

22 January 2025

Scheme of Councillors' Allowances 2025/26

Report sponsor	Sharon Bridglalsingh Director for Law and Governance
Report author	Peter Brown Head of Democratic Services Peter.brown@milton-keynes.gov.uk

Exempt / confidential / not for publication	No
Council Plan reference	Not in Council Plan
Wards affected	All

Executive summary

The Council operates a scheme of allowances for Councillors which was last fully reviewed and agreed in 2022/23. It provides for the yearly indexation of allowances for the subsequent 4 years (up to March 2026). The Local Authorities (Members' Allowances) (England) Regulations 2003 (the 2003 Regulations) require that before the beginning of each year, the scheme for the payment of (uprated) allowances, must be agreed for that year.

The adopted arrangements for annual indexation are based on the percentage pay award for officers in the preceding financial year. However, there were variable percentage rates in 2024/25 pay award; based on a flat rate for JNC pay scales and 2.5% for subsequent pay scales. Therefore, based on the approach taken last year, the Council's Independent Remuneration Panel (IRP) continue to recommend an increase based on the median % increase for officers, **this being 2.87%**.

The Council is not bound by the recommendations of the IRP but must have regard to them when setting the rates of allowances for Councillors.

1. Proposed Decisions

- 1.1 That the recommendations of the IRP to index allowances by 2.87 % be noted and agreed for 2025/26 only.
- 1.2 That the revised Scheme of Councillors' Allowances attached at **Annex A** to this report be agreed to take effect from 1 April 2025.
- 1.3 That the recommendations of the IRP that (where paid) Town, Parish and Community Councils, allowances should also be indexed by 2.87% for 2025/26 only, be noted.

2. Why is the Decision Needed?

- 2.1 Under the terms of 2003 Regulations, the Council is required, before the beginning of each year, to agree the scheme for the payment of basic allowance to each member of the authority for that year.
- 2.2 The scheme must also make provision for the following allowances if an authority intends to make such payments in respect of the year:
 - (a) special responsibility allowance;
 - (b) dependants' carers' allowance;
 - (c) travelling and subsistence allowance; and
 - (d) co-optes' allowance.

Indexation

- 2.3 Under the terms of 2003 Regulations, where utilising an allowance scheme with indexation, the Council is obliged to appoint an Independent Remuneration Panel to review, comment and advise on the level of allowances paid to councillors at least every four years. The Council last appointed an Independent Remuneration Panel in summer / autumn 2021 and adopted its recommendations in January 2022 for the 2022/23 financial year.
- 2.5 It was not possible to index allowances using the methodology previously agreed by Council utilising the percentage officer pay award for the previous year. This was because there was no single percentage pay settlement agreed for officers for 2024/25.
- 2.6 Based on the approach taken last year, the Council's IRP (having been consulted via email) recommended all allowances be uprated by 2.87% which is the median officer increase for 2024/25.
- 2.8 As the IRP has previously recommended that allowances for Town, Parish and Community Councils should be based on a percentage of MKCC basic allowances, the recommendation for Local Councils is that where paid, indexation should also be 2.87%. Each Local Council is however free to agree their own local arrangements having considered the IRP recommendations.
- 2.9 In line with the Council's decision to adopt the recommendations of the IRP in 2021/22 childcare costs will also be reimbursed in line with the real living wage of £12.060 from 1 April 2025.

Next Full review

- 2.10 As an indexed scheme can only last for 4 years (April 2022 – March 2026), a full review will be undertaken later in 2025, which will be supported by a consultation with Councillors and a series of meetings with the Council's Independent Remuneration Panel, providing opportunities for Political Groups, Councillors and Parishes to engage with the panel, before recommendations are made to full Council in early 2026.

Implications of the decision

Financial	Y	Human rights, equalities, diversity	N
Legal	Y	Policies or Council Plan	N
Communication	Y	Procurement	N
Energy Efficiency	N	Workforce	N

a) Financial implications

The relevant budget line for 2025/26 has sufficient headroom to accommodate the proposed indexation.

b) Legal implications

The Local Authorities (Members' Allowances) (England) Regulations 2003 make it a requirement to establish and maintain an Independent Remuneration Panel and for the Council to adopt a Scheme of Allowances for the forthcoming year by 1 April each year.

Under the terms of the Local Government Act 2000, the Council is required to take account of the recommendations of an independent panel before fixing its level of Councillors' Allowances.

c) Communication

The IRP's recommendation in respect of Parish, Town and Community Council's will be communicated to Clerks.

3. Alternative(s)

- 3.1 As the Council has a legal requirement to agree a scheme in advance of each municipal year it must do so. However, it could decide not to accept the recommended increase, agree an alternative increase / decrease or change, or (with the exception of the basic allowance), the allowances paid.

4. Timetable for implementation

- 4.1 The proposed scheme of councillor allowances, if adopted will come into force from 1 April 2025.

List of annexes

Annex A – Draft Scheme of Councillor Allowances 2025/2026