

ANNUAL REVIEW OF THE MEMBERS' ALLOWANCES SCHEME 2016/17**COUNCIL MEETING DATE****20th July 2016****CLASSIFICATION:****Open****If exempt, the reason will be listed in the main body of this report.****WARD(S) AFFECTED****All Wards****Tim Shields, Chief Executive**

1. INTRODUCTION

- 1.1 Each year the Council is legally required to consider and agree a Members' Allowances Scheme.
- 1.2 Last year the Council agreed to disband its own Independent Remuneration Panel and join the arrangements provided by London Council's Independent Remuneration Panel. The Council invited Sir Rodney Brooke CBE DL to act as the Council's independent adviser on Members' Allowances. (Sir Rodney Brooke is also Chair of London Councils Independent Remuneration Panel).
- 1.3 The recommendations by Sir Rodney Brooke in his review in 2015 took account of inflationary adjustments to the Scheme over the next 4 years if the Scheme remains unchanged.
- 1.4 The Scheme essentially remains unchanged from that approved by Members for 2015/16 save for the impact of any agreed national pay settlement for local government officers for 2016/17 which will be applied to the Members Allowances Scheme for 2016/17.
- 1.5 The Scheme also sets out in detail the salary sacrifice schemes open to employees that Members are also entitled to access at Paragraph 11 of Appendix 1.
- 1.6 The draft Members Allowances Scheme for 2016/17 that relates to the report and recommendations is included at Appendix 1 for Council to consider.

2. RECOMMENDATIONS

Council is invited to:

- 2.1 Agree the report and draft Members Allowances Scheme attached at Appendix 1.

3. RELATED DECISIONS

- 3.1 The Council's Members' Allowances Scheme for 2015/16 was agreed by full Council on 22nd July 2015. The related report can be found on the Council's website via the following link:

<http://mginternet.hackney.gov.uk/ieListDocuments.aspx?CId=112&MIId=3227>

4. COMMENTS OF THE DIRECTOR OF LEGAL

- 4.1 The legal framework for Members' allowances is established by section 18 of the Local Government and Housing Act 1989. This gave the Secretary of State the power to make regulations authorising or requiring local authorities to pay a basic allowance to each councillor and special responsibility allowances to councillors with special responsibilities.
- 4.2 The section was amended by section 99 of the Local Government Act 2000 to allow the Secretary of State to make regulations providing for the payment of pensions, allowances and gratuities to Members and the payment of carers allowances.
- 4.3 The current Regulations governing Members' Allowances are the Local Authorities (Members Allowances) (England) Regulations 2003. These provide that before a local authority makes or amends a scheme for Members' Allowances, it must have regard to the recommendations made to it by an independent remuneration panel.
- 4.4 There are three options open to a local authority. It can establish its own IRP; it can establish one jointly with other authorities or, in the case of London boroughs, it can make use of the recommendations from the IRP established by London Councils. An authority can, however, only use one IRP.
- 4.5 It is the duty of the IRP to produce a report making recommendations on the following:
- (a) the responsibilities or duties in respect of which the following should be available:
 - special responsibility allowance;
 - travelling and subsistence allowance; and
 - co-optees' allowance.
 - (b) the amount of such allowances and as to the amount of basic allowance;
 - (c) whether carers allowance should be payable to members of an authority, and as to the amount of such an allowance;
 - (d) whether, in the event that the scheme is amended at any time so as to affect an allowance payable for the year in which the amendment is made, payment of allowances may be backdated in accordance with regulations;
 - (e) whether adjustments to the level of allowances may be determined according to an index and if so which index and how long that

index should apply, subject to a maximum of four years, before its application is reviewed;

- 4.6 A copy of the report must be sent to the authority in respect of which recommendations have been made. Its existence must be advertised in the local press and copies made available for inspection by the public.
- 4.7 The Council's obligation is to have regard to the recommendations of the IRP. It does not have a duty to follow them although it would need to have good reasons to justify departing from them.
- 4.8 Allowances paid to the Speaker and Deputy Speaker are covered by a different legal regime. Schedule 2 to the Local Government Act 1972 provides that a London Borough may pay the Chair of the Council (in Hackney the Speaker) such allowances as the Council thinks reasonable for the purpose of enabling him / her to meet the expenses of his / her office. There is a similar power in respect of the Vice Chair (Deputy Speaker).
- 4.9 The IRP also has responsibility for recommending allowance rates for statutory independent and co-opted Members, and the Members' expenses rates.

5. COMMENTS OF THE GROUP DIRECTOR OF FINANCE AND CORPORATE RESOURCES

- 5.1 The Members Allowance Scheme budget for 2016/17 is £1,269k which is £78k less than the 2015/16 budget allocation. Forecast expenditure for 2015/16 was £1,166k.
- 5.2 The Members Allowances Scheme was updated for 2016/17 and now includes salary sacrifice provisions for the Home Technology, Smartphone and Child Care Vouchers Scheme. The previous Members Allowances Scheme only covered the Employee Cycle Scheme.

These changes have no financial implications.

- 5.3 No changes have been made to allowance levels from the 2015/16 scheme.

Members Allowance Scheme	£k
Forecast for 2015/16	1,166
Budget for 2016/17	1,269
Surplus	(103)

- 5.4 The national pay settlement for local government officers has not yet been agreed for 2016/17. The financial impact of the national pay settlement is not yet known, however there is £103k surplus in the

existing budget (based on last year's forecast) that could be used to fund any additional costs arising.

- 5.5 There is a small risk that the surplus may not be enough when the actual figures are published; accordingly this will be monitored with the service.

Tim Shields
Chief Executive

APPENDICES

Appendix 1: Proposed Members' Allowances Scheme for 2016-17

BACKGROUND PAPERS

No background papers have been relied upon in the drafting of this report.

Covering Report Author:	Yinka Owa, Director of Legal 020 8356 6234 yinka.owa@hackney.gov.uk
Legal Comments	Yinka Owa, Director of Legal 020 8356 6234 yinka.owa@hackney.gov.uk
Comments of the Head of Finance & Resources	Jackie Moylan, Director of CACHF 020 8356 3032 jackie.moylan@hackney.gov.uk