



**Full Council**  
21<sup>st</sup> May 2007

**Report from the Borough Solicitor**

For Action

Wards Affected:

None

**The Members' Allowances Scheme**

**1.0 Summary**

- 1.1 This report sets out recommended changes to the Brent Members' Allowances Scheme, following consideration by the Constitution Working Group. A further report will be submitted to the next meeting of the Council.

**2.0 Recommendations**

Agree the recommended changes to the Brent Members' Allowances Scheme as set out below, to take effect from 1<sup>st</sup> June 2007:

- 2.1 Increase the Basic Allowances by 3.5% from £7,245 to £7,498.
- 2.2 Reduce the allowances for the members of the Alcohol and Entertainment Licensing Sub-Committees from £3,500 to £1,987.
- 2.3 Abolish the allowance for the Chair of the General Purposes Licensing Sub-Committee.
- 2.4 Award an allowance of £2,981 to members of the Planning Committee
- 2.5 Award an allowance of £2,981 to members of the Adoption and Permanency Panel
- 2.6 Award an allowance of £2,981 to members of the Fostering Panel.
- 2.7 Award an allowance of £1,987 to the Chair of the Audit Committee.
- 2.8 Reduce the allowance for the chairs of the Service User Consultative Fora from £4,492 to £1,987.
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- 2.9 Note that the Youth Matters 2 and the Children Forum were abolished and the Youth Parliament was created by Full Council in November 2006 and to agree an allowance of £1,987 be awarded to the co-chair of the Youth Parliament.
- 2.10 Agree to retain the indexation provisions by reference to the LGPS for a further 4 years.
- 2.11 Note that a further report on members' allowances will be submitted to the next meeting of the Council to deal with further changes to the scheme currently being considered by the CWG.

### **3.0 Detail**

#### *The Legislative Framework*

- 3.1 The legal framework for members' allowances is established by section 18 of the Local Government and Housing Act 1989. The Local government (Members' Allowances) (England) Regulations 2003, as amended, replaced all previous regulations covering allowances for members.
- 3.2 Every local authority must have a scheme providing for payment of a basic allowance of the same amount to every councillor. A scheme may also provide for special responsibility allowances to be paid to councillors for certain types of roles specified in regulations and described in the scheme.
- 3.3 The amount of each special responsibility allowance need not be the same for each identified category of responsibility but can vary depending upon the demands of the particular role, e.g. not all committee chair posts need attract the same allowance. Further, no ceiling is imposed on the amount of basic or special allowances but they need to be reasonable in the context of the nature of the responsibilities involved.
- 3.3.1 Allowances schemes can be amended at any time but may normally only be revoked with effect from the start of a financial year. Whether changes amount to a revocation or are just an amendment is a question of fact and degree. It is the officers' view that the changes being recommended would not constitute a revocation but merely an amendment to the existing scheme. Any new or amended scheme must be published in the local press together with details of the recommendations of the Independent Panel and certain other specified information.

#### *The Independent Panel*

- 3.4 Since 4<sup>th</sup> May 2001 local authorities have had to have regard to the recommendations of an independent remuneration panel in respect of the allowances payable to their Members when making or amending an allowances scheme. The Regulations provide for the Association of London Government (now "London Councils") to establish an independent remuneration panel to make recommendations to London borough councils on their allowances schemes. The Council decided some time ago to adopt this panel as its independent remuneration panel.
- 3.5 The independent panel has published five reports in all covering London boroughs with its most recent having been published in December 2006. The report is available as a background paper but the summary thereof is
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attached to this report at **Appendix 1**. The recommendations contained in that report must be taken into account by members when determining the Members' Allowances Scheme or amendments to it but the recommendations do not have to be adopted in their entirety. They are an important guide and recommendation for members but should not be regarded as a rule.

- 3.6 The broad approach taken in the Independent Panel Report (the "IPR") is to recommend a basic allowance and an SRA (known as band 4) for the Leader of the Council. This then gives a total package for the Leader. As already mentioned, these figures are not binding and are a recommendation only. Other posts then fall into the three lower bands, the total packages for which are calculated as a percentage of the Leader's overall package. Accordingly:

*Table 1 – IPR Methodology*

Band 4	Basic plus Leaders SRA = Total Package for Leader ("Total")
Band 3	Basic plus SRA = 70% - 80% of Total
Band 2	Basic plus SRA = 40% - 60% of Total
Band 1	Basic plus SRA = 20% - 30% of Total

- 3.7 In Brent, although the amount of allowances is lower than the IPR recommended allowances if we apply the methodology explained above the majority of SRAs do fall within or below the recommended percentage bands. For example, the Deputy Leader post is considered by the ALG to be a band 3 post which, it recommends, should attract a total package of 70%-80% of the Leader's total package. Thus, based on the current allowances:

*Table 2 – Percentage Bands*

<i>Brent Leaders allowance</i>	33,120
<i>Plus basic</i>	7,245
<i>Total</i>	40,365
<i>70-80%</i>	28,256 to 32, 292
<i>Deputy Leader allowance</i>	23,184
<i>Plus basic</i>	7,245
<i>Total</i>	30, 429

- 3.8 The IPR recommends that not more than 50% of members should normally be in receipt of an SRA. Based on the current scheme and the current range of postholders, there are some 30 members in receipt of an SRA (which is less than 50%) but there are another 15 members of A&E Licensing Sub-Committee who receive an allowance putting the figure at 43

out of 63 members, or 68% of the total number of councillors. This is above the IPR recommended number. Once appointments are made at the Council meeting it will be possible to work out the percentage of members who will then be eligible for an SRA and this will be addressed in the further report back.

- 3.9 The Brent scheme provides that no member shall be paid more than one Special Responsibility allowance. This is not a required provision but it is recommended that this provision be retained.

*The Basic Allowance*

- 3.10 The Basic Allowance is currently £7,245. The IPR recommends a basic allowance of £9,964 but this is not affordable. It is recommended that the basic allowance be increased by 3.5% (which is broadly in line with inflation) in recognition of the fact that the current level of basic allowance is below the IPR recommendation and below the London average which, according to a recent survey, is currently £9,226. This would put the basic allowance at £7,498.

*Alcohol and Entertainment Licensing*

- 3.11 Following the transfer of responsibility for alcohol and entertainment licensing from the Justices to the Council an allowance of £3,500 was paid to members of the Alcohol and Entertainment Licensing Sub-Committees in recognition of the anticipated high workload. However, the workload has not been as high as anticipated and it is therefore recommended that this allowance is reduced from £3,500 to £1,987 to bring it into line with the allowances currently paid to chairs of some of the committees and sub-committees. There are currently 15 members of the A&E Licensing Sub-Committees.

*General Purposes Licensing Sub-Committee*

- 3.13 This sub-committee rarely meets and it is therefore considered that this position should not attract an SRA as the workload should be covered by the Basic Allowance.

*Planning Committee*

- 3.14 The CWG considered whether a new allowance should be introduced for members of the Planning Committee in recognition of the amount of work involved for members of the committee. It is considered that members of the Planning Committee are likely to have a significantly greater time commitment required of them than other members, including members of the A&E Licensing Sub Committees referred to above, and that therefore the allowance should be set at 50% more than the allowance for A&E Licensing members, putting it at £2,981. There are currently 9 members of the Planning Committee that would be eligible for this new allowance subject to the usual rule restricting members to just one allowance.
- 3.15 Officers consider that the allowance for the Chair of the Planning Committee should be reviewed as it is the highest allowance outside of the Executive and is higher than the allowance for the leader of the Opposition, for example. This will be considered further by the CWG and will be reported to members at the July meeting.
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### *Adoption and Fostering Panels*

- 3.16 The Adoption and Permanency Panel meets every fortnight for approximately 3-4 hours during the day. This represents a not insignificant time commitment from the members concerned. The CWG recommends introducing an allowance for this position at £2,981 i.e. the same as for the proposed allowance for the members of the Planning Committee. The Fostering Panel meets monthly for approximately 5-6 hours during the day. It is therefore also recommended that the same allowance be introduced for this position, namely £2,981.

### *Audit Committee*

- 3.17 Following the recommendations of CIPFA the Council agreed, on 27<sup>th</sup> November 2006, to establish an Audit Committee. No allowance was awarded to that position at the time as it was acknowledged that allowances were being reviewed by the CWG and that a recommendation would be received at a future date. It is now recommended that an allowance of £1,987 be allocated to this position which is the same as the allowance currently awarded to the chairs of some of the other committees and sub-committees.

### *Service User Fora and the Youth Parliament*

- 3.18 The CWG considered whether the allowance for members of the SUCFs should be reduced. It was felt that given the recommended increase to the Basic Allowance, the introduction of allowances for other committees and the time commitment required this could reduce from the current level of £4,492 to £1,987. There is no change recommended for the chairs of the Area Consultative Fora at this stage although this should be kept under review.
- 3.19 Members will recall that the Youth Matters 2 SUCF and the Children Forum were abolished in November 2006 following consideration by the CWG and that the Youth Parliament was created. CWG considered whether an allowance of £1,987 should be awarded to the co-chair of the Youth Parliament in line with the amount being proposed for the chairs of the SUCFs.

### *Index Linking*

- 3.20 Where a scheme provides for annual adjustment by reference to an index, reliance on the index must be reviewed every 4 years. As with other aspects of the scheme regard must be had to the recommendation of the independent panel. The IPR recommends linking to the LGPS scheme which effectively means uprating by reference to the annual officer pay settlement. This is provided for in Brent's current scheme although members agreed as part of the 2007/8 budget setting process not to inflate the allowances this financial year. Officers feel that in future years the index linking should be allowed to proceed in order to ensure that members' allowances remain constant in real terms. It is recommended to retain the reference to the LGPS for another 4 years.
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### *Pensions*

- 3.21 The IPR recommended that all councillors below the age of 75 should be allowed to join the LGPS. This issue was considered by Full Council in November 2003 when members agreed not to accept the IPR recommendations on this point.

### *Job Profiles For Members*

- 3.22 The IPR recommends that job profiles for members should be used as a basis for reporting by members on their duties, objectives, activities and successes. This will be considered by the CWG at some future date.

### *Other Areas For Review*

- 3.23 The CWG is still reviewing the allowances for the following positions and these will be reported to the next meeting of Full Council:

- Chair of General Purposes Committee
- Chair and Vice Chair of Planning Committee
- Group Whips
- Deputy Group Leaders
- Group Leaders

- 3.24 For the time being those allowances will stay as they are but may be subject to change following the next report.

## **4.0 Financial Implications**

- 4.1 The 2006/7 budget for members allowances was £843k which covers only the allowances and does not cover the payroll, travel and other costs which are budgeted for separately and are not addressed here as they remain unchanged as a result of the recommendations in this report. The outturn for that financial year was £813k. The resulting saving was earmarked earlier in the year for in-year savings.

- 4.2 The 2007/8 budget for Members Allowances remains at £843k as members will recall that as part of the 2007/8 budget making process they agreed not to increase the allowances in line with inflation in the current year, as otherwise provided for in the scheme.

- 4.3 The full year costs of the recommended revised scheme, inclusive of the employer's national insurance contribution and other associated costs, is £941,431. This includes the following costs:

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Basic Allowances	472,374
NI on Basic Allowances	17,069
SRAs	394,996
Ni on SRAs	43,191
Civic allowances	12,433
NI contribution on civic allowance	1,368

- 4.4 Although this exceeds the available budget, there are likely to be savings because if any member holds more than one post they can only claim one
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special responsibility allowance. It is expected that a number of posts will fall into this category. This situation will be reported back to members with the next report. It is therefore too early to say whether or not this cost can be met from within overall resources. Under Financial Regulations service areas have a responsibility to ensure spend is kept within budget before seeking additional resources. This will also be addressed in the next report.

## **5.0 Legal Implications**

5.1 These have been addressed in the body of the report

## **6.0 Staffing Implications**

6.1 There are no implications for staff arising out of this report.

## **7.0 Equality and Diversity Implications**

7.1 The IPR recommends that allowances should continue during maternity or paternity absence and during periods of sickness absence and that an allowance scheme should provide for this. The Brent scheme does not provide for this but this is something that the Council may want to consider in the future.

7.2 Pensions have been addressed above.

7.3 The IPR recommends that separate allowances should be paid in appropriate circumstances to dependant's carers as this may make it possible for people to serve as councillors who would not otherwise be able to contribute their time because of their other responsibilities. However, they caution against paying such allowances for care to be provided by someone else from the member's own family nor for multiple dependants, except in exceptional circumstances. Notwithstanding these recommendations, it is not recommended to introduce such allowances at this stage but to keep the position under review.

### **Background Papers**

- The Local Authorities (Members Allowances) (England) Regulations 2003
- The Local Authorities (Members Allowances) (England) (Amendment) Regulations 2003
- The Local Government Pension Scheme Regulations 1997
- The Local Government Pension Scheme and Discretionary Compensation (Local Authority Members in England) Regulations 2003
- The report from the ALG Independent Panel February 1999
- The report from the ALG Independent Panel November 1999
- The report from the ALG Independent Panel August 2001
- The report from the ALG Independent Panel 8<sup>th</sup> July 2003.
- The report of the Independent Panel to London Councils December 2006
- Survey from Local Government Analysis and Research

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