

ANNUAL ASSEMBLY

12 June 2014

Title: Members' Allowances Scheme 2014/15	
Report of the Chief Executive	
Open Report	For Decision
Wards Affected: None	Key Decision: No
Report Author: John Dawe, Group Manager, Democratic Services	Contact Details: Tele: 020 8227 2135 Email: john.dawe@lbbd.gov.uk
Accountable Divisional Director: Fiona Taylor, Head of Legal and Democratic Services	
Accountable Director:	Graham Farrant, Chief Executive
Summary: <p>This report sets out proposals in relation to Members' allowances for the 2014/15 Municipal Year.</p> <p>In response to the continuing difficult economic climate and the increasing pressures on public sector funding, the Assembly is recommended to agree a freeze, for the sixth successive year, on basic and special responsibility allowances (SRAs). The only changes proposed are an additional Deputy Leader allowance to recognise additional workloads over and above that of a Cabinet Member, and the reintroduction of an allowance payable to Minority Group Leaders at the same rate as when it last appeared in 2010/11.</p> <p>Recent changes to pension regulations mean that councillors are no longer eligible to join the Local Government Pension Scheme (LGPS).</p>	
Recommendation(s) <p>The Assembly is recommended to agree:</p> <ul style="list-style-type: none">(i) That no increase be applied to Members' basic and special responsibility allowances for the 2014/15 municipal year, representing a freeze in allowance levels for the sixth year in succession; and(ii) That the draft Members' Allowances Scheme for the 2014/15 municipal year attached at Appendix B comes into effect from 12 June 2014.	
Reason(s) <p>To meet the requirements of the Local Authorities (Members' Allowances) (England) Regulations 2003.</p>	

1. Introduction and Background

- 1.1 The Local Authorities (Members Allowances) (England) Regulations 2003 require local authorities to make an annual scheme of allowances. In setting an annual scheme the Council must have regard to the recommendations of any independent local remuneration panel.
- 1.2 Where a local panel is not established the regulations make provision for London Councils to establish a Panel who exercise the functions of an independent remuneration panel on behalf of London Boroughs. The latest report of the Independent Panel was published on 2 June 2014.
- 1.3 In 2000, a local Independent Remuneration Panel (IRP) was established to review and make recommendations to the Council on Members' Allowances. Each year the IRP would consider a range of factors such as inflation indices, staff pay awards and how other London Boroughs' schemes were applied, as well as reviewing Members' time inputs through questionnaires and interviews.
- 1.4 In 2009/10 and 2010/11, the local IRP recommended a freeze in allowance levels in response to the prevailing economic situation and the increasing squeeze on the public sector. These recommendations were fully supported by the Assembly.
- 1.5 In 2011/12, following consultation between the Leader and the members of the IRP, it was decided that it would not be necessary to formally convene the Panel until such time as the financial forecast improves, but instead to seek the Panel's views by way of correspondence on the basis that no increase to allowance levels would be recommended.
- 1.6 Following the stepping down of a number of the local IRP members and rather than advertise for new members and incur time and costs convening panel meetings, and so as to accord with the regulations, it is proposed that in setting this year's scheme the Assembly should have regard to the latest report of the IRP convened through London Councils. A copy of the report setting out its recommendations is attached at **Appendix A**.

2. Proposal and Issues

- 2.1 In line with the Regulations the recommendations contained in the London Councils' IRP report are merely a guide and do not require local authorities to systematically apply them to their own scheme. The recommendations set down in the IRP report propose setting higher levels of allowance both in relation to basic and SRAs when compared to Barking and Dagenham's current scheme.
- 2.2 In view of the continuing difficult economic climate it is proposed to maintain the freeze on both basic and special responsibility allowances, for the sixth successive year. Furthermore with the increasing pressures on public sector funding the expectation is that the allowances paid will be used to meet the cost of travel within the Borough in connection with approved duties, which previously had been reimbursed as a claimed expense.
- 2.3 In terms of the proposed allowance changes for 2014/15 these are as follows:

- (i) provision for two Deputy Leader allowances to recognise additional workloads over and above that of a Cabinet Member, and
- (ii) to reintroduce a Special Responsibility Allowance for Minority Group Leaders which was removed from the Scheme in 2011/12 as there were no opposition groups at that time. Its inclusion will allow for any future changes should they arise. It is proposed to reintroduce the allowance at the same rate as when it last appeared in 2010/11, namely £342 per seat (with a minimum of £1,110).

2.4 The Members' Allowances Scheme forms part of the Council Constitution. A copy of the proposed Scheme for 2014/15 is set out in **Appendix B**.

3. Pension arrangements

3.1 In the past, all councillors below the age of 75 were eligible to join the LGPS. However, changes introduced by the Local Government Pension Scheme (Transitional Provisions, Savings and Amendment) Regulations 2014 meant that from April this year councillors were no longer eligible to join the LGPS and any serving councillors ceased to be a member of the LGPS at the end of their term of office (25 May 2014).

4. Options Appraisal

4.1 The cost of allowances must be contained within the existing budget provision and consequently any changes to basic and/or SRAs would need to be funded within that overall budget provision.

5. Consultation

5.1 All councillors were made aware last year of the need to continue the freeze on allowances for the foreseeable future.

6. Financial Implications

Implications completed by: Carl Tomlinson, Group Manager

6.1 The proposals in this report can be contained within the approved budget for 2014/15 of £899,000.

6.2 In the absence of an approved growth bid or additional funding, any proposed increase in allowances would need to be funded within the current budget through other efficiencies, such as reducing the number of positions attracting an SRA.

7. Legal Implications

Implications completed by: Paul Feild Senior Corporate Governance Lawyer

- 7.1 The Council is required each year to make a Members' Allowances Scheme in accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003.
- 7.2 The regulations require that any local scheme should have due regard to any recommendations of an independent remuneration panel including that established through London Councils.

Background Papers Used in the Preparation of the Report: None

List of appendices:

- **Appendix A** – Report of the Independent Panel convened through London Councils
- **Appendix B** – Proposed Members' Allowance Scheme 2014/15