

LONDON BOROUGH OF HARROW

Agenda item:

Page no:

Meeting:	Council
Date:	23 October 2003
Subject:	Harrow Scheme for Members' Allowances
Key decision:	No
Responsible Chief Officer:	Chief Executive
Relevant Portfolio Holder:	Leader of the Council
Status:	Part 1
Ward:	All
Enclosures:	The Remuneration of Councillors in London: 2003 Review Proposed revised Members' Allowances Scheme for 2003/04

1. Summary/ Reason for urgency (if applicable)

- 1.1 New Regulations concerning members' allowances issued by the Office of the Deputy Prime Minister (ODPM) came into force on 1st May 2003. Following publication of those Regulations, the Association of London Government (ALG) independent remuneration panel issued a report in July 2003 making recommendations in relation to members' allowances for consideration by London Councils.

2. Recommendations for decision by Council

2.1 That Council:

- 2.1.1 agree to uprate the basic and special responsibility allowances annually in line with the Local Government Pay Settlement (LGPS)**
- 2.1.2 agree a new framework for out of borough travel and subsistence allowances, namely that Member claims be brought into line with the officer scheme**
- 2.1.3 agree that disputes about payment of dependants' carers' allowance be referred to the Standards Committee for adjudication**
- 2.1.4 agree that the Harrow scheme include provision for in-year amendments to the scheme to be backdated**
- 2.1.5 agree that the Harrow scheme does not include provision for members' allowances to be pensionable**
- 2.1.6 agree that the Harrow scheme include provision for withholding allowances from suspended members of the council**
- 2.1.7 agree to amend the Harrow scheme to clarify the upper age limit for payment of dependants' carers allowances**
- 2.1.8 agree to pay travel and subsistence allowance to co-optees**
- 2.1.9 consider whether to pay co-optees and independent members of the Standards Committee a basic allowance of £400 per year**
- 2.1.10 agree that the ALG panel recommendation in respect of quasi-judicial allowances be considered in the forthcoming budget preparation**
- 2.1.11 consider whether they wish to develop job descriptions for Councillors**

REASON: The Council is legally required to adopt a new scheme for members' allowances on or before 31st December 2003

3. Consultation with Ward Councillors

- 3.1 Not applicable**

4. Policy Context (including Relevant Previous Decisions)

- 4.1 The Local Authorities (Members' Allowances) (England) Regulations 2003 and the Local Government Pension Scheme and Discretionary Compensation (Local Authority Members in England) Regulations 2003 came into force recently and provide for authorities:**
 - To pay a basic allowance to all members
 - To pay a special responsibility allowance (SRA) to those members who have special responsibilities
 - To pay dependants' carers' and travelling and subsistence allowances
 - To pay a co-optees' allowance to co-opted members
- 4.2 The Regulations also require authorities to approve schemes before the beginning of the year to which they relate. They allow for annual increases to allowances by reference to an index and include provision for withholding allowances to members in certain circumstances.**

- 4.3 The Regulations also, for the first time, provide member eligibility to the Local Government Pension Scheme.
- 4.4 The Regulations require records of allowances claimed to be kept and made available for public inspection, and for reporting via publication the amount of money paid by the authority in respect of each type of allowance.
- 4.5 The regulations require authorities to publish details of their schemes annually.
- 4.6 Because the Regulations make some substantial changes to the previous provisions, the ODPM requires authorities to make a new allowances scheme in accordance with the new Regulations on or before 31st December 2003.

5. **Relevance to Corporate Priorities**

- 5.1 No direct relevance.

6. **Background Information and options considered**

- 6.1 Councils must have regard to the recommendations of an independent remuneration panel prior to making any Members' Allowances Scheme. In London, the ALG has appointed an independent panel which makes recommendations to London Boroughs. The ALG panel met initially in 2001 to make recommendations for consideration by Boroughs. The ALG panel has met to consider the implications of the new Regulations and has made recommendations for London Boroughs to consider. Their report is attached to this report as Annex 1.
- 6.2 The law requires the panel to make recommendations on the following areas:
 - 6.2.1 The duties for which SRAs, travelling and subsistence allowances and co-optees' allowance should be payable;
 - 6.2.2 The amount of any allowances in 6.2.1 above and the amount of the basic allowance;
 - 6.2.3 Whether dependants' carers' allowance should be payable to members and if so, how much;
 - 6.2.4 Whether or not changes to a scheme should be backdated;
 - 6.2.5 Whether adjustments to the level of allowances should be determined according to an index, and if so, which index and for how long the index should apply (subject to a maximum of 4 years);
 - 6.2.6 Which members of an authority should be entitled to pensions;
 - 6.2.7 Whether the basic, special responsibility or both allowances should be pensionable.

Recommendations of the Independent Remuneration Panel

- 6.3 The panel reported on 10th July 2003. Its recommendations in respect of the matters listed in 6.2.1-6.2.7 above are as follows:
 - 6.3.1 **The duties for which SRAs, travelling and subsistence allowances and co-optees' allowance should be payable;**

The panel recommends that:

- SRAs should continue to be payable in respect of the responsibilities recommended in the first report of the Panel – ‘Making Allowances’.
- the basic allowance should incorporate all intra-Borough travel costs and subsistence, but with the option to vary this rule if local circumstances require it;
- the annual allowance for co-optees should be calculated in each case with reference to the number of meetings per year, at a standard rate per meeting.

The panel reiterated their view that the proportion of members entitled to SRAs should be limited to 50%.

6.3.2 The recommended amount for allowances

The panel recommends that:

- SRAs should continue to be paid at the level recommended in their previous report – ‘Making Allowances’, uprated in line with the increase in the Local Government Pay Settlement. Where such index-linked increases are approved, they would not constitute an amendment to the scheme for allowances when they take effect.
- where travel and subsistence allowances are payable, and having regard to the recommendation in 6.3.1 above, it should be in line with the officer scheme for travel and subsistence;
- co-optees should be reimbursed for all travel costs in accordance with the recommendation above, whether the travel is within or out of the borough, but co-optees should not be paid subsistence;
- travel allowances should extend to travel by bicycle;
- the standard rate of allowance for co-optees should be £100 per meeting, translated into an annual allowance by multiplying £100 by the anticipated number of meetings;
- the amount of the basic allowance should remain as recommended in the Panel’s first report at £8,500, but uprated for increases in the cost of living by reference to the Local Government Pay Settlement.

6.3.3 Whether dependants’ carers’ allowance should be payable to members and if so, how much;

The panel recommends that:

- Dependants’ carers’ allowance should be payable, and when setting the level of such an allowance, councils should have regard to their social services departments’ level of reimbursement.
- The following principles, set out in the previous ALG report were restated:
 - a) a maximum rate should be set locally to reflect local costs in accordance with social service department levels;
 - b) payment should be claimable in respect of children aged 15 or under, or for other dependants where there is medical or social work evidence that care is required;
 - c) only one weekly payment should be claimable in respect of the household of a member, except if there are special circumstances, in which case the Standards Committee should decide what they are;
 - d) the allowance should be paid as a reimbursement of incurred expenditure against receipts;
 - e) the allowance should not be payable to a member of the claimant’s own household;

- f) any dispute as to entitlement and any allegation of abuse should be referred to the Standards Committee for adjudication; and
- g) the scheme should be reviewed after not more than 12 months of operation.

6.3.4 Whether or not changes to a scheme should be backdated

The panel recommends that:

- Schemes should make the appropriate provision to ensure that, where an amendment to the scheme results in an increase in any allowance, payment of it may, if the resolution which introduces the amendment includes that recommendation, be backdated for a specific period no earlier than the beginning of the year to which the scheme applies.

6.3.5 Whether adjustments to the level of allowances should be determined according to an index, and if so, which index and for how long the index should apply (subject to a maximum of 4 years)

The panel recommends that:

- Schemes should provide for all allowances to be automatically updated annually with reference to the Local Government Pay Settlement, and the LGPS index should apply for the next four years unless the ALG panel reviews it earlier.

6.3.6 Which members of an authority should be entitled to pensions

The panel recommends that:

- All members under the age of 70 should in principle be able to apply for inclusion in a pension scheme, without needing to satisfy a qualification period.

6.3.7 Whether the basic, special responsibility or both allowances should be pensionable

- The panel recommends that both the basic allowance and any SRAs should be pensionable.

The panel took the view that it was divisive to separate, for example, cabinet members from others for entitlement to pensions.

The panel also made a number of other recommendations.

6.3.8 Quasi-judicial work

The panel re-confirmed the recommendation of their earlier report, that Councils should consider setting up a panel of non-executive members to sit on bodies such as adoption and licensing panels, and pay an SRA to all members of the panel.

6.3.9 Accountability

The panel considers accountability for this use of public money as being of the highest importance. They welcome the requirements for record keeping and inspection of the records of all allowances claimed, and for an annual report of the total allowances paid at the end of the year. However they recommend that members go further to enhance accountability. The panel points out that they have previously recommended the

drafting of Councillor job descriptions, and they state that they expect these to be used as the basis of reporting by members on their activities on behalf of their electors and the borough. Councillors are advised to see such reports as a way of broadcasting the extensive range of tasks and duties they undertake on behalf of the electorate. The panel says they want Councillors to give an account of what services they provide to their constituents; what their objectives have been; their success in achieving them and some record of their general industry.

6.3.10 Withholding allowances

The panel recommends that allowances schemes provide for the Standards Committee to withdraw allowances in whole or in part in the event of a member being suspended or partially suspended. All allowances should be withheld for the period of total suspension, and if the member is partially suspended, although the basic allowances should continue, the panel expects the member to voluntarily reduce the amount of the basic allowance claimed in order to reflect any limitation on their ability to perform all their functions. Any SRA for a partially suspended member should be withdrawn.

6.3.11 Electing to forgo allowances

The panel recommends, in accordance with Regulations, that schemes should provide for any member to give notice in writing to elect to forgo their allowances or any part of them.

6.3.12 Time limit for claims and payments

The panel recommends that schemes include a limit of 6 months for making claims for payment of dependants' carers' allowances, travelling and subsistence allowances and co-optees' allowances.

7. Proposed scheme for Harrow allowances

7.1 The current Harrow scheme for members' allowances follows many of the recommendations of the ALG panel. The recommendations which are made by the ALG but are not yet incorporated in the Harrow scheme are as follows.

7.1.1 Basic allowances for co-optees

In light of the recommendation of the ALG panel at 6.3.1 above, the Council should consider paying a basic allowance to co-optees. If agreed in principle it is suggested that a figure of £100 per meeting, for 4 scheduled meetings per year could be used.

7.1.2 Uprating the allowances

The ALG panel suggests that authorities agree an annual uprating of allowances in line with the increase in the Local Government Pay Settlement. This has been the formula used by Harrow in the past, and it is suggested that this is formalised in the scheme. The uprating index can be used for a maximum of four years and must then be reconsidered.

7.1.3 Travel and subsistence

Previously the Office of the Deputy Prime Minister issued the rules for travel and subsistence, however the Regulations change this and now boroughs must include provisions for this in their schemes. The ALG panel suggests that in-borough travel and subsistence forms part of the basic allowance. This is already the case in Harrow. The panel recommends that out-of-borough travel and subsistence payments are based on the council's officer scheme for travel and subsistence. It is recommended that this provision is adopted as part of the Harrow scheme.

The officer scheme for travel and subsistence is set out in the Employee Handbook and Policy 2.06 "Travelling and Subsistence Allowances". The main changes to member out-of-borough travel and subsistence allowances as a result of bringing them into line with the Council's officer scheme are as follows:-

- Members will need to ensure that a minimum of expense is incurred. For travelling expenses, second class rail travel should be used. Travel by car should only be used where this is cheaper than public transport.
- Members will be required to provide receipts for incurred expenditure.
- The car mileage rates, and the maximum amounts which can be reimbursed for subsistence expenses, will be increased slightly to be brought into line with the rates set out in the officer scheme.

The ALG panel also recommends that travel allowances be extended to travel by bicycle. However, as there is currently no provision within the Harrow officer scheme for travel and subsistence for a bicycle allowance which is payable *per journey*, it is not proposed to make provision for this in the Harrow members' allowances scheme.

It is proposed that the members' allowances scheme be amended in order that co-optees may claim reimbursement for out-of-borough travel and subsistence expenses.

7.1.4 Dependants' carers' allowance

In the main, the Council already fulfils the recommendations of the ALG panel. However it is suggested that the Harrow scheme clarifies the upper age limit for children for whom allowances can be claimed. It is also recommended that the Harrow scheme include a provision for dispute over entitlement or allegations of abuse in respect of those allowances to be referred to the Standards Committee.

7.1.5 Backdating

Previous legislation did not allow in-year amendments to the allowances scheme to be backdated to the start of the financial year in question. The new Regulations allow for this provided that the Council resolution adopting the new scheme proposes the backdating and the scheme as agreed allows for it. It may not always be necessary to backdate an allowance, but it would be prudent to include this provision in the Harrow scheme in case the Council wishes to use it.

7.1.6 Pensions

The new Regulations allow Councils to make members' allowances pensionable. Initially it was envisaged that this provision might be limited to councillors with extra responsibility (e.g. Cabinet, Chair of Overview and Scrutiny) but this decision is left to Councils following recommendations from their independent panels. The recommendation from the ALG Panel is that if Councils decide to make allowances pensionable, that this should apply to all members equally. The ALG recognise that because adoption of this recommendation would result in extra costs to authorities, the final decision about whether to allow pensions for members must be one for each individual authority.

It is not perceived that there is particular member pressure for such a move in Harrow, and in light of the additional costs that would be incurred by the authority it is not proposed that pensions for members are adopted in Harrow at this time.

7.1.7 Time Limits for Claims and Payments

The panel recommends that schemes include a limit of 6 months for making claims and payments of dependants' carers' allowance, travelling and subsistence allowances and co-optees' allowance. The Harrow scheme already includes a time limit of 2 months, and it is not proposed that this be changed.

7.1.8 Withholding allowances

The ALG panel recommends that Councils include provision for withholding allowances in full or in part under certain circumstances. This provision is included in the new Regulations following the establishment of the new ethical framework and the possibility that the Standards Board for England or the local Standards Committee may suspend members following investigation and sanction. If the Harrow scheme does not include a provision to this effect it cannot withhold allowances from members who are suspended. It is proposed that the recommendations from the ALG panel on this point are included within the Harrow scheme.

7.1.9 Quasi-judicial work

Implementation of this proposal (outlined in 6.3.8 above) would have budget implications not allowed for in the current allowance framework. It is therefore proposed that it be considered during the forthcoming budget discussions and any recommendation for change made in the Members' Allowances Scheme for 2004/2005.

7.1.10 Accountability

The panel recommends at a minimum, that job descriptions are prepared for members (see paragraph 6.3.9 above), and that members should make certain reports to the electorate. Job descriptions for councillors have been trialled in some authorities and it seems likely that more will now adopt this recommendation. Members are asked to consider whether or not they wish to adopt this provision.

8. **Consultation**

8.1 There is no specific requirement for consultation in respect of the Regulations.

9. **Finance Observations**

9.1

10. **Legal Observations**

10.1 Are included in the body of the report

11. **Conclusion**

11.1 The Council is required to give consideration to the recommendations of the independent remuneration panel in revising its Members' Allowances Scheme before 31st December 2003. It is suggested in this report that the 'no cost' recommendations are included in the revised scheme. In terms of those options which have cost implications, it is suggested that these are discussed further by the authority during the budget preparation and a further report agreed prior to 31st March 2004 with any further amendments arising from those discussions. It is also suggested that the recommendation to provide pension eligibility is rejected and reconsidered each year when the new scheme is made.

12. **Background Papers**

12.1 Guidance on consolidated regulations for local authority allowances – ODPM

12.2 Making Allowances – the first report of the Independent remuneration panel – 2001

12.3 The Remuneration of Councillors in London: 2003 Review

All available from the report author.

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