

# LONDON BOROUGH OF CROYDON

<b>REPORT:</b>	GENERAL PURPOSES COMMITTEE	
<b>DATE OF DECISION</b>	14 <sup>th</sup> January 2025	
<b>REPORT TITLE:</b>	Members' Allowances Scheme 2024/25 and 2025/26	
<b>DIRECTOR</b>	Stephen Lawrence-Orumwense Director of Legal Services	
<b>LEAD OFFICER:</b>	Adrian May Senior Democratic Services & Governance Officer adrian.may@croydon.gov.uk	
<b>AUTHORITY TO TAKE DECISION:</b>	Part 3 Responsibility for Council Functions in the Constitution, identifies the General Purposes Committee (GPC) are responsible for reviewing the Member's Allowances Scheme with approval of the scheme reserved to full Council.	
<b>CONTAINS EXEMPT INFORMATION?</b>	<b>NO</b>	Public
<b>WARDS AFFECTED:</b>	<b>N/A</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.
- 1.2 In doing so, the Council must have regard to the latest report by the Independent Panel on the Remuneration of Councillors ("Remuneration Report") when setting their Members' Allowances Scheme. As previously considered at Budget Council 2024, the latest version remains the Independent Panel's 2023 report (as attached as Appendix 4).
- 1.3 Whilst provision exists in the Croydon Members' Allowances Scheme for a general annual uplift, it is long established practice that the decision to apply an uplift is reviewed by the General Purposes Committee, and then a recommendation made at the Council Tax & Budget Council Meeting. Council for several years, including at Budget Council March 2024, has not agreed any recommended uplift.
- 1.4 The Panel's Remuneration Report recommends that London Borough's uplift their allowances in line with the percentage pay award agreed by the National Joint Council for Local Government Services Staff (LGSS). For 2024/25 the LGSS pay settlement (agreed nationally in November 2024) represents a 2.5% increase that would be backdated from April 2024. This report recommends that GPC recommends to Council this 2.5% increase for Member's allowances (Basic and Special Allowances).

**1.5** The allowance report to Council in March 2024 highlighted several issues for GPC to consider when reviewing the Members' Allowances Scheme during 2024. This report proposes changes to the Members' Allowances Schemes for 2025/26, including an SRA for Chairs of Scrutiny Sub-Committees, and SRA parity covering a range of Member roles. These proposals have been informed through consideration at Constitution Working Group meetings held in October and December 2024.

## **2. RECOMMENDATIONS**

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

**2.1** to **give due consideration** to the Independent Panel Report on the Remuneration of Councillors in London for 2023 ("Remuneration Report") including the recommendation that all member allowances should be updated annually in line with the percentage pay award agreed by the National Joint Council for Local Government Services Staff.

**2.2** to **agree** to recommend to Full Council that an uplift in the Members' Allowances Scheme 2024/25 of 2.5% (to the Basic Allowance and Special Responsibility Allowance), in line with the Independent Panel's own recommendation, be made and backdated from April 2024 (detailed in Appendix 1 as attached).

**2.3** to **agree** to recommend a series of changes to the Members' Allowances Scheme for 2025/26 (detailed in Appendix 2 as attached), which includes:

- Creation of an SRA for Scrutiny Sub-Committee Chairs.
- Creation of an SRA for a 2<sup>nd</sup> Largest Opposition Group with 7 or more Members.
- Parity of SRAs for groups positions (Chief Whip and Group Secretary) for Council Groups of similar size.
- Parity of SRAs for very similar roles (Deputy and Vice Chair of Scrutiny & Overview Committee).
- For the List of Approved Duties covered by the Members' Allowances Scheme to include attendance to training and development events, sessions, conferences and seminars which relate to a Member's role and position.

**2.4** subject to paragraph 2.3, to **agree** to recommend to Council the Members' Allowances Scheme for 2025/26 (as attached Appendix 3).

**2.5** to **note** that it is anticipated the LGSS% uplift applicable for 2025/26 will not be known until November / December 2025.

**2.6** to **agree** to recommend to Full Council that the Director of Legal Services be authorised to comply with the statutory requirements to publicise the 2024/25 and 2025/26 Members' Allowances Schemes.

- 2.7 to **agree** to recommend to Council that the Chair of General Purposes Committee writes to the Secretary of State to request the consideration of permitting the attendance of member surgeries to be added to the list of approved duties for allowances.
- 2.8 to **agree** to recommend to Council that the Chair of General Purposes Committee writes to the Independent Remuneration Panel conveying the Council's support in their efforts with the Secretary of State so that Members Allowances are set by an appropriate outside body.

### **3. REASONS FOR RECOMMENDATIONS**

- 3.1 There is a Statutory Duty for a Members Allowances 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, see Appendix 4 to this report.
- 3.2 There is a statutory duty to advertise and publicise locally the Members' Allowances Scheme each year as well as statutory duties to ensure publication of the Independent Remuneration Panel report, details of the main recommendations of the report, details of how the Council has considered the report and the annual publication of allowances paid/received pursuant to any adopted scheme for the year to which it applies.
- 3.3 A Members' Allowances Scheme report to Council in March 2024 noted several issues and potential gaps in the Council's Allowances Scheme to consider during 2024. This report proposes recommendations following consultation with Members via the Constitution Working Group.

### **4. BACKGROUND AND DETAILS**

#### **Overall Uplift / Increase - Members' Allowances Scheme 2024/25.**

- 4.1 The current Scheme provides for the payment of Basic and Special Responsibility Allowances, Dependent Carers, Travel and Subsistence Allowances and an allowance (without travel or subsistence) for the Independent Chair of Audit and Governance Committee where applicable.
- 4.2 The Croydon Members' Allowances Scheme already provides that the Basic and Special Responsibility Allowances, Civic Mayor and Deputy Civic Mayor Allowance shall be subject to an annual adjustment in accordance with the annual National Joint Council (NJC) for Local Government Services staff (LGSS) pay settlement. This is not however automatic and needs to be decided upon at Council.
- 4.3 At the 6<sup>th</sup> March 2024 Budget Council meeting, it was agreed that no annual increase would be applied for 2023/24 and that the 2024/25 Scheme would be materially the same as the 2023/24 Scheme. The report noted that consideration of any annual uplift aligned to the LPSS pay settlement for 2024/25 would be considered late 2024 / early 2025.

- 4.4** As reported at March 2024 Budget Council, the Remuneration Report (Appendix 3) made several key recommendations, which included:
- The Panel said it has become clear that allowances in many boroughs are considerably lower than remuneration received by workers in London with comparative levels of responsibilities and skills. This comparative contrast in remuneration is juxtaposed against increased workloads, time pressures, accountability, and financial pressures that councillors are presently having to manage.
  - The Panel concluded that the most appropriate approach was to determine the basic allowance as a proportion to the remuneration of the people councillors represent and has used the Annual Survey of Hours and Earnings (ASHE) data, published by the Office for National Statistics, as a basis of its calculation. The Panel has used the median wage for all London workers for this purpose. In 2022-23, this is £38,936.73 per annum. Based on a 37 hour week, and taking into account a 30% public service discount, (as has been the custom and practice) **the Panel has determined that the recommended basic allowance should be £15,960.**
  - the Remuneration Report 2023 continues to recognise and recommend that the LGSS pay settlement is the basis for annual uplifts.
  - Directly Elected Mayors should receive a remuneration of £93,575
  - Cabinet Members, Chair of Scrutiny, recommended to be £37k-£46k
  - During the consultation process, a significant number of councillors told the Panel that they do not think councillors should be responsible for setting their own allowances, and that this is perhaps one of the reasons why the basic allowance in London lags behind Scotland and Wales, where allowances are set by outside bodies and it is mandatory for local authorities to adopt the recommendations. The Panel is supportive of this view but recognised that this would need a change in legislation. The Panel intends to raise this issue with the Secretary of State.
- 4.5** London Councils in December 2024 reported that they were appraised by the Head of London Regional Employers Organisation that the fixed sum for the LGSS equated to an uplift of 2.5% for 2024/25. The Independent Panel for the Remuneration of Councillors in London reiterated that members allowances should be uplifted annually in line with the pay settlement for employees.
- 4.6** Croydon's Basic Allowance is comparable with other London Boroughs. For 2023/24 the average Basic Allowance was £11,624 ranging from £9,063 to £ 13,340 across Boroughs, with the Croydon allowance at £11,692 (which has not increased since 2019/20).

- 4.7 The Independent Panel's (IP) proposed Basic Allowance of £15,960 when compared to Croydon Basic Allowance of £11,692 represents a 36% increase. The cost of implementing the recommendation would be approx. £300k+.
- 4.8 Whilst the Croydon Basic Allowance is compatible with other London Borough Schemes, such a significant raise to the Basic Allowance is not recommended. However, benchmarking shows that 18 London Councils did agree to increase their 2023/24 basic allowance (<https://www.londoncouncils.gov.uk/who-we-are/governance-and-spending/financial-reporting/remuneration-councillors>).
- 4.9 An increase aligned with the LGSS pay settlement is both aligned to the Panel's recommendations (that basic and special responsibility allowances increase) and helps maintain the aim of the allowance scheme to be set at a level that enable people from a diverse range of backgrounds to become Councillors.
- 4.10 The recommended proposal will increase the cost of the 2024/25 scheme and subsequent years by approx. £35k annually.

#### **Scrutiny related SRAs – Members' Allowances Scheme 2025/26**

- 4.11 Special Responsibility Allowances are currently afforded to the Chair, Deputy Chair and Vice-Chair of Scrutiny & Overview Committee. Historically, these three positions each chaired a scrutiny sub-committee.
- 4.12 Due to the configuration in Croydon of scrutiny arrangements and the addition of a *Scrutiny Sub-Committee since 2023/24* the Deputy Chair and Vice Chair of Scrutiny & Overview chair two of the four Scrutiny sub-committees with the Chair overseeing and focusing on the main committee's programme and functions.
- 4.13 These arrangements have resulted in two of the four sub-committee chairs not receiving an SRA.
- 4.14 Reviewing other London Borough allowance schemes, in addition to Deputy/Vice Chairs of the main Scrutiny Committee, other types of scrutiny-related chairs are recognised, with 60% boroughs having provision for 'Scrutiny Leads', 'Scrutiny Commission Chair', 'Sub-Committee Chairs', 'Chair of Scrutiny Panel' and 'Scrutiny Workstream Chairs'.
- 4.15 Chairing a Scrutiny Sub-Committee involves preparation work on behalf of the Committee, liaising with Scrutiny officers, work programming, chair preparations and chairing meetings, and co-creating an annual report to Council.
- 4.16 It is proposed that an SRA for the role of Chair of a Scrutiny Sub-Committee be created, at a level equal to a Deputy Cabinet Member (£5,629 in 2025/26 if 2.5% increase for 2024/25 agreed).
- 4.17 For clarity, the SRA for the Deputy and Vice Chair of Scrutiny & Overview Committee includes the SRA for their chairing of a Scrutiny Sub-Committees.

- 4.18** As they are similar roles, it is proposed that the Deputy & Vice Chair of Scrutiny & Overview Committee attract the same allowance level (currently there is a £80 difference) for the 2025/26 Members' Allowances scheme, that being proposed at both £8,880 (if the 2.5% increase for 2024/25 is agreed).
- 4.19** The proposal will increase the cost of the 2025/26 Members' Allowances Scheme and subsequent years by approx. £12.3k annually.

#### **2<sup>nd</sup> Opposition (non-principal opposition) Group Leader – Members' Allowance Scheme 2025/26**

- 4.20** Croydon's Members' Allowances Scheme does not currently recognise a 2nd Opposition Group. Whilst Special Responsibility Allowance provision is made for principal opposition groups across all London Authorities, a limited number of London Authorities have SRA provision for a 2nd opposition group leader:
- Brent, Leader of Second Opposition Group - £4,000;
  - Camden Leader of the Second Opposition Group (£5,865);
  - Ealing - Leader of Second Opposition Group, (£4,790);
  - Haringey Leader of the Second Opposition Group (£8,482);
  - Havering - Leader of Minority Opposition Groups (£2,500)
  - Tower Hamlets - Leader of any other group with 10% of council (£5,439)
- 4.21** It is proposed (Appendix 2) that an SRA for a 2nd Opposition Group be created within the 2025/26 Members' Allowances Scheme, for groups of 7 or more members, representing 10% of Council. The caveat of 7 or more Members reflects that generally it is considered that leading a larger group will require more time, and comes with heightened level of responsibility, influence and accountability.
- 4.22** It is proposed that the SRA be created at a level equal to a Deputy Cabinet Member and the proposed Scrutiny Sub-Committee Chair (£5,629 in 2025/26 if 2.5% increase for 2024/25 agreed).
- 4.23** Given the Council's current political balance, there's no anticipated immediate additional cost but support the futureproofing of the scheme.

#### **Group Secretary and Chief Whip Group Roles – Members' Allowances Scheme 2025/26**

- 4.24** Although the two main political groups represented on Council are of similar size (34 Members each), there is an inconsistency in the SRA level for the Group Secretary and Chief Whip positions between the groups.

- 4.25** It is proposed that the two similar sized group have the same SRA level for their respective group roles (Appendix 2).
- 4.26** The proposal will increase the cost of the 2025/26 scheme and subsequent years by approx. £10.5k annually.

#### **List of Approved Duties – Members’ Allowances Scheme 2025/26**

- 4.27** The Local Authorities (Members’ Allowances) (England) Regulations 2003 state that a Members’ allowances scheme may provide for the payment to Members of an allowance in respect of travelling and subsistence undertaken in connection with or relating to such duties as are specified in the scheme and the regulations. Whilst it has been long-standing practice for member expenses related to attending training and development courses, seminars etc. to be approved, it is not specifically listed as an approved duty.
- 4.28** The Council is committed to supporting the training & development of Members and remove potential financial barriers to attending training and development. It is important therefore that this commitment finds expression in Members’ Allowances’ Scheme. Accordingly, it is proposed that the List of Approved Duties (see Appendix 2) be expanded to include the following paragraph:

*10. Attendance at training and development events, sessions, conferences and seminars, in connection with or relating to a Member’s duties, as approved by the Head of Democratic Services in consultation with the Member Learning & Development Panel.*

- 4.29** The proposal has negligible budget implications, mainly due to the low number of training and development events, sessions etc physically attended (with no online option), outside of the borough.

#### **Member Surgeries**

- 4.30** Member Surgeries are open to the public who may seek information and advice, make a complaint, ask for advocacy or enquire about services that the Council provides. As the Council has customer services and complaints teams, case work from member surgeries can be of a more complex and long-standing nature.
- 4.31** Whilst not legally required, it can be argued that a public expectation exists around Members being available to meet constituents at member surgeries held in their local community, with surgery details provided on the Council’s website.
- 4.32** As part of the consultation process, it was identified that attendance at a Member Surgery cannot legally be added as an approved duty.
- 4.33** Members covering surgeries may incur expenses such as childcare or other dependent care expenses – which if attending a Committee or other approved duty, could otherwise be reimbursed via submitting an expense claim.

**4.34** It is proposed that the GPC recommends that Council agrees to write to the Secretary of State to request that consideration is given to amending the regulations to include attendance at a Member surgery on the list of approved duties.

**4.35** **Setting of Member Allowances by Outside Body**

**4.36** As detailed in the London Council's Independent Remuneration Panel Report 2023 (Appendix 4), during the consultation process, a significant number of councillors told the Panel that they do not think that councillors should be responsible for setting their own allowances, and that this is perhaps one of the reasons why the basic allowance in London lags behind Scotland and Wales, where allowances are set by outside bodies and it is mandatory for local authorities to adopt the recommendations.

**4.37** The Panel expresses support of this view but recognises that it would need a change in legislation. It was noted that the Panel intends to raise this issue with the Secretary of State. As part of the consultation for this report, The Constitution Working Group was supportive of the Panel's view and position.

**4.38** It is proposed that the GPC recommends that Council agrees for the Chair of GPC to write to the Panel, relaying support to the Panel's position on the matter.

**5. ALTERNATIVE OPTIONS CONSIDERED**

**5.1** The rationale for the proposals is detailed in this report and with regards to options, GPC may amend, agree or reject each individual proposal to the respective 2024/25 and 2025/26 Members' Allowance Scheme.

**5.2** Should Council wish to make changes to the Members' Allowances Scheme at a full Council meeting, Council must give due regard to the Report of the Independent Panel 2023, just as Council needs to give due regard to the Report when considering proposals by the General Purposes Committee.

**5.3** Introducing an SRA for the Chair of Ethics Committee was considered by CWG. Since May 2022 the post has been held by the Chief Whip of Labour Group. Benchmarking showed only 6 London borough having a SRA payable to the Chair of Standards / Ethics Committee, and with SRA levels set relatively low, practically in Croydon the SRA would not be payable (with only the highest SRA payable to Members holding more than one SRA attracting position). Officers are not proposing the introduction of an SRA although this should be reviewed if circumstances change.

**6. CONSULTATION**

**6.1** This report's proposals were circulated to Members of the Constitution Working Group and proposals were discussed at the October and December 2024 meetings.

**6.2** As part of the consultation, Members were sent London Council's Member Allowances London Borough benchmarking information (<https://www.londoncouncils.gov.uk/who-we-are/governance-and-spending/financial->

reporting/remuneration-councillors) and a copy of the Independent Panel's 2023 report.

- 6.3 It should be noted that not all Officer recommendations in this paper were supported by all political groups.
- 6.4 Whilst recognising the financial challenges of the Council and residents, Members, as in previous years, recognised the increased living costs faced by Members.
- 6.5 It should be noted that should any Member not wish to take up the proposed increase in their allowance (if recommendations are agreed by GPC and subsequently agreed by Council), 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 EXECUTIVE MAYOR'S BUSINESS PLAN

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

## 8. IMPLICATIONS

### 8.1 FINANCIAL IMPLICATIONS

- 8.1.1. The annual budget of the Members Allowances Scheme for 2024/25, including the council's national insurance contributions is £1.523m.
- 8.1.2. Any increase in members allowances for inflation related increases for future years will be funded by the corporate provision for pay awards as part of the provision for council officers. The proposed 2.5% increase for 2024/25 can be met within existing budget.
- 8.1.3. The report is recommending changes to the Members' Allowances Scheme for 2025/26. For illustration, if the 2.5% proposed increase for 2024/25 is agreed and applied it will increase budget expenditure by approx. £35k for 24/25 and subsequent years, with other proposals as individually detailed in the report, increasing 2025/26 expenditure and beyond by approx. a further £22.8k annually.

C14380 (Member Support)	Current Year	Medium Term Financial Strategy – 3 year forecast		
	2024/25 £'000	2025/26 £'000	2026/27 £'000	2027/28 £'000
<b>Current Revenue Budget Available</b>	1,523	1,523	1,523	1,523

<b>Anticipated Budget expenditure</b>	1,471	1,495	1,495	1,495
<b>Effect of decision from report reflected in budget virement above</b>	35	57.8	57.8	57.8
<b>Remaining Budget</b>	-52	-28	-28	-28

Comments approved by Allister Bannin, Director of Finance (Deputy s151), 23/12/2024.

## **8.2 LEGAL IMPLICATIONS**

- 8.2.1.** 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 civic Mayor and the deputy civic Mayor which Croydon, like many other councils', include in the Scheme of Members' Allowances although there is no requirement to so.
- 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 and special responsibility allowances.
- 8.2.3.** 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.
- 8.2.4.** 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.
- 8.2.5.** 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.

Comments approved by Looqman Desai, Deputy Monitoring Officer.

### **8.3 EQUALITIES IMPLICATIONS**

- 8.3.1.** 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.
- 8.3.2.** 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.
- 8.3.3.** 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.
- 8.3.4.** Councillors who require reasonable adjustments for disabilities should seek support from Democratic Services under PSED Equality Act 2010.

Approved by: Philip Conteh, Senior Equality Officer, 06/01/2025.

## **9. APPENDICES**

Appendix 1 – track changed *proposals changed to Member’s Allowance in-year scheme 2024/25.*

Appendix 2 - Track change version *proposals to the Members’ Allowance Scheme 2025/26.*

Appendix 3 - *Members’ Allowance Scheme 2025/26 – For agreement.*

Appendix 4 - Remuneration Independent Panel report 2023