

Report for: Standards Committee 4th February 2025

Title: Members Allowances Scheme for 2025-2026

Report authorised by : Assistant Director of Legal and Governance Fiona Alderman

Lead Officer: Ayshe Simsek - Democratic Services and Scrutiny Manager

Ward(s) affected: N/A

**Report for Key/
Non-Key Decision:** Non key decision

1. Describe the issue under consideration.

- 1.1 Each year before 31st March, full Council is required by the Local Authorities (Members Allowances) (England) Regulations 2003 to adopt a Members Allowances Scheme for the following financial year.

2. Cabinet Member Introduction

N/A

3. Recommendations

- 3.1 To consider the current Member's Allowance Scheme and key findings of the remuneration of Councillors in London 2023 attached at Appendix 1 and put forward any comments on recommended changes for consideration at the March meeting of Standards Committee.

4. Reasons for decision

- 4.1 The Council has a legal duty to approve a Members Allowances Scheme before the end of each year to cover the following year. The Council can amend a scheme any time during the year but can only revoke a scheme with effect from the beginning of the year. The scheme must make provision for basic allowances and, if they are to be paid, special responsibility, dependents' carers, travelling and subsistence and co-optees allowances.

5. Alternative options considered.

- 5.1 No alternative options were considered as there is a duty to adopt a members' allowance scheme annually.

6. Background information

- 6.1 This report asks Standards Committee to consider the scheme proposed for 2025/26 municipal year and recommend the final scheme for approval by full Council on the 24 of March 2025, in accordance with Article 14.03 of the Council's Constitution.
- 6.2 Before it can adopt a Members Allowances Scheme the Council has a duty to consider the recommendations of an Independent Remuneration Panel in relation to the payment of Members Allowances. As of the 1 of February 2025, there had been no further update to the report of the Independent Remuneration Panel and the 2023 report continues to be appended for consideration.
- 6.3 The Local Authorities (Members Allowances) (England) Regulations 2003 allow London Boroughs to use an Independent Remuneration Panel set up for the purpose of making recommendations across London. London Councils set up a panel for this purpose in 2001 and its most recent report was published on 5th of January 2024 following a detailed review, with recommendations on the remuneration of Councillors in London.
- 6.4 The 2023 report was considered by the Standards Committee in January 2024 and they noted that it highlighted the increasing challenges and complex role of councillors and how in London this is becoming more seismic with inclusion of national and international changes are directly impacting communities. The report reiterated the wide-ranging responsibilities of local councillors, the time commitment needed and ensuring that the role remained attractive to local residents that have skills, knowledge of the communities and who also reflected the demographics of the borough. The report made some strong recommendations for changes to the basic allowance of councillors, and to the SRA for the Leader and Mayors of Councils. The report recommendations were supported by research, which has been compiled from canvassing members and holding focus groups with the public to provide Councils with some assurance that the recommendations have been tested and to limit the anxiety around reputational risk.
- 6.5 The report argued strongly that the salaries for councillors are considerably lower than those in Scotland, Wales and Northern Ireland and workers in London. The Panel are recommending that the basic allowance should be **£15,960** and the approach and calculations are listed at paragraph 7.9 of the attached report. The Panel had included comments from their research and focus groups to help to provide assurance on how this may not be negatively perceived. The Panel also want to convene later in the year to understand how London Councils have taken this recommendation forward. The issue with this, is that many London Councils will be at the end of the budget setting process when the report was published and difficult to add significant increases to the Member budget allocation. The Panel strongly recommend that all authorities implement the recommendations on the next year. They advise that members allowances make up a small percentage of around 0.4- 0.5% of the Council's general fund net budget.

- 6.6 With regards to Leader, Cabinet Members the report details how these are in reality full time positions. There is further information in section 9 of the attached report on the Leader SRA and the responsibility of the role in comparison to other public roles and other roles with financial responsibilities.
- 6.7 The report addressed the issue of councillor retention and reflected on the removal of the right of councillors to access the local government pension scheme which has had an impact on recruitment of councillors. The rationale for this decision in 2014 is not clear. England is at odds with the Scotland, Wales and Northern Ireland where councillors still access the local government pension scheme.
- 6.8 Although the IRP 2023 makes recommendations, it is for each individual Council to decide the level of remuneration and for which roles. As a reminder in March 2024, the Standards Committee considered the 2023 report and did not put forward recommended changes to the SRA's.
- 6.9 The independent review of Members Allowance commissioned by the Standards Committee in 2019/20 indicated that the Members Basic Allowance percentage increase be index linked to the local government officer pay percentage increase, capped at 2% to be reduced if a lesser percentage is agreed. In March 2024, there had been a local government officer pay percentage increase award and the Standards Committee recommended, and Council agreed, a 2% increase in the basic allowance and saw this as a reasonable adjustment for the increase in volume of casework, increased communications through emails and taking account that Councillor colleagues were spending on additional resources to maintain increased volume of work and had families themselves to support.
- 6.10 To note that in March 2024, the Committee discussed that going forward, there should be a regularisation of increases to the Basic Allowance to link with the local government pay increase, capped at 2% but noted the legal requirement to consider the Members' Allowance Scheme on an annual basis. In November 2024, there was a local government pay award of an increase of £1290 on all NJC pay points 2 – 43 and an increase of 2.5 % on all pay points above the maximum of the pay spine but graded below deputy chief officer. Therefore, if the Committee were minded considering a 2 % increase in the basic allowance, this would be as follows:
- $\pounds 11,701/100 \times 2 = \pounds 234.02$ (rounded to £234) with new basic Allowance as £11,935.
- $\pounds 234 \times 57 = \pounds 13,338$ additional budget cost.
- 6.11 There has been discussion with the Chair of Standards about having a light touch consideration of the SRAs in 2025/2026, keeping within the allocated budget envelope and prior to the forthcoming local elections in 2026. There would need to be a wider consultation with members if any changes were proposed and reasoning provided. There is provision in the 2003 legislation for the Council to

amend the Member's Allowance scheme any time during the year and changes would not need to be completed by March 2024.

7. Contribution to strategic outcomes

- 7.1 Members of the Council are directly responsible for the setting and oversight of all strategic priorities.

8. Statutory Officers comments (Chief Finance Officer (including procurement), Assistant Director of Corporate Governance, Equalities)

8.1 Finance

The cost of the scheme unchanged is within the allocated budget envelope. The cost of increasing the basic allowance £13,338 would need to be met within the budget envelope for Democratic services.

8.2 Head of Legal and Governance

The proposed Members' Allowance Scheme complies with the relevant provisions of the Local Authorities (Members' Allowances) (England) Regulations 2003; the Local Government and Housing Act 1989 and the Local Government Act 2000.

In addition, there are separate provisions, namely sections 3 and 5 of the Local Government Act 1972 for the payment of allowances to the Mayor and the Deputy Mayor.

8.3 Equality

The decision to approve allowances to members does not have a direct impact on the equality duty of the council, other than that the scheme includes provision for payment for parent/carers allowances to facilitate the attendance of parents and carers at meetings and in relation to carrying out the general responsibilities of councillors.

9. Use of Appendices

Appendix 1: Members Allowances Scheme 2024/25

Appendix 2: The Remuneration of Councillors in London 2023– report of the Independent Panel

10. Local Government (Access to Information) Act 1985

Haringey Review of Member Allowances 2019/20