

LONDON BOROUGH OF HAMMERSMITH & FULHAM

Report to: Full Council

Date: 22/05/2024

Subject: Members' Allowances Scheme Annual Review 2024/25

Report of: The Leader of the Council - Councillor Stephen Cowan

Responsible Director: Nicola Ellis – Strategic Director, Chief Operating Officer,
Corporate Services

SUMMARY

This report sets out the proposed Member Allowances for 2024/25.

The Council has always adopted a stringent approach on allowances and these were frozen for eight years from 2014 to 2022. There have been significant economic inflationary pressures over the past 2 years (with inflation peaking at 11.1% in October 2022) and this has further eroded the real value of allowances, which are now the fifth lowest in London.

It is appropriate to recognise that Members in local authorities discharge important democratic governance and undertake significant responsibilities for residents including representing them at national and regional fora. In recognition of this, an Independent Panel of London Councils makes an annual recommendation for allowances and their latest report sets these at £15,960. This is intended to ensure that the role continues to appeal to the widest range of interested people and to maximise the representative mix of all socio-economic groups.

The Council proposes to establish a basic allowance of £11,520 (this being 72% of the recommended allowance from the Independent Panel). This is in line with the average basic allowance paid across London for the previous year. The Council considers an increase reasonable in recognition of the recent inflationary/cost of living pressures and minimising the financial impact to acknowledge the continuing pressure on public finances.

This will support being an inclusive Council attracting a diverse range of good quality candidates to stand for office in the Borough. It will also encourage Disabled people, ethnic minorities or low income families to join the local democratic process. The new rate recognises the higher cost of living and the increased workload experienced by members since the pandemic.

The total expenditure on Member Allowances as a proportion of all payroll costs is not significant and represents less than 0.69% of all employee staff expenditure.

RECOMMENDATIONS

1. That the recommendations of the Independent Panel on the remuneration of Councillors in London (January 2024) outlined in Appendix 2 be noted.
2. That the Members' Allowances Scheme 2024/25 as set out in the report and attached as Appendix 1, be approved.
3. That the sickness, maternity, paternity, shared parental, neonatal care and adoption leave outlined in Appendix 3, be adopted.
4. That the Members' Allowances annual uplift be in line with the average basic allowance paid across London for the previous year.

Wards Affected: All

H&F Values	Summary of how this report aligns to the H&F Values
Creating a compassionate council	The council froze the basic and special responsibility allowance for eight years to ensure that scarce resources have been spent on other key priorities such as meeting the needs of the most vulnerable in society.
Being ruthlessly financially efficient	The proposed basic allowance of £11,520 is lower than the £15,960 recommended by the Independent Remuneration Panel. The Council is not supporting the Independent Panel's recommendations on Basic and Special Responsibility Allowances which would prove considerably more costly to local council taxpayers.

Financial Impact

The annual expenditure on all the proposed allowances (including SRAs) is estimated at £1.2m for 2024/25 (this includes employer's national insurance) and the appropriate funding will be included in the proposed revenue budget for 2024/25.

The budget will need to be reviewed annually to reflect changes in the allowances which be set at the average basic allowance paid across London for the previous year.

It should be noted that the expenditure on Members Allowances is less than 0.7% of the total employee costs of the Council.

Alex Pygram, Head of Finance (Corporate Services), 14th May 2024 and verified by Andre Mark, Head of finance (Strategic planning and investment), 14th May 2024

Legal Implications

Under Regulation 4 of the Local Authorities (Members' Allowances) (England) Regulations 2003 (the Regulations), the Council has the powers to make a scheme to provide for the payment of a basic allowance and any other allowance permitted by the Regulations. The proposals contained within the report are in line with the Regulations, Local Government Act 2000 and appropriate regulations.

Grant Deg - Assistant Director Legal Services, Grant.Deg@lbhf.gov.uk, 21/12/23

Background Papers Used in Preparing This Report

The Remuneration of Councillors in London 2023 (published January 2024) - Report of the Independent Panel

DETAILED ANALYSIS

Proposals and Analysis of Options

1. This report seeks approval of the 2024/25 Members' Allowances Scheme as set out in the report and attached as Appendix 1, be approved. It proposes that any uplift to the 2024/25 Members' Allowances is made in line with any changes to the national pay settlement for local government employees.

Independent Remuneration Panel's Report – January 2024

2. The Local Authorities (Members' Allowances) (England) Regulations 2003 ('the Regulations') authorise the establishment by the Association of London Government (now London Councils) of an independent remuneration panel to make recommendations in respect of the members' allowances payable by London boroughs. Such a panel ('the Panel') was established and reported in 2001, 2003, 2006, 2010, 2014, 2018, 2022 and 2023. The Panel now comprises Mike Cooke (Chair), Sir Rodney Brooke CBE DL and Anne Watts CBE. The Regulations require a review of the scheme every four years as a minimum. The current Panel has therefore completed a review of remuneration for councillors in London. A summary of their recommendations is attached at Appendix 2.
3. The Council is formally required to undertake a review of its members' allowances scheme each financial year. Any changes in allowances are required to take into account the recommendations of a local independent panel on remuneration for Councillors. Where a scheme includes a provision for an automatic uplift, the operation of this provision may only be relied on for a period of four years before reference must again be made to a local independent remunerator's report and recommendations.

Basic Allowance

4. The latest Panel undertook a detailed review of member allowances with the aim of providing up to date advice on appropriate levels of reward for the work of elected members in London over the next four years. The Panel canvassed members and officers in all London boroughs through surveys, focus groups and interviews, in order to consider whether and how the role of councillors has changed in recent years and what the main issues that may have an effect on the recruitment and retention of councillors are currently. It also carried out a considerable benchmarking exercise of allowances paid in other parts of England as well as in Scotland, Wales and Northern Ireland. The research showed that basic allowances per annum in London are significantly lower than those paid in Scotland, Wales and Northern Ireland.

Options Appraisal

5. The options for consideration are outlined below for the basic allowance.

Option 1 – Do Nothing - £10,122

6. The Council's Basic Allowance for 2023/24 of £10,122.69 is the 5th lowest in London. If the Council decides to do nothing, the Basis allowance for 2024/25 would be 37% lower than the Panel's recommended level. This would be a disincentive to retain and recruit quality councillors come 2026. This level of allowance would not encourage Disabled people, ethnic minorities or low income families to join the local democratic process. This rate does not recognise the high cost of living or the increased workload experienced by members since the pandemic.

Option 2 – Implement the 2022 Independent Panel's Recommendation - £12,499

7. In 2022, the Panel recommended that a Basic Allowance of £12,014 should be paid to every councillor. This has been uplifted to £12,499. This was not supported by the Council at the time.

Option 3 – To approve a Basic allowance of £11,520

8. To approve a basic allowance of £11,520 which is the average basic allowance paid across London for the previous year. The increase will contribute to recruiting and retaining a diverse range of good quality candidates to stand for office in the Borough. It will encourage Disabled people, ethnic minorities or low income families to join the local democratic process. The new rate recognises the higher cost of living and the increased workload experienced by members since the pandemic.

Option 4 – Implement 2023 Independent Panel's Recommendation £15,690

9. The latest Independent Panel has set the Basic Allowance at £15,960. The Council is not supporting the Panel's recommendations on Special

Responsibility Allowance which is considerably more costly to local council taxpayers.

Special Responsibility Allowance

10. The Panel has previously determined that all other SRAs are calculated as a proportion of the Leader's SRA. It has recommended using bands rather than fixed amounts, in order to allow flexibility and recognise local variations on how the roles are performed. The proposed amounts for each band are a percentage of the figure suggested for a council leader depending upon levels of responsibility of the roles undertaken.

A snapshot of the recommended bands and levels of allowance by the Independent Panel are below.

Elected Mayor	Leader	Deputy Leader/Cabinet Member/ Scrutiny Chair	Opposition Leader/Scrutiny Chair/Chair of Regulatory Committee	Cabinet Assistant/ Vice Chair
£93,575	£62,092	£46,569 - 37,255	£31,046 - £15,523	£9,314 - £3,105

11. In line with the Administration's priorities, the Council is recommending not to follow the Independent Panel's recommendations which would have proved considerably more costly to local council taxpayers. The Council is recommending a comparable increase in the Special Responsibility Allowances that would be commensurate to the proposed increase of the Basic Allowance.
12. The Special Responsibility Allowances for H&F members will be lower than what has been recommended by the Panel as follows.

Position	H&F SRA Entitlement
The Leader	£41,000
Deputy Leader	£34,160
Other Cabinet members (8)	£27,329
Chair, Policy and Oversight Board	£27,329
Chief Whip (where not a member of Cabinet)	£27,329
Chair of Policy & Accountability Committees (6)	£7,088
Leader of the Opposition	£20,492
Chair of Audit Committee, Pension Fund Committee, Licensing Committee, Planning and Development Control Committee (4)	£8,860
The Mayor	£20,492
Deputy Chief Whip (2)	£7,088
Deputy Leader of the Opposition	£7,088

Opposition Whip	£7,088
Vice-Chair of Planning and Development Control Committee	£7,088
Deputy Mayor	£7,088
Lead Members **	£3,439

Portfolio holders who hold two SRA positions will only receive one SRA in respect of duties undertaken.

** There are thirteen positions. However, nine portfolio holders will receive only one SRA in respect of duties undertaken.

Annual Lift

13. The updated allowances in this scheme apply from 1 April 2024. Any future allowance uplifted will be set at the average basic allowance paid across London for the previous year.

Review of Other Allowances

14. The current scheme has provision for a wide range of other allowances (see paragraphs 15 to 17 below).

Dependent Carer Allowance

15. Dependent carer allowance is payable in respect of expenses incurred for the care of a Councillor's children or dependants in attending meetings of the authority, its Executive, Committees and Sub-Committees and in discharging the duties set out in paragraph 7 of the Regulations. The Panel had recommended payment to be set at the London living wage, and (on presentation of proof of expense) payment should be made at a higher rate when specialist nursing skills are required.

Travel & Subsistence

16. Travel allowances are payable (at the same rates as employees) for duties undertaken away from the Town Hall when discharging duties under paragraph 8 of the Regulations. There will be no payment for intra-borough travel under this scheme, for example the use of public transport, car mileage or payment of a cycle allowance, unless a member requires assistance to discharge his or her duties due to ill health, disability or any other circumstances approved, in advance, by the Monitoring Officer. Taxis can be taken by Members who attend approved outside bodies and committee meetings out of the borough.

Sickness, Maternity, Paternity, Shared Parental, Neonatal Care, Adoption leave and allowances

17. The Council agrees to adopt the Members' entitlement to maternity, paternity, shared parental, and adoption leave and relevant allowances as suggested by the LGA. This will introduce a new provision for maternity, paternity, shared

parental, neonatal care and adoption leave. The policy at Appendix 3 also includes the existing sickness policy with a clarification on allowance entitlement.

Reasons for Decision

18. The Council is required under the Local Government Act 2000 and the Local Authorities (Members' Allowances) (England) Regulations 2003 to approve any amendments to the approved scheme.

Equality Implications

19. Locally elected representatives play a vital role and are at the heart of our democratic and civic society. They fulfil many roles within the council which are time consuming and demanding. Low allowance could be a disincentive to the recruitment and retention of high-quality councillors from a wider range of backgrounds.
20. However, a robust Members' allowance scheme will encourage a wider representation from our local community to contribute to open government and democratic renewal. The Basic Allowance covers basic out-of-pocket expenses incurred by councillors while undertaking their duties. With the increased workload faced by Members, an uplift will make the role more attractive to recruit a wider representation of our local community. The Members' allowances scheme provides for special circumstances, such as support for councillors with disabilities or sickness and encourages people with children to take up office as expenses incurred for the care of a Councillor's children or dependants while attending meetings of the authority is covered.

List of Appendices:

Appendix 1 – Members' Allowances Scheme 2024/25

Appendix 2 – Summary of the Recommendations of the Remuneration of Councillors in London 2023 (Report of the Independent Panel)

Appendix 3 - Maternity, Paternity, Shared Parental, Adoption, Neonatal Care and Sickness Leave and Allowance Policy