

THE EXECUTIVE

20 MAY 2003

REPORT OF THE DIRECTOR OF FINANCE

MEMBERS ALLOWANCES 2003/2004		FOR DECISION
<p><i>This report sets out the recommendations of the Independent Review Panel into Members Allowances.</i></p>		
<p><u>Summary</u></p> <p>As part of this year's review a survey of Special Responsibility Allowances has been undertaken resulting in a number of changes and also some increases. This follows a members' annual survey and report concerning their activities, responsibilities and time input in order to carry out their duties as Councillors. The increase is based on a changed formula agreed by the panel.</p> <p>In addition Basic Allowances have been increased by 2.9% for all members. Details of the revised scheme are as shown in the attached schedule (Appendix A) which is effective from 15 May 2003. In addition the Panel have reiterated that each member complete a mandatory annual report. Members are reminded of the need to keep records as an aid to completing these at the end of the calendar year.</p> <p>Members Allowances will be reviewed again next year and any proposals will be reported to the Executive.</p>		
<p><u>Recommendation/Reason</u></p> <p>The Executive is asked to recommend the Assembly to agree allowances and the scheme for 2003/04, as set out in Appendix A, with effect from 15 May 2003, in accordance with the recommendations of the Independent Review Panel.</p>		
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1. Background

- 1.1 In 2000 an Independent Review panel was appointed to review Members allowances. The panel undertook a comprehensive review, which took into account many factors including the legal framework, the Council's existing scheme of payments, other London Boroughs schemes, time inputs and special responsibilities as well as interviewing a number of Members to seek their views on how they perceived their "job". The panel produced Job profiles as a result before publishing their recommendations, which were then adopted by the Assembly.

- 1.2 Subsequently, 2001 saw the mandatory introduction of independent panels through legislation and the existing panel reappointed here. Members Allowances were increased in 2001, and again in 2002 (but only in respect of basic allowances) as a result of the information obtained from Members via a survey. This being based on a formula that uses the average increase in earnings in the borough, as recommended by the panel.
- 1.3 The results of the survey in respect of different bandings for Special Responsibility Allowances (SRA) were not conclusive and the panel felt that a further detailed study should be undertaken specifically relating to the different bandings as part of the review for 2003.
- 1.4 In addition the panel also recommended that an annual report from each Member be completed in line with the proposal of May 2000. It was further agreed that this be mandatory for all Members commencing with the period 1 January 2002 to 31 December 2002.

2. Review for 2003

- 2.1 The panel felt it would be useful to incorporate a remuneration survey as part of the annual report, as such a combined members' annual report and remuneration survey was compiled and sent to all members in December 2002. Subsequently all members made a return.
- 2.2 In order to have a clear understanding of the results of the report/survey, the panel invited various members in different bandings, to meetings to go through their returns, ask questions and generally seek their views. The panel also felt that by interviewing members as well as conducting the survey as part of the review that this would establish their position to be able to account for the decisions they make. In particular to the community and of course to feedback to the members themselves as part of the review process.
- 2.3 Time was also spent in looking at other activities such as Chair of Community Forums to see if there was a need to increase the number SRA allowances. Overall the view of the panel, having consulted members, was that there was not a need to consider this for 2003/04, although this may need to be revisited in the future.
- 2.4 It was also noted from members' returns that SRAs' bandings should not be calculated by reference to hours alone. Indeed the panel agreed with the consensus of opinion that a multiple of the basic allowance would be an equitable way to reward responsibility, although hours will continue to be monitored, to ensure a level of consistency with the different bands.
- 2.5 Consideration was also given to reviewing the allowances on the basis of population and comparison in this area to neighbouring boroughs. However, the composition of Barking and Dagenham and its neighbouring boroughs varies in many ways, both socially and economically and as such the panel did not feel this would be a fair way to consider allowances against those paid elsewhere.

2.6 It was also felt by the panel that to continue to use surveys based on the average weekly pay for Barking and Dagenham, are not always accurate, as these have been based on small sample numbers. As a result the panel propose that from this year's increase onwards that they be based on the Bank of England Retail Price Indices as at December in the year prior to the increase, in this case December 2002.

3. Conclusions

3.1 The returns showed that overall there had not been any real increase in basic hours undertaken by 'back bench' members. This was as expected as the hours were only changed last year as part of the review of the basic allowance. However, there had been significant increases in hours SRA's for posts in Bands 1, and 2.

3.2 It is clear from the returns that there has been an increase in workload and hours for a number Special Responsibility posts since the last review of these allowances in May 2000. This is due to the review being based on estimates of time that would be required as part of the modernisation of the Council. The data collected from almost three years operation has shown that the hours need adjusting as these had been underestimated, which in turn leads to a recalculation. However, as mentioned a change in formula with regard the calculation acknowledges the different levels of responsibilities undertaken in the different bandings and how these have developed over the last few years.

4. Recommendation

4.1 As mentioned in 2.4, the panel have recommended a change in formula for SRA's (bands 1 to 3) by multiplying the basic allowance, depending on a post's level of responsibilities. Each post also having a level of hours expected to be undertaken.

4.1.1 **Band 1** (a) Leader of the Council, **from** £17,100 **to** £26,400
120 hours plus per month (£8,800 x 3).

(b) Deputy Leader of the Council, **from** £11,400 **to** £17,600
90 hours plus per month (£8,800 x 2)

Band 2 Members of the Executive and Chair of the Scrutiny
Management Board, **from** £8,400 **to** £13,200
90 hours plus per month (£8,800 x 1.5)

Band 3 Chair of Assembly and Chair of the Development Control Board
from £8,400 **to** £8,800 75 hours per month (£8,800 x 1)

4.1.2 **Band 4** Deputy Chair of Assembly, Deputy Chair of the Scrutiny
Management Board and Deputy Chair of the Development
Control Board **remains at** £3,000
Leaders of the Minority Parties, **from** £3,000, (divided between
parties pro-rata to the number of seats), **to** a minimum of
£1,000* each (*£300 per seat with a minimum of £1,000 per
Leader). 65 hours per month

4.2 The panel have also recommended that the basic allowance be increased, as mentioned, by reference to the Retail Price Indices as at December in the year prior to the increase, in this case December 2002. The increase applicable to the basic allowance would therefore be 2.9% for 2003.

4.2.1 **Band 5** The revised Basic Allowance for 2003/04 is £8,800
(£8,550 x 2.9% = £8,800)

4.3 For comparison purposes, the Independent panel's recommendations of payments, together with the ALG's. It should be noted that the ALG recommendations are as at 2001/02, as follows: -

	Independent Remuneration Panel £	ALG Panel (Ø up to) £
Basic Allowance	8,800	8,000
Leader	26,400	43,500Ø
Deputy Leader	17,600	33,100Ø
Executive Members	13,200	33,100Ø
Chairs of the: -		
Scrutiny Management		
Board	13,200	33,100Ø
Assembly	8,800	22,700Ø
Development Control		
Board	8,800	22,700Ø
Deputy Chairs of the:-		
Assembly	3,000	7,000Ø
Scrutiny Management		
Board	3,000	7,000Ø
Development Control		
Board	3,000	7,000Ø
Leader/s of the Minority		
Parties	1,000*	22,700Ø

(* £300 per seat with a minimum of £1,000 per Leader)

4.4 Child Care and Dependent Carers Allowance

Although no claims have been received to-date the panel recommend that the minimum national hourly rate should apply, currently £4.20 (£4.50 wef October 2003) and that members be able to evidence the need for payment of the allowance.

4.5 Provision has been made in this year's estimates to meet the increases for 2003/04.

4.6 Pensions for Councillors

The panel also agreed that all Councillors be eligible to join the scheme. Legislation regarding this has just been published. A separate report regarding this matter will therefore follow shortly.

Background papers used in the preparation in this report:

- “Making Allowances” – ALG commissioned report on Councillors remuneration in London
- Local Government Act 2000
- Minutes of the Independent Panel’s meetings

Officers Consulted:

- Head of Strategic Finance
- Local Government Act 2000 Commencement Order