



City of Westminster

# General Purposes Committee Report

<b>Meeting or Decision Maker:</b>	General Purposes Committee
<b>Date:</b>	31 January 2024
<b>Classification:</b>	General Release
<b>Title:</b>	Members' Allowances Scheme 2024/25
<b>Fairer Westminster/Policy Context:</b>	Fairer Westminster
<b>Financial Summary:</b>	Members are invited to have regard to the report of the Independent Report Remuneration Panel and the options set out by officers in this report. The recommended option 2 is within existing budget provision.
<b>Report of:</b>	Executive Director of Democracy, Law and People (Monitoring Officer)

## **1. Executive Summary**

- 1.1 The Council is required, if it wishes to pay such allowances, to adopt a Members' Allowances Scheme on an annual basis with effect from 1 April each year. Such a scheme can be amended in year.
- 1.2 In drawing up the Members' Allowances Scheme, regard under the relevant legislation must be given to the recommendations of the London-wide Independent Remuneration Panel convened by London Councils whose most recent report (2023) is listed with the relevant statutory guidance as background documents.
- 1.3 The report of the Remuneration Panel has made several recommendations on Members Allowances which are outlined in this report. Therefore, in order to update the current scheme several options have been explored by officers and these are set out for the Committee to have regard to.

## **2. Recommendation**

- 2.1 The officer recommendation to the Committee (based on consultation with Members) is that the Committee approve Option 2 of the Member Allowances 2024-2025 Scheme as set out in the report with effect from 1 April 2024.
- 2.2 The Committee recommends that Council agree to increase the Members' Allowances (Basic and SRA) for the years 2024/25 to 2025/26 in line with any future salary increase for Council staff that may be agreed by the National Joint Council for Local Government Services.

## **3. Members' Allowances**

- 3.1 There is a requirement for local authorities if they wish to adopt a Members' Allowance Scheme, that this be done on an annual basis, with effect from 1 April each year. Schemes can be amended at any time during the year.
- 3.2 The 2023 report produced by London Councils Independent Panel has highlighted a wide range of issues around Members allowances including:
  - How allowances can be used to ensure diversity of people who feel able to stand as Councillors as well as ensuring that those Councillors performing certain roles are sufficiently remunerated. The report also highlights the increase in workload and time involved in carrying out duties as a Councillor and that evidence gathered suggests special responsibility allowances (SRAs) were not sufficient to allow individuals to undertake their day job in addition to taking up a role in local government. Furthermore, the Panel has expressed a concern that SRAs across London boroughs have not been applied consistently for similar roles.

- Benchmarking research undertaken by the Panel has shown that the basic allowance for Councillors serving in London is significantly lower than some parts of the UK where the roles and responsibilities of councillors are broadly the same to those of councillors serving in London boroughs. In Westminster the current basic allowance is £10,186 but for example, in Birmingham, for 2022-23 it is £18,876, and in Manchester £18,841. In assessing what an appropriate basic allowance for London boroughs would be the Panel used the median wage for all London workers and determined that the recommended basic allowance should be £15,960. The Panel considered that this allowance better reflected the high cost of living in London, and as such it considered that boroughs should implement these changes in 2024, as part of the contribution to recruiting and retaining a diverse range of good quality candidates to stand for office in London.
- The Panel have recommended no change to the Leader's SRA but have downgraded the % band used for Band 3 roles (Cabinet Members etc) from 70-80% to 60-75%. Similarly other bands have been downgraded in % terms, but broadly all roles are still recommended as higher in financial terms than Westminster's equivalent positions. The Panel adjusted the percentages historically used in order to more closely align with the average used by other local authorities outside of London.
- The Panel have further recommended that all allowances should be updated annually in line with the percentage pay award agreed by the National Joint Council (NJC) for Local Government Services staff. For 2023/24, the NJC agreed the equivalent of 3.88% which is used in this report for various options.

#### **4. Allowances Options**

##### **Officer Options for consideration by the Committee**

##### **4.1 Option 1 – No change**

The first option considered by officers is to freeze all allowances at the current level, subject to any changes in the number of roles being appointed to. The current total cost (based on roles appointed to in May 2023) is £1,016,520, excluding employers National Insurance contributions. The expenditure for this option is considerably less than the Panel's recommendations which would total £1,913,663 and may be a consideration during the continuing difficult financial situation as well as factoring in the acceptability of increasing expenditure on members allowances at a time of continuing financial constraint. This option whilst within the Members Allowances budget of £1.065m for 2024/25 does not keep pace with staff pay awards or address any of the historical structural issues with the SRAs, set out in more detail below, thus exacerbating the underpayment issue currently seen in Westminster's allowances scheme.

#### 4.2 **Option 2 - 3.88% Uplift Across All Allowances (Basic and SRAs)**

This option would allow current allowances to keep pace with the staff pay award. It would not however address some of the issues highlighted within the Remuneration Panel's report and the structural anomalies identified in the current allowances scheme.

The effect of this uplift would represent a total cost of £1,043,091 which is within the budget available.

#### **Officer Options Following Consideration of the IRP Report**

#### 4.3 **Option 3 – Adopt the IRP Recommendations in Full**

Adopting the IRP recommendations in full would result in the basic allowance increasing from its current rate of £10,186 to £15,960. The Panel recommends this current rate as it considers this better reflects the high cost of living in London, than the previous recommendations. In addition, it is the Panel's view that it is pressing that boroughs should implement these changes in 2024, as part of the contribution to recruiting and retaining a diverse range of good quality candidates to stand for office in London.

In terms of SRAs the Leader of the Council currently receives £41,612 but as in the Panel's previous proposals this is suggested to be at £62,092. All other SRAs are recommended to be calculated on a sliding percentage scale of the Leader's SRA. The Panel considers Band 1 positions (for example Chairs of Sub-Committees and the Opposition Group Whip) should be on a sliding scale between 5-15% of the Leader's SRA which would be between £3,105 - £9,314 for the SRA. The Panel also considers that Band 2 positions (for example main Planning and Licensing Chairs, Leader of the Opposition and the Majority Whip) should be on a sliding scale between 25-50% of the Leader's SRA which would be between £15,523 - £31,046. It is also proposed that Band 3 positions (for example the overall scrutiny chair, Cabinet Members and Deputy Leaders of the Council) should be between 60-75% of the Leader's SRA which would be between £37,255 - £46,569.

This option has been compiled based on what are deemed to be appropriate points within the recommended ranges for each role, based on an assessment of the requirements placed on different roles in a Westminster context. This is set out in the appendices, but to provide a few examples Cabinet Members have been placed on 70% of the Leaders SRA which would equal £43,464 each, lower than the 75% point used for Deputy Leaders which equates to £46,569. In terms of Planning and Licensing the overall Chairs and Sub-Committee Chairs have been placed at the top of their respective bands to recognise the workloads and unique pressures facing Westminster in these areas. This equates to the overall Chairs receiving 50% of the Leaders SRA (£31,046), the Sub-Committee Chairs on 15% (£9,314) whilst the members of the committees would receive 10% (£6,209). For the Opposition Group posts suitable mid-point figures have been used and again these are set out in more detail in the appendix. As an example though the Opposition Leader has been allocated 37% of the Leaders package which equates to an SRA of £22,974.

This option would see the IRP recommendations adopted increase in line with the 2023/24 staff pay award. This would see the total cost of the council's allowances scheme raised to £1,913,663 p.a. – an amount which is not budgeted for. This option would see many SRAs increase, and some substantially so. This option would therefore require an uplift in the Member Allowances Budget for 2024/25 to be approved when Full Council meets on 6 March 2024.

4.4 **Option 4 – Adopt the IRP recommendations for the Basic Allowance and Mirror the Staff Pay Increase for SRAs**

This would see an increase in the basic allowance to £15,960 which would bring them in line with the IRP recommendations. SRAs would also increase by 3.88% in line with the 2023/24 staff pay award but this would not, however, address the structural issues identified with the SRAs in the current allowances system. Currently the Leader and most other roles are below the IRP recommendations and this option does not address some significant structural anomalies in terms of the percentages applied to each role. The total increase in spend would take the total cost of the scheme to £1,333,557, which whilst less than option 3 is still unbudgeted for and results in an overspend of £268,557. This option would therefore require an uplift in the Member Allowances Budget for 2024/25 to be approved when Full Council meets on 6 March 2024.

- 4.5 An option to reduce SRAs has not been considered as it is considered that this would not ensure the diversity of people who feel able to stand as Councillors as well as ensuring that those Councillors performing certain roles are sufficiently remunerated. The IRP report also highlights the increase in workload in carrying out duties as a Councillor and reducing SRAs would prohibit even more individuals from wanting to undertake a role in local government whilst in addition carrying out their day job. A reduction would also result in the Council's allowances scheme diverging even further away from the recommendations of the IRP, exacerbating the existing significant structural and historical issues identified within it.

### **ICT Allowance**

- 4.6 The IT allowance is not changed as part of this review and was paid to those Members requesting it in June 2022.

### **Dependents Allowance**

- 4.7 The Dependents/Carers Allowance policy was recently amended to allow councillors who claim this allowance to do so for one hour either side of a defined duty. This was changed from half an hour either side and was implemented in recognition of the fact that it may take Councillors more than half an hour to travel across the city, when allowing for reasonable buffer time.

Due to this recent amendment this aspect of the allowances scheme will not be changed.

## **Travel and Subsistence Allowance**

- 4.8 The Council's scheme continues to be more restrictive than the Panel's recommendations and only allows for travel claims for approved duties outside of the Greater London area (travel to other London Boroughs is not reclaimable). No change to this part of the scheme is proposed. Reference is included in the scheme to the availability.

## **5. Financial Implications**

- 5.1 The existing 2024/25 budget is £1,065,000. Options 1 to 2 listed in Appendix A are within the existing budget. However, Option 3 is £991,504 (93%) and option 4 £268,557 (25%) above existing budget and for which no funding is currently available.

## **6. Legal Implications**

- 6.1 Under Regulations 4 (1) (a) and (b) of the Local Authorities (Members' Allowances) (England) Regulations 2003 (S12003/1021) there is a requirement that councils must make a scheme in accordance with the Regulations which provides for the payment of an allowance in respect of each year to each member of an authority. The scheme may provide for paying a basic allowance and any other allowances permitted by the Regulations. Regulation 10 (1) provides that if it wishes to have a scheme for the following year to commence on 1 April, the Council must make the scheme before the start of the year. Under Regulation 10 (3) schemes can be amended at any time during the year and under Regulation 10(6) amendments can take effect from the beginning of the year. The approval of the full Council is necessary for any amendments to existing schemes or the adoption of new schemes.
- 6.2 Regulations relating to Members' Allowances require the publication of the report of the Independent Remuneration Panel, the scheme of allowances and details of the total sums paid to each Member under each category of allowance in each year. The statutory guidance on the publicity requirements suggests that details of allowances paid are made available in one or more newspapers circulating in its area, together with information on the responsibilities of elected Members and the duties and time commitment which the basic allowance is intended to remunerate. Such a notice will be prepared for publication once a scheme has been adopted.

## **7. Carbon Impact**

- 7.1 There are no carbon implications arising out of this report.

## **8. Consultation**

- 8.1 In advance of this meeting of the Committee, consultation has taken place with the Chief Whips of the Majority Party and Opposition Party, the Administration of the Council and the members of the General Purposes Committee. Feedback on the proposals has been provided and following discussions, option 2 has been identified as the preferred choice. Any further comments received will be reported at the meeting and factored into the final decision.

**If you have any queries about this Report or wish to inspect any of the Background Papers, please contact:**

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## **APPENDICES**

**Appendix A – Role and Allowances Options**

**Appendix B – Allowances Options Total Amounts**

**Appendix C - Bands - % of Leaders SRA Allowance**

**Appendix D - Independent Panel on the Remuneration of Councillors**

## **APPENDIX A**

<b>Role</b>	<b>Option 1</b>	<b>Option 2</b>	<b>Option 3</b>	<b>Option 4</b>
Basic	£10,186	£10,581	£15,960	£15,960
Leader	£41,612	£43,226	£62,092	£43,226
Deputy Leader	£23,483	£24,394	£46,569	£24,394
Planning Sub-Chair	£4,800	£4,986	£9,314	£4,986
Cabinet Member	£17,008	£17,668	£43,464	£17,668
Leader of the Opposition	£9,987	£10,374	£22,974	£10,374
Overall Licensing Chair	£9,599	£9,971	£31,046	£9,971
Overall Planning Chair	£9,599	£9,971	£31,046	£9,971
Audit and Performance Chair	£8,704	£9,042	£24,837	£9,042
P&S Chair	£8,704	£9,042	£24,837	£9,042
Licensing Vice-Chair	£5,344	£5,551	£15,523	£5,551
Planning Vice-Chair	£5,344	£5,551	£15,523	£5,551
Opposition Deputy Leader	£6,193	£6,433	£15,523	£10,374
Chief Whip	£5,344	£5,551	£22,974	£5,551
Opposition Whip	£5,344	£5,551	£9,314	£5,551
Licensing Sub Committee Chair	£4,800	£4,986	£9,314	£4,986
Opposition P&S Spokesperson	£4,351	£4,520	£6,209	£4,520
Deputy Cabinet Member	£3,763	£3,909	£6,209	£3,909
DHP Chair	£3,263	£3,390	£6,209	£3,390
Pension Fund Committee Chair	£3,263	£3,390	£6,209	£3,390
Standards Committee Chair	£3,263	£3,390	£6,209	£3,390
Fostering and Adoption	£3,263	£3,390	£6,209	£3,390
Ratings Chair	£3,263	£3,390	£6,209	£3,390
Licensing Member	£2,775	£2,883	£6,209	£2,883



Planning Member	£2,775	£2,883	£6,209	£2,883
DHP Member	£2,263	£2,351	£3,105	£2,351
Pension Fund Committee Member	£2,263	£2,351	£3,105	£2,351
Ratings Member	£2,263	£2,351	£3,105	£2,351

## **APPENDIX B – TOTAL AMOUNTS**

<b>Role</b>	<b>Number of positions</b>	<b>Option 1</b>	<b>Option 2</b>	<b>Option 3</b>	<b>Option 4</b>
Basic	54	£550,044	£571,374	£861,827	£861,840
Leader	1	£41,612	£43,226	£62,092	£43,226
Deputy Leader	2	£46,966	£48,788	£93,138	£48,788
Planning Sub-Chair	2	£9,600	£9,972	£18,628	£9,972
Cabinet Member	7	£119,056	£123,676	£304,251	£123,676
Leader of the Opposition	1	£9,987	£10,374	£22,974	£10,374
Overall Licensing Chair	1	£9,599	£9,971	£31,046	£9,971
Overall Planning Chair	1	£9,599	£9,971	£31,046	£9,971
Audit and Performance Chair	1	£8,704	£9,042	£24,837	£9,042
P&S Chair	4	£34,816	£36,168	£99,347	£36,168
Licensing Vice-Chair	1	£5,344	£5,551	£15,523	£5,551
Planning Vice-Chair	1	£5,344	£5,551	£15,523	£5,551
Opposition Deputy Leader	2	£12,386	£12,866	£31,046	£12,866
Chief Whip	1	£5,344	£5,551	£22,974	£5,551
Opposition Whip	1	£5,344	£5,551	£9,314	£5,551
Licensing Sub Committee Chair	2	£9,600	£9,972	£18,627	£9,972
Opposition P&S Spokesperson	1	£4,351	£4,520	£6,209	£4,520
Deputy Cabinet Member	9	£33,867	£35,181	£55,882	£35,181
DHP Chair	1	£3,263	£3,390	£6,209	£3,390
Pension Fund Committee Chair	1	£3,263	£3,390	£6,209	£3,390
Standards Committee Chair	1	£3,263	£3,390	£6,209	£3,390
Fostering and Adoption	1	£3,263	£3,390	£6,209	£3,390
Ratings Chair	1	£3,263	£3,390	£6,209	£3,390

Licensing Member	11	£30,525	£31,713	£68,301	£31,713
Planning Member	10	£27,750	£28,830	£62,092	£28,830
DHP Member	3	£6,789	£7,053	£9,314	£7,053
Pension Fund Committee Member	3	£6,789	£7,053	£9,314	£7,053
Ratings Member	3	£6,789	£7,053	£9,314	£7,053
<i>SRA total</i>		<i>£466,476</i>	<i>£471,717</i>	<i>£1,051,836</i>	<i>£471,717</i>
<b>Sub-total</b>		<b>£1,016,520</b>	<b>£1,043,091</b>	<b>£1,913,663</b>	<b>£1,333,557</b>

## **APPENDIX C - BANDS - % OF LEADERS SRA ALLOWANCE**

<b>Role</b>	<b>IRP Recommended %</b>	<b>Option 1</b>	<b>Option 2</b>	<b>Option 3</b>	<b>Option 4</b>
Deputy Leader	60-75%	56%	56%	75%	56%
Planning Sub-Chair	5-15%	12%	12%	15%	12%
Cabinet Member	60-75%	41%	41%	70%	41%
Leader of the Opposition	25-50%	24%	24%	37%	24%
Overall Licensing Chair	25-50%	23%	23%	50%	23%
Overall Planning Chair	25-50%	23%	23%	50%	23%
Audit and Performance Chair	25-50%	21%	21%	40%	21%
P&S Chair	25-50%	21%	21%	40%	21%
Licensing Vice-Chair	5-15%	13%	13%	25%	13%
Planning Vice-Chair	5-15%	13%	13%	25%	13%
Opposition Deputy Leader	5-15%	15%	15%	25%	15%
Chief Whip	25-50%	13%	13%	37%	13%
Opposition Whip	5-15%	13%	13%	15%	13%
Licensing Sub Committee Chair	5-15%	12%	12%	15%	12%
Opposition P&S Spokesperson	5-15%	10%	10%	10%	10%
Deputy Cabinet Member	5-15%	9%	9%	10%	9%
DHP Chair	5-15%	8%	8%	10%	8%
Pension Fund Committee Chair	5-15%	8%	8%	10%	8%
Standards Committee Chair	5-15%	8%	8%	10%	8%
Fostering and Adoption	5-15%	8%	8%	10%	8%
Ratings Chair	5-15%	8%	8%	10%	8%
Licensing Member	5-15%	7%	7%	10%	7%
Planning Member	5-15%	7%	7%	10%	7%

DHP Member	5-15%	5%	5%	5%	5%
Pension Fund Committee Member	5-15%	5%	5%	5%	5%
Ratings Member	5-15%	5%	5%	5%	5%