p style="text-align: right;"><b>Wards</b></p>	<p>All</p>
<p style="text-align: right;"><b>Status</b></p>	<p>Public</p>
<p style="text-align: right;"><b>Enclosures</b></p>	<p>Appendix A- The Remuneration of Councillors in London 2014- Report of the Independent Panel Appendix B- Draft Scheme of Members Allowances 2014/15</p>
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## Summary

At its meeting on 2 June 2014, Council considered a report from the Leader of the Council on Members Allowances and approved a schedule of Allowances for new positions under the Committee system.

The Council in agreeing a scheme of allowances is required to have regard to the recommendations from the Independent Panel on the Remuneration of Councillors convened by London Councils. The Panel did not issue its report until 1 June 2014, and hence was not formally considered in to the proposals agreed by Council on 2 June.

This report seeks approval for a formal Scheme of Member Allowances which is to cover the period 1 April 2014 to 31 March 2015.

## **Recommendations**

- 1. That Council have regard to the recommendations of the Independent Panel on the Remuneration of Councillors in London as attached at Appendix 'A'.**
- 2. That Council approve the Scheme of Members Allowances attached at Appendix 'B' covering the period 1 April 2014- 31 March 2015 and revokes the existing scheme.**
- 3. The Council ratifies payments made to councillors between 31<sup>st</sup> March to the 3<sup>rd</sup> June 2014.**

### **1. WHY THIS REPORT IS NEEDED**

- 1.1 The Council is required under the Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended) to agree on an annual basis a schedule of Allowances payable to Members for the following financial year. Under the regulations, when making or amending a scheme, the Council is required to have regard to the recommendations of an independent Remuneration Panel (section 19). As this report was only published on the 1 June 2014 it was not possible to include within the papers for Annual Council on the 2<sup>nd</sup> June.
- 1.2 The Members Allowance Scheme is comprehensive and includes a Basic Allowance, Special Responsibility Allowances for posts which carry specific responsibilities and other allowances and expenses that may be claimed.
- 1.3 While Council at its meeting of 2 June 2014 considered and agreed, as amended, a report from the Leader of the Council on a schedule of proposed Allowances that reflects responsibilities under the new Committee system, these proposals have now been included as a formal Member Allowances Scheme which will be incorporated within the Council's Constitution.
- 1.4 Previously the Council has run a four year allowance scheme from August 2010 to March 2014. The regulations however state that before the beginning of each year the authority shall make a scheme for the payment of basic allowances for that year. As such it is considered best practice that we move to an annual Member Allowances Scheme.
- 1.5 Regulation 10(1) provides that before the beginning of each year an authority shall make the scheme required by Regulation 4(1). Regulation 10(3) and (6) then provide that the scheme may be amended at any time (and may take effect from the beginning of the year) but may be revoked only with effect from the beginning of the year. Importantly, however, this is expressly subject to Regulation 12. Where, as is the case here, an Independent Remuneration Panel has produced a Report in accordance with Regulation 21, then, notwithstanding Regulation 10(3), there is power under Regulation 12 to revoke an allowance scheme at any time once the authority has begun to operate alternative arrangements in place of executive arrangements.

Therefore as Barnet has just moved to a committee system the existing scheme (which has not been revoked) can now be revoked as of the time the new scheme comes into operation; and the new scheme can apply from 1<sup>st</sup> April 2014 until at least 31<sup>st</sup> March 2015. From 1<sup>st</sup> April 2014 to 2 June 2014 Members will be paid Special responsibility Allowances according to Schedule 1 to the Scheme, and from 3 June 2014 until 31 March 2015 will be paid in accordance with Schedule 2 to the Scheme, subject to the Scheme not being amended in the meantime and subject to Clause 8.1 of the Scheme.

- 1.6 When comparing the London Councils Independent Remuneration Panels report the following table highlights the differences in panel's recommendations and the allowances in Barnet. The Independent Panel's report notes there is now considerable congruity in the basic allowance made by London Boroughs it notes however most London Boroughs have not adopted the panel's recommendations in their entirety. It should be noted also that the London Council recommendations do not explicitly consider the Committee system which Barnet now operates and as such some of the bands are not comparable.

<b>BAND/TYPE</b>	<b>LONDON COUNCILS</b>	<b>BARNET</b>
Basic	10,703	10,597
Band 1 - Vice-chairs/smaller committees etc	2,392-8,941	2,368-8,852
Band 2 - Scrutiny, Regulatory Chairs, opposition Leader	15,486-28,581	15,333
Band 3 - Cabinet Members, HWBB Chair, Deputy Leader	35,128-41,675	15,333 Chairman of Committee  15,333 Chairman of the Health and Wellbeing Board  27,000 Deputy Leader
Band 4 - Leader	54,769	34,000
Band 5 - Directly Elected Mayor	81,839	N/A

**Table 1 – London Councils flat rate recommendations per band v Barnet proposed rates**

- 1.7 Based on the categories of special allowances paid in table 1 those rates payable by Barnet are comparable. The only exception is the SRA payable to a band 3 where they are a Chairman of a Committee, the London Councils report sees that the rates recommended are appropriate to the following posts:
- Cabinet Member
  - Chair of the health and Wellbeing Board
  - Chair of the main overview or scrutiny committee
  - Deputy Leader of the Council

Chairmen of Committees are not explicitly considered. Also the other allowance that is not comparable is the Band 4 allowance for the Leader, the London Council report notes that the rate suggested £54,769 is payable for a Leader of Cabinet. As the Council has moved to a Committee system of governance the Leader rate at Band 4 is no longer applicable and the role is now similar to one set out in Band 3. London Councils have recommended that the Leader allowance should be an approximate to the salary of a Member of Parliament, they currently receive a salary of £66,396.

- 1.8 In addition to the rates recommended in Table 1 London Councils make recommendations based on remuneration package of the Leader (Barnet proposed Leader Remuneration at £34,000). As such the following table illustrates the London Councils recommendations as a percentage of the Leader Remuneration in Barnet compared to the proposed rates for Barnet:

BAND/TYPE	LONDON COUNCIL	BARNET
Basic	10,703	10,597
Band 1 - 20-30% of Leader pay	6,800 – 10,200	2,368 – 8,852
Band 2 – 40-60% of Leader pay	13,600 – 20,400	15,333
Band 3 – 70-80% of Leader pay	23,800 – 27,200	15,333 Chairman of Committee 15,333 Chairman of Health and Wellbeing Board 27,000 Deputy Leader
Band 4	54,769	34,000
Band 5	81,839	N/A

**Table 2 - London Councils percentage rate recommendation per band v Band proposed rates.**

- 1.9 Again like Table 1 the rates are comparable from the percentages of the Leaders remuneration compared to those rates proposed by the Leader and incorporated into the Members Allowance Scheme with the exception of Band 1 - Vice Chairs and Chairman of smaller Committees are set at £2,368 whereas they could be set at 20% of the Leaders remuneration (£6,800 - £10,200); and Band 3 where the rate set for the Chairman of Committee (£15,333) is below 70-80% of the Leaders Remuneration calculated at £23,800 – £27,200. The London Councils report in Appendix A makes the point that “it is for the councils locally to decide how to allocate their councillors between the different bands, having regard to our recommendations and how to set the specific remuneration between the bands”.
- 1.10 London Councils are continuing to recommend that member allowances be pegged to the annual local government pay settlement, such pegging would ensure that councillors can receive annual increases which are in line with those received by staff. To date, Barnet has not agreed that the scheme should be tied to the annual government pay settlement.

- 1.11 In March 2014 the Government laid before Parliament Regulations which end the right of councillors to enter the local government pension scheme. The scheme presented to Members highlights this change and advises that scheme membership for all councillors ended on the 22<sup>nd</sup> May 2014.
- 1.12 The London Councils report considers external paid appointments and it suggests 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 Member Allowance Scheme as attached to Appendix B states the following “where a member of the authority is also a member of another authority that member may not receive allowances from more than one authority in respect of the same duties”.
- 1.13 The Regulations authorise the payment to councillors of an allowance (‘the Dependents Carer Allowance’) in respect of the expenses of arranging for the care of children or dependents when the Councillor attends meetings or is engaged in other official duties. London Councils believe that ordinary care should be remunerated at not less than the London living wage £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 Members Allowance Scheme as set out in Appendix B includes an allowance of £7 per hour for a maximum of 8 hours which is below the rate recommended by London Councils.
- 1.14 The report recommends 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. The Members Allowance Scheme at Appendix B is silent on continuance of SRA in the event of sickness, maternity and paternity however notes that only the following circumstances mean that the SRA is altered:
- the scheme is amended
  - the councillor is newly elected
  - the councillor ceases to be a councillor
  - the councillor accepts or gives up a position eligible for a special responsibility allowance.
- 1.15 The report considers that the basic allowance should cover all reasonable out-of-pocket expenses incurred by councillors including intra-borough travel costs and expenses. The Members Allowance Scheme at Appendix B considers travel outside of the borough.
- 1.16 The schedule of allowances as set out by the Leader at Full Council on the 2<sup>nd</sup> June 2014 have been incorporated in full to the Members Allowance Scheme as included within Appendix B.

## **2. REASONS FOR RECOMMENDATIONS**

- 2.1 This report has been produced to ensure that the Council has agreed a comprehensive Members Allowance Scheme that meets all the requirements

of statute including the period the Scheme covers, and consideration of the findings of the Independent Panel report.

- 2.2 The Members Allowance Scheme chosen reflects the special responsibilities of members under the new Committee system and is designed to contribute towards the options for the Council by providing a saving on the previous Scheme and being within the lower range of the London Councils recommendations.
- 2.3 The Scheme has been drafted on the basis that Council still wishes to pay the Basic and Special Responsibility allowances proposed by the Leader on 2 June 2014 and that all other provisions for allowances in the Scheme reflect the previous Scheme agreed for 2010/14. It has also been updated to reflect legislative changes, for example removal of the right of Councillors to enter the Local Government Pensions Scheme.

### **3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED**

- 3.1 Fully implementing the recommendations of the London Councils Panel, even at median levels, would result in additional expenditure by the Council compared to current budget provision. This is not sustainable in light of the Budget Planning for 2015/16-2019/20 report agreed by the Policy and Resources Committee on 10 June 2014. In addition some of the Allowances, for example for a Leader, relate to a Leader in an Executive rather than Committee form of governance.

### **4. POST DECISION IMPLEMENTATION**

- 4.1 Following approval by the Council of a Scheme, a further notice will be advertised through pursuant to Section 16 of the Regulations.
- 4.2 Capita Payroll Services would be notified with immediate effect of any changes in the Scheme of Allowances that affect payment to individual Councillors.
- 4.3 A further report on Members Allowances for 15/16 will be brought to Council before 31 March 2015.

### **5. IMPLICATIONS OF DECISION**

#### **5.1 Corporate Priorities and Performance**

- 5.1.1 The proposed Scheme of Members Allowances contributes towards delivering the corporate savings required in the 2015/16-2019/20 Spending review agreed by Policy and Resources Committee on 10 June 2014.

#### **5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)**

- 5.2.1 The current budget for Members Allowances is £1,314,000. The proposed scheme has been costed and is expected to be £1,076,333. This does not include payments to co-opted members which are made on a meeting by

meeting basis, nor any claims that may be made for carers or travel, and may alter slightly depending on the individual Members in particular posts, given that each Member can only claim one SRA. However the actual saving will be well within this envelope.

### **5.3 Legal and Constitutional References**

5.3.1 The Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended) requires Council to agree on an annual basis a schedule of Allowances payable to Members and sets out the provisions governing this.

5.3.2 The Scheme of Member Allowances forms part of the Constitution.

### **5.4 Risk Management**

5.4.1 Failure to agree a scheme may render the council in breach of its statutory duty. In addition, without a Members Allowance Scheme that describes the level of pay ascribed to each role a member undertakes may dilute accountability.

### **5.5 Equalities and Diversity**

5.5.1 These proposals do not adversely compromise the Council's public sector equalities duty under the 2010 Equality Act.

### **5.6 Consultation and Engagement**

5.6.1 An advertisement relating to the publication of the London Councils Scheme appeared in the Barnet Press on 26 June 2014. A further advertisement setting out details of the Scheme itself will be published as soon as practicable after Council has made its decision.

## **6. BACKGROUND PAPERS**

6.1 None.