

# General Purposes & Audit Committee Supplementary Agenda



**9. Members' Scheme of Allowances (Pages 3 - 28)**

To consider the latest report of the pan-London Independent Remuneration Panel; proposed amendments to the scheme of allowances; and proposals in relation to the provision of ICT equipment to Members.

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<b>REPORT TO:</b>	<b>General Purposes and Audit Committee 3 March 2022</b>
<b>SUBJECT:</b>	<b>Review of the Scheme of Members' Allowances</b>
<b>LEAD OFFICER:</b>	<b>John Jones, Monitoring Officer</b>
<b>WARDS:</b>	<b>All</b>

**SUMMARY OF REPORT:**

This report asks Members to consider proposals for the Scheme of Members' Allowances and to make recommendations to Council at its meeting on 23 March 2022.

The report asks Members to consider the recommendations of the 2022 report of the Independent Remuneration Panel (IRP) established by London Councils on behalf of London Boroughs and also any changes that need to be made to the scheme as a result of the Council's change of governance model to a directly elected Mayor from 9<sup>th</sup> May 2022.

The report further contains details of proposed amendments to the scheme in response to the latest IRP report.

Finally, the report also details proposals to reintroduce direct provision of Members' ICT in accordance with the recommendations of the IRP.

**COUNCIL PRIORITIES 2020-2024**

The Council is required by statute to review, publicise and maintain a scheme of allowances for its elected Members.

**FINANCIAL IMPACT:** The current budget provision for Members' Allowances is £1,480,000. This budget provides for all basic and special responsibility allowances, dependents carer's allowances, transport allowances and subsistence allowances. This budget also includes the associated national insurance costs. The amendments to the scheme proposed in Appendix 2 will require total revenue growth of £22,500 per annum. The proposals to reintroduce direct ICT provision for Members will require £32,000 revenue growth per annum.

**RECOMMENDATIONS:**

1. To consider the options detailed in the report and make recommendations on an updated scheme of Members' allowances to full Council, informed by the recommendations of the Independent Remuneration Panel and the proposal detailed in Appendix 2 of the report;
2. To also consider the proposals to reintroduce directly provided ICT to Members and the elected Mayor as described in section four of the report;

3. To recommend to full Council to authorise the Monitoring Officer to comply with the necessary statutory publicity requirements in respect of the Independent Review Panel report 2022; the on-going annual publicity of the Members' scheme of allowances which is required; and the approval of the revised Members' Allowance Scheme following consideration of proposals recommended by the Committee;
4. To recommend that Full Council delegates to the General Purposes and Audit Committee authority to agree an annual adjustment of allowances by reference to the annual local government staff pay settlement where the only change made to the Scheme in any year is that effected by such annual adjustment; and
5. That a further review of the scheme be undertaken either following the May 2022 local elections, if required, or following the publication of the further review of the remuneration of councillors due to be undertaken by London Councils' Independent Remuneration Panel during 2022-23.

## 1. BACKGROUND

- 1.1 In accordance with the Local Government Act 2000 and Local Authorities (Members' Allowances) (England) Regulations 2003, Local Authorities are required to undertake a formal independent review of the level of allowances for their Members at least once every four years. In London, provision has been made for this review to be undertaken by an Independent Remuneration Panel (IRP) set up on behalf of all Boroughs by London Councils.
- 1.2 London Councils established the IRP last year to undertake the review, which has now been completed and is attached at Appendix 1.
- 1.3 Croydon's current Scheme of Members' Allowances forms part of the Council's Constitution and can be seen on the Council website at:  
  
<https://democracy.croydon.gov.uk/documents/s34622/31%20Part%206A%20-%20Scheme%20of%20Members%20Allowances%20as%20revised%20190128%2002.2019%2008.2019%2003.2021%20and%2015.10.2.pdf>.
- 1.4 The scheme was last fully reviewed by Council in July 2018 and was most recently amended in October 2021 to establish a Special Responsibility Allowance for the newly established position of Independent Chair of the General Purposes and Audit Committee.
- 1.5 The most recent significant changes to the scheme were made by Council at its meeting on 8 March 2021. At that meeting, Members agreed to an amended scheme that removed a number of roles that attracted a special responsibility allowance (SRA), reduced all SRAs by at least 20% and

deferred the inflationary increase in line with the local government staff pay settlement for 2021/22.

- 1.6 The level of Basic Allowance was last adjusted in July 2019, when the General Purposes and Audit Committee agreed to increase the rate by 2% in line with the annual local government staff pay settlement. This followed a 2% rise in the basic allowance agreed by Council in July 2018.
- 1.7 Following the publication of the latest IRP report, the Council is required to undertake a formal review of the existing scheme and must consider the recommendations of the IRP in doing so.
- 1.8 Whilst Members must have regard to the IRP report, it is ultimately for Full Council to decide on its final scheme for payment of allowances to its Members, specifying the amount of entitlement by way of basic allowance and other allowances such as special responsibility and dependent carers' allowances.
- 1.9 In considering proposed changes to the scheme, Members are also asked to consider the required changes to the scheme that need to be made to reflect the change of governance model to a Directly Elected Mayor from May 2022.

## **2. THE REPORT OF THE INDEPENDENT REMUNERATION PANEL**

- 2.1 *Summary findings of the IRP.* The IRP reports that it is very conscious of the changes in the past four years and the impact that this has on the demands of Councillors. They have balanced this with the view that many societal changes, including those flowing from the COVID 19 pandemic, are relatively recent and that the future patterns of demand and expectations on Councillors are unclear at present. On that basis, the IRP has concluded that they “do not have the evidence available to recommend any significant changes in the remuneration of Councillors” at the current time and recommendations are limited to updating allowances in line with the indicative staff pay award for 2021/22, namely 1.75%, which is still the subject of national negotiation. However, the Panel has also concluded that, rather than waiting four years to undertake its next review, “it would be preferable to undertake a review commencing in the summer of 2022 with the aim of concluding it in the latter half of 2023”. It is recommended that the Council further reviews its own scheme following publication of this further IRP review.
- 2.1 *The role of elected members.* The IRP noted that the previously identified challenges of overseeing million-pound budgets, balancing complex financial pressures at a time of severe cutbacks in local authority spending and making decisions which will affect areas for decades to come had not only continued but been exacerbated by the impact of the Covid-19. The IRP noted that the workload and responsibilities of councillors had continued to increase, and their role had become more complex. This included the areas of social care, housing, community safety including increasing engagement

with the Police, closer working relationships with health services and involvement in joint venture partnerships and local authority trading companies. The IRP also noted that the pandemic has heightened the significant role of councillors as a contact point for communication, advice and reassurance for communities. The IRP also noted that growth in digital connectivity adds to the pressure on Councillors, and that it is now more difficult for Councillors to deal with concerns as quickly as voters expect. Overall the Panel reported that “the expectations of the public continue to rise”.

- 2.2 *Recruitment of councillors.* The IRP noted the challenge of recruiting candidates from a diverse background and also of a high enough calibre who are prepared to stand for office as Councillors. While noting the significant time commitment required of a councillor, the IRP noted that allowances should be set at a level that enabled people to undertake the role of councillor while not acting as an incentive to do so. The Panel stated “if it is important that there are no financial incentives to being a councillor, it is equally important that there should not be a financial disincentive. It is clearly desirable that service as a councillor is not confined to those who have retired or with independent means”.
- 2.3 *The current financial climate.* As with previous reports, the IRP makes no recommendations for increasing levels of members’ allowances other than continuing provision for annual adjustments in accordance with the annual local government pay settlement. The IRP reports that it is “acutely conscious of the continuing financial challenges to council budgets including the impact from the Covid-19 Pandemic. This adds to the view that now is not the time to contemplate a general increase in councillors’ allowances”.
- 2.4 *Level of Basic Allowance.* The IRP reports that there is a strong case for reviewing the level of basic allowance and highlights that this allowance is now less than the allowances paid by many similar authorities outside London. However, the IRP also reports that the wider context is one of considerable uncertainty and the current challenging financial climate. Overall the IRP reports that “now is not the right moment to recommend major changes to the current allowances (beyond the annual updating [in line with annual staff pay awards])”. A more detailed review of Basic Allowances will be undertaken by the IRP, concluding in the latter half of 2023.
- 2.5 *Special Responsibility Allowances.* As with the level of Basic Allowance, the IRP reports that there are good arguments for reviewing SRA levels, but this should be done when patterns of demands and expectations on Councillors have become clearer in their more detailed 2022/23 review. As with the Basic Allowance, the IRP’s recommendations on SRAs are limited to an uplift in line with the annual staff pay award.
- 2.6 *Other IRP recommendations*

- i) There should be an ongoing programme of member training and development
- ii) Members should be provided with the logistical and clerical support and the appropriate IT equipment to help them deal with their workload
- iii) Councillors should be entitled to claim an allowance for care of dependents when undertaking council duties in appropriate cases. The allowance should be set at the London living wage but at a higher rate when specialised nursing skills are required (on proof of expense).
- iv) SRAs should continue in the case of sickness, maternity and paternity leave in the same way the council's employees receive such benefits.
- v) The Basic Allowance should cover basic out of pocket expenses including intra-Borough travel costs and expenses. The Scheme should however provide for special circumstances such as travel after late meetings or travel by councillors with disabilities. The Scheme should enable councillors to claim travel expenses when their duties take them out of Borough including a bicycle allowance.
- vi) The IRP recommend that allowances should be updated annually in accordance with the headline figure in the annual local government pay settlement, subject to annual approval by Council.

### **3. PROPOSED REVISIONS TO THE SCHEME**

- 3.1 In advance of this meeting of the Committee, informal consultation has taken place with both political groups represented on the Council. That consultation included highlighting changes required as a move to a directly elected Mayor mode of governance and changes required as a corollary of constitutional amendments to the Council's structure of decision-making bodies.
- 3.2 Following that informal consultation, the Administration group has proposed amendments to the scheme, detailed in full in appendix two. The key features of the proposal are:
  - i) To have only minimal changes to the scheme at this time, with a more detailed review to take place following either the local elections in May 2022, when any significant changes to the executive decision-making process will become known, or following the conclusion of the IRP's interim review scheduled for 2022/23;
  - ii) Introducing a Mayoral SRA, based on an average of the SRAs paid by the four current Mayoral authorities in London in 2021/22, currently £81,894 per annum;

- iii) The removal of SRAs for the Chairs of Cabinet Member Advisory Committees, saving £20,000 per annum;
- iv) The removal of the SRA for Membership of the Adoption Panel, saving £3,683.20 per annum;
- v) The removal of the SRA for the Leader of the Council, saving £35,972 per annum. In the event that the elected mayor does not come from the party with a majority on the council, the 'leader of the opposition SRA will be paid to the leader of the majority group; and
- vi) The removal of the ICT allowance, to be replaced by direct provision of ICT equipment to Members.

3.3 This proposal has specifically excluded the introduction of an SRA for the new role of Chair of the General Purposes Committee at this stage. It is suggested that this be considered fully when a more detailed review takes place either following the local elections in May 2022 or following the IRP's more detailed interim review in 2022/23.

3.4 Members of the Committee will be asked to consider this proposal in addition to having regard to the recommendations of the IRP when determining what changes to the scheme it wished to recommend to Council.

#### **4. MEMBERS' ICT PROVISION**

4.1 The Committee previously agreed recommendations in a report at its meeting on 26 June 2016 that ceased the provision of a range of ICT equipment to elected Members and introduced payments of an ICT allowance. The full report can be found here - [https://democracy.croydon.gov.uk/Data/General%20Purposes%20&%20Audit%20Committee/20160629/Agenda/gpa20160629\\_07\\_01\\_member\\_ict\\_provisionac39.pdf?cmte=GPA&meet=10&href=/akscroydon/images/att7463.pdf](https://democracy.croydon.gov.uk/Data/General%20Purposes%20&%20Audit%20Committee/20160629/Agenda/gpa20160629_07_01_member_ict_provisionac39.pdf?cmte=GPA&meet=10&href=/akscroydon/images/att7463.pdf).

4.2 In its most recent report, the IRP has noted that *"the pandemic has also resulted in an acceleration of more flexible ways of working including greater use of digital technology"*.

4.3 The IRP goes on to conclude that *"Members should be provided with... the appropriate IT equipment to help them deal with their workload"*.

4.4 These findings of the IRP echo the experiences detailed by many members following the COVID 19 pandemic and the significant shift to digital working. Circa 25 council laptop devices have been issued to Members on loan to support them to work digitally following the start of the pandemic. Informal consultation with political groups represented on the Council has shown significant support to moving back to a provision of direct support.



4.5 Moving to direct provision of ICT equipment will also aid the Council in supporting Members to safeguard sensitive data and to comply with the requirements of the Data Protection Act, Freedom of Information Act, General Data Protection Regulations and Members' responsibilities under the Code of Conduct.

4.6 The proposal and costs of moving to direct ICT provision to all seventy councillors and the elected Mayor are described as follows :

	<b>Provision Type</b>	<b>Change Type</b>	<b>Cost per Member</b>	<b>Total Cost</b>
<b>Capital</b>	Standard Council Phones	Already provided and funded	£150	£10,650 capital cost every four years
	Laptop device	Capital growth - funded	£1050	£74,550 capital cost every four years
<b>Revenue</b>	Infreemation licence	Already provided and funded	£60	£4,260 revenue per annum
	Microsoft windows and Office 365 licence	Already provided and funded	£194	£13,774 revenue per annum
	Telephony services (calls and data)	Already provided and funded	£59.25	£4,206.75 revenue per annum
	Laptop and user support	Revenue growth (not funded)	£389.64	£27,664.44 revenue per annum
	Member IT support at Council and Cabinet Meetings	Revenue growth (not funded)	N/A	£4,000 revenue per annum

4.7 The overall financial impact of a return to direct provision of ICT equipment will be:

- an increased capital cost every four years of £74,550 to a total of £85,200; and
- an increased revenue cost of £31,664.44 per annum to a total of £53,905.19 per annum.

4.8 During informal consultation with the political groups, some members expressed a desire to use their own ICT hardware for both computing and telephony. In such circumstances, the Council will:

- i) Offer either a dual SIM Council phone, Council SIM or Council E-SIM;
- ii) Continue to provide a full office 365 account, including the Council email address that should be used for all Council business; and
- iii) Require Members to sign an updated 'use your own device' policy that clearly sets out Members' responsibilities and duties to protect sensitive data and Council information.

- 4.9 The current scheme of allowances makes provision for £800 to be paid to each councillor every four years to purchase their own ICT provision. This will be removed from the scheme and avoids capital costs of £56,800 every four years.

## **5. CONSULTATION**

- 5.1 The report and recommendations of the IRP are informed by consultation with all London Boroughs. Both political groups represented on the Council have also been briefed on the recommendations detailed in the IRP report prior to this meeting of the General Purposes and Audit Committee.

## **6. PUBLICITY**

- 6.1 The Local Authorities (Members' allowances) (England) Regulations 2003 ("the 2003 regulations") provide detailed statutory requirements in relation to publicity in relation to the making or amending of any Scheme of Allowances.
- 6.2 The 2003 regulations also provide in regulation 22 further publicity requirements regarding the publicity of the IRP report.
- 6.3 It is therefore recommended that the Committee seeks Council's approval for the Monitoring Officer to be authorised to comply with all necessary publicity requirements in respect of the IRP report; the ongoing annual publicity required; and the approval of the revised Members' Allowance Scheme following consideration of proposals recommended by the Committee.

## **7. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS**

- 7.1 The current budget provision for Members' Allowances is £1,480,000. This budget provides for all basic and special responsibility allowances, dependents carer's allowances, transport allowances and subsistence allowances. This budget also includes the associated national insurance costs, estimated at 10%.
- 7.2 The amendments to the scheme proposed in Appendix 2 will require total revenue growth of £22,500 per annum. The proposals to reintroduce direct ICT provision for Members will require revenue growth of £32,000 per annum. The total revenue growth arising from the recommendations in this paper is £54,500 per annum.
- 7.3 The reintroduction of direct ICT provision to Members will require capital growth of £74,550 every four years. The capital growth to provide Members with ICT devices is funded in the 2022/23 ICT capital budget.
- 7.4 The Council's published proposed budget for 2022/23 does not currently include provision for the £54,500k revenue growth and therefore the Council

will fund this growth using one off Council reserve funding in 2022/23. The Council will then need to ensure a growth bid is submitted in 2022/23 when the budget setting delivery begins for year 2023/24. This will ensure a permanent budget provision is included within the Council's financial plans, however any new growth bids will result in an increase in savings requirement.

Approved by: Nish Popat, Interim Head of Corporate Finance.

## **8. LEGAL CONSIDERATIONS**

- 8.1 The Head of Head of Litigation & Corporate Law comments on behalf of the Interim Director of Law and Deputy Monitoring Officer that the proposed Members' Allowance Scheme complies with the relevant provisions of the Local Authorities (Elected Mayor and Mayor's Assistant) (England) Regulations 2002, Local Authorities (Members' Allowances) (England) Regulations 2003, the Local Government and Housing Act 1989 and the Local Government Act 2000. In addition, there are separate provisions, namely sections 3 and 5 of the Local Government Act 1972 for the payment of allowances to the current civic Mayor and the deputy civic Mayor which Croydon has traditionally referenced as part of its Members' allowance scheme.
- 8.2 The 2002 Regulations specifically allows for an elected mayor to be treated as a councillor of the local authority for the purposes of schemes relating to basic attendance and special responsibility allowances for local authority members as set-out within the Local Government and Housing Act 1989.
- 8.3 Regulation 19 of the 2003 Regulations provides that the Council must have regard to the recommendations of the IRP before making or amending a Scheme of Allowances for its members. Regulations 16 and 22 set out the detailed publicity requirements both in relation to any making or amendment of a Scheme and the IRP report.
- 8.4 Regulation 5(1) of the 2003 Regulations provide that the Scheme can make provision for an SRA to be paid to members who have such "special responsibilities in relation to the authority as are specified in the Scheme" and are within one or more of nine categories of responsibility identified in sub-paragraphs (a) - (i). This includes responsibilities such as acting as a Leader or Deputy Leader, Elected Mayor or Deputy Elected Mayor, acting as a member of an Executive, presiding at meetings of a committee or sub-committee and acting as a spokesman of a political group on a committee or sub-committee.
- 8.5 Having regard to recommendations of the IRP the Council is reverting to the direct provision of ICT equipment, which will also assist councillors in complying with their responsibility as set-out within the Data Protection Act 2018 (DPA18) and the UK General Data Protection Regulations (GDPR) in terms of being a person or persons who determines the purposes and

means of processing personal data and therefore being both a data controller and data processor as appropriate.

Approved by Sandra Herbert, Head of Litigation & Corporate Law on behalf of the Interim Director of Law & Deputy Monitoring Officer.

## **9. HUMAN RESOURCES IMPACT**

9.1 There are no implications for Council staff arising from the report.

Approved by: Dean Shoesmith, Chief People Officer

## **10. DATA PROTECTION IMPLICATIONS**

10.1 The application of the scheme of Members' allowances will involve the processing of personal data with regard to the payment of basic and special responsibility allowances and the application, processing and payments of travel, subsistence and dependants' carers' allowances.

10.2 All such processing of personal data will be undertaken in accordance with the requirements of the General Data Protection Regulations and the scheme itself.

10.3 All payments made under the scheme are published monthly and annually.

Approved by: Stephen Rowan, Head of Democratic Services and Scrutiny

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**CONTACT OFFICER:** Stephen Rowan, Head of Democratic Services and Scrutiny

## **APPENDICES TO THIS REPORT**

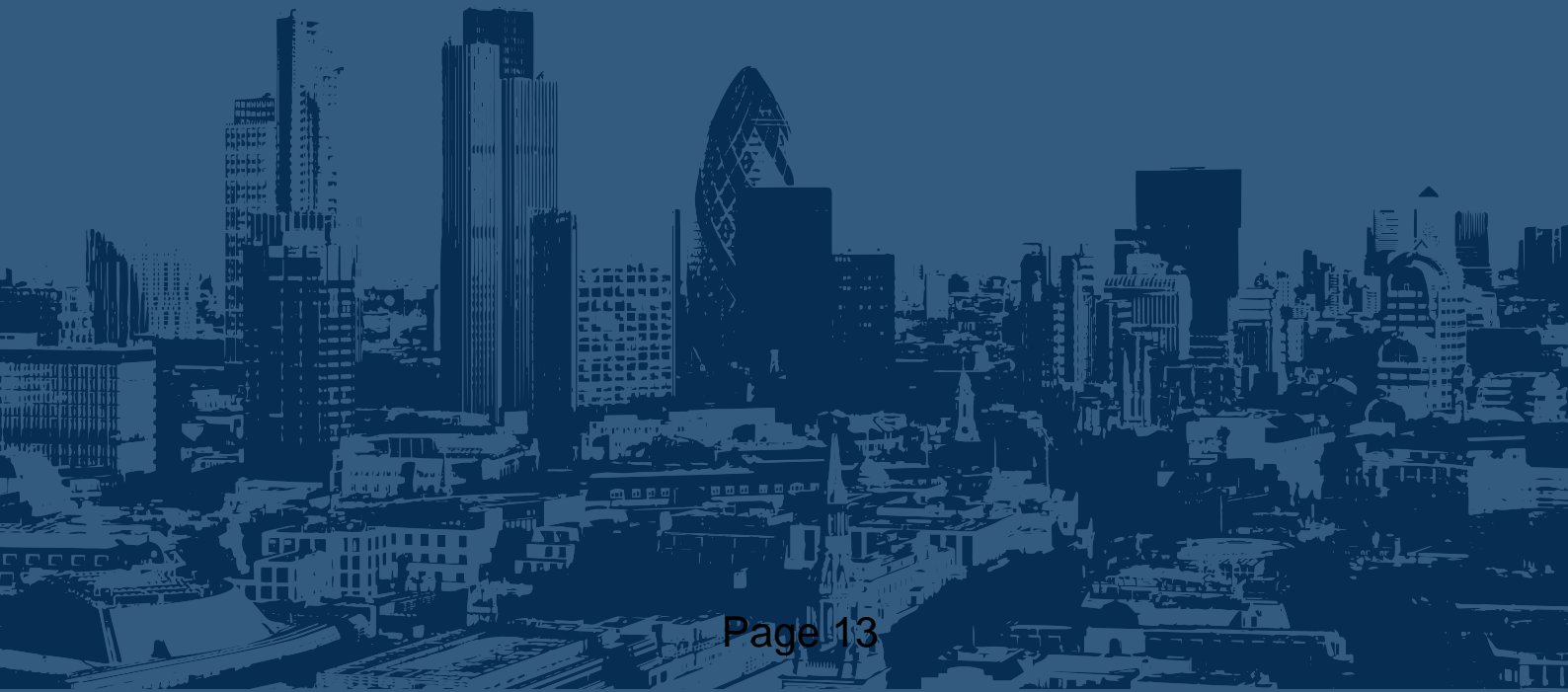
Appendix 1 The Remuneration of Councillors in London 2022 -  
Report of the Independent Panel

Appendix 2 Administration Group Proposed Changes to the Scheme

**BACKGROUND DOCUMENTS:** There are no previously unpublished documents upon which this report is based.

# The Remuneration of Councillors in London 2022

Report of the Independent Panel



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## Summary

At the time of writing this report the country is still responding to the shock of the tragic death of Sir David Amess MP. It is a sad reminder of the vital role that all elected representatives play in the life of our country and how your roles are at the heart of our democratic and civic society. It is also a reminder of the risks that are linked to your roles. It is vital that we have a system of support in place that recognises the full scale of the responsibilities of councillors and one that supports residents in both wanting to come forward to undertake these roles and then when they are elected enables them to be effective. Our work as an independent remuneration panel can play a part in that endeavour.

The report below details our position as the output for the 2021 review. In short, we are very conscious about the huge changes that have taken place as a society during the last few years. Our residents, businesses and communities have been dealing with, and continue to deal with, major challenges. The feedback we have received supports our view that this has had a major impact on the demands placed on all councillors and of those councillors charged with special responsibilities. There is now greater than ever demands for time spent on wider partnership working, the situations faced by many residents are ever more challenging and complex, the ease of access afforded by technology has increased expectations for almost constant access and rapid responses. The burden of responsibility for effective government at a local level is extremely significant.

At the same time, many aspects of the current situation are still relatively recent. It remains rather unclear how these recent patterns of demands and increased expectations will play out and settle over time. With this level of uncertainty, we do not believe that at the current time we have the evidence available to recommend any significant changes in the remuneration of councillors.

However, given the wider background, we have concluded that, instead of waiting four years to undertake the next review, it would be preferable to undertake a review commencing in the summer of 2022 with the aim of concluding it in the latter half of 2023. As well as enabling us to re-assess the situation, this timescale would enable us to undertake more detailed consultations and seek wider views as part of the evidence gathering that will be needed.

As well as the substantive recommendations in the report, we therefore recommend that we undertake a further review of the remuneration of councillors during 2022-23.

## Background

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 and 2018. It 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. We present our findings and recommendations in this report.

As a preparation for our work, we invited all London boroughs to give their views on the operation of the existing scheme. We are grateful for the feedback, which confirms that the existing London scheme of members' allowances is still fit for purpose. We make recommendations accordingly. However, where issues have arisen from the comments we received, we have addressed them in this report.

## The role of elected members

In our previous reports we reflected on the importance of the role of elected members. We repeat at Appendix B the 'job profile' for councillors which we originally included in our 2010 report.

Our last report reflected on research that identified that councillors oversee million-pound budgets, balancing complex financial pressures at a time of severe cutbacks in local authority spending, making decisions which will affect their areas for decades to come. These challenges continue and have been exacerbated by the impact of the Covid-19

## **Pandemic and the continuing recovery effort from it.**

In London, each borough is responsible for services crucial to its residents. Each has a revenue budget of up to £1.4bn as well as a substantial capital programme. The scale of their turnover and other financial activities are in many instances comparable with those of large publicly quoted companies.

Councillors are faced with difficult choices. Demand for local authority services continues to grow. In particular there is rapid growth in the number of old people with a corresponding increase in demand for social care. London itself faces acute housing problems coupled with higher levels of homelessness than other parts of the country. Councillors have an increased responsibility for local and place-based health outcomes. Thus, the strain on and competition for resources increase the demands made on elected members.

The feedback we received is that the workload and responsibilities of councillors continues to increase and that their role has become more complex, and not only in the areas of social care and housing. There has been a growth in other public sector activities including community safety with increasing engagement with the Police, increasing expectations for closer working with health services, and in some boroughs more involvement with joint venture partnerships and local authority trading companies. Since the start of the Pandemic, there has been an important and significant role for councillors in local welfare support and greater liaison with the voluntary sector. This all requires the commitment and time of leaders, cabinet members and front-line councillors. The Pandemic has also heightened the significant role of councillors as a point contact for information, advice and reassurance for communities.

While valuable to democracy, the growth in digital connectivity and the availability and use of social media and other forms of messaging applications adds to the pressure on councillors by increasing demands from their constituents in several different ways. Communication with councillors is not only easier but immediate. The public expects a speedy response, so that it is now more difficult for councillors to deal with concerns as quickly as voters expect. Not only does social media make it easier for their constituents to access councillors, but they also enable an isolated concern to become an organised campaign. The expectations of the public continue to rise.

## **Recruitment of councillors**

We received feedback that it continues to be challenging to recruit candidates generally but also from a diverse background and of a high enough calibre who are prepared to stand for office as councillors. Though financial deterrents were cited amongst a number of reasons for this, a major disincentive is the time commitment required of a councillor. Time pressures (as well as finance) can make it difficult to combine the role with a job and caring responsibilities. As was pointed out in the responses we received, the problem is exacerbated in London, where councillors are on the whole younger than in other parts of the country and often in employment. They also face substantially higher costs of living which are continuing to rise.

Though the time commitment may be the main disincentive to service as a councillor, it is important that, as far as reasonably possible, financial loss does not prevent people from becoming councillors. Allowances are not shown by polls to be something which influences councillors to take on the role, though they are instrumental in making it possible for some people to do so. Allowances should be set at a level that enables people to undertake the role of councillor, while not acting as an incentive to do so. If it is important that there are no financial incentives to being a councillor, it is equally important that there should not be a financial disincentive. It is clearly desirable that service as a councillor is not confined to those who have retired or with independent means.

In 2014 the Government removed the possibility of councillors joining the local government pension scheme. Almost half of the responses we received cited the lack of pension provision as a factor that influences people whether to run for council office. Access to the pension scheme can be an important factor in making service as a councillor financially possible for a wider range of people. It is particularly significant for those who, like elected mayors, leaders and portfolio holders, give most or all of their time to service in local government and lose the opportunity for advancement in their particular profession and to contribute to a pension scheme elsewhere. In view of the importance this could have for recruiting a diverse range of councillors in future and to wider issues for local democracy, the Panel intends to look at lobbying opportunities on this issue as part of its further review in 2022-23.



## The current financial climate

Because of the financial climate over the last decade, the local government pay settlement over much of this period has been either frozen or severely limited. Since our last report there have been modest increases from 2% in 2018-19 to 2.75% last year.

Acutely sensitive to the ongoing financial austerity, our recent reports have made no recommendations for increasing the levels of members' allowances other than continuing provision for annual adjustments in accordance with the annual local government pay settlement.

Our recommendations have led to some convergence of members' allowances across London. There is now considerable congruity in the basic allowance made by London boroughs.

However, most London boroughs have not adopted our recommendations in their entirety and there remain substantial differences in the amount of special responsibility allowances.

In reaching our views this year, we have been acutely conscious of the continuing financial challenges to council budgets including the impact from the Covid-19 Pandemic. This adds to the view that now is not the time to contemplate a general increase in councillors' allowances.

## Level of Basic Allowance

In our last report we recommended that there should be a Basic Allowance paid to every councillor of £11,045. Updated for the local government staff pay awards since then (and including an indicative 1.75% award for 2021-22 which is still the subject of negotiation), the figure is now £12,014. Given all the circumstances including growth in the volume and complexity of the work of councillors and the limited increase in the Basic Allowance since our last report, we believe that there is a strong case for looking again at the level of the allowance. The basic allowance is now less than the allowances paid by many similar authorities outside London. In our last report we highlighted that in Wales, for example, the government-appointed commission set the basic allowance at £13,400 for members of local authorities with populations which are generally substantially lower than those of London boroughs. In its most recent report, published in February 2021, this had increased to £14,368.

However, the wider context is one of considerable uncertainty including whether trends in demands will be sustained. If they are so, as seems likely, the consequences of the changing patterns of work remains unclear added to which is the current financial climate. All this suggests to us that now is not the right moment to recommend major changes to the current allowances (beyond the annual updating). Linking the allowances to an annual increase to staff pay awards will ensure that councillors can receive annual increases which are in line with those received by staff. We therefore recommend that the Basic Allowance be set at £12,014 pending the outcome of the 2021-22 award. We believe that it remains sensible to frame recommendations which are common across London.

## Special Responsibility Allowances

Given the extent of the responsibilities of leaders of London boroughs, the Panel's first report in 2001 recommended that their remuneration should equate to that of a Member of Parliament. [Our recommendations for other special responsibility allowances are related to that recommended for leaders.]

Since then, the increase in the remuneration of Members of Parliament has substantially exceeded the annual local government pay increase to which we tied the special responsibility allowance for the leader of a London borough. At the time of our last report an MP received a salary of £76,011 while our recommendation for a borough leader (increases having been restricted to the local government staff pay increases) was for a total remuneration of £68,130, a difference of £7,881. Updated for the local government pay awards (and indicative 2021-22 award), our recommendation for the current total remuneration of a London borough leader would be £74,106. Meanwhile the salary of MPs has increased to £81,932, a difference of £7,826. Moreover, MPs continue to be entitled to a pension as well as to other benefits (such as termination payments) which are not available to leaders.

In our current consultation we enquired whether the remuneration of an MP remains a sound comparator to fix the remuneration of a borough leader. In general, the responses suggested that the comparator was appropriate with some feedback noting that the Leaders of London boroughs warranted a higher remuneration than an MP, because they had greater financial responsibility and legal burdens, and especially given the differential pension arrangements. Indeed, a couple of respondent authorities suggested that the direct responsibilities of a Leader should command the salary of a junior minister.

We sympathise with the responses. Certainly, the way in which MPs' remuneration has progressed compared to that of leaders could be argued to warrant a review of the Leaders' allowances.

We are also aware of the very significant expectations on leaders and leading members to participate in wider cross borough, pan-London and partnership working, the demands of which (both in terms of time commitments but importantly in terms of responsibility and significance) appear to have increased dramatically over the last 18 months. Our report makes no recommendations in respect of remuneration for these roles at this stage but we propose to return to this issue as part of the further review that is proposed.

However, for the same reasons which prompt us to maintain the current Basic Allowance, (namely a significant uncertainty over the long term implications of the changes we have been witnessing in the last 18 months, combined with the financial challenges faced at this time) we recommend that the special responsibility allowance for a Leader should be in accordance with our former recommendation, plus the subsequent local government staff pay awards (including an indicative uplift of 1.75% for 2021-22 which is still the subject of negotiation), ie £62,092. We recommend the maintenance of its relation to other special responsibility allowances, as set out in the Appendix to this report.

However, we believe that it is important to undertake a more detailed review, along with the Basic Allowances, of the special responsibility allowances having allowed further time for the new patterns of demands and expectations to become even clearer. We envisage beginning this review in the summer of 2022 and concluding the review during the latter half of 2023.

## Training and support

The responsibilities of councillors are substantial, extensive and complex. We have mentioned the increased role that councillors have delivered particularly during the Pandemic. The Pandemic has also resulted in an acceleration of more flexible ways of working including greater use of digital technology. While this has provided a range of benefits including less travelling for work it has required councillors to have the necessary digital skills. Additionally, the move to audio-visual conferencing has resulted in a growth in meetings for many contributing to an overall increase in 'screen time'. Training and development is beyond the direct remit of our Panel but is an important part of ensuring that residents can step forward and become successful and effective elected local representatives. Addressing the financial aspects but not the support aspects would be counter-productive. For this reason, we believe that every borough should have an ongoing programme of member training and development and that members should be provided with the logistical and clerical support and the appropriate IT equipment to help them deal with their workload.

## Barriers to being a councillor

It is important that obstacles to becoming a councillor should be removed wherever possible. Care costs can be a significant deterrent to service as a councillor. Our strong view is that in appropriate cases when they undertake their council duties, councillors should be entitled to claim an allowance for care of dependents. The dependents' carers' allowance should be set at the London living wage but (on presentation of proof of expense) payment should be made at a higher rate when specialist nursing skills are required.

One respondent authority stressed that member allowances schemes present an opportunity to better support councillors by providing not just remuneration but wider support packages. Our view is that members' allowances schemes should allow the continuance of Special Responsibility Allowances in the case of sickness, maternity and paternity leave in the same terms that the council's employees enjoy such benefits (that is to say, they follow the same policies).

## Travel and Subsistence allowances

The Basic Allowance should cover basic out-of-pocket expenses incurred by councillors, including intra-borough travel costs and expenses. The members' allowances scheme should, however, provide for special circumstances, such as travel after late meetings or travel by councillors with disabilities. The scheme should enable councillors to claim travel expenses when their duties take them out of their home borough, including a bicycle allowance.

## Allowances for Mayor or Civic Head

Many councils include the allowances for the mayor (or civic head) and deputy in their members' allowance scheme. However, these allowances do serve a rather different purpose from the 'ordinary' members' allowances, since they are intended to enable the civic heads to perform a ceremonial role. There are separate statutory provisions (ss 3 and 5 of the Local Government Act 1972) for such allowances and councils may find it convenient to use those provisions rather than to include the allowances in the members' allowance scheme.

## Update for inflation

We continue to recommend that all allowances should be updated annually in accordance with the headline figure in the annual local government pay settlement.

We have been asked whether it is necessary for the annual updating to be formally authorised by the council each year. The Regulations do seem to make this obligatory.

**Mike Cooke**

**Sir Rodney Brooke CBE DL**

**Anne Watts CBE**

London, 6 January 2022

## Appendix A

### Basic allowance £12,014

Special responsibilities – beyond the basic allowance

#### The case for special allowances

The reasons for payment of additional special responsibility allowances should be clearly set out in local allowances schemes. Special allowances should come into play only in positions where there are significant differences in the time requirements and levels of responsibility from those generally expected of a councillor.

#### Calculation of special allowances

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 and are explained below. We believe that the SRA, which the previous panel recommended for the leader of a London council (updated), continues to be appropriate.

#### Categories of special allowances

The regulations specify the following categories of responsibility for which special responsibility allowances may be paid:

- Members of the executive where the authority is operating executive arrangements
- Acting as leader or deputy leader of a political group within the authority
- Presiding at meetings of a committee or sub-committee of the authority, or a joint committee of the authority and one or more other authorities, or a sub-committee of such a joint committee
- Representing the authority at meetings of, or arranged by, any other body
- Membership of a committee or sub-committee of the authority which meets with exceptional frequency or for exceptionally long periods
- Acting as spokesperson of a political group on a committee or sub-committee of the authority
- Membership of an adoption panel
- Membership of a licensing or regulatory committee
- Such other activities in relation to the discharge of the authority's functions as require of the member an amount of time and effort equal to or greater than would be required of him by any one of the activities mentioned above, whether or not that activity is specified in the scheme.

#### Local discretion

It is for the councils locally to decide how to allocate their councillors between the different bands, having regard to our recommendations and how to set the specific remuneration within the band. They must have regard to our recommendations. We believe these should have the merits of being easy to apply, easy to adapt, easy to explain and understand, and easy to administer.

### BAND ONE

The posts we envisage falling within band one, include:

- Vice chair of a service, regulatory or scrutiny committee
- Chair of sub-committee
- Leader of second or smaller opposition group

- Service spokesperson for first opposition group
- Group secretary (or equivalent) of majority group
- First opposition group whip (in respect of council business)
- Vice chair of council business
- Chairs, vice chairs, area committees and forums or community leaders
- Cabinet assistant
- Leadership of a strategic major topic
- Acting as a member of a committee or sub-committee which meets with exceptional frequency or for exceptionally long periods
- Acting as a member of an adoption panel where membership requires attendance with exceptional frequency or for exceptionally long periods
- Leadership of a specific major project.

### Remuneration

We propose that band one special responsibility allowances should be on a sliding scale of between 20 – 30 per cent of the remuneration package for a council leader.

This would be made up as follows:

**Basic allowance: £12,014**

**Band One allowance: £2,807 to £10,218**

**Total: £14,821 to £22,232**

### BAND TWO

The types of office we contemplate being within band two are:

- Lead member in scrutiny arrangements, such as chair of a scrutiny panel
- Representative on key outside body
- Chair of major regulatory committee e.g planning
- Chair of council business (civic mayor)
- Leader of principal opposition group
- Majority party chief whip (in respect of council business).

### Remuneration

We propose that band two allowances should be on a sliding scale between 40 – 60 per cent, pro rata of the remuneration package for a council leader.

**This is made up as follows:**

**Basic allowance £12,014**

**Band two allowances: £17,628 to £32,450**

**Total: £29,642 to £44,464**

## **BAND THREE**

We see this band as appropriate to the following posts:

- Cabinet member
- Chair of the Health and Wellbeing Board
- Chair of the main overview or scrutiny committee
- Deputy leader of the council

### **Remuneration:**

We propose that band three allowances should be between 70 – 80 per cent pro rata of the remuneration package for a council leader.

This is made up as follows:

**Basic allowance: £12,014**

**Band three allowance: £39,860 to £47,271**

**Total: £51,874, to £59,285**

## **BAND FOUR**

Leader of cabinet

This is a full-time job, involving a high level of responsibility and includes the exercise of executive responsibilities. It is right that it should be remunerated on a basis which compares with similar positions in the public sector, while still retaining a reflection of the voluntary character of public service.

### **Remuneration:**

We propose that the remuneration package for a council leader under band four of our scheme should be £74,106.

This is made up as follows:

**Basic allowance: £12,014**

**Band four allowance: £62,092.**

**Total: £74,106**

## **BAND FIVE**

Directly elected mayor

A directly elected mayor has a full-time job with a high level of responsibility and exercises executive responsibilities over a fixed electoral cycle. It is right that it should be remunerated on a basis which compares with similar positions in the public sector, while still retaining a reflection of the voluntary character of public service. However, we believe this post remains different to that of the strong leader with cabinet model. The directly elected mayor is directly elected by the electorate as a whole. The strong leader holds office at the pleasure of the council and can be removed by the council. We believe that the distinction is paramount and this should be reflected in the salary level.

### **Remuneration:**

**We propose that a directly elected mayor should receive a remuneration package of 25 per cent higher than that recommended for a council leader and that it should be a salary set at £92,633.**

## Appendix B

### On behalf of the community – a job profile for councillors

#### Purposes:

1. To participate constructively in the good governance of the area.
2. To contribute actively to the formation and scrutiny of the authority's policies, budget, strategies and service delivery.
3. To represent effectively the interests of the ward for which the councillor was elected, and deal with constituents' enquiries and representations.
4. To champion the causes which best relate to the interests and sustainability of the community and campaign for the improvement of the quality of life of the community in terms of equity, economy and environment.
5. To represent the council on an outside body, such as a charitable trust or neighbourhood association.

#### Key Tasks:

1. To fulfil the statutory and local determined requirements of an elected member of a local authority and the authority itself, including compliance with all relevant codes of conduct, and participation in those decisions and activities reserved to the full council (for example, setting budgets, overall priorities, strategy).
2. To participate effectively as a member of any committee or panel to which the councillor is appointed, including related responsibilities for the services falling within the committee's (or panel's) terms of reference, human resource issues, staff appointments, fees and charges, and liaison with other public bodies to promote better understanding and partnership working.
3. To participate in the activities of an outside body to which the councillor is appointed, providing two-way communication between the organisations. Also, for the same purpose, to develop and maintain a working knowledge of the authority's policies and practices in relation to that body and of the community's needs and aspirations in respect of that body's role and functions.
4. To participate in the scrutiny or performance review of the services of the authority, including where the authority so decides, the scrutiny of policies and budget, and their effectiveness in achieving the strategic objectives of the authority.
5. To participate, as appointed, in the area and in service-based consultative processes with the community and with other organisations.
6. To represent the authority to the community, and the community to the authority, through the various forums available.
7. To develop and maintain a working knowledge of the authority's services, management arrangements, powers/duties, and constraints, and to develop good working relationships with relevant officers of the authority.
8. To develop and maintain a working knowledge of the organisations, services, activities and other factors which impact upon the community's well-being and identity.
9. To represent effectively the interests of the ward for which the councillor was elected, and deal with constituents' enquiries and representations including, where required, acting as a liaison between the constituent and the local authority and where appropriate other public service providers.
10. To contribute constructively to open government and democratic renewal through active encouragement of the community to participate generally in the government of the area.
11. To participate in the activities of any political group of which the councillor is a member.
12. To undertake necessary training and development programmes as agreed by the authority.
13. To be accountable for his/her actions and to report regularly on them in accessible and transparent ways.

## Appendix C

### The independent panel members

#### **Mike Cooke**

Mike Cooke was the Chief Executive of the London Borough of Camden for seven years, where he had also been Director of Housing and Adult Social Care and HR Director. He has extensive experience of partnership working across London including as the CELC lead on children and chairing the London Safeguarding Children Board. Mike also has worked for seven years in financial services where he developed an expertise in remuneration.

Until November 2020 Mike had been a Non-Executive Director of the Central and North West London NHS Foundation Trust where he was chair of the HR Committee. Mike's current role is the independent Chair of the North Central London Integrated Health and Care System.

#### **Sir Rodney Brooke CBE, DL**

Sir Rodney Brooke has a long career in local government, including as chief executive of West Yorkshire County Council, Westminster City Council and the Association of Metropolitan Authorities.

He was knighted in 2007 for his contribution to public service.

#### **Dr Anne Watts CBE**

Anne Watts has an extensive career in governance, diversity and inclusion spanning commercial, public and voluntary sectors. She has held executive roles for HSBC and Business in the Community and was chair of the Appointments Commission. She has carried out reviews of Government departments and the Army. In addition she has been a member of Government Pay review bodies and Deputy Chair, University of Surrey where she chaired Remuneration Committee and the new Vet School.

She is a non-exec of Newable (previously Greater London Enterprise) where she chairs ESG Committee and is a non-exec of Newflex subsidiary. In addition she continues to sit on the Race and Gender Equality Leadership teams for Business in the Community.





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Current Scheme				Growth		Savings		Total
Allowance	Current Rate	No. of Members	Total	Option	Total growth	Option	Total Saving	Total
Basic Allowance	£11,692.00	70	£818,440.00					£818,440.00
Civic Mayor's Allowance	£15,900.00	1	£15,900.00					£15,900.00
Deputy Civic Mayor's Allowance	£7,950.40	1	£7,950.40					£7,950.40
Leader of the Council	£35,972.00	1	£35,972.00			Leader of Majority Group	(£35,972)	£0.00
Deputy Leader Statutory	£30,352.80	1	£30,352.80					£30,352.80
Cabinet Members	£27,503.20	7	£192,522.40					£192,522.40
Deputy Cabinet Members	£8,268.00	4	£33,072.00					£33,072.00
Chair - Scrutiny and Overview Committee	£20,942.00	1	£20,942.00					£20,942.00
Deputy Chair - Scrutiny and Overview Committee	£8,585.60	1	£8,585.60					£8,585.60
Majority Group Secretary	£8,268.00	1	£8,268.00					£8,268.00
Majority Chief Whip	£12,121.80	1	£12,121.80					£12,121.80
Chair - General Purposes & Audit Committee	£8,000.00	1	£8,000.00					£8,000.00
Chair - Licensing Committee	£8,246.40	1	£8,246.40					£8,246.40
Chair - Planning Committee	£13,224.80	1	£13,224.80					£13,224.80
Member of Adoption Panel	£3,683.20	1	£3,683.20			Remove	(£3,683.20)	£0.00
Chair - Pension Committee	£7,368.00	1	£7,368.00					£7,368.00
Leader of the Opposition	£17,956.00	1	£17,956.00					£17,956.00
Deputy Leader(s)	£7,520.00	1	£7,520.00					£7,520.00
Shadow Cabinet Members	£5,615.20	7	£39,306.40					£39,306.40
Opposition Chief Whip	£5,615.20	1	£5,615.20					£5,615.20
Opposition Group Secretary	£5,505.60	1	£5,505.60					£5,505.60
Vice Chair - Scrutiny and Overview Committee	£8,585.60	1	£8,585.60					£8,585.60
Chair of CMAc	£5,000.00	4	£20,000.00			Remove	(£20,000)	£0.00
				Elected Mayor SRA	£81,894.36			
Total Growth Options					£81,894.36			
Total Savings							(£59,655.20)	
Net growth								£22,239.16
Total Basic Allowance			£818,440.00					£818,440.00
Total SRAs		40	£510,698.20					£532,937.36
Total cost of basic and special responsibility allowances			£1,329,138.20					£1,351,377.36

## Notes:

\*Cost of National Insurance and other allowances excluded from calculations

\*New Mayoral SRA based on four London Mayoral Authorities' average

\* In the event that the Mayor is not a member of the majority group on the council, the SRA for leader of the opposition will be awarded to the leader of the majority group

\* Members' ICT allowance to be deleted

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