

## ANNUAL ASSEMBLY

23 May 2018

<b>Title:</b> Members' Allowances Scheme 2018/19	
<b>Report of the 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>Summary:</b> <p>This report sets out proposals in relation to Members' allowances for the 2018/19 municipal year, which covers both the Basic Allowance payable to all councillors and Special Responsibility Allowances (SRAs) for those councillors appointed to specific positions.</p> <p>The Local Authorities (Members Allowances) (England) Regulations 2003 require local authorities to make an annual scheme of allowances and, in doing so, to have regard to any recommendations of an independent remuneration panel (IRP). Since June 2014, the Council has had regard to the London Councils Independent Remuneration Panel (LCIRP) recommendations when considering its annual allowances.</p> <p>Members' allowances were last increased in 2008/9 and the Council has kept them at those levels each year since in recognition of the continuing pressures on public sector funding. Changes to the Council's governance and committee structure arrangements presented to this meeting and the meeting on 28 February 2018 impact on the Members' Allowances Scheme for 2018/19 and the Chief Executive has carried out an interim review of allowances, primarily focussing on the changes to the governance arrangements. It is the intention that a fuller review of the Members' Allowances Scheme will be carried out during the year to assess the impact of the new governance arrangements, Members' new responsibilities under those arrangements and the appropriate level of allowances.</p> <p>This report proposes that the majority of Members' allowances should again remain unchanged – this includes the Basic Allowance paid to all 51 councillors and the SRAs for the Leader, Deputy Leaders, Cabinet Members and the Chairs and Deputy Chairs of the committees that have been largely unaffected by this year's governance changes. There are proposed increases to the SRAs for the Chairs and Deputy Chairs of the new Overview and Scrutiny Committee and the refined Planning Committee, while the new Member Champion roles and the Chairs and Deputy Chairs of the Pensions Committee and the Policy Task Group are included in the allowances schedule for the first time.</p> <p>The changes referred to above have the net effect of increasing the overall Members' Allowances budget by approximately £38,000 (inclusive of on-costs). It is worthy of note,</p>	

however, that LBBD's level of allowances are significantly lower than the rates recommended by the LCIRP and are generally equivalent to or lower than the averages across all other London Boroughs, based on data from a benchmarking exercise carried out in respect of Members' allowance rates for the 2015/16 municipal year.

### **Recommendation(s)**

The Assembly is recommended to:

- (i) Adopt the Members' Allowances Scheme 2018/19 as attached at Appendix A to the report, to come into effect from 24 May 2018; and
- (ii) Note that a review will be carried out during the year to assess the impact of the new governance arrangements, Members' new responsibilities under those arrangements and the appropriate level of allowances under the Members' Allowances Scheme.

### **Reason(s)**

To meet the requirements of 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 now produces a report every four years, the latest being its 2018 report.
- 1.4 The Members' Allowances Scheme forms part of the Council Constitution (Part 6).

## **2. Proposal and Issues**

- 2.1 When it published its first report in 2001, the LCIRP recommended that the remuneration of the Leader of a Cabinet (which relates to the governance model adopted in Barking and Dagenham) should equate to that of a Member of Parliament, due to the synergies between the roles in terms of responsibilities and accountabilities. The LCIRP also 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 Leader's allowance. The LCIRP's recommendations in its 2018 report continue to be based on those same principles, although its recommended levels are now lower than an MP's remuneration as the LCIRP has applied an uplift in line with the local government pay award while MP's remuneration has increased significantly above those rates in recent years.

- 2.2 The case put forward by the LCIRP for basing a Leader's remuneration on that of an MP is a sound one. Similarly, the LCIRP's methodology of establishing a banding system for other SRA roles based on a percentage range of the Leader's allowance is also well founded. However, the benchmarking of all London Boroughs Members' allowances for the 2015/16 municipal year showed that the vast majority of Councils had set their allowances well below those recommended levels. The most likely reason for this could be attributed to the additional funding that would have been required to bring Members' allowances budgets up to the recommended levels, at a time of significant financial challenges for local authorities due to the Government's public spending cuts.
- 2.3 LBBDD Members' allowances have not increased since 2008/9 (for clarification purposes, the Deputy Leader's allowance was reduced from £22,513 in 2013/14 to £21,583 in 2014/15 to reflect the appointment of two Deputy Leaders and to ensure that the overall budget did not increase). During this time and with the development and implementation of the Council's transformation programme, the roles and responsibilities of councillors have evolved. The LCIRP has recognised the position of Leader as a full-time role, which is certainly the case here at Barking and Dagenham, while the roles of the Deputy Leaders, Cabinet Members and Chairs and Deputy Chairs are increasingly demanding.
- 2.4 Solely from a workload perspective, a strong case could be made for applying the levels recommended by the LCIRP. However, the relatively low levels of SRAs here at Barking and Dagenham and the financial pressures that continue to be faced by the Council mean that a more pragmatic approach has to be taken, as any increase to allowances requires additional funding to be allocated to the overall Members' Allowances budget.
- 2.5 With that in mind, only an interim review of allowances has been undertaken at this stage, primarily focussing on the changes that have arisen as a direct result of the new governance arrangements. It is the intention that a fuller review of the Members' Allowances Scheme will be carried out during the year to assess the impact of the new governance arrangements, Members' new responsibilities under those arrangements and the appropriate level of allowances.
- 2.6 Set out below are the proposed levels of allowances, shown in comparison to the LCIRP recommendations and the benchmarking of allowances for all London Boroughs in respect of the rates for the 2015/16 municipal year.

## Special Responsibility Allowances

### 2.7 Leader's Allowance

<b>LBBB Current Allowance</b>	<b>2015/16 London Borough Benchmarking Average</b>	<b>LCIRP 2018 recommended Level</b>	<b>LBBB Proposed Allowance 2018/19</b>
£35,022	£42,109	£57,085 (Band 4)	£35,022 (unchanged)

### 2.8 Deputy Leaders' Allowance

<b>LBBB Current Allowance</b>	<b>2015/16 London Borough Benchmarking Average</b>	<b>LCIRP 2018 recommended Level</b>	<b>LBBB Proposed Allowance 2018/19</b>
£21,583	£25,830 *	£36,917 to £43,460 (Band 3)	£21,583 (unchanged)

(\* excludes LB Newham as it operates a staggered payment system for its Cabinet)

### 2.9 Cabinet Member's Allowance

<b>LBBB Current Allowance</b>	<b>2015/16 London Borough Benchmarking Average</b>	<b>LCIRP 2018 recommended Level</b>	<b>LBBB Proposed Allowance 2018/19</b>
<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
£17,510	£20,894 **	£36,917 to £43,460 (Band 3)	£17,510 (unchanged)

\*\* excludes LB Newham as it operates a staggered payment system for its Cabinet and LB Barnet and Sutton as they operate a committee system style of governance)

### 2.10 Chairs and Deputy Chairs of Committees

2.10.1 At present, LBBB Committee Chairs receive an allowance of £3,152 while Deputy Chairs receive £1,571 (half of the Chairs' allowance).

2.10.2 The LCIRP recommends levels of between £36,917 to £43,460 (Band 3) for the Chair of Overview and Scrutiny Committee, £16,207 to £29,797 (Band 2) for Chairs of Scrutiny Panels and the Planning Committee, and £2,582 to £9,397 (Band 1) for other Chair and Deputy Chair positions. It is not possible to provide direct comparisons from the 2015/16 London Borough benchmarking data as different arrangements are in place across Boroughs, although Chair positions typically attract allowances of between £5,000 - £15,000.

2.10.3 Pending the fuller review of allowances referred to in paragraph 2.5 above, it is proposed that the SRA applicable to the roles of Chair and Deputy Chair of the committees that have been largely unaffected by this year's governance changes should remain at £3,152 and £1,571 respectively, as shown in the table below. This includes the new Health Scrutiny Committee, which evolves from the streamlining of

the Council's scrutiny function and assumes the responsibilities of the former Health and Adult Services Select Committee.

Chair, Assembly Chair, Audit & Standards Committee Chair, Health Scrutiny Committee Chair, Licensing & Regulatory Committee Chair, Personnel Board	£3,142
Deputy Chair, Assembly Deputy Chair, Audit & Standards Committee Deputy Chair, Health Scrutiny Committee Deputy Chair, Licensing & Regulatory Committee Deputy Chair, Personnel Board	£1,571

2.10.4 The streamlining of the Council's scrutiny function has resulted in the creation of an Overview and Scrutiny Committee which takes on the responsibilities of the former Select Committees (except health matters). Those combined responsibilities and the increased meeting frequency and workload of the new Committee merits a higher level of SRA. It is proposed, therefore, that the position of Chair attracts an allowance of £10,000 with the Deputy Chair receiving £5,000 (the LCIRP recommends an allowance of £36,917 to £43,460 (Band 3) while the 2015/16 benchmarking of all London Boroughs shows an average of £10,000 - £15,000 for the Chair's role).

2.10.5 The new Planning Committee will be considering an increasing number of large, complex planning applications, reflecting the Borough's status as London's growth opportunity, and its reduced membership of 10 Councillors will be required to give more in-depth critical analysis to those applications. In that respect, it is proposed that the position of Chair attracts an allowance of £8,000 with the Deputy Chair receiving £4,000 (the LCIRP recommends an allowance of £16,207 to £29,797 (Band 2) while the 2015/16 benchmarking of all London Boroughs shows a varied range of between £3,000 - £28,000 for the Chair's role, with the average being around £8,500)).

## 2.11 New SRA's

2.11.1 At the meeting on 28 February 2018, the Assembly also agreed the establishment of a Policy Task Group and the role of Member Champions under the remit of the Cabinet. The workloads, responsibilities and meeting frequencies of the Chair and Deputy Chair of the Policy Task Group and the Member Champions have been assessed as being equivalent to the Chairs and Deputy Chairs of the committees referred to in paragraph 2.10.3 above. It is proposed, therefore, that the SRA for Member Champions and the Chair of the Policy Task Group be set at £3,142 and the Deputy Chair of the Policy Task Group at £1,571.

2.11.2 Although a longstanding committee the Pensions Committee has, up until now, not been included in the Members' Allowances Scheme, most likely because it was previously chaired by the Cabinet Member with portfolio responsibility for finance, who would have received the Cabinet Member SRA (an individual is only entitled to receive the highest allowance payable). The chairmanship of the Pensions

Committee has now been opened up and it would be appropriate to apply the standard level of SRA to the Chair and Deputy Chair positions in view of the Committee's responsibilities and workload.

- 2.12 The combined effect of the uplift to certain SRAs and the addition of the Pensions Committee, the Policy Task Group and the Member Champions to the schedule amounts to £33,284 (excluding on-costs).

### **Basic Allowance**

- 2.13 The Basic Allowance paid to all LBBD councillors is currently £10,006 (unchanged since 2008/9) which is comparable with the average Basic Allowance across London in 2015/16, according to the benchmarking data, of £10,014 (without accounting for increases that may have been applied since 2015/16).
- 2.14 In its 2018 report, the LCIRP recommends a Basic Allowance of £11,045.
- 2.15 Although a very strong case could be made to increase LBBD's rate, it is suggested that pending a full review the Basic Allowance remain at £10,006 for the 10<sup>th</sup> successive year.

### **Other Allowances**

- 2.16 The Members' Allowances Scheme also includes allowances in respect of Opposition Leaders, the Mayor's Allowance and Co-Opted Members' allowances, as well as travelling, subsistence and dependants' carers allowances. It is proposed that these allowances also remain unchanged for 2018/19 pending the wider review.
- 2.17 The proposed Members' Allowances Scheme for 2018/19 is set out at **Appendix A**.

## **3. Options Appraisal**

- 3.1 Alternative options could range from not applying any increase or additions to the current Members' Allowances Scheme to applying the levels recommended by the LCIRP.
- 3.2 Pending a full review, however, the proposals in this report have solely focussed on the main changes to the Council's governance arrangements and are considered to represent an appropriate balance in the context of the impact on the Council's finances of any increase to the Members' Allowances budget.

## **4. Consultation**

- 4.1 The proposals in this report have been discussed with and are supported by the Leader (elect).

## 5. Financial Implications

Implications completed by: Katherine Heffernan, Group Manager, Finance

- 5.1 The current Basic and SRA allowances amount to £770,991 which, along with on-costs of circa £30,000 (primarily for National Insurance contributions), fully utilises the current Members' Allowances budget of £800,000.
- 5.2 The proposed changes to some of the SRAs as detailed in the report amount to £33,284, excluding on-costs which will amount to around £4,593. Therefore, additional budget provision of £38,000 is required to meet the full cost of the proposals in this report. The Finance department has identified that there is available funding within the Council's central services budget to meet this cost.
- 5.3 For information, the Members' Allowances budget was reduced by £100,000 for 2015/16 as part of the budget savings process. The reduction stemmed from the removal of the entitlement of councillors to be members of the Local Government Pension Scheme, which meant that the Council was no longer required to make an employer contribution in relation to those councillors who were, prior to 1 April 2015, in the LGPS.

## 6. Legal Implications

Implications completed by: Dr Paul Feild, Senior Governance Solicitor

- 6.1 The Local Authorities (Members Allowances) (England) Regulations 2003 require local authorities to make an annual scheme of allowances, which 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 2018" (<https://www.londoncouncils.gov.uk/who-we-are/about-us/financial-information/leadership-and-expenses/remuneration-councillors-london>)
- London Boroughs' Members' Allowances Scheme 2015/16 Benchmarking Data (*weblink not yet available*)

### List of appendices:

- **Appendix A** – Proposed Members' Allowance Scheme 2018/19