

# LONDON BOROUGH OF CROYDON

<b>REPORT:</b>	<b>COUNCIL</b>	
<b>DATE OF DECISION</b>	<b>6 March 2024</b>	
<b>REPORT TITLE:</b>	<b>Members' Allowance Scheme 2023/24 and 2024/25</b>	
<b>DIRECTOR:</b>	Stephen Lawrence-Orumwense Director of Legal Services	
<b>LEAD OFFICER:</b>	Adrian May Interim Head of Democratic Services adrian.may@croydon.gov.uk	
<b>CONTAINS EXEMPT INFORMATION?</b>	<b>NO</b>	Public
<b>WARDS AFFECTED:</b>	<b>NA</b>	

## 1 SUMMARY OF REPORT

- 1.1 Under the Local Authorities (Members' Allowances) (England) Regulations 2003, Councils must, each year, approve the Members' Allowances Scheme for the next financial year. On 1<sup>st</sup> March 2023, Full Council agreed that there would be no uplift to the Members Allowance Scheme for 2022/23 and that the 2023/24 Scheme should be materially the same as the 2022/23 Scheme.
- 1.2 In January 2024, the Independent Panel on the Remuneration of Councillors in London published its report on the remuneration of Councillors in London for 2023 ("Remuneration Report"), attached as Appendix 1, and amongst other matters recommended that with regards to annual uplifts, all allowances should be updated annually in line with the percentage pay award agreed by the National Joint Council for Local Government Services Staff (LPSS). This represents a 3.88% increase from April 2023. The Council must have regard to this and the other Independent Panel Recommendations when considering any amendments to the Members Allowance Scheme.
- 1.3 General Purposes Committee (GPC), 19<sup>th</sup> February 2024, reviewed an officer proposal that the 2023/24 Members' Scheme be increased in-line with the Local Government Pay Settlement (agreed in November 2023). The GPC also considered the Members' Allowance Scheme proposed for 2024/25 which they recommend for Full Council approval. Appendix 3 shows track changes from the 2023/24 scheme updated following GPC, 19<sup>th</sup> Feb 2024.
- 1.4 The report presented to the GPC, 19<sup>th</sup> February 2024 is attached as Appendix 2.

## 2 RECOMMENDATIONS

For the reasons set out in this report (and appendices), and as recommended by the General Purposes Committee, Council is recommended to:

- 2.1 give due consideration to the Independent Panel Report (IPR) on the Remuneration of Councillors in London for 2023 (“Remuneration Report” Appendix 1) when considering this report and proposals around the Members Allowance Scheme.
- 2.2 agree that **No Increase** is applied to the Member Allowance Scheme for 2023/24, which had been proposed at a 3.88% increase to align with the LPSS;
- 2.3 agree the Members’ Allowances Scheme for 2024/25 (Appendix 3).
- 2.4 agree that the Director of Legal Services is authorised to comply with the statutory requirements to publicise the 2024/25 Members’ Allowances Scheme, the IPR and make all necessary updates to the Constitution; and,

to note:

- 2.5 that the General Purposes agreed to undertake a review of the Members Allowance Scheme in 2024 as detailed in paragraph 4.9 and 4.10.
- 2.6 A recommendation around any uplift aligned to the LPSS applicable for the Members Allowance Scheme 2024/25 will be proposed to Full Council by GPC late 2024 / early 2025.

## 3 REASONS FOR RECOMMENDATIONS

- 3.1 Following consideration at the General Purposes Committee, 19 February 2024, which included discussion of the Independent Panel, and their strong recommendations around increasing basic allowances and applying LGSS aligned increases, GPC did not agree the proposed recommendation to Council for an increase to the 2023/24 Members’ Allowance Scheme.
- 3.2 GPC agreed to recommend to Council the Members’ Allowance Scheme for 2024/25 with the changes highlighted in Appendix 3 (shows track changes from the 2023/24 scheme, updated following GPC, 19<sup>th</sup> Feb 2024):
- 3.3 There is a legal requirement for the Members’ Allowance Scheme to be advertised / published in the local press (albeit also being published on the internet) and it is good governance that the constitution be regulated updated.

## 4 BACKGROUND AND DETAILS

- 4.1 There is a statutory duty for a Members Allowance Scheme to be agreed by Full Council before the commencement of the financial year to which it applies. In doing so, there is a statutory duty for Full Council to have regard to the recommendations of the Independent Remuneration Panel, Appendix 1 to this report.
- 4.2 The Croydon Member's Allowance Scheme already provides that the Basic and Special Responsibility Allowances, Civic Mayor and Deputy Civic Mayor Allowance shall be subject to an annual adjustment.
- 4.3 A report on a proposed uplift for 2023/24 along with a proposed Members Allowance Scheme for 2024/25 was presented to GPC on the 19<sup>th</sup> February 2024 (Appendix 2).
- 4.4 The GPC recognised the Members Allowances Scheme was important to help address equalities issues and remove possible barriers to becoming a Councillor. GPC understood the strong recommendations and rationale contained in the thorough report of the Independent Panel.
- 4.5 It was acknowledged by GPC and of concern, that by allowances not having increased for several years, the gap between IRP recommendations and the Croydon scheme continued to widen and unfortunately the scheme would not be as effective in supporting and enabling local people from a diverse range of backgrounds and circumstances to become a Councillor.
- 4.6 It was unanimously agreed however that considering the continued financial challenges of the council, now was not the time to agree an increase to allowances.
- 4.7 Under the Local Authorities (Members' Allowances) (England) Regulations 2003, Councils each year, must approve the Members' Allowances Scheme for the next financial year.
- 4.8 With regards to the Members' Allowance Scheme for 2024/25, GPC agreed to recommend to Council the Scheme in Appendix 3 (which shows track changes from the 2023/24 scheme, updated following GPC, 19<sup>th</sup> Feb 2024), with the changes being:
- In order for improved transparency to Members and the Public and to allow Council to agree annual adjustment based on actual known % increases, it is proposed to both allow agreement of increases applicable for the coming year or in-year. For clarity and to confirm - No more than one inflationary related uplift can be agreed or be applicable for any given year.
  - The Members Allowance scheme is therefore recommended to make the following provision to accommodate backdating of any adjustments when agreed for a given year (see Paragraphs 4 & 5 in Appendix 3):

*4. Unless agreed otherwise by Full Council that no uplift will apply, the level of the Basic Allowance, Special Responsibility Allowances, Civic Mayor's and Deputy Civic Mayor's Allowances may be subject to annual adjustment in line with the percentage pay award agreed by the National Joint Council (NJC) for Local Government Services staff (LGSS). Members may review this aspect no more frequently than annually to determine whether there will be an adjustment for the Council year in question. Where it is necessary to consider a potential uplift in-year (where the details of the annual LGSS settlement is not agreed until after the commencement of the year to which the scheme applies) paragraph 5 below will apply.*

*5. Where an amendment is to be made by virtue of an uplift which affects an allowance payable for the year in which the amendment is made, the entitlement to such allowance as amended is to apply with effect from the beginning of the year in which the amendment is made. There is no ability to backdate any entitlement beyond the current year.*

- To meet the Independent Panel recommendations around enhancing care of dependent allowances, it is proposed that the 2024/25 Members Allowance Scheme be amended to include the payment of enhanced rates where specialist nursing care is required (See DEPENDENT CARERS ALLOWANCE section in Appendix 3).

**4.9** Whilst it was noted by GPC that no changes to Member roles, functions and responsibilities or Committee functions and business had been identified during the period from the last review, sufficient to warrant a change to the basic or special allowances payable under the scheme, during the consultation, a number of issues had been raised.

**4.10** It was agreed the issues would be further explored, with proposals anticipated as being brought back to GPC in November 2024, as part of a wider review of Members Allowances, which would include the following:

- a further consideration of the IPR report.
- Consider the anticipated Independent Panel review of implementation progress across London (as noted in Appendix 1, page 17)
- Further feedback received by Members on the current scheme.
- LGSS agreed and applicable for 2024/25.

**4.11** The issues, highlighted in the report to GPC, Appendix 2, were that no specific provision for an SRA for Scrutiny Sub-Committee Chairs exists and there is no provision for a 2<sup>nd</sup> Opposition Group Leader.

**4.12** At GPC 19<sup>th</sup> Feb 2024, an apology given to Members for a typo in the Report Title (subsequently corrected from '2022/23' to '2023/24', Appendix 2).

## **5 CONSULTATION**

- 5.1** In addition to the details in the Consultation of the reports to General Purposes Committee (Appendix 2), it was reiterated that the two largest groups understood the reasons for the proposed increase, but it needed to be considered in the wider financial context and challenge.
- 5.2** It was conveyed that Green Group had noted the lack of provision for a Scrutiny Sub-Committee SRA (*this had also been identified by Officers*), and the Group wished the issue to be reviewed and addressed. It was noted at the GPC that officers felt more time was needed to review the options, and review the 2<sup>nd</sup> opposition SRA as part of a proposed, and subsequently agreed, allowance review during 2024.
- 5.3** The LibDem Independent Member conveyed they understood the rationale for the proposed increase and financial pressure felt by Councillors and the role allowances played in equalities and tackling barriers to becoming/remaining a Councillor. Equally the financial pressure on local residents and Council had to be considered. A review was supported during 2024 to consider any approaches to the scrutiny and 2<sup>nd</sup> Opposition Group SRA.

## **6 CONTRIBUTION TO COUNCIL PRIORITIES**

- 6.1** Through taking into consideration the recommendations of the current and future IRP report, it supports the Council to achieve, priority 4 of the Mayor's Business Plan: Ensure good governance is embedded and adopt best practice.

## **7 IMPLICATIONS**

### **7.1 FINANCIAL IMPLICATIONS**

The annual cost of the Members Allowance Scheme for 2023/24, including the council's national insurance contributions, will be approx. £1.488m (Updated figure).

Full details of the financial implications of an increase were detailed in the report (Appendix 2).

Please note, the financial implications section in Appendix 2 was approved by Lesley Shields, Interim Head of Finance – Resources & Assistant Chief Executive.

## **7.2 LEGAL IMPLICATIONS**

- 7.2.1 The Council's Scheme of Members' Allowances is required to comply 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, although the Council is not obliged to make such an inclusion as it sits outside the statutory regime for Members' Allowances.
- 7.2.2 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.
- 7.2.3 Regulation 10 of the 2003 Regulations provides that before the beginning of each year, an authority shall make the scheme required by regulation 4(1)(a) for the payment of basic allowance for that year. The scheme shall also make provision for the following allowances if an authority intends to make such payments in respect of the year–
- (a) special responsibility allowance;
  - (b) dependants' carers' allowance;
  - (c) travelling and subsistence allowance; and
  - (d) co-optees' allowance.
- 7.2.4 Subject to regulation 12 the scheme may be amended at any time but may only be revoked with effect from the beginning of a year. A scheme may make provision for an annual adjustment of allowances by reference to such index as may be specified by the authority and where the only change made to a scheme in any year is that effected by such annual adjustment in accordance with such index the scheme shall be deemed not to have been amended.
- 7.2.5 Regulation 10 (5) provides that where an authority has regard to an index for the purpose of annual adjustment of allowances it must not rely on that index for longer than a period of four years before seeking a further recommendation from the independent remuneration panel established in respect of that authority on the application of an index to its scheme. The Independent remuneration panel, in its current report, continues to recommend that any proposed annual adjustment be linked to the Local Government Staff Settlement (LGSS). Whilst the Council's current scheme makes provision for an annual adjustment, General Purposes Committee accepted the recommendation to provide in the scheme that such an annual adjustment may be approved by Full Council not that it "shall" take place. In addition, the current scheme makes no provision for the backdating of such adjustment as detailed more fully within the report to General Purposes Committee and changes are recommended by GPC to the scheme for 24/25 to accommodate this for future years.
- 7.2.6 Where an amendment is to be made which affects an allowance payable for the year in which the amendment is made, the scheme may provide for the entitlement to such allowance as amended to apply with effect from the beginning of the year in which the amendment is made. (Regulation 10(6).)

- 7.2.7 In accordance with regulation 21, An independent remuneration panel is required to produce a report in relation to the authority or authorities in respect of which it was established, making recommendations in respect of, among other matters—
- as to whether, in the event that the scheme is amended at any time so as to affect an allowance payable for the year in which the amendment is made, payment of allowances may be backdated in accordance with regulation 10(6);
  - as to whether adjustments to the level of allowances may be determined according to an index and if so which index and how long that index should apply, subject to a maximum of four years, before its application is reviewed.
- 7.2.8 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.
- 7.2.9 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 acting as leader or deputy leader of a political group within the authority; 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.
- 7.2.10 Regulation 13 requires that the Council's scheme shall provide that a person may, by notice in writing given to the proper officer of the authority, elect to forgo their entitlement or any part of their entitlement to allowances.
- 7.2.11 Regulation 22, which makes provision for the required publicity for recommendations of Independent Remuneration Panels requires that once an authority receives a copy of a report made to it by an independent remuneration panel in accordance with regulation 21, it shall, as soon as reasonably practicable—
- (a) ensure that copies of that report are available for inspection by members of the public at the principal office of the authority, at all reasonable hours; and
  - (b) publish in one or more newspapers circulating in its area, a notice which—
    - (i) states that it has received recommendations from an independent remuneration panel in respect of its scheme;
    - (ii) describes the main features of that panel's recommendations and specifies the recommended amounts of each allowance mentioned in the report in respect of that authority;
    - (iii) states that copies of the panel's report are available at the principal office of the authority for inspection by members of the public at such times as may be specified by the authority in the notice; and
    - (iv) specifies the address of the principal office of the authority at which such copies are made available.

Comments approved by Stephen Lawrence-Orumwense Director of Legal Services and Monitoring Officer (20/02/2024).

## **7.3 EQUALITIES IMPLICATIONS**

- 7.3.1 Under the Public Sector Equality Duty of the Equality Act 2010, decision makers must evidence consideration of any potential impacts of proposals on groups who share the protected characteristics, before decisions are taken. This includes any decisions relating to how authorities act as employers; how they develop, evaluate and review policies; how they design, deliver and evaluate services, and also how they commission and procure services from others.
- 7.4.2 Section 149 of the Act requires public bodies to have due regard to the need to: Eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act. • Advance equality of opportunity between people who share a protected characteristic and people who do not share it; and • Foster good relations between people who share a protected characteristic and people who do not share it.
- 7.4.3 There are no direct equality implications arising from the recommendations in this report. The provision for annual increases reflected in the scheme however 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.
- 7.4.4 Councillors who require reasonable adjustments for disabilities should seek support from Democratic Services under PSED Equality Act 2010.

Approved by: Denise McCausland Equalities Programme Manager 12/02/2024

## **8 APPENDICES**

**Appendix 1** - Remuneration Independent Panel report 2023

**Appendix 2** - Report to GPC, 19th Feb 2024

**Appendix 3** - Proposed 2024/25 Allowance Scheme with Tracked Changes

## **9 BACKGROUND DOCUMENTS**

N/A