

# LONDON BOROUGH OF HAMMERSMITH & FULHAM

**Report to:** Full Council

**Date:** 21/05/2025

**Subject:** Members' Allowances Scheme Annual Review 2025/26

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

**Responsible Director:** Sukvinder Kalsi, Executive Director of Finance and Corporate Services

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## Summary

This report performs the statutory annual review of Members' allowances for the 2025/26 financial year. The annual review takes into account the recommendations made in the Independent Panel report on the remuneration of councillors (January 2024).

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## 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 2025/26 as set out in the report and attached as Appendix 1, be approved.
3. That the Members' basic allowance be increased in line with the average basic allowance paid across London for the previous year and the special responsibility allowance be uplifted in line with the national local government pay settlement for employees.

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**Wards Affected:** All

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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 <b>£12,347</b> is lower than the <b>£15,960</b> 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.
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## Financial Impact

The annual expenditure on all the proposed allowances (including SRAs) is estimated at £1.263m for 2025/26 (this includes employer's national insurance) and the appropriate funding will be included in the proposed revenue budget for 2025/26.

The estimated expenditure is based on increasing the basic allowance to the London average for 2024/25 and increasing SRAs by 2.5% in line with the 2024/25 pay settlement for employees.

*Alex Pygram, Head of Finance (Finance and Corporate Services), 12th March 2025 and verified by Andre Mark, Head of finance (Strategic planning and investment), 14th March 2025*

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## 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 - Director of Legal Services, [Grant.Deg@lbhf.gov.uk](mailto:Grant.Deg@lbhf.gov.uk)

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## Background Papers Used in Preparing This Report

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

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## **DETAILED ANALYSIS**

### **Proposals and Analysis of Options**

1. This report seeks approval of the 2025/26 Members' Allowances Scheme as set out in the report and attached as Appendix 1. It proposes that the Members' basic allowance be increased in line with the average basic allowance paid across London for the previous year and the special responsibility allowance be uplifted in line with the national local government pay settlement for 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 - £11,520**

6. The Council's Basic Allowance for 2024/25 of £11,520 is the 10<sup>th</sup> lowest in London. If the Council decides to do nothing, the Basis allowance for 2025/26 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 – To approve an average basic allowance paid across London for the previous year (2024/25).**

7. The average basic allowance paid across London for 2024/25 was £12,347. 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. This option is recommended.

### **Option 3 – To approve an uplift in line with the pay settlement for employees.**

8. The Independent Panel for the Remuneration of Councillors in London in its recent report reiterated its previous recommendation that members allowances should be uplifted annually in line with the pay settlement for employees. The uplift for 2024/25 was 2.5%. Once the current pay settlement has been agreed, this will be backdated to 1<sup>st</sup> April.

### **Option 4 – To 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 Basic Responsibility Allowance which is considerably more costly to local council taxpayers.

### **Special Responsibility Allowance**

10. Regard has been had to the recommendations in the Independent Remunerator's report for differential banding in relation to the payment of Special Responsibility Allowances (SRAS), but in line with the Administration's priorities, it has been decided to not to follow the independent remunerator's recommendations which would have proved considerably more costly to local council taxpayers.
11. The following Special Responsibility Allowances shall therefore be paid to councillors holding the specified offices indicated:

Position	No	2024 SRA Entitlement	2025 SRA 2.5%
The Leader	1	£41,000	£42,025
Deputy Leader	1	£34,160	£35,014
Other Cabinet members	8	£27,329	£28,012
Chief Whip (where not a member of Cabinet)	1	£27,329	£28,012
Chair, Policy and Oversight Board	1	£27,329	£28,012
Deputy Chief Whip (2)*	1	£7,088	£7,265
Chair of Policy & Accountability Committee	6	£7,088	£7,265
Leader of the Opposition	1	£20,492	£21,004
Deputy Leader of the Opposition	1	£7,088	£7,265
Opposition Whip	1	£7,088	£7,265
Chair of Planning and Development Control Committee, Audit Committee*, Pension Fund Committee, Licensing Committee* (4)	4	£8,860	£9,082
Vice-Chair of Planning and Development Control Committee*	1	£7,088	£7,265
The Mayor	1	£20,492	£21,004
Deputy Mayor	1	£7,088	£7,265
Lead Members **	8	£3,439	£3,525
<b>Total</b>	<b>37</b>		

### **Option 1 – Adopt London Average (No Increase)**

On the basis that the Council's SRAs are broadly in line with London averages, we are not proposing to adopt this option.

### **Option 2 – Adopt an uplift in line with the pay settlement for employees**

12. The Independent Panel for the Remuneration of Councillors in London in its recent report reiterated its previous recommendation that members allowances should be uplifted annually in line with the pay settlement for employees. The uplift for 2024/25 was 2.5%. Once the current pay settlement has been agreed, this will be backdated to 1<sup>st</sup> April. Shown above is an indication of a 2.5% increase. This is the recommended option.

### **Annual Lift**

13. The updated allowances in this scheme apply from 1 April 2025. It proposes to increase the basic allowance in line with the average basic allowance paid across London for the previous year and increase the special responsibility in line with the national local government pay settlement for employees.

## **Review of Other Allowances**

14. The current scheme has provision for a wide range of other allowances (see Appendix 1).

## **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. This is being implemented.

## **Co-opted Members - Policy and Accountability Committee and Pension Fund Committee**

16. Policy and Accountability Committee and Pension Fund Committee coopted members are paid £642.01 per annum by equal monthly instalments of £53.50 on the 15<sup>th</sup> of each month. Co-opted members are entitled to the same travel and dependent carer allowances as Councillors but shall not be entitled to subsistence payments.

## **Audit Committee - Independent Person**

17. CIPFA issues periodic guidance concerning governance issues including advice about local authority audit committees. The Council follows the great majority of the good practice which the current guidance recommends with the notable exception that CIPFA proposes that all English local authority audit committees should include 2 independent members to increase the Committee's skills and experience and reinforce the Committee's independence.
18. As part of the Annual Audit Report for 2023/24, which includes an assessment of the Council's Value for Money arrangements (focussing on financial resilience, governance), Grant Thornton made the following recommendation:

"We recommend that the Council considers the merits of appointing appropriately qualified independent members to the Audit Committee."

This report seeks Council's approval to include up to two independent members (Co-opted Members) in the membership of the Audit Committee. The Independent members will be non-voting members who are suitably qualified with experience in areas such as audit, accounting, governance or risk management, and will bring specialist knowledge and insight to the workings and deliberations of the committee.

19. It is expected that co-opted or independent membership will result in even greater independence with regard to:

- Assurance of the adequacy of the risk management framework.
  - Review of the Council's financial and non-financial performance.
  - Challenge to, and assurance over, the Council's internal control framework; and
  - Help to promote good governance and scrutiny by the committee.
20. To ensure the independence of anyone appoint to the role, CIPFA recommend that the person appointed is:
- Not a member, co-opted member or officer of the authority.
  - Not a relative or close friend of one of the above.
  - Has not been a member, co-opted member or officer of the authority within the last 5 years.
21. It is proposed to appoint one independent member to the Committee. This would ensure that the committee membership did not become too large (another factor in the CIPFA guidance) with membership increasing from 5 to 6. The Committee's Terms of Reference already include provision for co-opting non-voting members on to the Committee, so no changes to the Constitution or Committee Terms of Reference would be required.
22. Most London Boroughs who have (or are currently recruiting to the role) pay an allowance of £500 per meeting. It is recommended that £2000 per annum is paid to enable the Council to attract a good quality candidates with the right skills/experience.

### **Standards Committee - Independent Persons**

23. In order to attract good quality candidates with appropriate skills and experience it is proposed to increase the allowance from £642.01 per annum to £1,000 per annum payable by equal monthly instalments on the 15th of each month. This in line with other London Boroughs.

### **Equality Implications**

24. Locally elected representatives play a vital role 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.
25. 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 2025/26

Appendix 2 – Summary of the Recommendations of the Remuneration of Councillors in London 2023 (Report of the Independent Panel published January 2024)