

LONDON BOROUGH OF CROYDON

REPORT:	GENERAL PURPOSES COMMITTEE	
DATE OF DECISION	21 st February 2023	
REPORT TITLE:	Scheme of Member's Allowances 2022/23 - Annual Increase	
DIRECTOR	Stephen Lawrence-Orumwense Director of Legal Services	
LEAD OFFICER:	Adrian May Interim Head of Democratic Services adrian.may@croydon.gov.uk	
AUTHORITY TO TAKE DECISION:	Part 3 Responsibility for Council Functions in the Constitution, identifies the General Purposes Committee (GPC) as responsible for reviewing the Member's Allowance Scheme. Agreeing the Member Allowance Scheme and any amendment is the function of full council	
CONTAINS EXEMPT INFORMATION?	NO	Public
WARDS AFFECTED:	N/A	

1 SUMMARY OF REPORT

- 1.1** Under the Local Authorities (Members' Allowances) (England) Regulations 2003, Councils each year, must approve the Members' Allowances Scheme for the next financial year. Council agreed the Member's Allowance Scheme for 2022/23 at Council 23rd March 2022 (and also subsequently amended the scheme at Annual Council 25th May 2022).
- 1.2** The Members Allowance Scheme provides that Basic and Special Responsibility Allowances shall be subject to annual adjustment in accordance with the annual local government staff pay settlement applicable for the year.
- 1.3** In early November 2022, the Local Government Staff Settlement (LGSS) for 2022/23 was nationally agreed and General Purposes Committee is now asked to consider and agree a recommendation to Council of an increase reflecting the LGSS.

2 RECOMMENDATIONS

For the reasons set out in the report the General Purposes Committee is recommended:

- 2.1** to agree to recommend to full Council an increase of 4.04% to the Basic and Special Responsibility Allowances for 2022/23 (Appendix 1) and backdate allowance payments from April 2022 with no Member increase greater than the

fixed rate Croydon amount related to the Local Government Pay Settlement 2022/23.

- 2.2** to recommend to full Council that the Director of Legal Services be authorised to make all necessary updates to the Constitution.

3 REASONS FOR RECOMMENDATIONS

- 3.1** There is a legal requirement to have regard to the latest 'Remuneration of Councillors in London' report of the Independent Panel when agreeing a new scheme. Their latest report was published January 2022 (Appendix 2), and informed the setting of Croydon's 2022/23 Member's Allowance Scheme.
- 3.2** The Independent Panel report recommends that Member allowances should be uplifted annually in-line with the Local Government Staff Pay Settlement.
- 3.3** It should be noted the Independent Panel envisages concluding their next review during late 2023.

4 BACKGROUND AND DETAILS

- 4.1** The Croydon Member's Allowance Scheme has provision that the Basic and Special Responsibility Allowances shall be subject to an annual adjustment in accordance with the annual local government staff pay settlement. This reflects the recommendation by the Independent Panel for the Remuneration of Councillors.
- 4.2** The Local Government Staff Settlement for 2022/23 was nationally agreed in early November 2022, following agreement by the National Joint Council (NJC) – the National Employers and majority of national trade unions.
- 4.3** The 2022/23 award was a fixed sum, rather than historically a percentage increase. The national pay agreement for Local Government Services employees was of a pay increase of £1,925. Because Croydon Council is an Outer London borough, this was adjusted to £2,229.
- 4.4** A number of London Boroughs requested clarification from London Councils on how to apply the award to their member allowance scheme.
- 4.5** London Councils has advised London Boroughs that the Local Government Staff Settlement equates to an average uplift of 4.04% and are recommending that London Boroughs use the 4.04% uplift for their member allowances for 2022-23 however, reiterated that responsibility for determining Member Allowances rests with each authority.

- 4.6 It is proposed, in accordance with the Croydon Member Allowance Scheme, the Basic and Special Responsibility Allowances for 2022/23 are uplifted by 4.04% and backdated from April 2022.
- 4.7 As £2,229 was the fixed sum award amount for all Croydon Officers, it is further proposed that no Member, when applying the 4.04% increase to the Basic and Special Responsibilities Allowance, receives a greater increase than £2,229.
- 4.8 Appendix 1 details the proposed allowance increase for all SRAs and Basic Allowance.

5 ALTERNATIVE OPTIONS CONSIDERED

- 5.1 No increase - Whilst given the significant financial challenges for Croydon, not applying an increase aligned to the Local Government Staff Settlement for 2022/23, would run contrary to the Independent Remunerations Panel's recommendations.
- 5.2 The widely recognised cost of living inflation supports an increase to allowances.
- 5.3 The Remuneration of Councillors in London 2022 report 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".

6 CONSULTATION

- 6.1 In advance of this Committee meeting proposals were circulated to the political groups represented on the Council. It was relayed that the recommendation is already provided for in the Member Allowance Scheme and recommended by the Independent Remuneration Panel.
- 6.2 The Executive Mayor has stated that, particularly given the post was only established in May 2022, he believes it should not be subject to an increase. The Executive Mayor has stated he would not take up the increase if it were offered.
- 6.3 Officers have considered the Executive Mayor's response and reiterated that the Executive Mayor's Allowance in the scheme was based on the average of London Borough directly elected Mayor's allowance for 2021/22, therefore, given the provision in the scheme, should be subject like other allowances to an increase applicable for 2022/23
- 6.4 The Conservative Group responded to state that they **do not** support the proposal to increase Member Allowances and that Members of their Group would not take up any increase if it was agreed.

- 6.5** Should the Executive Mayor or any Member not wish to take up the proposed increase in their allowance, Part 6A the Member's Scheme of Allowances includes provision that any Member may elect to forego all or part of the Basic Allowance and if appropriate the Special Responsibility Allowance, to which they are entitled, by writing to the Council's Monitoring Officer.

7. CONTRIBUTION TO COUNCIL PRIORITIES

- 7.1** The proposal supports tackling the challenges around recruiting and retaining Councillors from a diverse background and also of a high enough calibre who are prepared to stand for and remain as Councillors.
- 7.2** Priority 4: Ensure good governance is embedded and adopt best practice.

8. IMPLICATIONS

8.1 FINANCIAL IMPLICATIONS

8.1.1 The annual cost of the Members Allowance Scheme, including the council's national insurance contribution, is £1.44m.

8.1.2 Applying the 4.04% increase to Basic and Special Responsibilities Allowances for 2022/23 including backdating from April 2022 will increase 2022/23 budget by approx. £58k to £1.502m including employers National Insurance Contributions. This increase has been funded by the overall provision the council made corporately for the 23/24 pay award for both officers and members. It is assumed that increases in members allowances for inflation in future years will also be funded by the corporate provision for pay awards as part of the provision for council officers.

8.1.3 Revenue consequences of report recommendation

	Current Year	Medium Term Financial Strategy – 3 year forecast		
	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Current Revenue Budget Available	1,444	1,502	£1,502	£1,502
Corporate Budget Transferred for Pay Inflation	58	0	0	0
Revised Budget	1,502	1,502	1,502	1,502

Effect of decision from report reflected in budget virement above	58	0	0	0
Remaining Budget	0	0	0	0

8.1.4 Comments approved by Lesley Shields, Head of Finance for Resources and Assistant Chief Executive on behalf of the Director of Finance. (Date 13/01/2023)

8.2 LEGAL IMPLICATIONS

8.2.1 The proposed amendment to the Council's Scheme of Members' Allowances 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 Scheme of Members' Allowances .

8.2.2 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.

8.2.3 Regulation 19 of the 2003 Regulations provides that the Council must have regard to the recommendations of the independent remuneration panel before making or amending a Scheme of Allowances for its members.

8.2.4 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 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.

8.2.5 Regulation 10(6) of the 2003 Regulations provides that where amendments are made to a scheme in any year, a Council's allowance scheme may provide that any allowance due under those amendments may be backdated to the start of the Scheme/financial year.

8.2.6 Council on the 23rd March 2022, agreed to delegate 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.'

8.2.7 It should be noted that the Croydon Constitution, PART 3 – Responsibility for Functions, lists 'Periodic review of the Scheme of Members' Allowances and approval of arrangements in respect of the scheme to reimburse costs incurred for childcare/dependent relative care, travel and subsistence whilst a Member is on Council business' as one of the responsibilities of the Council's General Purposes Committee.

8.2.8 The Local Authorities (Functions and responsibilities) (England) Regulations 2000, Regulation 2(5), Regulation (6)(c) and Regulation 2(7) stipulate that members' allowances scheme and the setting of the amount of any allowance is a non-delegable full council function. In addition, deciding the amounts payable to the civic Mayor and the deputy civic Mayor under Section 3 and Section 5 of the Local Government Act 1972 is also a non-delegable full council function, under Regulation 2(6)(a) and Regulation 2(7).

8.2.9 As part of the Constitutional Working Group, it will be proposed that Council agrees to amend the General Purposes Committee (GPC) responsibilities, to make clear that GPC's role is to review the members allowance scheme and put proposals to Council for agreement.

8.2.10 Regarding the 23rd March 2022 delegation, whilst the Constitution provides for GPC to review the member allowance scheme, the correct decision making body to agree or amend the scheme is Council, and cannot be delegated.

8.2.11 Comments approved by Sandra Herbert, the Head of Litigation & Corporate Law on behalf of the Director of Legal Services and Monitoring Officer. (Date 6/01/2023)

8.5 EQUALITIES IMPLICATIONS

8.5.1 Whilst there are no direct equality implications for the recommendations in this report, the proposal to increase Member allowances, aligned to officer increases, does reflect the report of the Independent Remuneration Panel views that allowances should be set at a level that enable people from a diverse range of backgrounds to become Councillors.

Approved By; Denise McCausland Equality Programme Manager (Date 12/01/2023)

9 APPENDICES

9.1 A - Extract of Basic and Special Responsibilities Allowances table from Croydon's Member's Allowance Scheme showing impact of proposed 4.04% increase.

B - Independent Remuneration Panel report on Councillor Allowances 2022

10 BACKGROUND DOCUMENTS - Non