

Report for: ACTION
Item Number:

Contains Confidential or Exempt Information	NO
Title	Scheme of Members' Allowances
Responsible Officer(s)	Director of Legal and Democratic Services
Author(s)	Sam Bailey, Head of Democratic Services
Portfolio(s)	Finance and Leisure
For Consideration By	Council
Date to be considered	2 March 2021
Implementation Date if Not Called In	n/a
Affected Wards	n/a
Keywords/Index	Members allowances

Purpose of Report:

This report seeks approval of the scheme of members' allowances for 2021-2022

1. Recommendations

- 1.1 To note and have regard to the report and recommendations of the London Councils' independent panel, 'The Remuneration of Councillors in London 2018'.
- 1.2 To approve the proposed Ealing Members' Allowances Scheme for 2021/22, as set out in Appendix 1 to this report.

2. Reason for Decision and Options Considered

- 2.1 The Council is required to approve its Members' Allowances Scheme. To assist the setting of setting the budget this is done on an annual basis.
- 2.2 The Council last carried out a full review of the scheme in 2018/19 which took effect in the 2019/20 municipal year. Minor amendments to the scheme were made in February 2020.
- 2.3 Councils are required to establish and maintain an independent remuneration panel to provide advice on their own schemes and amounts to be paid and the pensionability of allowances where relevant. Regulations provide for an independent remuneration panel to be established by London Councils to produce reports for authorities across London and the Council must have regard to its advice.

2.4 The conclusions of the 2018 review (“Review”) and recommendations can be found in the report ‘The Remuneration of Councillors in London 2018’. The Review Panel has had no direct involvement in the recommendations within this report.

2.5 The 2018 Review emphasises (page 3) that “the workload and responsibilities of councillors continue to increase and ... their role has become more complex” and that “the expectations of the public continue to rise”.. The Review also emphasises (page 4) the general principle that “Allowances are not shown by polls to be something which influence councillors to take on the role, though they are instrumental in making it possible for some people to do so. Allowances should be set at a level that enables people to undertake the role of councillor, while not acting as an incentive to do so. If it is important that there are no financial incentives to being a councillor, it is equally important that there should not be a financial disincentive”. The Review emphasises (page 7) that “it is for the councils locally to decide how to allocate their councillors between the different bands, having regard to our recommendations and how to set the specific remuneration with the band. They must have regard to our recommendations.”

2.6 The Review’s recommendations include the following (note that the equivalent provision in Ealing’s proposed 2021/22 scheme is shown in table below.

	Review Recommendation	Proposed Ealing Scheme 2021/22
Basic Amount for all Councillors	£11,045	£9,708
Remuneration Package for the Leader	£57,085	£41,708
SRA Band 1 ¹ - includes vice chair of senior committee, leader of second opposition group, first opposition group whip, service spokesperson for first opposition group.	£13,627 - £20,442 20-30% of remuneration package of the leader	£11,820 - £13,884 28-33% of remuneration package of the leader
SRA Band 2 ¹ - includes chair of scrutiny panel, chair of major committee, leader of principal opposition group, majority party whip.	£27,252 - £40,842 40-60% of remuneration package of the leader	£15,996 - £18,035 38-43% of remuneration package of the leader
SRA Band 3 ¹ - includes Cabinet member, chair of Health and Wellbeing Board, chair of OSC, deputy leader	£47,962 - £54,505 70-80% of remuneration package of the leader	£25,740 - £31,092 62-75% of remuneration package of the leader

¹ *Special Responsibility Allowances (“SRAs”) should come into play only in positions where there are significant differences in the time requirements and levels of responsibility from those generally expected of a councillor.*

2.7 The Review noted that many London boroughs chose to adopt lower figures than those recommended by the Panel, especially for SRAs. The Review also reiterated the view of the Panel “that no more than 50% of councillors should receive a special responsibility allowance” and that “no member should receive more than one special responsibility allowance”.

- 2.8 Ealing's allowances have historically been significantly lower than those recommended by the Panel (see paragraph 2.6 above and 2.9 below). The proposed 2021/22 scheme will pay SRAs to 58% of members. This proportion of members being paid SRAs remains unchanged compared to 2020/21. However it is important to note that the overall cost of the scheme is lower than the scheme that was in place in 2018/19 before the review of the scheme. The reason for the high proportion of SRAs is due to the number of Scrutiny roles that attract an SRA, demonstrating the importance and status the authority places on an effective Overview and Scrutiny function. The proportion of members eligible to receive an SRA has been benchmarked against neighbouring boroughs and Ealing is within the middle of the range, with Hounslow paying SRAs to 51.9% of members and Hammersmith and Fulham paying SRAs to 69.6% of members.
- 2.9 In 2020/21 the scheme was amended to explicitly state that no member should receive more than one SRA, although this principle had been followed in practice in Ealing at least since 2018/19.
- 2.10 A comparison of Ealing's allowances with those of other London boroughs is set out in the table below. The comparative figures are from 2018/19 which is the latest up to date benchmarking information published by London Councils:

	Basic Allowance	Leader	Deputy Leader	Cabinet	Chair of OSC	Planning & Licensing
Current LBE rate	£9,708	£32,100	£21,384	£16,032	£16,032	£16,032
LBE rank in London (out of 32)	23 rd	24 th	16 th	19 th	9 th	Figures not available
London Councils' Independent Review Panel Recommendation 2018	£11,045	£57,085	£36,917 - £43,460	£36,917 - £43,460	£36,917- £43,460	£16,207 - £29,797

- 2.11 It should also be noted that Ealing's proposed scheme does not fully reflect the positions of special responsibility envisaged by the Panel (in the Review) to be in receipt of each level of SRA. However, that has been the case for many years and reflects Ealing's way of conducting its affairs. The views of the Panel are for guidance only; and latitude is given to allow authorities to set their allowances scheme as they see fit, provided the guidance of the Panel is considered when the scheme is set.
- 2.12 Following the retirement of the long standing independent Chair of the Standards Committee a Councillor will take over the role. The independent Chair was not provided with an allowance and this arrangement is proposed to continue for the incoming Chair due to be elected at the next Council AGM.

2.13 There are a number of minor changes to the scheme. These are shown using tracked changes in Appendix 1 and the reasons are outlined below:

- Amendment of the National Insurance threshold, due to changes to NI thresholds.

3. Key Implications

3.1 There are no financial implications as the scheme is proposed to remain the same as the 2020/21 scheme.

3.2 The basic allowance for all Councillors will remain unchanged, as has been the case for nine out of the last ten years. The only previous change to the basic Councillors' allowance (in the last ten years) was a 1% increase in 2014 – which was in line with the overall public sector pay settlement for all staff that year.

3.3 There are no proposed changes to either the number or roles attracting SRAs or the value of SRAs for 2021/22.

4. Financial

4.1 The total expenditure on Basic allowance and SRA (including Employers NI) for 2020/21 is forecast to be £1,051,341 for the year. This amount is expected to slightly increase for 2021-22 as there have been three vacant seats for which basic allowances have not been paid. All three of these seats are due to be filled through by-elections which are projected to be held in May 2021. There may also be variances due to changes in the members appointed to roles that attract an SRA following appointments that will be made at annual council in May 2021. This is because a principle of the scheme is that a member may not receive any more than one SRA, meaning if a member is appointed to posts that attract more than one SRA then they can only claim one SRA.

4.2 Note that this is predicated on Employers NI remaining at the same level. A 0.1 % increase in this would cost an extra £440 pa.

5. Legal

5.1 Section 18 of the Local Government and Housing Act 1989 (as amended by section 99 of the Local Government Act 2000) makes provision in relation to basic, special responsibility and dependents' carers' allowances for members of local authorities. The Local Authorities (Members' Allowances) (England) Regulations 2003, which have been made under these provisions, provide that it is for each local authority to decide its own scheme and the amounts paid under that scheme.

5.2 Regulation 5 of the 2003 Regulations specifies that the council may pay special responsibility allowances for members carrying out any of the following categories of activity:

- (a) acting as leader or deputy leader of a political group within the council;
- (b) acting as a member of the cabinet;
- (c) presiding at meetings of a committee or sub-committee of the council, or a joint committee of the council and one or more other councils, or a sub-committee of such a joint committee;
- (d) representing the council at meetings of, or arranged by, any other body;
- (e) acting as a member of a committee or sub-committee of the council which meets with exceptional frequency or for exceptionally long periods;
- (f) acting as the spokesman of a political group on a committee or sub-committee of the council;
- (g) acting as a member of the Adoption Panel;
- (h) acting as a member of any committee or sub-committee that deals with any function arising under any enactment authorising the council to license or control the carrying on of any activity;
- (i) carrying out such other activities in relation to the discharge of the council's functions as require of the member an amount of time and effort equal to or greater than would be required of the member by any one of the activities mentioned above

6. Value for Money

6.1 The scheme of members' allowance represents excellent value for money for the work carried out by members. It also delivers a saving on the previous year's allowance scheme.

7. Sustainability Impact Appraisal

7.1 No sustainability impact appraisal has been carried out.

8. Risk Management

8.1 Any associated risks have been included in the body of the main report above.

9. Community Safety

9.1 There are no direct community safety implications as part of this report.

10. Links to the 3 Key Priorities for the Borough

10.1 The council's administration has three key priorities for Ealing. They are:

- Good, genuinely affordable homes
- Opportunities and living incomes
- A healthy and great place

10.2 A fair allowances scheme helps to motivate and support members in their work for and on behalf of the council.

11. Equalities, Human Rights and Community Cohesion

11.1 A full equalities impact assessment is not necessary.

12. Staffing/Workforce and Accommodation implications:

12.1 There are none unless claims rise to such a level that we are unable to fund the shortfall from non-staffing elements of the Members Services budget.

13. Property and Assets

13.1 There are no property implications from this report.

14. Consultation

14.1 An advert will be placed in a local newspaper, as required by the 2003 Regulations.

15. Timetable for Implementation

15.1 The new scheme once approved will take effect from the start of the new municipal year.

16. Appendices

Appendix 1: Members' Allowances Scheme 2021/22

Appendix A: Schedule of Allowances

Appendix B: Travel and Subsistence Allowances

17. Background Information

17.1 Ealing Council's constitution, including Members' Allowances Scheme: https://www.ealing.gov.uk/info/201044/councillors/570/councillors_scheme_of_allowances

17.2 Report of the London Councils' Panel on Remuneration of Councillors in London Boroughs: <https://www.londoncouncils.gov.uk/who-we-are/about-us/financial-information/leadership-and-expenses/remuneration-councillors-london>

Consultation

Name of consultee	Post held	Date sent to consultee	Date response received	Comments appear in paragraph:
Internal				
Ross Brown	Chief Finance Officer	18/02/21		
Helen Harris	Director Legal & Democratic Services	5/2/21	17/02/21	
External	No external parties were consulted			

Report History

Decision type:	Urgency item?
Non-key decision	No
Report no.:	Report author: Sam Bailey
	Job title: Head of Democratic Services

