

## ANNUAL ASSEMBLY

25 May 2022

<b>Title:</b> Members' Allowances Scheme 2022/23	
<b>Report of the Interim Chief Executive</b>	
<b>Open Report</b>	<b>For Decision</b>
<b>Wards Affected:</b> None	<b>Key Decision:</b> No
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<b>Accountable Director:</b> Alison Stuart, Chief Legal Officer and Interim Monitoring Officer	
<b>Accountable Strategic Leadership Director:</b> Fiona Taylor, Interim Chief Executive and Strategic Director, Law and Governance	
<b>Summary:</b> <p>This report sets out proposals in relation to Members' allowances for the 2022/23 municipal year covering both the Basic Allowance payable to all councillors and Special Responsibility Allowances (SRAs) for those councillors appointed to specific positions.</p> <p>The report proposes the first set of changes to the Members' Allowances Scheme in four years (i.e. since 2018). It is proposed that the Basic Allowance be increased to the level recommended by the London Councils Independent Remuneration Panel (LCIRP) in its recently published report for 2022 which, to all intents and purposes, represents an increase to the Basic Allowance equivalent to the local government staff pay awards since 2018.</p> <p>With regard to SRAs and particularly the roles of Leader, Deputy Leader, Cabinet Member and Chair of Overview and Scrutiny Committee, consideration was given to the levels recommended by the LCIRP in its 2022 report and officers also conducted a benchmarking exercise against other London Boroughs' schemes to provide a comparison (based on allowance levels in 2021/22). Stemming from that, although it is not proposed to increase SRAs to the LCIRP recommended levels due to the ongoing pressures on the Council's finances, the report does propose specific increases to some of those posts referred to above as well as an 'inflationary' increase to all SRAs, again equivalent to the local government staff pay awards since 2018.</p> <p>As part of the evolution of the Council's governance arrangements, it is also proposed to create the new role of Deputy Cabinet Member from 2022/23 and the deletion of the role of Member Champion.</p>	

## **Recommendation(s)**

The Assembly is recommended to:

- (i) Agree that the annual Basic Allowance paid to all councillors be increased to £12,014 for the 2022/23 municipal year, in line with the recommendation of the London Councils Independent Remuneration Panel;
- (ii) Agree the increases to Members' Special Responsibility Allowances for the 2022/23 municipal year, as detailed in the report;
- (iii) Agree the creation of up to three Deputy Cabinet Member posts from the 2022/23 municipal year and the deletion of the role of Member Champion; and
- (iv) Adopt the Members' Allowances Scheme 2022/23 at Appendix A to the report, to be effective from 26 May 2022.

## **Reason(s)**

To accord with the Local Authorities (Members' Allowances) (England) Regulations 2003.

## **1. Introduction and Background**

- 1.1 The Local Authorities (Members Allowances) (England) Regulations 2003 require local authorities to make an annual scheme of allowances.
- 1.2 In setting its annual scheme, the Council must have regard to any recommendations of an independent remuneration panel (IRP). The exceptions to this requirement are where allowances are to be increased in accordance with an approved index or where no increase is proposed, subject to a review every four years.
- 1.3 In June 2014, the Council disbanded its own IRP due to a number of the Panel Members stepping down and the decision was taken that, from that point, the Council would have regard to the London Councils Independent Remuneration Panel (LCIRP) recommendations when considering its annual allowances. The LCIRP was established by London Councils in 2001 to exercise the function on behalf of London Boroughs and produces a report every four years, the latest being its 2022 report.
- 1.4 At the Annual meeting on 23 May 2018, the Assembly agreed an interim Members' Allowances Scheme for 2018/19 which kept the majority of allowances at the same levels since 2008/09. The changes to the Scheme were confined, at that time, to the SRAs relating to those roles that were revised / introduced as a direct result of the new Council governance and committee structure arrangements that had been approved by the Assembly at its 28 February and 23 May 2018 meetings.
- 1.5 It was also noted at the Annual meeting that a further review of allowances would be carried out later that year. The purpose of the review was to properly assess the impact of the new governance arrangements, Members' new responsibilities under

those arrangements and the appropriate level of allowances having regard to the recommendations of the LCIRP Report 2018 and benchmarking against all other London Boroughs' allowances.

- 1.6 That review report was presented to an extraordinary meeting of the Assembly on 18 July 2018. The Assembly acknowledged that the basic allowance paid to all councillors had remained frozen since 2008/09 at £10,006 and SRAs were also at the same levels as they were 10 years previously, except for the interim changes agreed at the 23 May 2018 meeting. With that in mind and having regard to the LCIRP recommendations and the benchmarking data, the Assembly agreed at the July 2018 meeting to increase the basic allowance from £10,006 to £11,000 and to increase the SRAs payable to a range of Chair and Deputy Chair positions, Cabinet Members and the Leader and Deputy Leader positions. Members' Allowances have remained at the 2018 levels since that time.
- 1.7 The Members' Allowances Scheme forms part of the Council Constitution (Part 6).

## **2. Proposal and Issues**

### **2.1 Basic Allowance**

- 2.1.1 In its 2018 report, the LCIRP recommended a Basic Allowance for all councillors of £11,045 – LBBDD set its rate at £11,000.
- 2.1.2 In its latest review, the LCIRP has proposed a Basic Allowance of £12,014 which merely reflects the cumulative application of local government staff pay awards since 2018 (approx. 8.77% across the four-year period).
- 2.1.3 The LCIRP has suggested that, in the wider context of considerable uncertainty and the current financial climate, now is not the right time to recommend major changes beyond annual updating. With that in mind, it is proposed that LBBDD's Basic Allowance be increased to the recommended level for 2022/23.
- 2.1.4 The net effect of the increase from £11,000 to £12,014 for 2022/23 equates to an additional cost of £51,714 per annum (excluding on-costs).

### **2.2 Special Responsibility Allowances (SRAs)**

- 2.2.1 The LCIRP has consistently advocated that the remuneration of the Leader of a Cabinet (which relates to the governance model adopted in LBBDD) should equate to that of a Member of Parliament, due to the synergies between the roles in terms of responsibilities and accountabilities and the full-time nature of the role. Linked to that, the LCIRP established a banding system for other roles such as Deputy Leaders, Cabinet Members and Chairs and Deputy Chairs of committees which were set within a percentage range of the recommended Leaders' allowance.
- 2.2.2 At its meeting on 18 July 2018, the Assembly acknowledged that a strong case could be made for applying the SRA levels recommended by the LCIRP. However, the relatively low levels of SRAs at LBBDD and the financial pressures that continued to be faced by the Council meant that a more pragmatic approach was taken, with SRAs increased to levels considerably lower than those recommended but which were considered appropriate and affordable at the time.

2.2.3 In considering SRAs for 2022/23, officers conducted a benchmarking exercise against other London Boroughs' schemes to provide a comparison of the roles of Leader, Deputy Leader, Cabinet Member and Chair of Overview and Scrutiny Committee.

2.2.4 The outcome of that exercise, as well as the levels recommended by the LCIRP in its 2022 report, are shown below, alongside the recommended levels to be applied to those posts at Barking and Dagenham for 2022/23 – it should be noted that the benchmarking rates shown below are based on allowance levels in 2021/22 and do not including the latest 1.75% staff pay award or other increases that Borough's may make for 2022/23.:

#### **Leader's Allowance**

<b>LBBB Current Allowance</b>	<b>2021/22 London Borough benchmarking Average</b>	<b>LCIRP 2022 recommended level</b>	<b>LBBB Proposed Allowance 2022/23</b>
£46,429	£41,407	£62,092	£50,500

#### **Deputy Leader's Allowance**

<b>LBBB Current Allowance</b>	<b>2021/22 London Borough benchmarking Average</b>	<b>LCIRP 2022 recommended level</b>	<b>LBBB Proposed Allowance 2022/23</b>
£25,535	£28,170	£39,860-£47,271 (Band 3)	£30,000

#### **Cabinet Member's Allowance**

<b>LBBB Current Allowance</b>	<b>2021/22 London Borough benchmarking Average</b>	<b>LCIRP 2022 recommended level</b>	<b>LBBB Proposed Allowance 2022/23</b>
£19,000	£23,981	£39,860-£47,271 (Band 3)	£20,666

#### **Chair of Overview & Select Committee Allowance**

<b>LBBB Current Allowance</b>	<b>2021/22 London Borough benchmarking Average</b>	<b>LCIRP 2022 recommended level</b>	<b>LBBB Proposed Allowance 2022/23</b>
£10,000	£13,528	£39,860-£47,271 (Band 3)	£13,000

- 2.2.4 The proposed increase to the Leader's allowance and the Cabinet Member's allowance again only reflects the cumulative application of local government staff pay awards since 2018 (8.77%).
- 2.2.5 The proposed increase to the allowances for the Deputy Leaders and the Chair of the Overview and Scrutiny Committee are above the 8.77% level, which is considered appropriate in view of the significant additional workload and responsibilities of these position. That same principle also applies to the role of Chair of Planning Committee, which is proposed to increase from £8,000 to £10,000. As Deputy Chair positions are remunerated at 50% of the level of the respective Chairs, the SRA for the Deputy Chair of Overview and Scrutiny Committee and Deputy Chair of Planning Committee would also increase above the 8.77% level.
- 2.2.6 All other SRAs are proposed to increase by 8.77%.

### 2.3 Deputy Cabinet Members

- 2.3.1 As part of the evolution of the Council's governance and committee structure arrangements referred to in paragraph 1.4 above, it is proposed that up to three Deputy Cabinet Member positions be created to support relevant Cabinet Member(s) in developing and implementing policies. This new role will come into effect for the 2022/23 municipal year and it is recommended that the postholders receive an SRA of £7,500 per annum.
- 2.3.2 It is also proposed that the role of Member Champion be subsumed by Cabinet Members and this role be deleted from the Members' Allowance Scheme from 2022/23. As provision was made in the Members' Allowances budget for up to five Member Champions at a remunerated rate of £5,000 per annum, the combined effect of these two proposals represents a budget saving of £2,500 per annum (excluding on-costs).

### 2.4 Other Allowances

- 2.4.1 The Members' Allowances Scheme also includes allowances in relation to co-opted (and other) members, travelling, subsistence and dependants' carers' allowances.
- 2.4.2 It is proposed that those allowances remain unchanged for 2022/23 with the exception of the dependants' carers' allowance, which may be claimed towards the cost of care for children or other dependants within the household who have a recognised need for care when councillors are undertaking 'approved duties'.
- 2.4.3 The Council's Pay Policy Statement reflects that the Council is committed to pay its staff, including apprentices, no less than the "London Living Wage", which is currently £11.05 per hour. Although the dependants' carers' allowance is not linked to the Council's Pay Policy, it is considered appropriate to bring that allowance (currently £10.20) into line and for it to be increased annually in line with the Pay Policy. The increase to the dependants' carers' allowance would have a minimal impact on the overall Members' Allowances budget and can be contained within the existing provision.
- 2.5 The proposed Members' Allowances Scheme for 2022/23 is set out at **Appendix A**.

### **3. Options Appraisal**

- 3.1 A detailed review of LBBD's Members' Allowances Scheme was last undertaken in 2018. The two most obvious options would be (i) freezing allowances for at least a further year, and (ii) applying the rates recommended by the LCIRP in its 2018 report.
- 3.2 The proposals in this report are largely focussed on bringing Members' Allowances into line with the local government staff pay awards since 2018 and are considered to represent an appropriate balance between the additional workloads and responsibilities attached to certain roles while being mindful of the impact on the Council's finances of any increase to the Members' Allowances budget. A full review of Members' Allowances will be undertaken in the light of the LCIRP's detailed review which is expected to be published in late 2023.

### **4. Consultation**

- 4.1 The proposals in this report have been discussed with relevant Cabinet Members and officers.

### **5. Financial Implications**

Implications completed by: Katherine Heffernan, Head of Service Finance

- 5.1 The Members' Allowances budget for 2022/23 is currently £987,000. The cumulative impact of the proposals in this report amount to an additional £87,000 in payments to members. Together with the increased rate of National Insurance contributions the budget requirement is expected to increase to £1.091m. This increase will be funded from the pay and prices inflation provision included in the budget as part of the MTFS.

### **6. Legal Implications**

Implications completed by: Dr Paul Feild, Senior Governance Lawyer

- 6.1 The legal basis for the payments is section 18 of the Local Government and Housing Act 1989 and regulations made by the Secretary of State being the Local Authorities (Members Allowances) (England) Regulations 2003 require local authorities to make an annual scheme of allowances.
- 6.2 Agreeing the scheme is specifically not a Cabinet function by virtue of paragraph 2(5) of the Local Authorities (Functions and Responsibilities) Regulations 2000 as amended, and so they must be approved by the Assembly.

### **Public Background Papers Used in the Preparation of the Report:**

- London Councils Independent Panel Report "The Remuneration of Councillors in London 2022" (<https://www.londoncouncils.gov.uk/who-we-are/about-us/financial-information/leadership-and-expenses/remuneration-councillors-london>)

- “Members’ Allowances Scheme 2018/19” report to Assembly 23 May 2018 (Minute 10)  
(<https://modgov.lbbd.gov.uk/Internet/ieListDocuments.aspx?CId=179&MId=9404&Ver=4>)
- “Revised Members’ Allowances Scheme 2018/19” report to Extraordinary meeting of the Assembly 18 July 2018 (Minute 19)  
(<https://modgov.lbbd.gov.uk/Internet/ieListDocuments.aspx?CId=179&MId=10257&Ver=4>)

**List of appendices:**

- **Appendix A** – Proposed Members’ Allowances Scheme 2022/23