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

SUMMARY OF REPORT:

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

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

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

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

COUNCIL PRIORITIES 2020-2024

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

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

RECOMMENDATIONS:

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

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

1. BACKGROUND

- 1.1 In accordance with the Local Government Act 2000 and Local Authorities (Members' Allowances) (England) Regulations 2003, Local Authorities are required to undertake a formal independent review of the level of allowances for their Members at least once every four years. In London, provision has been made for this review to be undertaken by an Independent Remuneration Panel (IRP) set up on behalf of all Boroughs by London Councils.
- 1.2 London Councils established the IRP last year to undertake the review, which has now been completed and is attached at Appendix 1.
- 1.3 Croydon's current Scheme of Members' Allowances forms part of the Council's Constitution and can be seen on the Council website at:

<https://democracy.croydon.gov.uk/documents/s34622/31%20Part%206A%20-%20Scheme%20of%20Members%20Allowances%20as%20revised%20190128%2002.2019%2008.2019%2003.2021%20and%2015.10.2.pdf>.
- 1.4 The scheme was last fully reviewed by Council in July 2018 and was most recently amended in October 2021 to establish a Special Responsibility Allowance for the newly established position of Independent Chair of the General Purposes and Audit Committee.
- 1.5 The most recent significant changes to the scheme were made by Council at its meeting on 8 March 2021. At that meeting, Members agreed to an amended scheme that removed a number of roles that attracted a special responsibility allowance (SRA), reduced all SRAs by at least 20% and

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

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

2. THE REPORT OF THE INDEPENDENT REMUNERATION PANEL

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

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

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

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

3. PROPOSED REVISIONS TO THE SCHEME

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

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

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

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

4. MEMBERS' ICT PROVISION

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

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

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

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

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

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

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

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

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

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

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

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

5. CONSULTATION

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

6. PUBLICITY

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

7. FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

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

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

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

8. LEGAL CONSIDERATIONS

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

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

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

9. HUMAN RESOURCES IMPACT

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

Approved by: Dean Shoesmith, Chief People Officer

10. DATA PROTECTION IMPLICATIONS

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

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

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

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

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

APPENDICES TO THIS REPORT

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

Appendix 2 Administration Group Proposed Changes to the Scheme

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