

Report for: Standards Committee 2nd March 2020

Title: Independent Review of Members Allowances 2020/21 and recommendations to Full Council on the final scheme

Report

Authorised by: Bernie Ryan – Assistant Director of Corporate Governance & Monitoring Officer

Lead Officer: Ayshe Simsek – Acting Democratic Services & Scrutiny Manager

Ward(s) affected: N/A

**Report for Key/
Non Key Decision:** Non Key

1. Describe the issue under consideration

- 1.1 This Committee has the Constitutional responsibility for considering and recommending changes to the Member's Allowance Scheme (the Scheme), to Full Council for adoption.
- 1.2 At its meeting on 25 June 2019, the Committee agreed to instigate a review of the Scheme. The stated focus was to be on the functions and responsibilities of Council Committees, together with the volume and complexity of their decision making to ascertain whether the SRA's provided to the Leader, Cabinet Members, Committee chairs, Vice-Chairs and Scrutiny Panel Chair's reflects the allocated allowance. It was agreed that the review would be supported by an independent adviser to the Committee, and Richard Penn - an LGA Senior Associate - agreed to provide independent advice and support to the review.
- 1.3 At its meeting on 23rd January 2020, the Committee considered a draft report from the independent advisor on his findings and recommendations for the Member's Allowances Review.
- 1.4 Since the Committee meeting in January 2020, the draft report at Appendix 1 has been updated following agreed actions at the meeting to include details of the questionnaire responses in relation to the SRA for the Deputy Leader of the Opposition, and the Regulatory Committee Chair Allowance. The final report also provides a wider understanding of the average SRA spend in the London Local Authorities, per Council and per councillor.
- 1.5 Section 8 of this officer report contains further Finance comments arising from support given at the January 2020 Committee meeting to the recommendation on index linking SRA's, Basic Allowances and Mayoral Allowances to local government officer pay increases.

- 1.6 The meeting of Full Council on 16th March 2020 will need to revoke the existing scheme, and agree a new Scheme for 2020/21. The document at Appendix 2 has been compiled in response to the recommendations of the independent review for consideration and agreement. This appendix sets out the changes to the proposed new Scheme, should all of the recommendations from the independent review be taken forward.

2. Cabinet Member Introduction

Not applicable

3. Recommendations

- 3.1. To agree the response to the independent advisor's recommendations as set out in Appendix 2, and
- 3.2. To refer the Member's Allowance Scheme to Full Council for adoption on 16th of March 2020

4. Reasons for decision

- 4.1. The Council has a legal duty under the Local Authorities (Members Allowances) (England) Regulations 2003 to adopt a Members' Allowances Scheme before the end of each year to cover the following year. The Council can amend a scheme at any time during the year, but can only revoke a scheme with effect from the beginning of the year. The scheme must make provision for basic allowances and, if they are to be paid, special responsibility, dependents' carers, travelling and subsistence and co-optees' allowances.
- 4.2. At its meeting on 23rd of January 2019, the Committee agreed that an independent review of Members Allowances be taken forward, and the independent advisor has been appointed to provide recommendations on the Scheme. The Committee considered the draft report and recommendations at its meeting on 23rd January 2020, and the report updated accordingly. Appendix 2 sets out the new scheme, taking forward the independent advisor's recommendations.

5. Alternative options considered

- 5.1 To not agree the response to the recommendations as set out at Appendix 2. In this situation, the Committee could choose to not agree the recommendations of the independent advisor's report and continue with the current scheme as referenced in the independent advisor's report at Appendix 1. The Committee would need to provide reasons for not taking forward the recommendations of the review.
- 5.2 To agree to some and not all of the recommendations would be contrary to the objective of the review which was to consider recommendations in relation to the Special Responsibility Allowances for the Leader, Cabinet Members, Committee Chairs, Vice-Chairs and Scrutiny Panel Chair's. If this

situation were to occur, the Committee would need to clearly set out which recommendation were being taken forward and which were not, and provide reasons for this in the report to full Council.

6. Background information

- 6.1 At its meeting on 25th June 2019, the Committee agreed the scoping document for the review of the Scheme.
- 6.2 Since this meeting, Richard Penn, an LGA Senior Associate, has been commissioned to provide independent support and advice to the Committee. Mr Penn has completed a number of reviews of Members Allowances in the recent past, and also chairs the Independent Remuneration Panel for South Derbyshire Council. In January 2008 he was appointed by the Minister for Local Government as the Chair of the Independent Remuneration Panel for Wales, a post he held until the end of 2015. The Panel was responsible for setting the remuneration arrangements for all 22 unitary councils in Wales, for also the four Fire and Rescue Authorities and the three National Parks in Wales. It was also responsible for setting remuneration for the 750 plus Town and Community Councils in Wales.
- 6.3 Mr Penn has been provided with information on the Council in the form of the boundary commission review submission on council size, and previous Standards and Full Council reports on the Scheme.
- 6.4 Following Mr Penn's advice, Democratic Services compiled a questionnaire which was proposed for distribution to all Councillors. The purpose of the questionnaire was to obtain the views of Councillors regarding the Council's current Scheme. The questionnaire was revised following the Committee's comments at its meeting on 14th October 2019, and distributed to all councillors to respond to within a 4 week window. In addition, Mr Penn was available to meet with councillors, including both political leaders and Chief whips, over a two day period, to obtain their views and respond to questions about the review. Information was also collated on the work of committee chairs outside of chairing meetings as well as information on the work of Leader and Cabinet Members.
- 6.6 Following consideration of this information and comparative data on Member's Allowances, a draft report was compiled by Mr Penn for consideration and comment at the Committee meeting on 23rd January 2020. He was also in attendance at the meeting to present his report, and take questions.
- 6.7 In response to queries around the Mayoral allowance, Mr Penn advised that the Mayoral allowance was determined by the Council and an in-depth comparative research was not conducted specifically around the Mayoral allowance and responsibility. Mr Penn informed the Committee that the London Council's Independent Panel was specific in advising that Members should only be paid one extra allowance, but this was not specified for Mayors; therefore, technically the Mayor could be paid a Mayoral allowance

and an SRA allowance. However, it was also noted that not more than 50 percent of Councillors were allowed an SRA.

- 6.8 With regards to the proposed recommendation relating to an increase in the SRA of the Chair of OSC, Mr Penn had concluded from the evidence gathered that this position had a similar level of responsibility and impact as Cabinet Members, thus it was appropriate to recognise the key role of the Chair of OSC within the Council structure. Furthermore, the findings of the Members Questionnaire showed that several Members suggested that the SRA for the Chair of OSC should be aligned with the SRA for Cabinet Members.
- 6.9 The Committee requested a breakdown of the average cost of Members' Allowance for all London boroughs, per council and per councillor be included in the final report and this is now included.
- 6.10 The independent advisor included a recommendation index linking the Basic Allowance, SRAs and Civic Allowances to be increased annually by the same percentage applied to the pay of local government staff, and that any increases become payable in each following municipal year. The decision on increasing local government officers pay for 2020 is late and expected in April 2020 so this recommendation would mean that, were there any percentage increases agreed for staff, this rate for application to the basic allowance, SRAs and Mayoral allowances would be put forward to full Council to agree in March 2021 for the 2021/22 year. Comments on this recommendation from Finance are at paragraph 8.3 of this report.
- 6.11 The Committee requested that the final report includes the questionnaire responses in relation to the SRA for the Deputy Leader of the Opposition, and the Regulatory Committee Chair's Allowance.

7. Contribution to strategic outcomes

Members of the Council are directly responsible for the setting and oversight of all strategic priorities.

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

8.1 Finance

- 8.2 The recommendations put forward various increases for SRA's and if these were to all be accepted for 2020/21, it would require making an additional £24,450 available in the Members expenses budget allocation. This figure includes the additional costs associated with employer national insurance contributions.
- 8.3 The Independent Advisor's report also includes a recommendation for the Basic Allowance, SRAs and Civic Allowances to be increased annually by the same percentage applied to the pay of local government staff and that any increases become payable in each following municipal year ie the staff

percentage increase agreed in 2020 would be considered for addition in the March 2021 for the 2021/22 year . The pay increase for local government staff is not expected to be agreed until April 2020. Taking account previous year's increases, if the pay increase were 2%, this would require making an additional budget allocation of £24,180 for 2021/22. If the percentage increase was more than 2% this figure would also increase.

8.4 There is currently no capacity within the existing budget for Members Allowances to accommodate the financial impact of these proposals. If the Standards Committee were minded to recommend that Full Council agree to accepting both recommendations concerning SRA increases and index linking to local government officers pay increases for implementation, earlier, in 2020/21 this would require a total additional budget allocation of £24,450 for 2020/21 and a further £24, 180 [this is based on a 2% increase] ; a total increase of circa £48,700 for Member Allowances.

8.5 Members would have to commit to addressing the 2020/21 funding issue as part of the Council's live budgeting with the full increase being resolved through the 21/22 Budget and Medium Term Financial Strategy process.

8.4 Legal

8.5 Legal Services have reviewed the scoping report, and their comments have been included.

8.6 Equality

N/A

9. Use of Appendices

Appendix 1 Final Report of the Independent Advisor
Appendix 2 Proposed Member's Allowance Scheme 2020/21

10. Local Government (Access to Information) Act 1985

10.1 The Council Constitution which can be found at;
<http://www.haringey.gov.uk/local-democracy/about-council/council-constitution>

10.2 IRP Member's Allowances 2018