

ASSEMBLY

17 May 2023

Title: Members' Allowances Scheme 2023/24	
Report of the Acting Chief Executive	
Open Report	For Decision
Wards Affected: None	Key Decision: No
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Accountable Director: Alison Stuart, Chief Legal Officer and Interim Monitoring Officer	
Accountable Executive Team Director: Fiona Taylor, Acting Chief Executive	
Summary: <p>This report sets out proposals in relation to Members' allowances for the 2023/24 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>Last year, the Assembly approved the first set of changes to the Members' Allowances Scheme since 2018. Those changes included an increase to the Basic Allowance in line with the London Councils Independent Remuneration Panel (LCIRP) recommendations in its 2022 report which, to all intents and purposes, represented an increase to the Basic Allowance equivalent to the local government staff pay awards since 2018. A benchmarking of other London Boroughs' SRA payments, based on allowance levels in 2021/22, was also considered alongside the 2022 LCIRP report's recommended levels of SRAs. Although it was agreed not to increase SRAs to the LCIRP recommended levels due to the ongoing pressures on the Council's finances, the Assembly did agree specific increases to some of SRA positions as well as an 'inflationary' increase to all other SRAs, again equivalent to the local government staff pay awards since 2018.</p> <p>The 2022 LCIRP report also recommended that Basic Allowances and SRAs should be linked to the local government staff pay award each year, as a way of ensuring that councillors received annual increases in line with those received by staff. Although that proposal did not form part of the recommendations to the Assembly last year, it is now proposed that the staff pay award for the preceding year be applied to the Basic Allowance and SRAs going forward (ie. the average local government staff pay award of 6.6% for the 2022/23 financial year be applied to the 2023/24 Members' Allowances Scheme).</p> <p>The report also proposes the standardisation of an annual uplift to the Dependents' Carers' Allowance in line with the effective date of the London Living Wage.</p>	

Recommendation(s)

The Assembly is recommended to:

- (i) Agree that the Basic Allowance paid to all councillors and Special Responsibility Allowances be increased annually in line with the average local government staff pay award for the preceding year;
- (ii) Agree that the Dependants' Carers' Allowance be increased in line with the effective date of any uplift to the London Living Wage; and
- (iii) Adopt the Members' Allowances Scheme 2023/24 at Appendix A to the report, to be effective from 18 May 2023.

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 At an extraordinary meeting of the Assembly on 18 July 2018, a report was presented on the outcome of a detailed review of the impact of the new governance arrangements and Members' new responsibilities under those arrangements, as well as the appropriate level of allowances having regard to the recommendations of the LCIRP Report 2018 and benchmarking against all other London Boroughs' allowances. 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.

- 1.6 Last year, the Assembly approved the first set of changes to the Members' Allowances Scheme since 2018. Those changes included an increase to the Basic Allowance in line with the London Councils Independent Remuneration Panel (LCIRP) recommendations in its 2022 report which, to all intents and purposes, represented an increase to the Basic Allowance equivalent to the local government staff pay awards since 2018. 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 in the 2022 LCIRP report and officers also conducted a benchmarking exercise against other London Boroughs' schemes to provide a comparison, which was based on allowance levels in 2021/22. Stemming from that, although it was agreed not to increase SRAs to the LCIRP recommended levels due to the ongoing pressures on the Council's finances, the Assembly did agree 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.
- 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 – LBBD set its rate at £11,000.
- 2.1.2 In its 2022 report and in the wider context of considerable uncertainty and the financial climate, the LCIRP proposed a Basic Allowance of £12,014 which merely reflected the cumulative application of local government staff pay awards since 2018 (approx. 8.77% across the four-year period). That recommendation was adopted by the Assembly at its annual meeting on 25 May 2022.
- 2.1.3 The LCIRP also suggested that local authorities increase the Basic Allowance each year in line with the local government staff pay award (with the increase being backdated to 1 April). Following discussions between senior councillors and officers, it was decided not to automatically apply that uplift to Members' Allowances during 2022/23.
- 2.1.4 It is now proposed that the staff pay award for the preceding year be applied to the Basic Allowance and SRAs for 2023/24 and the future (ie. the average local government staff pay award of 6.6% for the 2022/23 financial year be applied to the 2023/24 Members' Allowances Scheme and the staff pay award for 2023/24 be applied to Members' Allowances for 2024/25).

2.1.5 The net effect of the increase from £12,014 to £12,807 for 2023/24 equates to an additional cost of circa £40,400 per annum (excluding on-costs).

2.2 **Special Responsibility Allowances (SRAs)**

2.2.1 With the exception of the annual uplift referred to in paragraph 2.1.4 above, there are no other proposed changes to SRAs for 2023/24.

2.2.2 The net effect of the annual uplift to SRAs for 2023/24 is circa £25,000 (excluding on-costs).

2.3 **Other Allowances**

2.3.1 The Members' Allowances Scheme also includes allowances in relation to co-opted (and other) members, travelling, subsistence and dependants' carers' allowances.

2.3.2 It is proposed that those allowances remain unchanged for 2023/24 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'.

2.3.3 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 £11.95 per hour. Although the dependants' carers' allowance is not linked to the Council's Pay Policy, it is considered appropriate for that allowance to be increased annually from the effective date of the new London Living Wage. The increase to the dependants' carers' allowance would have a minimal impact on the overall Members' Allowances budget and can be contained within the annual budget.

2.4 The proposed Members' Allowances Scheme for 2023/24 is set out at **Appendix A**.

3. **Options Appraisal**

3.1 The two most apparent options would be (i) freezing allowances for 2023/24, and (ii) applying the rates recommended by the LCIRP in its 2022 report.

3.2 As was the case last year, the proposals in this report are largely focussed on bringing Members' Allowances into line with the local government staff pay awards, albeit one year in arrears. This is considered to represent an appropriate balance between the cost-of-living pressures affecting all while being mindful 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 relevant Cabinet Members and officers.

5. Financial Implications

Implications completed by: Katherine Heffernan, Head of Service Finance

- 5.1 The Members' Allowances budget for 2023/24 is currently £1,006,565. The cumulative impact of the proposals in this report would amount to an additional £66,000 in payments to members. Together with the increased rate of National Insurance contributions the budget requirement is expected to increase to £1,152,981. This increase will be funded from the pay and prices inflation provision included in the budget as part of the MTFS.
- 5.2 It should be noted that the pay award for Local Government staff was based on a flat rate which was equivalent to 6.6% on average. It has been agreed to use this percentage for members allowances for simplicity and fairness – however in practice this will result in slightly different increases (some higher, some lower) than staff on equivalent salaries.

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 it 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>)
- “Members’ Allowances Scheme 2022/23” report to Assembly 25 May 2022 (Minute 9) (<https://modgov.lbbd.gov.uk/Internet/ieListDocuments.aspx?CId=179&MId=11188&Ver=4>)

List of appendices:

- **Appendix A** – Proposed Members’ Allowances Scheme 2023/24