

MUNICIPAL YEAR 2006/2007 REPORT NO.

MEETING TITLE AND DATE:

Council – 28th June 2006

REPORT OF:

Director of Finance and Corporate Res

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Agenda – Part:	Item:
Subject:	
Members' Allowances Review 2006/07	
Cabinet Member consulted:	N/A

1. EXECUTIVE SUMMARY

This report reviews the members' allowances scheme for the Council, including recommending increased payments (to bring Enfield more in line with other London Boroughs) and the option of members joining the Local Authority pension scheme.

This report contains recommendations from the Members' Services Working Party held on 19th June 2006.

2. RECOMMENDATIONS

The Members' Services Working Party recommends to Council as follows:

- 2.1 Increasing the basic allowance for all councillors from £6,750 to £9,500 per year (paragraph 4)
- 2.2 Approving the levels of Special Responsibility Allowances as set out in Appendix A (paragraph 5) with the proviso that, if a member occupies more than one eligible position, they will be paid the higher SRA only.
- 2.3 Asks the Council to decide whether vice-chairmen of Scrutiny Panels, Licensing and Planning Committees should receive SRAs (paragraph 5).

- 2.4 That consideration of whether to admit all councillors who wish to join to the Local Government Pension Scheme on the criteria set out by the ALG's Independent Remuneration Panel (paragraph 6) be deferred until September 2006 to allow the Working Party to consider a more detailed report.
- 2.5 That consideration of whether the Council should pay dependent carers allowance (paragraph 7) be deferred until September 2006 to allow the Working Party to consider a more detailed report.
- 2.6 The proposal to automatically increase the rates for travel and subsistence each year in line with inflation (paragraph 8).
- 2.7 To limit the payment to co-opted members to the Chairman of the Standards Committee (paragraph 9)
- 2.8 That the allowances be increased annually in line with the national index for average earnings rather than 1% plus the retail price index as agreed by Council previously (paragraphs 3.4 and 10).
- 2.9 The proposals above, if agreed, be operative from 5th May 2006.

3. BACKGROUND

- 3.1 The Local Government Act 2000 and the Local Authorities (Members' Allowances) (England) Regulations 2003 ('the regulations') require all councils in England to set up independent remuneration panels (IRPs) to review their members' allowances schemes. The Association of London Government (ALG) set up its own IRP and gave London Boroughs the option of having regard to the recommendations of that body. Enfield, along with many other boroughs, took up this option rather than set up individual panels.
- 3.2 IRPs are able to consider:
 - basic allowance
 - special responsibility allowance (SRAs)
 - dependent carers' allowances
 - pensions for members
 - travel and subsistence allowance
 - co-optees allowance
 - provision for the suspension of allowances under certain conditions (eg suspension or disqualification of a member by the Standards Board/Committee)
- 3.3 The Members' Services Working Party considered a report at its meeting on 19th June 2006 and its recommendations to Council are set out in paragraph 2 of this report.

- 3.4 In January 2003 the Council agreed that allowances would be increased annually by 1% plus the retail price index for the year in question (see paragraph 10 of this report). However, Enfield is still well below the average rates paid in London, particularly in relation to special responsibility allowances. Whilst having regard to the recommendations of the ALG, the Council has previously not increased allowances to those levels.
- 3.5 The recommended new allowances are set out in Appendix A.
- 3.6 Appendix B sets out the allowances paid across London for some council roles. The ALG has re-commissioned its Independent Remuneration Panel to undertake a wider review of its allowances scheme in the context of changes in responsibilities of councillors and the Lyons Report. It is expected that the Panel will report back at the end of 2006. It is understood that the Panel will also be considering such issues as job descriptions for member roles, performance related pay and the respective roles of Leaders and Directly Elected Mayors. The Working Party has asked for a report back when the ALG report is available and any consequent recommendations will be submitted to Council.

4. BASIC ALLOWANCE

This allowance is payable to all council members, who must all be paid the same amount. It is designed to cover all of the contributions made by non-executive councillors in particular, and also out-of-pocket expenses, including intra-borough travel. It also recognises the importance attached to non-executive councillors in relation to their role as community representatives. This report recommends that the basic allowance be increased from £6,750 to £9,500 per year to more appropriately reflect the workload, time, commitment and expenses incurred by members in carrying out their roles.

5. SPECIAL RESPONSIBILITY ALLOWANCE (SRAs)

- 5.1 The Local Government Act 2000 allows authorities to pay SRAs to certain councillors fulfilling particular roles and duties over and above their ward councillor function. Councils have discretion in selecting the posts that receive SRAs. Enfield's SRA payments have traditionally been much lower than the average in London and the recommended increases in Appendix A go some way to redressing this situation.
- 5.2 A query has been raised as to whether members who occupy more than one position eligible for an SRA could receive more than one such allowance. The Council's Constitution does not currently allow this. The legal advice received is that the regulations provide for the payment of 'an allowance' for carrying out special responsibilities in relation to the authority. The view therefore is that there is no provision within the regulations to pay more than one SRA to any one councillor.

- 5.3 The recommendations of the ALG Independent Remuneration Panel is that no more than 50% of the Council's membership should receive SRAs. Under the current proposals, Enfield has 41% of its membership in receipt of SRAs (26 out of 63).
- 5.4 Vice-Chairmen of Scrutiny Panels, plus the Licensing and Planning Committees do not currently receive SRAs. They fulfil a role in covering for the chairman in his/her absence and some lead on particular scrutiny reviews. The question has been asked as to whether such posts warrant an SRA. This would increase the number of posts in receipt of SRAs to 34 taking the Council over the 50% threshold recommended by the ALG (53.9%).
- 5.5 The Working Party were divided in their opinion as to whether such posts should receive an SRA. Council is therefore asked to take a view.

6. PENSIONS

- 6.1 The Local Government Pension Scheme Regulations 1997 (as amended) gives members the right to access the Local Government Pension Scheme. This is subject to the relevant IRP and Local Authorities agreeing to include such provision within their schemes and to identifying the councillors who should be eligible. Councillors then need to positively elect to become a member of the scheme; pension benefits will be based on career average allowance, not final sums; it is only open to councillors under 70 years of age; and membership will not count towards calculating any other periods of local government employment/pension scheme membership.
- 6.2 The ALG Remuneration Panel (acting for Enfield and other London Boroughs) recommended in 2003 that local authorities should provide for allowances to be pensionable through the Local Government Pension Scheme and that all members under the age of 70 should in principle be eligible to join the scheme in respect of all allowances paid to them (basic and SRAs) and without reference to any qualifying period of service as a member.
- 6.3 The Council in December 2003 considered this recommendation and decided not to agree to member pensions. This was reconsidered by the Members' Services Working Party in July 2005 and it was agreed that Council should be asked to look at the issue again.
- 6.4 However, to enable the Working Party to consider further information that has arisen since it last met, the Council will be asked to reconsider the recommendation from the ALG at its meeting in September.
- 6.5 If the Council agree to members joining the scheme, a more detailed report setting out the options, costs and process to be applied will be

made in September. Arrangements will also be made for member briefing sessions on the detailed workings of the scheme and how it might apply to them etc to enable councillors to make informed individual decisions.

- 6.6 The attached table of allowances paid across London gives some indication as to which authorities permit councillors to join the pension scheme.

7. DEPENDENT CARERS ALLOWANCE

- 7.1 Councils also have the discretion to pay members an allowance in respect of expenses incurred in arranging the care of their children or dependents, when those members are attending meetings of the authority, those meetings approved by the authority or in carrying out approved duties as a councillor on behalf of the authority.
- 7.2 The Council previously agreed not to pay such an allowance. It is put before the Council again for consideration. Examples of the levels of allowances paid by other authorities are attached. This information was unfortunately not available for the Working Party so they felt unable to take a view. Council will be asked to decide whether such payments should be made at its meeting in September following further consideration by the Working Party. If agreed, the Director of Finance and Corporate Resources will need to be satisfied as to the arrangements for probity in relation to claims.
- 7.3 The attached table of allowances paid across London gives some indication as to which authorities pay dependent carer allowances.

8. TRAVEL AND SUBSISTENCE

- 8.1 An authority can also pay travel and subsistence allowance, including an allowance in respect of travel by bicycle or other form of non-motorised transport, undertaken in the course of official duties. The current rates paid by Enfield are:

	£
Breakfast	4.92
Lunch	6.77
Tea	2.67
Evening Meal	8.38
Overnight stay (London)	91.04
Overnight stay (Other)	79.82

- 8.2 These were benchmarked early in 2005 with a number of other local authorities (8) and were found to be in the lower half of the sample. For

example the maximum paid for breakfast in the sample was £5.51, for lunch £7.35, tea £5.00 and evening meal £9.41.

8.3 Such allowances are best paid on production of receipts. They can be paid without receipts but are then subject to income tax.

8.4 The Council is recommended to agree that these rates be increased automatically each year in line with inflation.

9. CO-OPTEEES ALLOWANCE

9.1 Formally appointed co-optees on Council bodies eg Scrutiny Panels or the Standards Committee can receive allowances for carrying out official duties. Currently the Chairman of the Standards Committee receives an allowance of £1070. No other payments to co-optees are made.

9.2 The Working Party recommends that such payment remain limited to the Chairman of the Standards Committee.

10. FUTURE REVIEWS

As stated in paragraph 3.4, the Council has previously agreed that the allowances be increased automatically with effect from 1st April each year by 1 % plus the retail price index. The Members' Services Working Party however feels that comparisons with the rate of average earnings would be more appropriate. The Council is therefore asked to endorse this change.

11. SUSPENSION OF ALLOWANCES

The regulations permit local authorities to specify in their schemes that allowances may be suspended or partially suspended if a member is suspended from council duties by the Standards Board or the Council's Standards Committee. This provision is already included within the Council's Scheme (paragraph 6.8 of Part 6 of the Constitution)

12. ALTERNATIVE OPTIONS CONSIDERED

None. The Council is under a duty to keep its members allowances scheme under review.

13. REASONS FOR RECOMMENDATIONS

To review the Council's members allowances scheme in keeping with current legislation.

14. COMMENTS OF THE DIRECTOR OF FINANCE AND CORPORATE RESOURCES AND OTHER DEPARTMENTS

a. Financial Implications

14.1 The proposals set out in Appendix A of this report will cost the Authority an additional £290k in 2006-07 with a £317k full year effect. These costs include an increase in basic allowance to £9,500 and increases in SRAs as set out in the Appendix. On this basis the total cost of Members' allowances for 2006-07 would be £869K. There are sufficient resources within contingent items to fund the proposed increases.

14.2 It is important to note that the costs do not include:

- Payments of SRAs to vice-chairmen of scrutiny panels;
- Payments of dependant carers' allowances;
- Increases in travel and subsistence rates; or
- The extension of payments to co-opted members beyond the Chairman of the Standards Committee

Also excluded are any additional costs that would arise if a decision were taken to admit Members to the Local government Pension Scheme. A further report would be needed on this to include financial implications.

b. Legal Implications

The recommendations contained within this report are within the statutory framework provided by the Local Government Act 2000 and the relevant regulations.

15. ENFIELD FIRST

The proposals are designed to improve the Council's ability to attract and retain effective members to help develop and deliver the Council's corporate priorities.

Background Papers

ALG Independent Remuneration Panel Report - 2003
Report to Members Services Working Party – 19th June 2006