


Non-Executive Report of the:  <b>Council</b>  <b>Wednesday, 20 March 2024</b>	 <b>TOWER HAMLETS</b>
<b>Report of:</b> Linda Walker, Interim Director of Legal and Monitoring Officer	<b>Classification:</b> Open (Unrestricted)
<b>Members' Allowances Scheme 2023-24 and 2024-25</b>	

<b>Originating Officer(s)</b>	Matthew Mannion, (Head of Democratic Services)
<b>Wards affected</b>	(All Wards);

### **Executive Summary**

Part C, Section 39 of the Council's Constitution sets out the Scheme of Members' Allowances. This provides for a Mayor's Allowance to be paid to the Mayor; a Basic Allowance to all Councillors; Special Responsibility Allowances for specified member roles; Dependents' Carers' and Travel/Subsistence Allowances; and an attendance allowance for co-opted members of the Standards Advisory Committee and the Overview and Scrutiny Committees.

The Council also operates a Maternity, Paternity, Adoption and Sickness Pay policy for Members.

This report presents a number of matters for consideration by Council.

Firstly, it asks Council to consider the uplift for the current year's Member Allowances Scheme which would usually be implemented following the local government pay settlement agreed late in 2023.

Secondly, the London Councils Independent Remuneration Panel (IRP) has reported on an in-depth study they have undertaken on appropriate Member Allowances in London including comparators with other parts of the United Kingdom. Council is required to consider the views of the IRP when setting its Member Allowances levels.

Finally, and taking all of the above into consideration, the report proposes a Members Allowances Scheme for 2024-25.

## **Recommendations:**

The Council is recommended to:

1. Review and consider the report of the London Independent Remuneration Panel.
2. Determine whether there should be an annual uplift for the Member Allowances Scheme for 2023/24 and if so, the level.
3. Subject to any amendments following Council review of the London Councils Independent Remuneration Panel's report, agree to adopt the London Borough of Tower Hamlets Members' Allowances Scheme for 2024/25 as set out at Appendix 2 to the report.
4. Should it be required from the above recommendations, agree that the Member Allowances Budget be adjusted as necessary to cover the costs following any agreed increases.
5. To agree that the General Purposes Committee lead on any requested engagement with the London Independent Remuneration Panel, report back to Council as required.

### **1. REASONS FOR THE DECISIONS**

- 1.1 The Council is required to agree a Scheme of Members' Allowances annually.

### **2. ALTERNATIVE OPTIONS**

- 2.1 The Council must agree a Scheme of Members' Allowances but it is free to amend the scheme, for example using any of the options set out in the report.

### **3. DETAILS OF THE REPORT**

- 3.1 In accordance with Statutory Instrument (SI 1021/2003) the Council is required to agree a Scheme of Members' Allowances on an annual basis. The Scheme may include an annual index-linked adjustment of allowances, but it must be subject to a full review at least every four years, considering the recommendations of an Independent Remuneration Panel.
- 3.2 The London Councils Independent Remuneration Panel (IRP) previously issued a report in January 2022 and that was considered when the Members' Allowances Scheme 2022/23 was agreed.

- 3.3 It was noted at the time that the IRP recommends levels of basic and special responsibility allowances and that in general, allowances at Tower Hamlets are at levels below or equal to the recommendations from the IRP.
- 3.4 Beyond allowances themselves the IRP report also recommended that Councils should provide:
- An effective member learning and development programme.
  - Appropriate administrative support.
  - IT equipment.
  - Dependent carer payments.
  - A sickness/maternity/paternity policy.
  - Travel and subsistence allowances for travel outside of the borough.
- 3.5 All of the above are provided by the Council.
- 3.6 Finally, the IRP recommend that the allowances scheme is updated every year in line with any local government pay settlement. This is also an agreed arrangement with the Council's Member Allowances Scheme. The scheme as it stands will therefore be updated in line with any agreed staff agreement for 2024/25.

#### **Annual Uplift 2023/24**

- 3.7 In 2022/23 the annual local government pay settlement provided staff with set lump sum uplift regardless of grade (with a percentage increase for certain allowances). As the Members' Allowances Scheme was silent on what action to take in those circumstances, Council considered a report and determined that allowances should remain frozen for that year.
- 3.8 In 2023/24 the annual local government pay settlement again in the main provided a lump sum uplift of £2,352. This was for all spinal column points up to SCP50 (top of Grade M) with a 3.88% increase for those above (and for allowances).
- 3.9 Given that lack of clarity, Members are again asked to determine what, if anything, should be the uplift for the Basic Allowance, Special Responsibility Allowances and the Co-optee Allowance.
- 3.10 The Members' Allowances Scheme sets out that the Dependent Carers Allowance should be, as a minimum, the level of the London Living Wage (LLW) and so it is proposed to increase that to £13.15 in line with the LLW.
- 3.11 No other changes are proposed to the general arrangements/structure of the Allowances Scheme.
- 3.12 The Member Allowances Scheme (without any annual uplift but with the Dependent Carers Allowance change) is set out at Appendix 2 to this report. This will be adjusted should any allowance increases/uplifts be agreed.

## London Councils Independent Remuneration Panel on Members' Remuneration – Review Report

- 3.13 The IRP last published a report on member allowances in early 2022. In that report the Panel did not recommend substantial changes to Member allowances. However, it did note that the challenges facing councils and councillors appeared to be increasing and becoming more complex and it therefore reported that it intended to undertake a more detailed review in 2023.
- 3.14 That research report has now been published and is attached to this report as Appendix 1.
- 3.15 Members can read the full report as attached but in summary the report concluded that allowances in London were significantly below those paid in Scotland, Wales and Northern Ireland and also in comparison to people carrying out comparative work (even allowing for a 'public service discount'). The Panel also considered that the high cost of living in the capital should be considered.
- 3.16 The review highlighted that Members play a crucial role and are at the heart of local communities supporting residents of all ages. It expressed concern that low allowances levels were making it increasingly difficult for Members who were then required to hold down full-time jobs even whilst taking on senior responsibilities within councils and that this could be deterring potential candidates.
- 3.17 In summary the Review has recommended the following levels for the basic and special responsibility allowances (note that SRAs are in addition to the basic allowance):

Allowance Type	Examples	Value	Current Tower Hamlets Scheme
Basic Allowance	For all Councillors	£15,960	£11,898
Elected Mayor	For the elected Mayor	£93,575	£80,579
Band One SRA	<ul style="list-style-type: none"> <li>Leader of smaller opposition groups</li> <li>Chairs of Sub-Committees</li> </ul>	£3,105 to £9,314	Around £5,439
Band Two SRA	<ul style="list-style-type: none"> <li>Scrutiny Lead</li> <li>Leader of the Opposition</li> <li>Chairs of Regulatory Committees</li> </ul>	£15,523 - £31,046	Around £8,702 - £12,291
Band Three SRA	<ul style="list-style-type: none"> <li>Cabinet Member</li> <li>Chair of main Overview and Scrutiny Committee</li> <li>Deputy Leader of the Council</li> </ul>	£37,255 - £46,569	Around £11,965 - £32,631

## Job Profile

- 3.18 The Panel also updated its template 'Job Profile' for Members. Council are asked to note that the Council is developing Role Profiles for Members in conjunction with the Member Learning and Development Steering Group and these will be published once they are finalised.

## Allowance Options

- 3.19 It is important to remember that the Council must take account of the IRP report but it is free to consider local factors and to agree its own Allowances Scheme. Indeed, as the report notes, many Councils do not follow the IRP recommendations and set Schemes with lower allowances.
- 3.20 Councillors may consider that local cost of living factors for residents and the financial impact of significant changes mitigate against making large changes. For example, the cost of uprating the Basic Member Allowance from £11,898 to £15,960 would be just over £180k.
- 3.21 If Council were to agree to Special Responsibility Allowance changes along the lines of those proposed these are likely to add costs around £300k (about 30% increase) to the overall Members' Allowance Scheme. Changes could though be implemented slowly over a number of years.
- 3.22 On the other hand, the Council is about to undertake a campaign to encourage more people to stand for election (with a particular focus on encouraging women) and it could be thought that higher allowances would encourage more residents to step forward.
- 3.23 Council can decide to increase none, all or some allowances for 2023/24 and/or for 2024/25. It should also consider the Co-opted Members allowance and whether this should be increased even if other allowances are frozen.
- 3.24 There are many options Members could choose, some are set out below:
- a) Freeze allowances for 2023/24 and 2024/25.
    - a. Allowances for Co-opted Members could be increased in line with staff allowances for 2023/24 (3.88%) if Council so wish.
  - b) Freeze allowances for 2023/24 and revert to the standard rules for future years.
  - c) Increase allowances by 3.88% for 2023/24 (in line with staff allowances increase) and revert to standard rules for future years.
  - d) Increase the basic allowance to the level proposed by the Independent Remuneration Panel.
- 3.25 In addition to the above, Council could ask officers to review:
- a) All allowances to propose new values taking into account the Independent Remuneration Panel recommendations.

- b) Use the IRP report to review whether there should be any changes to the positions allocated a Special Responsibility Allowance.
- c) Changing the wording of the Member Allowances Scheme to cover circumstances where the Council's staff annual uplift is a lump sum instead of a percentage increase to automatically uplift the Members Allowances Scheme by the percentage increase in staff allowances.

#### **4. EQUALITIES IMPLICATIONS**

- 4.1 The payment of Members' Allowances helps to ensure that people from all parts of the community within the borough are able to serve as elected members. This promotes effective community leadership and accountability, to the benefit of the whole borough and all its communities.

#### **5. OTHER STATUTORY IMPLICATIONS**

- 5.1 This section of the report is used to highlight further specific statutory implications that are either not covered in the main body of the report or are required to be highlighted to ensure decision makers give them proper consideration. Examples of other implications may be:

- Best Value Implications,
- Consultations,
- Environmental (including air quality),
- Risk Management,
- Crime Reduction,
- Safeguarding.
- Data Protection / Privacy Impact Assessment.

- 5.2 There are no other statutory implications to be considered.

#### **6. COMMENTS OF THE CHIEF FINANCE OFFICER**

- 6.1 The current budget for members' allowances is £1m. Based on the staff pay award of 3.88% the uplift would be c£40k.
- 6.2 As outlined in the report, if the higher level of allowances were agreed this would increase allowances by £480k (including SRAs) which would create a budget pressure of c£440k.

#### **7. COMMENTS OF LEGAL SERVICES**

- 7.1 The Local Authorities (Members' Allowances) (England) Regulations 2003 ('the Regulations') require the Council to on or before 31st March in each year make a scheme in accordance with the Regulations. The Scheme must make provision for payment of the basic allowance specifying the amount and also make provision for the following allowances if it intends to make such payments in respect of a year-

- (a) special responsibility allowance;
- (b) dependants' carers' allowance;

- (c) travelling and subsistence allowance; and
- (d) co-optees' allowance.

- 7.2 The proposed Member Allowances Scheme 2024/25 provides for Maternity, Paternity, Adoption and Sickness Pay which is established practice in a number of other London boroughs. Whilst there is nothing in the Regulations that provides that the Scheme is to include reference to such, the inclusion of Maternity, Paternity, Adoption and Sickness Pay are supported by the Council's general power of competence. Section 1 of the Localism Act 2011 gives the Council a general power of competence to do anything that individuals generally may do, subject to specified restrictions and limitations imposed by other statutes. The inclusion of Maternity pay is also consistent with the Council's obligations under the Equalities Act 2010.
- 7.3 Regulation 16 of the Regulations places a duty on the Council to publish as soon as reasonably practicable after making any amendments to the current Members' Allowance Scheme a notice in one or more newspapers circulating in its area. The Council must also ensure that copies of the Scheme are available for inspection by members of the public at the principal office of the Authority, at all reasonable hours.

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## **Linked Reports, Appendices and Background Documents**

### **Linked Report**

- None.

### **Appendices**

- Appendix 1 – London Councils Independent Remuneration Panel report on their review of Member Allowances
- Appendix 2 – Members' Allowances Scheme 2024/25

### **Local Government Act, 1972 Section 100D (As amended)**

#### **List of "Background Papers" used in the preparation of this report**

List any background documents not already in the public domain including officer contact information.

- None.

#### **Officer contact details for documents:**

N/A