

London Borough of Waltham Forest

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| Report Title | Scheme of Members' Allowances 2024-25 |
| Meeting / Date | Council, 29 February 2024 |
| Directorate | Resources |
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| Wards affected | None specifically |
| Public access | Open |
| Appendices | Appendix 1 – Proposed increases to allowances and IRP recommendations Appendix 2 – Revised Scheme of Members' 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. This report sets out recommendations for the increase of member allowances for the year 2024/25 in the context of the most recent recommendations of the IRP as published in November 2023¹.
2. Recommendation
 - 2.1. The Audit & Governance Committee recommend that Council agree:
 - 2.1.1. To increase the basic allowance by 6% to £12,766.64 per annum from 1 April 2024,
 - 2.1.2. To increase special responsibility allowances by 3.88% as set out in Appendix 1 from 1 April 2024, excluding:
 - the Chair of the Coordinating Scrutiny Committee, where the increase will take effect following the AGM in May 2024 when the role is appointed to,
 - Cabinet Commissioners and the Chair of the Transport Liaison Consultative Group, which will be excluded from the scheme in AGM in May 2024,

¹ [London Councils Executive – 7 November 2023](#)

- 2.1.3. To re-band the SRA for the majority group Chief Whip to match that of the Chair of the Coordinating Scrutiny Committee; and
- 2.1.4. To adopt the proposed amended 2024/25 Scheme of Members' Allowances for implementation from 1 April 2024 as set out in Appendix 2.

3. Background

- 3.1. 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.
- 3.2. 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 November 2023. For the purposes of this report those recommendations are considered to be relevant.
- 3.3. This report considers the Panel's recommendation in respect of an updating of allowances for inflation:

"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."
- 3.4. This recommendation is consistent with all recent reports of the IRP and is included the current local Scheme of Members' Allowances as an automatic annual uplift since 2016.
- 3.5. As with 2022/23, the 2023/24 National Joint Council (NJC) award for staff moved away from the historic percentage-based increase to all NJC pay points.
- 3.6. A flat-rate increase of £1,925 on all NJC pay points was agreed. This equates to 9.4% for the lowest grade, shrinking to 3.88% at the highest NJC pay point.
- 3.7. The average increase for all NJC pay points is 6.44%.
- 3.8. The NJC also approved an increase of 3.88% to all allowances under the scheme such as the London Weighting and Fringe Area Allowances.

3.9. In 2022/23 the Council decided to apply the NJC 4.04% uplift in all allowances, rather than the pay point increase as the relevant figure for the increase in Members' Allowances, noting that this methodology differed from previous annual increases and that allowances were frozen between 2010-2015, with a 5% cut in 2011.

4. Proposal

- 4.1. The latest IRP report is an interim review which looks at recommendations for allowances in much greater depth than the 2022 report. The review provides up to date advice on appropriate levels of remuneration for the work of elected members in London and must be taken into consideration when agreeing the remuneration of members.
- 4.2. The report brings together research conducted with member engagement focus groups representing the three major political parties, a survey of Council Leaders and officers. The panel also commissioned Ipsos to carry out public focus groups.
- 4.3. The IRP also benchmarked allowances for councils across the UK.

The Basic Allowance

- 4.4. The IRP report notes that the recommended basic allowance (currently £12,499) for Councillors in London is significantly lower than in Scotland (£20,099), Wales (£17,600) and Northern Ireland (£16,394), and considerably lower than workers in London with comparative skills and responsibilities.
- 4.5. The basic allowance is also lower than comparable English authorities such as Birmingham (£18,876) and Manchester (£18,841).
- 4.6. The IRP has therefore reviewed its methodology in calculating allowances, which was previously a proportion of the average 'white collar worker' wage in London.
- 4.7. The IRP's new methodology recommends a basic allowance as a proportion (70%) of the median wage for all London workers from the Annual Survey of Hours and Earnings data published by the Office for National Statistics (ONS).
- 4.8. The recommended basic allowance for 2024/25 is £15,960, representing an increase of 32.5% on Waltham Forest's current basic allowance of £12,044.
- 4.9. The Council has, since 2016, adopted the IRP recommended basic allowance.
- 4.10. Noting the significant increase when compared with previous IRP recommendations and the continued flat-rate NJC pay award for staff, an increase of 6% is proposed to the basic allowance to £12,766.64.
- 4.11. This would begin to address the now significant gap between the locally adopted basic allowance and that recommended by the IRP and is in line with the average increase of NJC pay award.

- 4.12. The total cost of the proposed increase to the basic allowance is £43,358.40.

Special Responsibility Allowances (SRAs)

- 4.13. The IRP report notes that recommended SRAs in London are comparable with those recommended by panels in other English cities, Scotland and Wales.
- 4.14. The IRP have historically recommended an SRA for the Leaders of London boroughs based on the remuneration of MPs and that other SRAs be a proportion of that package.
- 4.15. The IRP has reviewed this methodology having considered that the role of MP and Council Leader are substantially different. The IRP have therefore applied a similar methodology to that behind their recommendation for the basic allowance using the Annual Survey of Hours and Earnings data for Corporate Managers and Directors data published by the ONS with a public service discount of 30% (as has been the previous custom and practice).
- 4.16. This methodology provides a lower total remuneration package (£75,773 including basic allowance) than the current recommended total remuneration package for a Council Leader (£78,050), therefore the IRP recommend no increase at this time.
- 4.17. Waltham Forest's current total remuneration package for the Council Leader is £64,447 including basic allowance (SRA of £52,403), 17.4% lower than the IRP recommended total package.
- 4.18. The IRP have also reviewed the banding of all other SRAs and adjusted these to better align with the averages used by local authorities outside of London.
- 4.19. Noting the changes to the IRP methodology and banding, and that SRAs including the Leader's SRA in Waltham Forest are lower than those recommended by the IRP, it is proposed that all SRAs increase in line with the NJC increase in allowances of 3.88%.
- 4.20. A review of the SRA for the Majority Group Chief Whip has been undertaken to reflect the substantial time commitment required for the role, benchmark against other London boroughs, and bring this in line with IRP recommendations. It is proposed that the SRA for this role be the same as the Chair of the Coordinating Scrutiny Committee agreed by Council in December 2023.
- 4.21. The administration have decided to delete the role of Cabinet Commissioner with effect from the AGM in May 2024. This would generate a saving of £43,616.
- 4.22. The total impact of the proposed increases to SRAs of 3.88%, the review of the SRA for the Majority Group Chief Whip, and deletion of Cabinet Commissioner roles would reduce SRA spend by £18,932.87

Other Allowances

- 4.23. It is proposed that the 3.88% SRA increase also be applied to the remuneration of the Independent Person for Standards and the Independent Members of the Audit and Governance Committee, to £1,082.43. The total cost increase for these roles would be £121.29.
5. Options and Alternatives
 - 5.1. Payments under the Members' Allowances 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.
 - 5.2. If there were no allowances, it is unlikely that many authorities would be able to attract candidates that adequately reflect the local population and a large range of people would be indirectly excluded from holding public office as they could not afford to undertake the role voluntarily.
 - 5.3. 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.
 - 5.4. All the proposed allowances fall within or below the IRP recommendations when adjusted for the proposed increases of 6% and 3.88% respectively.
 6. Consultation
 - 6.1. The council is required to have regard to the IRP's recommendations which were drawn following consultation with participating London boroughs, political parties, and Londoners.
 - 6.2. Audit and Governance Committee considered the proposals in January 2024 where they were endorsed with one abstention.
 7. Implications
 - 7.1. Finance, Value for Money and Risk
 - 7.1.1. Provision is set aside within existing budgets for an increase of 6% to all allowances in line with the provision set aside for the NJC staff pay award.
 - 7.1.2. The proposed increase in allowances in 2024-25 as set out in Appendix 1 will amount to £27,672.82, substantially lower than the 6% provision.
 - 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 2023 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.

7.3.2. There are no specific implications for Care Leavers arising from this decision although it is recognised that ensuring that allowances are commensurate with the duties Councillors undertaken will ensure that holding public office is accessible to a broad representation of residents.

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

7.4.1. None specifically.

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

7.5.1. None specifically.

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

Report of the Independent Remuneration Plan for London 2023