

Report for: Standards Committee 19 February 2018

Title: Members' Allowances Scheme

Report

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Ward(s) affected: N/A

Report for Key/

Non Key Decision: Non-Key

1. Describe the issue under consideration

1.1 Following a series of discussions on the Members' Allowances Scheme, this paper asks for agreement to final proposals to be briefed all Members in advance of ratification.

2. Cabinet Member Introduction

N/A.

3. Recommendations

3.1 The Committee is asked:

- A. To agree the summary of the work to date at paragraphs 6.7, 6.9, 6.10, 6.12 and 6.13
- B. To agree an option from paragraph 6.21 to present to Members

4. Reasons for decision

4.1 The Council has a legal duty to approve a Members' Allowances Scheme before the end of each year to cover the following year. The Council can amend a scheme 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.

5. Alternative options considered

5.1 No alternative options were considered as there is a duty to adopt a Members' allowances scheme annually.

6. Background information

Allowances Review

- 6.1 The Standards Committee and Full Council agreed in March 2017 that there should be a review of allowances in this municipal year to ensure the recommendations made to Council in March 2018 for the following municipal year be appropriate for any outcome of the May elections.
- 6.2 The Standards Committee has considered this matter in its meetings of July, September and November 2017 and this paper reflects the conclusions reached at those meetings.

Guidance

- 6.3 Before a council can adopt a Members' Allowances Scheme it has a duty to consider the recommendations of an independent remuneration panel in relation of the payment of Members' allowances.
- 6.4 The Local Authorities (Members' Allowances) (England) Regulations 2003 allow London Boroughs to use an independent remuneration panel set up for the purpose of making recommendations across London. London Councils set up a panel for this purpose in 2001. It published guidance in 2014, which has been considered by the Standards Committee in this municipal year's review of the allowances scheme.
- 6.5 The Independent Panel on the Remuneration of Councillors in London published revised guidance in January 2018. This is can be found at Appendix 2 and the guidance, as it applies to Haringey, is set out below.
- 6.6 In addition to not changing its recommendations in relation to the structure of the allowances scheme, the 2018 Guidance did not suggest major uplifts to the levels of remuneration in its 2014 report. Instead, it applied the recommended annual uplift in line with the local government pay settlement to reach slightly higher levels of remuneration. Had a Council set its allowances in line with the 2014 guidance and applied the recommended uplift each year, the 2018 recommendations would be very straightforward to accommodate. Haringey has not provided that annual uplift.

Re-banding

- 6.7 Following consideration of the 2014 Guidance and levels of allowances across London and particularly comparable boroughs, the Committee agreed the following changes to the current Members' allowances scheme:
- A. That the special responsibly allowance paid to the Chair of Corporate Committee be moved from Band 2B in the current structure to Band 1.
 - B. That the special responsibly allowance paid to the Leader of the Opposition be moved from Band 3B to Band 2B.

C. That the special responsibility allowances paid to the Deputy Leader of the Opposition and the Opposition Chief Whip be moved from Band 2B to Band 1.

6.8 Page 8 of the Independent Panel's 2018 guidance sets out the posts envisaged as falling within Bands 1 and 2. These are consistent with the 2014 guidance, and these changes would plainly follow this guidance. In the case of the opposition group positions, the Standards Committee saw previously that Haringey's provision of allowances at higher bands than the guidance recommended was out of step with other boroughs, regardless of the relative size of opposition groups.

New SRA

6.9 The Committee agreed that the Vice Chair of the Regulatory Committee be paid a special responsibility allowance at Band 1 in light of its workload, including chairing a Licensing Sub-Committee that meets regularly. This is consistent with the Independent Panel's 2018 guidance (page 8).

6.10 The Standards Committee have previously discussed that it would be helpful to provide for a third party in the Council. To accommodate an additional SRA within the current envelope of expenditure, it is suggested that the Deputy Leader of the Opposition's allowance be provided to the Leader of a third group, and that the group should be of at least 2 Members. First, this would recognise that the Opposition Deputy Leader currently receives his or her allowance given the need to hold the executive to account – which would be the third party's responsibility. Second, it would avoid un-funded expenditure that would arise if there were a requirement for an additional SRA not currently provided for – and not reserve funds for an allowance that may not be drawn.

Consequence of changed bands

6.11 The proposals above in relation to the re-banding and a new allowance generate a net saving of £25 193 against the current expenditure. This means there is some flexibility in providing an uplift to allowances that could be contained within the current overall cost of the allowances scheme. The number of Members that could receive an allowance would increase to 28, from 27 at present.

Dependents' Carers' Allowance

6.12 The Standards Committee has agreed that the Member's Allowances Scheme should state that the Dependent Carers' Allowance should be at the London Living Wage, rather than including a figure that can be outdated. This change reflects the Independent Panel's 2018 guidance (page 6).

Co-optees' Allowances

6.13 The Standards Committee agreed to move to a per-meeting allowance for those co-optees currently remunerated, to a maximum of the current level of £616.50.

Allowance Level

- 6.14 The Committee has considered the level of remuneration paid, in comparison with the London Average and the Independent Panel's Guidance.
- 6.15 The current basic allowance offered by Haringey is at the recommended level in the 2014 guidance, or £10 703. The 2018 guidance recommends a basic allowance of £11 045 – an increase of £342 or 3.2% against Haringey's current basic allowance.
- 6.16 As has been discussed previously by the Committee, the Independent Panel suggests a range for SRAs at bands that based on a proportion on the recommended total remuneration to the Leader.
- 6.17 As Haringey has traditionally provided an allowance to the Leader below the level recommended in the guidance, the other special responsibility allowances offered may not be in line with the level suggested by the guidance, they are all either within the recommended proportion or in excess of it. This is shown in Table 1 below.
- 6.18 Table 1 sets out how Haringey's current allowances scheme meets the Independent Panel's 2018 guidance, both in terms of the levels suggested, and the proportion each band would take of the Leader's band.
- 6.19 The final column reminds Members of what they saw previously when considering the Haringey Scheme against the current allowances offered by Haringey's statistical neighbours.

Table 1

Haringey Allowance Band	Meet 2018 guidance level?	Meet guidance proportion?	Compared with SN average?
Band 4 (Leader)	£23,495 below	N/A	£6,170 below
Band 3B (Cabinet)	£11,726 below	Above	£98 below
Band 3A (Scrutiny Chair)	£14,012 below	Yes	£5,398 over
Band 2B (Principal Committee Chair)	Yes	Above	£5,279 over
Band 2A (Scrutiny Panel)	£939 below	Yes	£8,810 over
Band 1 (Chairs)	Yes	Above	£1,653 over
Basic	£342 below	N/A	£366 over

- 6.20 The Standards Committee has already seen that Haringey's SRAs were more generous than the averages elsewhere for the basic allowance and SRAs in Band 1 and 2, were broadly in line at Band 3, and were lower than the average at Band 4 – essentially operating a flatter allowances scheme than elsewhere. This is reflected in the "Compared with SN (statistical neighbour) average" column above.
- 6.21 Table 2 below shows the cost implications of scenarios for re-distributing the savings generating by the changes in bands. The first row reminds Members of

the total cost of the current allowances scheme, followed by the revised baseline once the changes in bands are incorporated.

Option A is to increase the basic allowance to the new recommended level of £11,045.

Option B is to provide an increase for the basic allowance and all Special Responsibility Allowances of 1%, as was discussed by the Committee at its last meeting.

Option C builds on Option B in ensuring a broader increase, but makes a larger increase for the basic allowance to reflect the points made above.

- 6.22 As Members have noted, the Independent Panel recommends an annual increase in allowances in line with the local government pay settlement, and so indicative figures for future years have been included, based on a 1% uplift. These are italicised in table 2 when they exceed the current expenditure.
- 6.23 This is purely indicative, and decisions for future years will have to be taken in the preceding year, when there can be consideration of the potentially availability of further funds.

Table 2

	2018-19	year 2	year 3	year 4
Baseline: Current year costs	1,126,517			
Revised baseline to reflect changes in bands	1,101,324			
Option A Increasing the basic allowance to £11,045	1,120,818	<i>1,132,026</i>	<i>1,143,346</i>	<i>1,154,780</i>
Option B Increasing all allowances by 1%	1,112,337	<i>1,123,461</i>	<i>1,134,695</i>	<i>1,146,042</i>
Option C Increasing basic by 2%, all SRAs by 1%	1,118,438	<i>1,129,622</i>	<i>1,140,919</i>	<i>1,152,328</i>

- 6.24 Increasing the basic allowance to the new recommended level would have the attraction of increasing all Members' allowances and ensuring the scheme reflects current guidance. This would have the effect of increasing the proportion of SRA-recipients' remuneration against the Leader's, further flattening the allowances structure, albeit slightly.
- 6.25 Given that all Special Responsibility Allowances are within or above the recommended proportion of the Leader's remuneration, and none are significantly lower than the averages offered elsewhere, the current allowance levels do not appear to need uplifting on their own merits. That said, the Committee has indicated a desire to increase allowances in line with the Local Government Pay Settlement, as recommended by the Independent Panel. This would also help the scheme keep pace with cost of living increases and avoid the need for potential large future increases to remedy significant shortfalls.

Alternative model for remuneration of leaders of political groups

- 6.26 In its previous discussion, the Standards Committee expressed interest in a potential allowances scheme that could offer group leaders an allowance that varied depending on the size of the leader's group. This was not provided for in the Independent Panel's guidance, but there are examples in London Boroughs of such a scheme being used.
- 6.27 Following discussion with another borough that has operated such a scheme for some time, there does not appear to be a large administrative burden associated with such a scheme. Political control changed often in the borough, and the scheme had accommodated that, and it could also be updated in the course of an administration or year according to any changes to political groups. However, that borough did operate under the Committee system, rather than the leader-and-executive model, and their allowances scheme also recognised group spokespeople to a larger extent than Haringey's.
- 6.28 How such a scheme could be operated for Haringey has been modelled, including on a base Special Responsibility Allowance, and the per-Member figure that would reflect the size of the group.
- 6.29 To do this, the SRA and per-member figure was calculated to ensure the opposition leader would fall within Band 2 of the Independent Panel's Guidance, if it had between 2 and 28 Members. Using the current total remuneration for the Leader and Opposition Leader and the new calculated SRA per-Member figure, an SRA was calculated as the base for the Leader. This was below the opposition leader's base SRA, and so an average was calculated that would serve as the base SRA for both Leader and Principal Opposition leader.
- 6.30 This resulted in a base SRA of £14,673.55 for both Leaders, and a per-Member figure of £522.70. As an illustration, if this were applied to Haringey's current structure, the Leader would have a total SRA of £40,285.85 (compared with £33,590 in the current scheme), and the Opposition Leader would receive £18,855.15 (compared with £25,191 at present, or 16,797 at the Band 2 allowance, which the Committee has previously agreed to do in line with guidance).
- 6.31 This model is attractive in that it would easily accommodate further parties – which could receive only the per-member allowance, rather than the base SRA. It would also have the effect of bringing the Leader's allowance closer to the guidance figure, within the same envelope of expenditure for SRAs as present. However, this would make the reallocation outlined above difficult to accommodate within the current envelope of expenditure - Options A and C above would be unaffordable (by over £3000 and £760 respectively), though option B would be possible within the current expenditure.
- 6.32 A more fundamental drawback of varying allowances would be the potential closeness of remuneration between group leaders in situations the Council has more balanced group sizes. If the majority group were one Member larger than an opposition group, there would be only the £522.70 difference between the Leader of the Council, with the "high level of responsibility" that entails (as outlined by the Independent Panel's guidance), against the Opposition Leader

who would not be responsible for exercising the Council's executive functions. For that reason, this model is not recommended.

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)

Finance and Procurement

The proposals contained in this paper are contained within the available budget.

Legal

Legal implications are contained within the body of this report.

Equality

The decision to approve allowances to members does not have a direct impact on the equality duty of the council, other than that the scheme includes provision for payment for parent/carers allowances to facilitate the attendance of parents and carers at meetings and in relation to carrying out the general responsibilities of councillors.

9. Use of Appendices

Appendix 1: Draft Members' Allowances Scheme 2018-19

Appendix 2: 2018 report of the Independent Panel on the Remuneration of Councillors in London

10. Local Government (Access to Information) Act 1985

N/A

Part 6

Members' Allowances Scheme

1. SCHEME FOR THE PAYMENT OF MEMBERS' ALLOWANCES

- 1.01 Made in accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003 and in force for the municipal year ~~2017/18~~ 2018/19 (i.e. ~~1 April 2017 to 31 March 2018~~ 1 April 2018 to 31 March 2019).

2. BASIC ALLOWANCE

- 2.01 Each Councillor will be entitled to receive the sum of £TBC by way of Basic Allowance.
- 2.02 If a Councillor does not serve as such for the whole 12-month period or becomes disqualified, he/she will only be entitled to receive pro-rata payment for the period(s) during which he/she actually was a serving Councillor. This principle applies to education representatives on scrutiny bodies and employee and employer representatives on the Combined Pensions Committee and Board (co-optees).

3. INCLUDED EXPENSES

- 3.01 Travel Expenses.
The Basic Allowance includes all travel within the M25. Councillors are not entitled to any form of concession or special permit as Councillors for parking in the Borough.
- 3.02 Telephones and I.T.
The Basic Allowance includes Councillors' telephone call charges, both mobile and landline, for which Councillors are billed individually. The Council meets the rental for apparatus, including broadband, and all datacharges.

4. MAYORAL ALLOWANCES

- 4.01 The additional allowances for the Mayor and Deputy Mayor are:
- (a) The Mayor is entitled to an additional allowance of £ TBC.
 - (b) The Deputy Mayor is entitled to an additional allowance of £TBC.

5. SPECIAL RESPONSIBILITY ALLOWANCES

5.01 For the period ~~1 April 2017 to 31 March 2018~~ 1 April 2018 to 31 March 2019, Haringey Council will allocate Special Responsibility Allowances in six bands, to Councillors who take on certain additional roles, in accordance with Table A below. If a Councillor does not serve as such for the whole period or becomes disqualified, he/she will only be entitled to receive pro-rata payment for the period(s) during which he/she actually was a serving Councillor.

Table A

Band	Position	Special Allowance	Total Allowance
Band 4	<ul style="list-style-type: none"> • Leader 	£TBC	£ TBC
Band 3B	<ul style="list-style-type: none"> • 9 or fewer x Cabinet Members • Opposition Leader 	£ TBC	£ TBC
Band 3A	<ul style="list-style-type: none"> • Chair of Overview and Scrutiny Committee 	£ TBC	£ TBC
Band 2B	<ul style="list-style-type: none"> • Chair of Corporate Committee • Chief Whip • Chair of Regulatory Committee • Chair of Alexandra Palace and Park Board • <u>Leader of the Principal Opposition</u> • Opposition Deputy Leader • Opposition Chief Whip 	£ TBC	£ TBC
Band 2A	4 x Councillors serving on Overview and Scrutiny Committee	£ TBC	£ TBC
Band 1	<ul style="list-style-type: none"> • Chair of Combined Pensions Committee and Board • Chair of Staffing and Remuneration Committee • Chair of Standards Committee • <u>Chair of Corporate Committee</u> • <u>Vice Chair of Regulatory</u> • <u>Leader of the second Opposition Group or Deputy Leader of the Principal Opposition</u> • <u>Chief Whip of the Principal Opposition</u> 	£ TBC	£ TBC

6. MULTIPLE RESPONSIBILITIES

6.01 Where a Councillor holds more than one post of special responsibility, he/she may only receive one Special Responsibility Allowance. Where a Councillor holds more than one post of special responsibility and the posts have Special Responsibility Allowances of different monetary values, the Councillor would receive the higher one. For the purposes of this paragraph, the Mayor and Deputy Mayor count as posts of special responsibility.

7. CO-OPTEE'S ALLOWANCES

7.01 Each education representative on scrutiny bodies and each employee and employer representative on the Combined Pensions Committee and Board is entitled to an allowance of £154 per meeting attended, to a maximum of £616.50. No allowances are payable to others who are not elected Councillors.

8. BABYSITTING AND DEPENDANTS ALLOWANCE

8.01 Councillors and non-elected members can claim this allowance based on the following:

- (a) That reimbursement be made at the London Living Wage ~~a maximum rate of £8.60 per hour~~. The period of payment should include the time of the meeting, together with reasonable travelling time of the member, plus any necessary travelling expenses of the carer to and from their home.
- (b) Children over the age of 16 must not be claimed for, unless suffering from an illness or disability making constant care essential.

9. TRAVELLING AND SUBSISTENCE ALLOWANCE

9.01 Councillors can claim this allowance for attending approved meetings, training and conferences etc. only to the extent that it involves travel outside the M25. Claims must be based on the following:

- (a) The mileage rate for travel by private car is 34.6 pence per mile. An extra 3 pence per mile is payable for each passenger for whom a travelling allowance would otherwise be payable. The cost of tolls, ferries and parking charges can be claimed.
- (b) The mileage rate for travel by solo motor cycle is :

Not exceeding	150 cc	8.5 pence per mile
Over	150 cc but not over 500 cc	12.3 pence per mile
Over	500 cc	16.5 pence per mile
- (c) On public transport only the ordinary or cheaper fare can be claimed where more than one class is available.
- (d) The cost of a taxi, including a reasonable tip, can be claimed only in case of urgency or where public transport is not practicable or reasonably available.

Appendix 1

(e) The maximum rates for subsistence allowance on approved duties are as follows:

For an absence of more than 4 hours before 11.00	£4.92
For an absence of more than 4 hours including lunchtime between 12.00 and 14.00	£6.77
For an absence of more than 4 hours including the period 15.00 to 18.00	£2.67
For an absence of more than 4 hours ending after 19.00	£8.38

10. CLAIMS AND PAYMENTS

- 10.01 Where a Councillor is also a Councillor of another authority, that Councillor may not receive allowances from more than one authority in respect of the same duties.
- 10.02 The Basic Allowance and Special Responsibility Allowances will be paid in equal monthly instalments.
- 10.03 The Co-optees' Allowance must be claimed by, and will be paid at, the end of the municipal year, subject to paragraphs 2.02 above and 10.05 below.
- 10.04 All claims for Travelling and Subsistence Allowance and Babysitting and Dependants Allowance must be made within two months of the relevant meeting or the costs being incurred by the Councillor or non-elected member, subject to paragraph 10.05 below.
- 10.05 If any Allowance under paragraphs 10.03 or 10.04 is not claimed within the prescribed time limit, the Democratic Services Manager shall have a discretion to make the payment nonetheless.
- 10.06 Any Councillor or non-elected member may elect to forego his/her entitlement to all or part of any allowance by giving written notice at any time to the Democratic Services Manager.