



**ANNUAL COUNCIL
AGENDA**

for the meeting
on
25 May 2022 at
6.30 pm

A meeting of the **COUNCIL** which you are hereby summoned to attend, will be held on **Wednesday, 25 May 2022 at 6.30 pm** in **Council Chamber, Town Hall, Katharine Street, Croydon CR0 1NX**

ANDREW HUNKIN
Monitoring Officer
London Borough of Croydon
Bernard Weatherill House
8 Mint Walk, Croydon CR0 1EA

Democratic Services
Democratic.Services@croydon.gov.uk
www.croydon.gov.uk/meetings
17 May 2022

Members of the public are welcome to attend this meeting, or you can view the webcast both live and after the meeting has completed at <http://webcasting.croydon.gov.uk>

If you would like to record the meeting, we ask that you read the guidance on the recording of public meetings [here](#) before attending.

The agenda papers for all Council meetings are available on the Council website www.croydon.gov.uk/meetings

If you require any assistance, please contact officer as detailed above.

AGENDA – PART A

1. Apologies for Absence

To receive any apologies for absence from any Members.

2. Disclosure of Interests

Members and co-opted Members of the Council are reminded that, in accordance with the Council's Code of Conduct and the statutory provisions of the Localism Act, they are required to consider **in advance of each meeting** whether they have a disclosable pecuniary interest (DPI), another registrable interest (ORI) or a non-registrable interest (NRI) in relation to any matter on the agenda. If advice is needed, Members should contact the Monitoring Officer **in good time before the meeting**.

If any Member or co-opted Member of the Council identifies a DPI or ORI which they have not already registered on the Council's register of interests or which requires updating, they should complete the disclosure form which can be obtained from Democratic Services at any time, copies of which will be available at the meeting for return to the Monitoring Officer.

Members and co-opted Members are required to disclose any DPIs and ORIs at the meeting.

- Where the matter relates to a DPI they may not participate in any discussion or vote on the matter and must not stay in the meeting unless granted a dispensation.
- Where the matter relates to an ORI they may not vote on the matter unless granted a dispensation.
- Where a Member or co-opted Member has an NRI which directly relates to their financial interest or wellbeing, or that of a relative or close associate, they must disclose the interest at the meeting, may not take part in any discussion or vote on the matter and must not stay in the meeting unless granted a dispensation. Where a matter affects the NRI of a Member or co-opted Member, section 9 of Appendix B of the Code of Conduct sets out the test which must be applied by the Member to decide whether disclosure is required.

The Chair will invite Members to make their disclosure orally at the commencement of Agenda item 3, to be recorded in the minutes.

3. Urgent Business (if any)

To receive notice of any business not on the agenda which in the opinion of the Chair, by reason of special circumstances, be considered as a matter of urgency.

4. Election of Civic Mayor (Chair of Council) 2022/2023

Council is asked to elect a Civic Mayor for the 2022/2023 Municipal Year.

5. Election of Deputy-Civic Mayor (Vice-Chair of Council) 2022/23

Council is asked to elect a Deputy-Civic Mayor for the 2022/2023 Municipal Year.

6. Returning Officer Announcements

7. Statement from the Executive Mayor - Outlining Priorities for the Year Ahead

The Executive Mayor will outline his priorities for the year ahead.

The Leader of the Opposition Group will be invited to respond.

8. Political Balance of Council and Composition of Committees

(Pages 7 - 12)

Council is asked to review the representation of political groups on the Council.

9. Appointments (Pages 13 - 18)

Council is asked to note and agree the appointments, as detailed in Appendices 1 and 2 to the attached report. Appendices 1 and 2 are to follow and will be published in advance of the meeting.

10. Executive Mayor's Scheme of Delegations

The Executive Mayor will set out the scheme of delegations, details of which will be published in advance of the meeting **(to follow)**.

11. Members' Scheme of Allowances (Pages 19 - 38)

Council is invited to agree amendments to the Members' Scheme of Allowances.

12. Annual Report of the General Purposes and Audit Committee (GPAC) (Pages 39 - 50)

In accordance with Council Procedure Rule 2.3 (Annual Council), Council to receive the annual report of the former General Purposes and Audit Committee (GPAC) 2021/2022.

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Agenda Item 8

REPORT TO:	ANNUAL COUNCIL
DATE:	25 MAY 2022
SUBJECT:	POLITICAL BALANCE OF THE COUNCIL AND COMPOSITION OF COMMITTEES
LEAD OFFICER:	JANE WEST CORPORATE DIRECTOR OF RESOURCES AND S.151 OFFICER
WARDS:	ALL
CORPORATE PRIORITY/POLICY CONTEXT: This report fulfils the Council's duty to review and determine the representation of different political groups on certain committees at its annual meeting or as soon as practicable thereafter.	
FINANCIAL SUMMARY: There are no financial issues arising from the recommendations in this report.	
1. RECOMMENDATIONS Council is recommended to: 1.1 Note that there are 34 Labour Group Members; 33 Conservative Group Members (including the Executive Mayor); 2 Green Group Members and 1 Liberal Democrat Member. 1.2 Note that there is one vacancy on the Council and a by-election will be held next month; and 1.3 Agree the size of committees and the allocation of seats on committees in accordance with the principles set out in this report. 1.4 Subject to 1.3, authorise the Monitoring Officer to amend the Constitution to reflect the increase in the size of the Appeals and Civic Mayoralty and Honorary Freedom Selection Committees.	

2. INTRODUCTION

- 2.1 This report fulfils the Council's duty to review and determine the representation of different political groups on certain committees at its annual meeting or as soon as practicable thereafter. The subsequent duty to make appointments to those committees, giving effect to the wishes of the political groups allocated the seats, is dealt with in a separate report and also to be considered by Council at its annual meeting.

2.2 In addition, related changes to the Constitution are proposed in this report. Namely, changes to the size of committees.

3. POLITICAL BALANCE / PROPORTIONALITY

3.1 The rules on political balance and committees are set out in sections 15 to 17 of the Local Government and Housing Act 1989 (the 1989 Act) and supplemented by the Local Government (Committees and Political Groups) Regulations 1990.

3.2 The Council is required to review the representation of different political groups on certain committees at, or as soon as practicable, after its annual meeting.

3.3 As soon as practicable after the review, the Council then has a duty to determine the allocation to the different political groups all the seats on the relevant committees. The allocation is determined by applying the political balance rules prescribed by section 15(5) of the 1989 Act. These rules are set out in the next paragraph and are designed to ensure that the political composition of the Council's committees, as far as possible, replicates the political composition of the Council.

3.4 The rules are that seats on relevant committees must be allocated to different political groups (i.e. a group of two or more members), so far as reasonably practicable, in accordance with the following four principles:

(a) That not all the seats on the body are allocated to the same political group. In other words, committees/sub-committees comprising solely of members of the same political group are not allowed.

(b) That the majority of the seats on the body is allocated to a particular political group if the number of persons belonging to that group is a majority of the Council's membership. As no political group has an overall majority, this rule is not applicable.

(c) Subject to paragraphs (a) and (b) above, that each political group is allocated the same proportion of the total seats across all the ordinary committees of the Council as the proportion of the members of the Council that belong to that group. In other words, the total number of seats on certain committees (see **Table** below) have to be taken together and then allocated proportionately to each political group so far as is possible.

(d) Subject to paragraphs (a) to (c) above, that each political group is allocated the same proportion of the seats on each relevant body as the proportion of the members of the Council that belong to that group.

3.5 Following the elections on 5 May 2022, the two main political groups in the Council remain as the Labour Group and the Conservative Group. The Council also has two Green Party members and one Liberal Democrat member. There remains one vacancy on the Council as the Executive Mayor was also elected as a councillor. A by-election for this vacancy will be held next month.

3.6 Thereafter, it is likely that another political balance review will need to be undertaken, which may result in a different allocation of seats at the meeting of the full Council in July 2022.

3.7 The political balance calculations for the purposes of the Annual Council Meeting are therefore based on 70 Members (69 Councillors plus the Executive Mayor).

3.8 The Constitution, as recently changed with the approval of Full Council in March 2022, states that the Executive Mayor: “if a member of a political group will be taken into account when calculating seat allocations on Committees and Sub-Committees of which they are a member ...”.

3.9 Accordingly, political balance calculations will be based on the following split:

Labour: 34/70 = 48.6%
 Conservative: 33/70 = 47.1%
 Green: 2/70 = 2.9%
 Liberal Democrat: 1/70 = 1.4%

3.10 Principle (c) refers to “ordinary committees” which, under the 1989 Act, means those committees appointed under Section 102(1)(a) of the Local Government Act 1972. These committees are listed in the **Table** below as well as proposed committee sizes and seat allocations. Provided that the prescribed number of seats are allocated based on statutory entitlement, ultimately, it is for Members to decide which political group is allocated seats on which particular committee.

Committee	Size	Lab 48.6%	Cons 47.1%	Green 2.9%	Lib Dem 1.4%
Appointments and Disciplinary	6	3	3		
Appeals *	6	3	3		
Audit and Governance**	6	3	2		1
Ethics	6	2	3	1	
General Purposes	8	4	4		
Licensing	12	6	5	1	
Civic Mayoralty and Honorary Freedom Selection	6	3	3		
Pension****	8	4	4		
Planning	10	5	5		
TOTAL	68	33 (33.01)	32 (32.01)	2 (1.97)	1 (0.95)

* Members who shall not be members of Appointments and Disciplinary Committee but **must** include at least one member of the Executive.

** Membership includes one independent, suitably qualified Chair who may not be a member or officer of the Council. The membership also comprises one independent, suitably qualified co-optee.

*** Membership includes one Staff Side non-voting co-opted member and two Pensioner Side co-opted Members (one voting co-opted member and one non-voting co-opted member).

3.11 The above **Table** sets out the allocation of the 68 seats to be allocated to the Members of the Council (including the Executive Mayor). It is subject to Members

agreeing that the size of the Appeals Committee and the Civic Mayoralty and Honorary Freedom Selection be increased by 1 seat each.

- 3.12 If such an increase is approved, Members are asked to authorise the Monitoring Officer to amend the Constitution accordingly.
- 3.13 The Licensing Committee is included because it is established as an ordinary committee of the Council and, at the same time, as the Council's mandatory committee under the Licensing Act 2003. In other words, it is a hybrid committee which discharges all the Council's licensing functions at Member level.
- 3.14 Applying the political balance rules, the 3 political groups of the Council are entitled to 67 of the ordinary 68 seats and the remaining seat has to be given to the Liberal Democratic Member under section 16(2A) of the 1989 Act as amended by the regulations already referred to.
- 3.15 Principles (a), (b) and (d) apply to a "body" to which the Council makes appointments. The 1989 Act provides that the bodies to which this principle applies include ordinary committees (see **Table** above), ordinary sub-committees, advisory committees and sub-committees and certain joint committees where at least 3 seats are filled by appointments made by the Council.
- 3.16 Principle (c) does not apply to the Scrutiny and Overview Committee but the other principles do which means that the Labour and Conservative groups are entitled to an allocation of 3 seats each. This reflects the membership of the Council so far as is possible based on the size of the committee.
- 3.17 The law does allow councils to depart from the political balance rules but only if notice of proposals to adopt alternative arrangements is given in the summons to attend the meeting and, at the meeting, no member votes against them. No such notice is included in the summons to this meeting and therefore that option is not available to Members.
- 3.18 As soon as possible after Full Council has changed the membership of committees following a review of the representation of different political groups on committees (as set out above), committees who have sub-committees are required in turn to review political balance, allocate seats and make appointments in accordance with the wishes of political groups in respect of their own sub-committees.
- 3.19 In the past, the allocation of seats and appointment of Members to the sub-committees of the Scrutiny and Overview Committee has been dealt with at the Annual Council Meeting itself. Technically, this must be done at a meeting of the Scrutiny and Overview Committee. This year, on the rise of Annual Council, a short single item meeting of the Scrutiny and Overview Committee will be arranged so that it can fulfil its statutory political balance duties.
- 3.20 The political balance rules do not apply to the Health and Well-being Board.
- 3.21 The Local Pension Board is constituted under the Public Service Pensions Act 2013 and the Local Government Pensions Scheme (Amendment) Regulations 2015. It is not a committee of the Council and the proportionality rules do not apply to the Board which has three employer representatives and three employee representatives and

an Independent non-voting Chair. One of the Employer representatives is a Councillor. The other employer representatives are employers who are Admitted Bodies.

6. LEGAL IMPLICATIONS

- 6.1 The law relevant to the decisions to be made by Members is explained and applied in the body of report.
- 6.2 By sections 101 and 102 of the Local Government Act 1972 the Council has the power to arrange for its functions to be discharged in a number of different ways. These include by appointing committees.

7. FINANCIAL AND RISK ASSESSMENT CONSIDERAITONS

- 7.1. There are no direct financial implications arising from this report.

CONTACT OFFICER:

Colin Sweeney
Senior Democratic Services and Governance
Officer – Cabinet and Executive
020 8726 6000 ext. 61641
colin.sweeney@croydon.gov.uk

APPENDICES:

None

BACKGROUND DOCUMENTS:

None

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REPORT TO:	ANNUAL COUNCIL
DATE:	25 MAY 2022
SUBJECT:	APPOINTMENTS
LEAD OFFICER:	JANE WEST CORPORATE DIRECTOR OF RESOURCES AND S.151 OFFICER
WARDS:	ALL
CORPORATE PRIORITY/POLICY CONTEXT: The annual appointments are a statutory and constitutional requirement set out in Part 4A of the Council’s Constitution.	
FINANCIAL SUMMARY: There are no new financial issues arising from the recommendations in this report.	

- 1. RECOMMENDATIONS**
- Council is recommended to:
- 1.1 Where the political balance rules apply, to make appointments to those Committees giving effect to the wishes of the relevant political groups as set out in Appendix 1 to this report;
 - 1.2 To review the membership of the Health and Well-being Board;
 - 1.3 To make appointments to other Committees, Panels, Working Groups and Outside Bodies as set out in Appendix 2 to this report;
 - 1.4 Agree the suspension of paragraph 2.3 of the Non-Executive Procedure Rules (Part 4F of the Constitution) for the 2022/2023 Municipal Year;
 - 1.5 Wherever applicable, to appoint Chairs and Vice-Chairs and substitutes to those non-Executive Committees detailed in Appendix 1 (this is without prejudice to the provisions set out in paragraph 2.4 of Part 4F of the Constitution which would continue to apply enabling in year vacancies to either the Chair or Vice Chair to be filled by election at the first meeting of the relevant committee or sub-committee following notification to the Monitoring Officer);
 - 1.6 Receive, for information, executive appointments made under the directly elected Mayor and Cabinet decision-making framework:
 - i) The appointments of Cabinet Members, Cabinet Committees and Deputy Cabinet Members (Appendix 1);
 - ii) The appointments to Joint Committees as appropriate (Appendix 1);
 - iii) The appointments to London Councils Committees (as appropriate) and Panels and Local Government Association bodies (Appendix 2); and
 - 1.7 Receive for information:
 - i) The appointments by the Elected Mayor to those outside bodies, which relate to the exercise of an executive function (marked (*)), as detailed in Appendix 2;

- ii) The appointments of Leader of the Opposition and Shadow Cabinet (Appendix 1); and
 - iii) The appointments of political party group officers (Appendix 1)
- 1.8 To authorise the Monitoring Officer to update the Constitution in respect of decisions arising from this report.

Note: Appendices 1 and 2 are to follow and will be published separately in advance of the meeting.

2. EXECUTIVE SUMMARY

- 2.1 This report fulfils the requirement for the Council to make appointments to various committees and other bodies. This includes making appointments after reviewing and determining the representation of different political groups on certain committees giving effect to the wishes of the political group allocated the seats.
- 2.2 This report also sets out the following: appointments to other committees and bodies and, where applicable, appointments of Chairs and Vice-Chairs and substitutes.

3. APPOINTMENTS

- 3.1 This report follows on from a report also to be considered by Members at the Annual Council Meeting on 'Political Balance of the Council and Composition of Committees'. That report deals with the Council's duty to review and determine the representation of different political groups on certain committees and allocate seats.
- 3.2 This report is concerned with the subsequent duty to make appointments to those committees, giving effect to the wishes of the political groups allocated the seats. The appointments, including the appointment of substitutes (if applicable) are set out in Appendices 1 and 2. The wishes of the party-political groups represented on the Council are listed in the attached appendices and are marked 'For agreement'.
- 3.3 This report is also concerned with all other appointments Full Council has to make or is being asked to note as set out in Appendices 1 and 2.

4. COMMITTEES APPOINTED BY COUNCIL SUBJECT TO POLITICAL BALANCE

- 4.1 Annual Council is responsible for making appointments to the Health and Well-being Board (HWB), but political balance rules do not apply. The Executive Mayor has a statutory entitlement to be a member of the HWB and to also nominate at least one Councillor. The Constitution (Part 2, Article 8) stipulates the membership of the HWB but it is not possible to comply with those requirements as there is no longer "a Majority Group" or "a Minority Group" of the Council.
- 4.2 Accordingly, Members are asked to review the membership of Councillors on the HWB. Other than the statutory rights of the Executive Mayor, there are no

specific rules which apply to this aspect of the Board's membership. The discretionary powers Members have are broad.

Corporate Parenting Board

- 4.3 Although the Corporate Parenting Board is not established as a formal committee of the Council, its terms of reference are included in the Constitution (Part 6E) and it has been re-established annually since 2007 as an informal advisory body to the Cabinet Member with responsibility for Children's Services and provides that five Members of the Administration, including, and to be chaired by, the Cabinet Member with responsibility for Children's Services, and two members of the Opposition will form the composition of the Board.

Executive Appointments

- 4.4 In accordance with Article 7 of the Council's Constitution, the power to make Executive Appointments is reserved to the Mayor of the Council under the 'Directly Elected Mayor and Cabinet' model of decision making. This includes positions such as Cabinet Members and portfolios, Cabinet Committees and Joint Committees exercising Executive functions.
- 4.5 Those Executive appointments made by the Mayor of the Council are listed in Appendices 1 and 2 appointment schedules and are marked 'For information'.

Party Political Appointments

- 4.6 In accordance with Part 4A and Part 6A of the Council's Constitution, Annual Council is also asked to receive for information, those appointments made by political parties represented on the Council.
- 4.7 Those appointments are also detailed in the appendices' appointment schedules attached to this report and are marked 'For noting'. Council is asked to note those appointments.

External Appointments

- 4.8 Appointments to outside bodies are made for four years following local elections. Annual appointments in following years are restricted to those organisations that require annual appointments or where Members are unable to continue their membership.
- 4.9 In respect of Executive appointments to outside bodies, Article 4.1 (g) of the Constitution provides that the Mayor and Cabinet or the Monitoring Officer, after consultation with the relevant Cabinet Member, may make appointments to outside bodies as necessary during the year. In respect of non-Executive appointments, the General Purposes Committee or the Monitoring Officer, after consultation with the Chair of the General Purposes Committee, may make appointments to outside bodies as necessary during the year.

Appointment of Chair and Vice-Chair Positions

- 4.10 Over the last two years, for covid-related reasons, with the exception of the Licensing Act Sub-Committee, Chairs and Vice-chairs were appointed by Annual Council instead of being appointed at the first meeting of each committee. For different reasons, because on some committees the Labour and Conservative Groups have the same number of Members, Full Council is therefore recommended to consider suspending the Constitution (i.e. Part 4F, Non-Executive Procedure Rules, para 2.3) so that Chairs and Vice-chairs are appointed by Annual Council instead.
- 4.11 This is without prejudice to the provisions in paragraph 2.4 of Part 4F of the Constitution which provides that in the event of an in-year appointment to the position of Chair or Vice Chair, this may continue to be filled at the first meeting of the relevant committee or sub-committee following notification to the Monitoring Officer.

Sub-Committees

- 4.12 As soon as possible after Full Council has appointed to committees, committees who have sub-committees are required in turn to review political balance, allocate seats and make appointments in accordance with the wishes of political groups in respect of their own sub-committees.

5. LEGAL IMPLICATIONS

- 5.1 The law relevant to political balance and composition of committees is explained and applied in an earlier report of the same title to be considered by Members before this report.
- 5.2 By sections 101 and 102 of the Local Government Act 1972 the Council has the power to arrange for its functions to be discharged in a number of different ways. These include by appointing committees.

6. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 6.1 There are no new financial implications arising from the recommendations in this report.

CONTACT OFFICER: Colin Sweeney
Senior Democratic Services and Governance Officer
(Cabinet)
020 8726 6000
colin.sweeney@croydon.gov.uk

APPENDICES TO THIS REPORT

- Appendix 1: Appointment Schedule: Appointments to Main Council Bodies
- Appendix 2: Appointment Schedule: Appointments to all other

Panels, Working Groups and Outside Bodies

BACKGROUND DOCUMENTS: None

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REPORT TO:	ANNUAL COUNCIL 25 May 2022
SUBJECT:	Amendments to the Scheme of Members' Allowances
LEAD OFFICER:	Jane West, Corporate Director of Resources and Section 151 Officer
WARDS:	All
PUBLIC/EXEMPT:	Public

SUMMARY OF REPORT:

This report asks Council to agree amendments to the Scheme of Allowances, including clarification of which political groups certain allowances will be payable to.

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:

There are no new financial implications arising from the proposals in this report, which is financially neutral. As such, the costs of the amendments proposed in the report are already contained within the existing budget for Members' Allowances.

RECOMMENDATIONS:

1. To approve the proposed amendments detailed in paragraph 2 of the report with effect from 9 May 2022 (if applicable);
2. Subject to recommendation 1, to authorise the Monitoring Officer to comply with the necessary statutory publicity requirements in respect of the approval of the revised Members' Allowance Scheme; and
3. Authorise the Monitoring Officer to make all necessary updates to the Constitution.

1. BACKGROUND

- 1.1. The Council is required by statute to review, maintain and publicise a scheme of allowances paid to its elected members.
- 1.2. Council last agreed changes to the Scheme of Members' Allowances, recommended to it by the General Purposes and Audit Committee, at its meeting on 23rd March 2022.

2. PROPOSED AMENDMENTS TO THE SCHEME OF ALLOWANCES

- 2.1 Following the local elections held on 5 May 2022, a number of amendments have been proposed to the scheme of allowances as described below.

Clarification of Special Responsibility Allowances

- 2.2 The current scheme makes provision for a number of special responsibility allowances to be payable to 'majority' and 'opposition' Members. Given that the Council is now under no overall political control, descriptions of 'majority' and 'opposition' Members is problematic. While the Constitution does clarify that the largest political group on the Council of which the Executive Mayor is not a Member shall be known as the 'opposition', it does not cater fully for Croydon's full circumstances. On that basis, it is proposed that the following name changes be made for clarity:

Current SRA Name	Proposed SRA Name
Majority Group Secretary	Conservative Group Secretary
Majority Chief Whip	Conservative Chief Whip
Leader of the Opposition	Leader of the Labour Group
Deputy Leader of the Opposition	Deputy Leader of the Labour Group
Opposition Chief Whip	Labour Chief Whip
Opposition Group Secretary	Labour Group Secretary

Other Amendments to Special Responsibility Allowances

- 2.3 It is also proposed that a new Special Responsibility Allowance be created for the role of Chair of the General Purposes Committee, payable at a rate of £5,615.20 per annum, the funding for this new role to be met by an equivalent reduction in the total sum in the current scheme available for Deputy Cabinet Members, currently £33,072 per annum.
- 2.4 Finally, it is proposed to amend the scheme to increase the number of Members that can be paid the Special Responsibility Allowance for Deputy Cabinet Members from 4 to 5. Taking into account the reduction in the overall amount available for these allowances described in 2.3 above, as well as the increased number of eligible Members, the rate of this allowance will be reduced from £8,268 each per annum to £5,491.36 each per annum.
- 2.5 The changes above are summarised in a proposed new schedule to the scheme, attached at Appendix 1 to this report. If approved, the scheme in the Constitution will be updated and any other necessary updates to the Constitution will also be made.

3. CONSULTATION

- 3.1 The proposals detailed in the report primarily affect Members of the Conservative and Labour Groups on the Council and have been produced following consultation with those two groups.
- 3.2 Members will be aware that Council is required to have regard to the latest recommendations of the Independent Remuneration Panel before making or amending a Scheme of Members' Allowances. A copy of the latest report of the Independent Remuneration Panel, as previously considered by Council at its meeting on 23rd March 2022, is attached at Appendix 2.

4. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 4.1 There are no new financial implications arising from the content of this report, which is financially neutral. As such, the costs of the amendments proposed in the report are already contained within the existing budget for Members' Allowances.

Approved by: Jane West, Corporate Director of Resources and Section 151 Officer.

5. LEGAL CONSIDERATIONS

- 5.1 The proposed Members' Allowance Scheme complies with the relevant provisions of the Local Authorities (Members' Allowances) (England) Regulations 2003, the Local Government and Housing Act 1989 and the Local Government Act 2000.
- 5.2 The 2002 Regulations specifically allow for a scheme to be amended at any time and for the entitlement to allowances to be backdated provided it is no earlier than the beginning of the scheme year i.e. 1 April. .
- 5.3 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.
- 5.4 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.

Approved by: Looqman Dessai, Deputy Monitoring Officer.

6. HUMAN RESOURCES IMPACT

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

7. DATA PROTECTION IMPLICATIONS

7.1 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.

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

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

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

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

APPENDICES TO THIS REPORT

Appendix 1 Proposed Schedule of Allowances

Appendix 2 The Remuneration of Councillors in London 2022 - Report of the Independent Panel

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

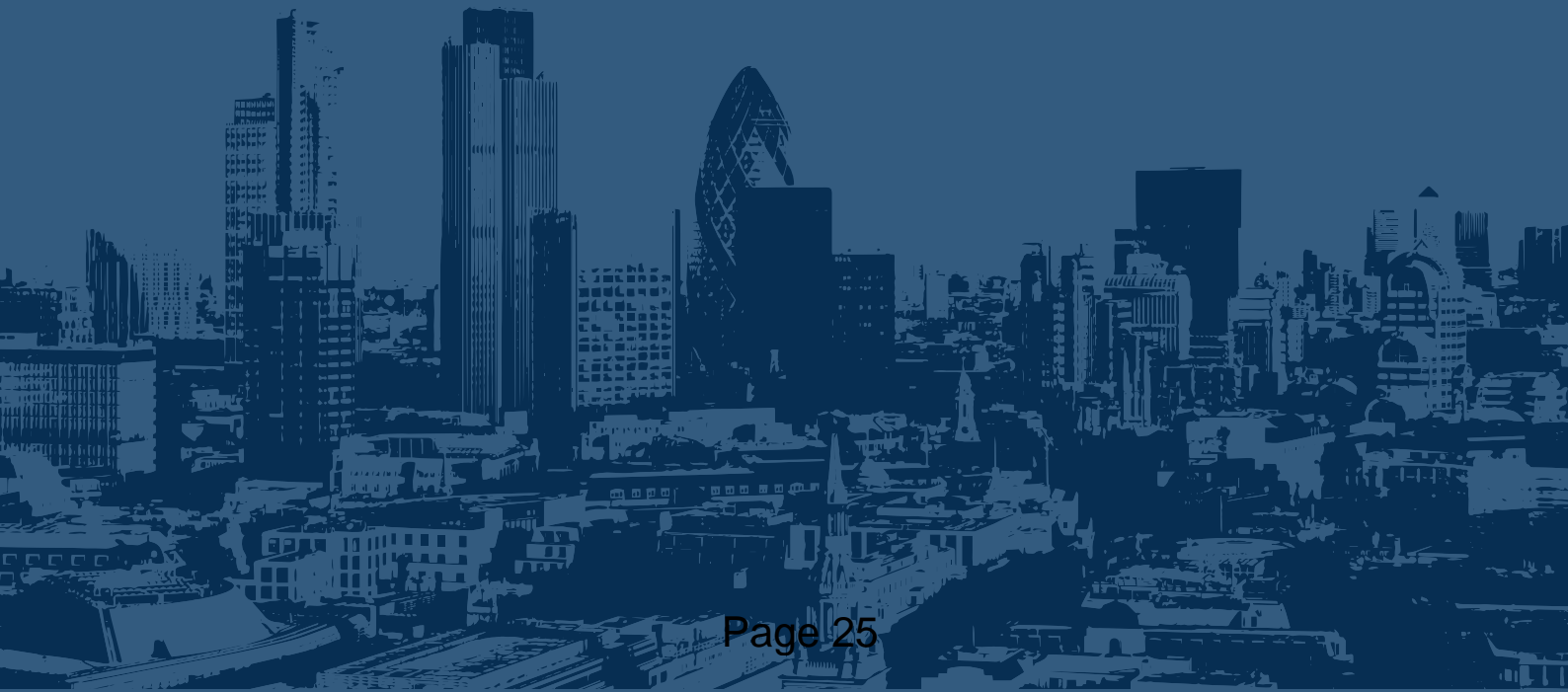
**COUNCILLORS' BASIC AND SPECIAL RESPONSIBILITY ALLOWANCES MAY
2022**

		(£)
Basic Allowance	All Members	11,692
	Civic Mayor's Allowance	15,900
	Deputy Civic Mayor's Allowance	7950.40
Special Responsibility Allowances – Paid in addition to Basic Allowance		
	Elected Mayor of the Council	81,894.36
	Statutory Deputy Mayor	30,352.80
	Cabinet Members (up to 7 positions)	27,503.20
	Deputy Cabinet Members (up to 5 positions)	5,491.36
	Chair - Scrutiny and Overview Committee	20,942
	Deputy Chair - Scrutiny and Overview Committee	8,585.60
	Conservative Group Secretary	8,268
	Conservative Chief Whip	12,121.80
	Chair – Licensing Committee	8,246.40
	Chair – Planning Committee	13,224.80
	Chair – Pension Committee	7,368
	Chair – General Purposes Committee	5,615.20
	Leader of the Labour Group	17,956
	Deputy Leader of the Labour Group (1 position)	7,520
	Shadow Cabinet Members (up to 7 positions)	5,615.20
	Labour Chief Whip	5,615.20
	Labour Group Secretary	5,505.60
	Vice Chair - Scrutiny and Overview Committee	8,585.60
Co-optee allowance	Chair - Audit and Governance Committee	8,000

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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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General Purposes and Audit Committee

Annual Report 2021/22

Foreword

It is my pleasure to present this annual report for the General Purposes and Audit Committee for 2021/2022 to Full Council.

This report highlights the work of the Committee over the last year as provided within the Committee's 'Terms of Reference and Scope of Work'. It also includes a brief forward look into the year ahead on the Committee's work and developments.

I would like to thank the officers, external auditors, cabinet members, other committee chairs, professional advisers, and of course, members of the General Purposes and Audit Committee for their input and support to the work of the Committee. I also thank the former Chair of the Committee, now Vice Chair, Cllr Karen Jewitt, for chairing this committee prior to my appointment in October 2021 and for her support after I took up my post.

It has been another eventful year with the publication of a second Report in the Public Interest (RIPI2) by the external auditors at a time of ongoing work by the Committee, following the first Report in the Public Interest, to strengthen its work in providing independent assurance on the Council's internal control, governance risk management, internal audit, anti-fraud, external audit, and financial reporting.

Some of the actions taken included a review of the Committee's terms of reference and the recruitment of an independent chair for the General Purposes and Audit Committee, which led to my appointment. Other future and ongoing actions to strengthen the Committee and its work are also outlined in this report, including development activities for Committee members, development of an assurance map, strengthened relationship with the Council and other Committees, introduction of an action tracker for decisions and key issues, and greater use of benchmarking, peer and best practice reviews.

It is clear that we are on a journey of improvement and transformation, which may take some time to manifest in improved outcomes for the people of Croydon. Whilst we acknowledge the challenges of the past, we embrace the ongoing quick wins and pursue greater outcomes for the Council and its residents.

The Committee intends to spend some time to review its work plan for 2022/2023 to ensure that it remains robust and effective in providing independent assurance across all areas within its terms of reference, as outlined in the next few pages of this report.

Once again, I thank my colleagues on the Committee, the Council's Chief Executive and her team, and all members of the Council for their support to the work of the Committee during the year.

Dr Olu Olasode PhD APSA FCCA
Independent Chair
General Purposes and Audit Committee

Introduction

1. The General Purposes & Audit Committee (the Committee) has a wide ranging brief that underpins the Council's governance processes by providing independent challenge and assurance of the adequacy of risk management, internal control including audit, anti-fraud and the financial reporting frameworks. It also deals with a limited number of matters not reserved to the Council or delegated to another Committee and related to a non-executive function. The Committee was formed in 2014, replacing the former Corporate Services Committee and the Audit Advisory Committee.
2. This report details the work of the Committee during 2021-22, outlining the progress in:
 - Internal Control;
 - Governance;
 - Risk management;
 - Internal Audit;
 - Anti-fraud;
 - External Audit;
 - Financial reporting
3. This report also looks forward to 2022-23 and highlights some of the changes and improvements planned.
4. Members of GPAC have a wide range of skills and bring both technical and professional experience to the role. Table 1 details the Committee Members for 2021-22.

Table 1: Members of the General Purposes & Audit Committee 2021-22

Role	Membership on 1 April 2021	Membership on 31 March 2022
Independent Chair	-	Dr Olu Olasode
Chair	Councillor Karen Jewitt	-
Vice-Chair	Councillor Stephen Mann	Councillor Karen Jewitt
Member	Councillor Chris Clark	Councillor Chris Clark
Member	Councillor Nina Degrad	Councillor Nina Degrad
Member		Councillor Clive Fraser
Member		Councillor Lynne Hale
Member		Councillor Ola Kolade

Member	Councillor Stuart Millson	Councillor Stuart Millson
Member		Councillor Ian Parker
Member	Councillor Joy Prince	Councillor Joy Prince
Member	Councillor Paul Scott	Councillor Paul Scott
Member	Councillor Jan Buttinger	
Member	Councillor Steve Hollands	
Member	Councillor Tim Pollard	
Reserve Members:	Councillors: Pat Clouder;; Sean Fitzsimons; Bernadette Khan; Clive Fraser; Andrew Pelling; Jason Cummings; Badsha Quadir; Ian Parker and Simon Hoar.	Councillors: Margaret Bird; Pat Clouder; Sean Fitzsimons; Bernadette Khan; Andrew Pelling; Kola Agboola; Jason Cummings; Badsha Quadir and Jeet Bains.

5. Full Council, at the meeting held on 11 October 2021, approved amendments to the constitution, which included enabling the creation of the role of an Independent Chair of General Purposes and Audit Committee (GPAC) and arrangements for appointment of the role (Article 8, Part 3, Part 4F). The Appointments Committee subsequently appointed Dr Olu Olasode to the role of Independent Chair, with Dr Olasode chairing his first meeting on 20 October 2021. Councillor Karen Jewitt, who had been the Chair of GPAC prior to this date, then assumed the position of Vice-Chair replacing Councillor Stephen Mann.
6. Other changes to the Committee during the year were as follows:
 - a. From the 16 September 2021 meeting: Councillors Hoar and Clancy replaced Pollard and Buttinger as Members of the Committee and Councillor Bains replaced Councillor Hoar as a reserve. Councillor Agboola was also appointed to the vacant reserve spot.
 - b. From the 16 February 2022 meeting: Councillors Fraser, Hale, Kolade and Parker replaced Councillors Mann, Hoar, Clancy and Hollands. Councillor Bird replaced Councillor Parker as a reserve.
7. On 22 November 2022 committee members attended a learning and development session. Led by the Local Government Association, the session was designed to address training requirements identified in the Report in the Public Interest, and included:
 - Roles and responsibilities of the Committee (and officers reporting to it)
 - Understanding the control system

- Risk management
- Appropriate challenge and escalation.

The work of the Committee in 2021-22

Internal Control

8. A pivotal role of the Committee is its work in developing the Council's internal control and assurance processes culminating in the Annual Governance Statement (AGS). The Accounts and Audit Regulations 2015 require the Council to review the effectiveness of its systems of internal control and publish the AGS each year alongside the financial statements. The information for the AGS is generated through the Council's Assurance framework (Appendix 1) including:
 - Risk management;
 - Internal Audit;
 - Anti-Fraud;
 - External Audit.
9. The Committee leads this review by receiving, at every meeting, reports on these service areas.
10. To support its understanding of issues relating to internal control and to emphasise its commitment to a robust internal control environment, the Committee invites officers to attend its meetings to give briefings in relation to strategic risks and what is being done to mitigate these. It also invites officers to give explanations where significant issues are identified through internal audits.

Governance

11. Following the issue of a Report in the Public Interest (RIPI) concerning the Council's financial position and related governance arrangements by the Council's external auditor, Grant Thornton, on 23 October 2020, the Corporate Risk Register was amended to include two red risks relating to governance, which were worded as follows:
 - RCS0034 - Poor financial control and ineffective application of governance arrangements continues to lead to an unstable financial situation, including contract spend and pressures in our major partnership areas including the NHS.
 - RCS0037 - Further deterioration in Internal Control & Governance as a result of capacity, budget and resourcing constraints in the organisation.
12. The Council also identified the need to make a range of further improvements to governance, some of which responded to RIPI recommendations, as follows:

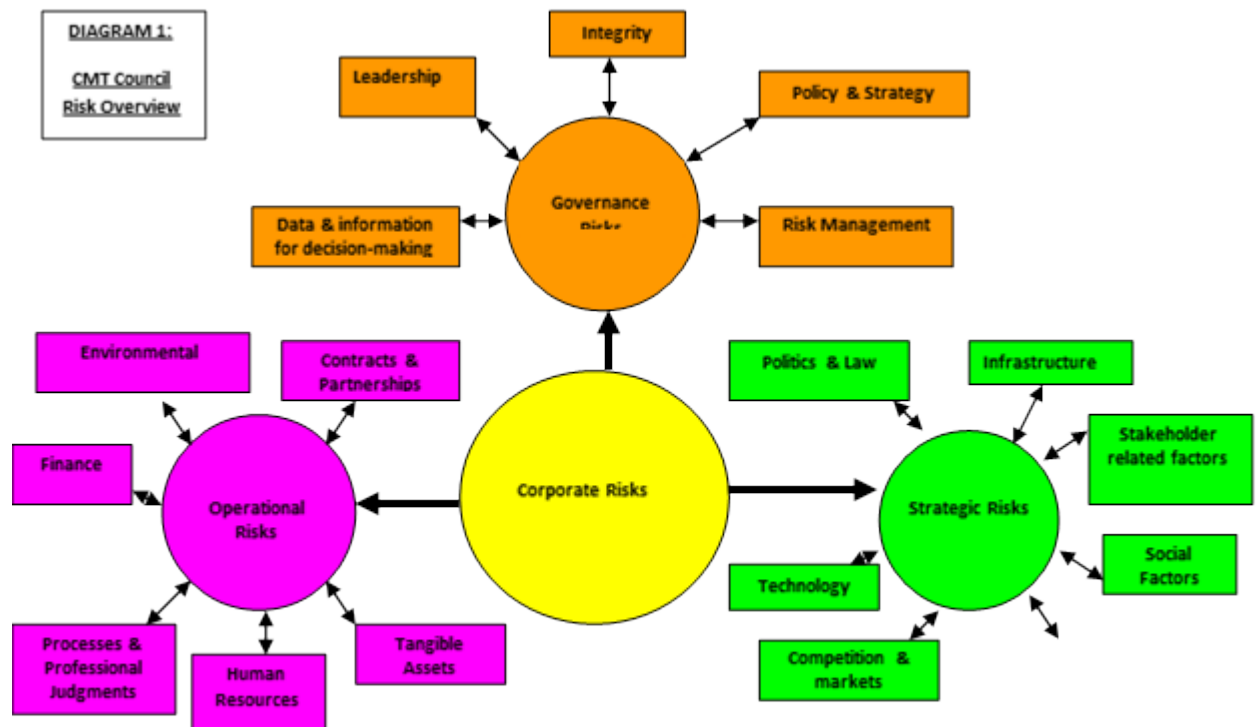
- To review and revise the Member Code of Conduct (completed October 2021 and mirrored in revisions to the Officer Code of Conduct)
 - To review and revise the Protocol on Staff-Councillor Relations (completed January 2022)
 - To draft an Access to Information Protocol for inclusion in the constitution (completed January 2022)
13. A Governance Improvement Adviser was provided at no cost to the Council (on secondment from the Local Government Association) to support this work. The drafts were reviewed by Ethics Committee prior to finalisation and presentation to the Committee as part of a package of constitutional changes.
 14. Following the issue of the second RIPI and the Council's acceptance of this at the extraordinary meeting of Council held on 3 February 2022, the Committee, at the meeting held on 3 March 2022, reviewed the action plan developed in response to the recommendations made. The Committee has requested to be updated on the progress of these actions.
 15. Further governance improvement work has included work to review and revise the Council's whistleblowing policy (completed March 2022: the Committee will be updated on this work in the new municipal year).
 16. Following the referendum in October 2021, revisions to the constitution were required in preparation for the mayoral model of governance. Led by a cross-party member working group, this work ensured that provisions for transparency and scrutiny were embedded in the new arrangements. The Committee considered the draft proposals in March 2022 prior to recommending these to Council.
 17. The process of reviewing and revising the Code of Governance and preparing the Annual Governance Statement led to the identification of a programme of further improvement work which was reviewed by the Committee: the implementation of this programme will be reported to the Committee ongoing.

Risk Management

18. The Council has a formal risk management framework that is modelled on best practice activities operated within all local authorities and other public sector organisations. This framework sets out the requirements and responsibilities for the management of risk for all employees and includes activities such as a quarterly review and reporting process for the Corporate Management Team (CMT) and Department Management Teams (DMTs).
19. The Council's key strategic risks are identified, recorded and reviewed continuously to ensure integration between the risk management framework and the strategic, financial and performance management

frameworks using the reporting framework detailed in Diagram 1. Work to strengthen corporate risk management this year has included:

- a. CMT formally reviewing all red risks on a monthly basis.
- b. Every corporate risk owner, Director and Corporate Director being formally required to review and sign off their risks via the JACD corporate risk system on a quarterly basis with a formal audit trail to assure compliance.

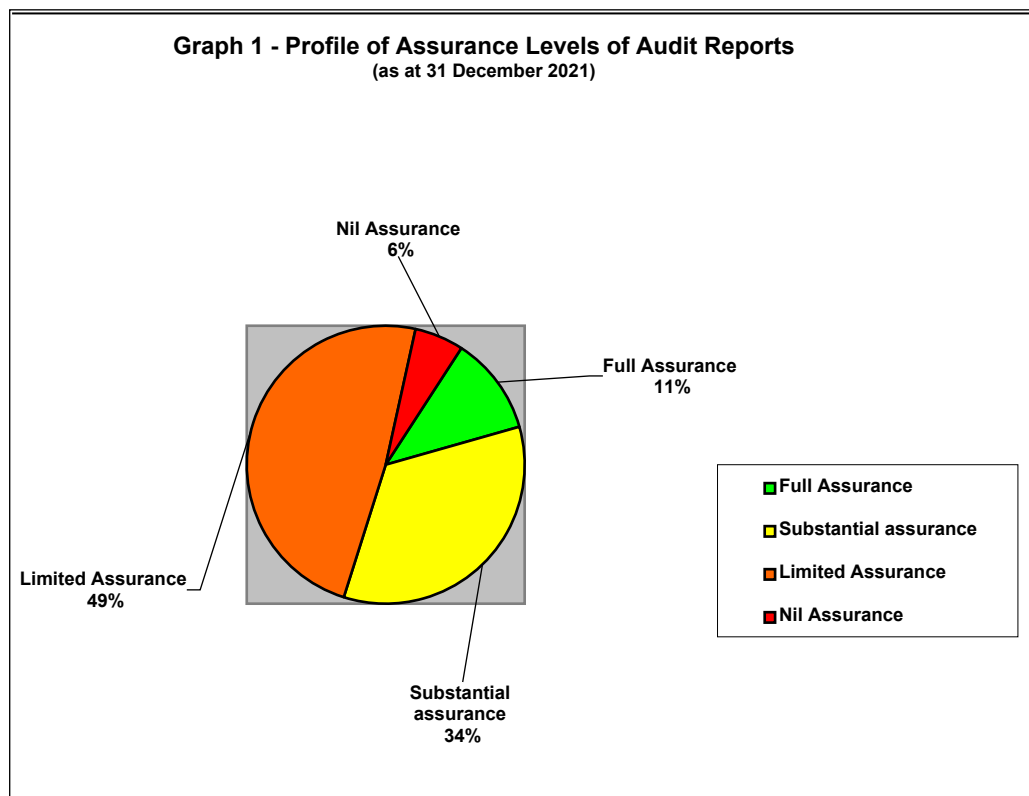


20. The Committee, at every meeting, received a report on either corporate rated 'red' risks or a 'deep dive' on a specific identified 'high rated' risk. Committee members by reviewing the current 'high rated' risks and conducting 'in-depth' reviews of risks have sought to scrutinise and receive assurance on the application of the risk management framework in the organisation. Examples of these 'deep dives' during the year included looking at Domestic Abuse and Sexual Violence (April 2021), an update on Oracle Security (June 2021), an update on the Dedicated Schools Grant (DSG) Management Plan (November 2021), the Whitgift Centre (January 2022) and the procurement, implementation and effectiveness of the CareCubed costing tool for working age adult and children's social care placements (February 2022).

Internal Audit

21. The Audit Charter, Audit Strategy and the Internal Audit Plan for 2020/21 were approved by the Committee on 4 March 2019.

22. During the year, the Committee received several reports from Internal Audit, updating them on Internal Audit progress against the plan and high-risk issues identified. This included Internal Audit's Annual Report for 2020/21 which provided an overall annual opinion of 'Limited' assurance and drew attention to those specific areas of weakness that should be carried forward into the Annual Governance Statement.
23. Internal Audit activity reports received by the Committee throughout the year continue to identify areas where control environment improvement is identified upon audit and graph 1 shows that, as per the last Internal Audit update report of results up to 31 December 2021, only 45% of audits had full or substantial assurance. This is a slight improvement on the previous year.



24. Although the decline in results of formal audits completed so far has slowed and much work has been done across the organisation since the Report in the Public Interest was issued by the External Auditor and the 2020-21 Limited Assurance in the Head of Internal Audit's Annual Report, other indicators are suggesting that internal control still has some way to go to be properly embedded and it is anticipated that the assurance in this year's Head of Internal Audit's Report will again be limited. These other indicators include, inter alia, the continuous auditing results and general support issues identified, several organisation wide audit reports that are still draft but are currently unsatisfactory, and the several external reports published during the year identifying issues with internal control, governance and good practice.

25. A key measure of the Internal Audit service's effectiveness is the implementation of agreed actions to address the issues identified in audits. The target for implementation of actions is 80% for priority 2 and 3 actions and 90% for priority 1 actions. The stringent approach to the follow up process has continued with tight timescales for follow up work linked to the level of assurance.
26. The Committee has continued to emphasise the importance of implementing Internal Audit's recommendations and has supported Internal Audit in its work to ensure control weaknesses are effectively dealt with. The Committee has received regular updates on the status of outstanding recommendations, and where appropriate has requested further information.
27. Table 2 details the performance in this area in all follow up work completed since 1 April 2017 (up to 31 December 2021).

Table 2: Implementation of Agreed Actions to date

	Target	2017/18	2018/19	2019/20	2021/22
Percentage of priority one agreed actions implemented at the time of the follow up audit	90%	100%	94%	84%	58%
Percentage of all agreed actions implemented at the time of the follow up audit	80%	94%	92%	86%	69%

Anti-Fraud

28. As part of the Committee's role of overseeing the antifraud and corruption strategy, the refreshed Anti-Fraud & Corruption Strategy was approved at the 25 November 2021 meeting.
29. During the year the Committee received regular updates on the counter-fraud work undertaken by the Council's Anti-fraud team and noted the continued good results concerning proactive fraud identification and reactive investigation work, namely that between 1 April 2021 and 31 March 2022 the Anti-Fraud team had identified in total over **£1,055k** with 119 successful outcomes. Furthermore, that the Council has continued with its plan to improve counter-fraud awareness across the Council and to strengthen working with our partners. This has included:
 - Assisting neighbouring boroughs by providing expertise in the form of staff resources where they have gaps in expertise and generating income for Croydon Council.
 - Maintaining a learning and development programme, including face to face and e-learning opportunities.
 - Maintaining fraud reporting facilities, including a fraud hotline and dedicated email reporting facility.
30. As a result of this work, high and improved levels of awareness of fraud have been achieved generally across the organisation over recent years. This has been evidenced by the level of referrals to the Corporate Anti-Fraud Team which remains high, at 300 in 2021-22.

External Audit

31. The Council's external audit service is currently provided by Grant Thornton (GT) under a contract let on Croydon's behalf by Public Sector Audit Appointments Ltd (PSAA). GT works in partnership with the Council ensuring its governance processes are effective. GT are invited to all of the Committee meetings, where they provide regular updates.
32. It should be noted that both the production of accounts, and external audit timescales were delayed for 2019/20 both as a result of COVID-19 but also due to a number of detailed comments on the draft reports. There are a number of significant issues relating to the Council's activities in particular those relating to Brick by Brick and Croydon Affordable Homes/Croydon Affordable Tenures, which mean that the accounts were not completed by the statutory deadline of 30 November 2020 and may take some time for this to be completed until all of these issues are resolved. The Committee has received individual reports on these individual issues.
33. The Committee, at the meeting held on 16 February 2022, approved that the external auditor for the Council and for the pension fund for the audit years 2023/2024 to 2027/2028 should be appointed by PSAA. This was ratified by full Council at the meeting held on 7 March 2022. The formal procurement process by the PSAA is already underway, with the objective of enabling all auditor appointments to be in place by 31 December 2022.

Financial Reporting

34. The 2020/21 accounts cannot be completed until the 2019/20 Audit is completed (refer to paragraph 31 above). This has resulted in the 2020/21 accounts not being completed by the statutory deadline of 30 November 2021 and therefore these have not yet been reported to Committee. Until the issues referred to in para 32 are resolved the timing for the audit of the 2021/22 accounts cannot be firmed up.
35. The Committee has received other financial reports, such as the update report on the Implementation of the Croydon Finance Review (April 2021), the Financial Performance report in October 2021 and a verbal update on the Council's Medium Term Financial Strategy (March 2022).

The year ahead

Continuing to Strengthen the audit function of the Committee

36. Constitutional changes proposed by the Committee and approved by Full Council in March 2022 include the separation of this Committee into two: Audit and Governance Committee and General Purposes Committee. Membership of the committees will be confirmed at the Annual Council meeting to be held on 25 May 2022. Terms of reference for the Audit and Governance Committee are based on a model provided by CIPFA.

37. Audit and Governance Committee members will attend a training session on the basics of the role of the Audit and Governance Committee on 1 June 2022 (delivered by the Local Government Association). Following this, a facilitated session is planned on assurance mapping, whereby the various sources of assurance provided to the Committee will be mapped to its terms of reference. This will help inform the Committee's forward plan.
38. The Committee also look to strengthen its relationships and working relationships within the Council, for instance with the Ethics and the Scrutiny Committees. A development session for members of Audit and Governance and Scrutiny Committees to support understanding of mutual roles will be held as part of the Member Induction programme.
39. The first Audit and Governance Committee meeting is scheduled for 9 June 2022, when the use of an 'actions tracker' will be fully implemented (after being discussed and developed during 2021/22) to help monitor the implementation of actions arising from each Committee meeting. This first meeting will also include some agenda items carried over from the pre-election period, such as the approval of the annual audit plan and the review of a risk area.
40. The quality review of the Internal Audit function will also be conducted during 2022/23, which will include the 5 yearly External Quality Assurance (EQA) check required by the Public Sector Internal Audit Standards (PSIAS).
41. It is also intended that the Committee continues to look externally, through the use of benchmarking, peer and best practice reviews to improve and keep abreast of new developments, which will feed into ongoing member development sessions.

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