

Item No. 5.3	Classification: Open	Date: 15 July 2020	Meeting Name: Council Assembly
Report title:		Member Allowances Scheme 2020-2021	
Ward(s) or groups affected:		All	
From:		Constitutional Steering Panel	

RECOMMENDATIONS

1. That council assembly approve the Member Allowances Scheme for 2020-2021 with effect from 1 April 2020, having regard to the advice of the London Councils Independent Remuneration Panel Report 2018 (see Appendix 1).

BACKGROUND INFORMATION

Legal background

2. Under Section 18 of the Local Government and Housing Act 1989, the Secretary of State may make regulations authorising or requiring councils to make a scheme providing for the payment of allowances to members.
3. The council is required under the Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended) to agree on an annual basis a schedule of Allowances payable to members for the following financial year. Under the regulations, when making or amending a scheme, the council is required to have regard to the recommendations of an Independent Remuneration Panel (section 19).
4. The council is required, if it wishes to pay such allowances, to adopt a Member Allowances Scheme on an annual basis with effect from 1 April each year. A decision on the scheme was due to be taken at the council assembly meeting on 25 March 2020; however due to the Covid-19 pandemic, this meeting was cancelled. This is the first meeting of council assembly following the pandemic lockdown.
5. The council must publish its scheme of members' allowances, dealing with basic allowances and special responsibility allowances. Payments to members of the council may only be made in accordance with this.

Current scheme and process for review

6. Southwark's member allowances scheme is comprehensive and includes basic allowances, special responsibility allowances (for posts which carry specific responsibilities) and other allowances and expenses that may be claimed.
7. The proposed member allowances scheme for 2020-2021 is based on the current scheme, which was adopted by council assembly on 14 March 2019 for 2019-2020. The council agreed its scheme, having considered the recommendations of the constitutional steering panel and having taken into account the London Councils Independent Remuneration Panel's 2018 report.

8. The proposed Member Allowances Scheme for 2020-21 does not change the allowance rates previously agreed. This includes the following:
- On 12 July 2017, council assembly agreed a revision to the Member Allowances Scheme with regard to arrangements for payment and leave made during periods of absence for members in receipt of special responsibility allowances.
 - On 16 March 2016, council assembly agreed an addition to the Member Allowances Scheme to include payment to cabinet members for loss of office. This was amended in March 2019 to capture the spirit and intent of the provisions.
 - On 21 January 2015, council assembly agreed the following:
 - i) That the basic allowance and special responsibility allowances be increased in accordance with the Independent Remuneration Panel recommendation for allowances to be adjusted in line with the local government officer pay settlement and that the licensing sub-committee payment and co-opted member's allowance be increased on the same basis.
 - ii) That the member allowances scheme be amended so in future years the level of the childcare and dependent carers allowances for councillors is automatically reviewed in line with changes in the London Living Wage.
9. The constitutional steering panel and council assembly are under a statutory duty to have regard to the advice of the London Councils Independent Remuneration Panel Report when considering the council's own scheme for member allowances.
10. In Southwark, the constitutional steering panel considers and recommends any changes to the member allowances scheme to council assembly for final adoption. The approval of the scheme and the setting of allowances are matters reserved for decision by council assembly.

KEY ISSUES FOR CONSIDERATION

London Councils Independent Remuneration Panel Report 2018

11. The Local Authorities (Members' Allowances) (England) Regulations 2003 ('the Regulations') authorise the establishment by the Association of London Government (now London Councils) of an independent remuneration panel to make recommendations in respect of the members' allowances payable by London boroughs. Such a panel ('the panel') was established and reported in 2001, 2003, 2006, 2010, 2014 and January 2018. The regulations require a review of the scheme every four years as a minimum. The January 2018 report is the current review. A full copy of the report is set out in Appendix 1.

Basic and special responsibility allowances

12. The principle of pegging the basic allowance and special responsibility allowances in line with the annual local government pay settlement is already recognised in the council's Member Allowances Scheme following the council

assembly decision of 21 January 2015. The Licensing Sub-Committee meeting payments and co-opted member allowance will be increased on the same basis.

13. The member allowances scheme, paragraph 36, provides that allowances will be adjusted in line with the national local government officer pay settlement and allowances for officers¹. This includes basic allowance, SRA levels, licensing payments and co-opted member allowances
14. The outcome of the 2018-20 local government pay settlement was for a 2% increase for most staff payable from 1 April 2018 to 31 March 2019 and a further 2% increase payable from 1 April 2019 to 31 March 2020.
15. The 2020-21 local government pay settlement is still being negotiated. In accordance with Southwark's member allowance scheme, allowances will be increased in line with the agreed outcome.
16. The scheme has been drafted on the basis that the council still wishes to pay the current basic and special responsibility allowances.

Proposed changes to current scheme

17. It is proposed that the only changes to the current scheme be those agreed in line with the local government pay settlement 2020-21. Any changes will be backdated to April 2020 if agreement is achieved after this date.

Community impact statement

18. No significant changes are currently proposed to the member allowances scheme. SRAs are paid to compensate members for their special responsibilities in addition to their role as ward councillors (for which a separate basic allowance is payable). SRAs are not deemed as salary, as members are not employees of the Council.
19. Any changes to the scheme are published on the council's website.

Resource implications

20. The member expenditure budget makes provision for the basic allowance and special responsibility allowances. There is no proposed increase in allowances.

Legal implications

21. The council is under a duty to adopt a scheme of members' allowances by virtue of section 18 of the Local Government and Housing Act 1989 and relevant regulations. It may only pay allowances in accordance with such a scheme. Members are reminded of the need to have regard to the guidance issued in relation to members' allowance, which is referred to in the report of the London Councils Remuneration Panel attached (Appendix 1).
22. There is a general rule that members may not usually vote on matters in which they have a disclosable pecuniary interest. However decisions relating to the member allowances scheme are an exception to this general principle, and

¹ Index linking is to the general settlement rather than any special provision for particular groups of staff such as the low paid.

members may vote on this issue. A dispensation has been granted by the monitoring officer.

BACKGROUND DOCUMENTS

Background Papers	Held At	Contact
Member Allowances Scheme, Southwark Constitution: http://moderngov.southwark.gov.uk/documents/s87336/Members%20Allowances%20Scheme_May%202019.pdf	Constitutional Team 160 Tooley Street, London SE1 2QH	Constitutional Team constitutional.team@southwark.gov.uk 020 7525 7055

APPENDICES

Appendix	Title
Appendix 1	London Council Remuneration Panel Report 2018

AUDIT TRAIL

Lead Officer	Doreen Forrester-Brown, Director of Law and Democracy	
Report Authors	Chidilim Agada, Head of Constitutional Services	
Version	Final	
Dated	13 March 2020	
Key Decision?	No	
CONSULTATION WITH OTHER OFFICERS / DIRECTORATES / CABINET MEMBER		
Officer Title	Comments Sought	Comments Included
Director of Law and Democracy	Yes	Yes
Strategic Director of Finance and Governance	Yes	Yes
Cabinet Member	No	No
Date final report sent to Constitutional Team	13 March 2020	