

Committee/Date:	Council 27 April 2023
Report Title:	Members Allowance Scheme 2023/24
Directorate:	Finance and Governance
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Wards affected:	None specifically
Public Access	Open
Appendices	Appendix 1 – Proposed increases and IRP recommendations Appendix 2 – Total proposed remuneration by role Appendix 3 – Amended Version of Appendix A to the Scheme of Member Allowances

1. SUMMARY

- 1.1. The Council is required by the Local Authorities (Members' Allowances) (England) Regulations 2003 (the 2003 Regulations) to make its allowances scheme each year and in so doing to have regard to the reports of the Independent Remuneration Panel (IRP) for members allowances.
- 1.2. The Pan-London IRP most recently reported in [January 2022](#)¹, making few changes to the recommendations of its 2018 report aside from increases in line with the National Joint Council (NJC) for Local Government Services pay award for staff.
- 1.3. The Panel has resolved to undertake a more detailed interim review gathering a greater body of evidence with an expected publication in late 2023.
- 1.4. Waltham Forest constitution provides that the allowances scheme is automatically uplifted in line with NJC pay award, but practice has been to continue to report proposed increases to Council for approval before implementation.

¹ [The Remuneration of Councillors in London 2022 \(R20222\)](#)

3. RECOMMENDATION

- 3.1. Audit & Governance Committee recommend that Council agree:
 - 3.1.1. An increase of 4.04% to the basic member allowance and all special responsibility allowances as set out in Appendix 1,
 - 3.1.2. To increase remuneration for the independent member of the Audit & Governance Committee to match that of the independent person for standards.
 - 3.1.3. To backdate the increase to 26 May 2022 (the last AGM) to reflect the period of the NJC pay award for staff.
 - 3.1.4. To adopt into the constitution, the amended Appendix A to the Scheme of Member Allowances at Appendix 3

4. BACKGROUND

- 4.1. The 2003 Regulations set out a statutory scheme for the payment of allowances to councillors for local authority duties. The Council is required to have a Members Allowance Scheme (The Scheme) for the payment of allowances. Broadly, there are three main types of payment. A fixed basic allowance is payable to all councillors for carrying out their duties. Special responsibility allowances payable in addition to the basic allowance to those members who undertake additional duties as specified by the Scheme, e.g. committee chairs. Third, expenses may be paid for specific items, e.g. travel.
- 4.2. The Council is required by the 2003 Regulations to have regard to the recommendations of an independent panel who report on members' remuneration when setting or amending its allowances. The Pan-London Independent Remuneration Panel (the IRP) published its last report in January 2022. For the purposes of this report those recommendations are considered to be relevant.
- 4.3. This report takes into account the Panel's recommendation in respect of an updating of allowances for inflation which says "We continue to recommend that the allowances we recommend should be updated annually in accordance with the headline figure in the annual local government pay settlement."
- 4.4. In 2022/23 the NJC award for staff moved away from the standard percentage-based increase to all NJC pay points. Instead, an increase of £1,925 on all NJC pay points was agreed. This equates to 10.5% for the lowest grade, shrinking to 4.04% at the highest NJC pay point.
- 4.5. The NJC also approved an increase of 4.04% to all allowances under the scheme such as the London Weighting and Fringe Area allowances.
- 4.6. Whilst this report proposes that next year's pay settlement is reflected this does not recognise that Waltham Forest's allowances overall have slipped behind in view of the freeze on applying any uprating since 2010. Likewise in 2011 Members agreed a 5% across the board cut to their allowances. As a result the allowances remain quite considerably below the IRP recommendations due a number of factors. Accordingly the recommendations include a recommendation for the Monitoring Officer to

take counsels opinion on applying the RPI rise to the current scheme (and thus backdating it to the beginning of the 2015 scheme). Likewise members may wish to request a further review of allowances over the next financial year so that further and more detailed consideration can be given to the LBWF scheme and its relationship with the Remuneration Panel recommendations, member job descriptions and the benchmarked allowances paid by other boroughs.

- 4.7. The constitution provides that the members' allowances scheme is automatically uplifted in line with NJC pay award, but practice has been to continue to report proposed increases to Council for approval before implementation.

5. PROPOSAL

Basic Allowance

- 5.1. The current basic allowance is £11,576. It is recommended that the increase of 4.04% be applied for 2023/24, increasing the basic allowance to £12,044.
- 5.2. The total cost of the proposed increase to the basic allowance is £28,080.

Special Responsibility Allowance (SRAs)

- 5.3. It is recommended that the increase of 4.04% be applied for 2023/24, set out in further detail in appendices 1 and 2.
- 5.4. The total cost of the proposed increase to special responsibility allowances is £20,436.

Co-optees allowances

- 5.5. Co-optees allowances are paid to the independent member of the Audit & Governance Committee and the independent person for standards (appointed under section 28 of the Localism Act 2011). Current remuneration for these roles is:
 - a) Audit & Governance Committee: £762
 - b) Standards: £1,002
- 5.6. In order to bring the remuneration of the independent member of Audit & Governance Committee in line with the London average and to address issues in recruiting to this role, it is proposed that remuneration be increased to match that of the independent person for standards.
- 5.7. It is also proposed that both roles receive the increase of 4.04% in line with members to £1,042.
- 5.8. The total cost of the proposed increases to remuneration of independent members is £320.

Other provisions

- 5.9. No other change is recommended to the scheme provisions.

Total cost of proposed increases

5.10. The total cost of proposed increases is set out below:

	2021/22	4.04% Increase	2023/24
Basic	£694,560	£28,080	£722,640
SRAs	£505,906	£20,436	£526,342
Independent	£1,764	£320	£2,084
Total	£1,202,230	£48,836	£1,251,066

5.11. Taking into account national insurance, the total additional cost would amount to £53,720 per annum.

Backdating

5.12. The NJC award for 2022/23 was announced on 1 November 2022 and backdated to 1 April 2022. Reflecting the pay award period for staff, members may wish to apply the increase from the date of the last AGM (26 May 2022). The cost of backdating all allowances would be £44,836.

Options and Alternatives

5.13. Payments under the Members Allowance Scheme are entirely discretionary. In making payments, the Council must always balance the “public duty” element of undertaking local government office with the fact that in many cases councillors sacrifice their ability to earn a salary elsewhere when taking up office for 4 years. If there were no allowances, it is unlikely that many authorities would be able to attract candidates of high calibre and a large range of people would be indirectly excluded from holding public office as they could not afford to undertake the role voluntarily.

5.14. The recommendations may be varied so long as, particularly when increasing payments, any changes are reasonable, meet the Council’s fiduciary duty to council taxpayers and specifically have regard to the IRP recommendations. All of the recommendations fall within the IRP bands for payments when adjusted for the NJC pay award.

6. CONSULTATION

6.1. The committee is required to have regard to the Panel’s recommendations which were drawn up following consultation with participating London Boroughs. The Audit and Governance Committee’s views will be incorporated into the final proposals for Council to consider in March.

7. IMPLICATIONS

7.1. Finance, Value for Money and Risk

7.1.1. The proposed increase in allowances in 2023-24 as set out in Appendix 1 will amount to £48,836. When taking on-costs into consideration, the overall annual cost of the increase will amount

to £53,720. This will be funded through a virement from the central contingency budget.

7.1.2. The proposal to back-date this to 26th May 2022, will amount to an additional £49,320 including on-costs. This will also be met from the central contingency.

7.2. Legal

7.2.1. This report ensures compliance with the Local Authorities (Members' Allowances) (England) Regulations 2003 (SI 2003/2021) ("the 2003 Regulations"). Under Regulation 4(1)(a) the Council must "make a scheme in accordance with these Regulations which shall provide for the payment of an allowance in respect of each year to each member of an authority" and regulation 4(1)(b) provides that the Council must "pay basic allowance and any other allowances permitted by these Regulations only in accordance with such a scheme". Regulation 11(3) provides that a scheme "may be amended at any time" and regulation 11(6) provides that where an amendment is to be made during the year to the scheme it may provide for the allowance as amended to apply with effect from the beginning of the year in which the amendment is made.

7.2.2. Regulation 19(1) sets out the requirement to have regard to the recommendations of an independent remuneration panel before making or amending its scheme. Under Regulation 21(1) the IRP must produce a report, making recommendations on the amount of allowances, 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 regulation 10(6) and whether allowances should be adjusted according to an index and if so which index and how long that index should apply, subject to a maximum of four years.

7.2.3. The legislation gives a broad power to Authorities with regard to setting and amending its scheme of allowances subject to consideration of the IRP recommendations and compliance with ordinary principles of public law. The wording of regulation 19 does not require the Council to seek a specific recommendation from an IRP before making any amendment to its scheme, but to have regard to recommendations made to it before amending its scheme. In practice, the issue of frequency of recommendations is dealt with by the four year limit on index-linked increases in regulations 11(5) and 21(1)(e). It is therefore considered appropriate to have regard to the 2022 recommendations

7.3. Equalities and Diversity

7.3.1. The implications of this report are positive. Members' allowances provide financial support to those who would otherwise be unable to or deterred from taking up office for four years by financial necessity. Carers' allowances also allow those with dependants to attend meetings without having to have regard to the cost of care.

7.4. Sustainability (including climate change, health, crime and disorder)

7.4.1 None specific.

7.5. Council infrastructure (e.g. human resources, accommodation or IT issues)

7.5.1 None specific

BACKGROUND INFORMATION (as defined by Local Government (Access to Information) Act 1985)

None