

REPORT TO:	COUNCIL
DATE:	9 July 2018
SUBJECT:	SCHEME OF MEMBERS' ALLOWANCES 2018
LEAD MEMBER:	COUNCILLOR SIMON HALL CABINET MEMBER FOR FINANCE AND RESOURCES
LEAD OFFICER:	RICHARD SIMPSON EXECUTIVE DIRECTOR OF RESOURCES
WARDS:	All
CORPORATE PRIORITY/POLICY CONTEXT/AMBITIOUS FOR CROYDON:	
The Council is required by statute to review, publicise and maintain a scheme of allowances for its elected Members.	
FINANCIAL IMPACT:	
The financial implications arising from the recommendations contained in this report will result in a £24k increase in costs in 2018/19 and £75k in a full year.	

1 RECOMMENDATIONS

- 1.1 To approve and make a Members' Allowance Scheme as set out in Appendix A to this report.
- 1.2 To authorise the Director of Law to comply with the necessary statutory publicity requirements in respect of the Independent Review Panel report 2018, the on-going annual publicity of the Members' scheme of allowances which is required, and subject to Members' approval of recommendation 1.1 of this report, the approval of the revised Members' Allowance Scheme as detailed in this report.
- 1.3 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.

2 EXECUTIVE SUMMARY

- 2.1 The Council is asked to consider and adopt the Members' Allowance Scheme (the Scheme), which sets out the allowances Members are entitled to receive for carrying out their responsibilities as set out in Appendix A.

- 2.2 The report comprises the statutory review of the Members' allowance Scheme. The review takes into account the recommendations of the 2018 Report of the Independent Remuneration Panel (IRP) established by London Councils on behalf of London Boroughs and to which the Council must have regard in setting the Members' allowances for the upcoming years.

3 BACKGROUND

- 3.1 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.

- 3.2 Given that the last review was undertaken in 2014, the IRP was reconvened by London Councils last year, in line with statutory requirements, to undertake the next review. The IRP has now completed its review, the results of which were published in January 2018. Their report titled "The Remuneration of Councillors in London 2018 – Report of the Independent Panel" can be found at

<https://www.londoncouncils.gov.uk/who-we-are/about-us/financial-information/leadership-and-expenses/remuneration-councillors-london>

- 3.3 Croydon Council's Members' Allowance Scheme (which is included in the Council's Constitution at Part 6A and is published on the Council's website) was last formally reviewed in 2014 following publication of the last IRP report. The scheme was last amended by Full Council in June 2017.

- 3.4 It is worthy of note that there has not been a general increase in allowances for nearly a decade and the basic allowance is actually at a lower level than it was in 2006.

- 3.5 Since 2010/11, under the collective bargaining which generates London pay scales, council staff have had an increase of at least 7% and, in 2018/19, council staff are seeing an increase of at least 2%, with lower grades receiving a substantially larger increase.

- 3.6 Given the publication of the 2018 IRP report, there is now a requirement for the Council to undertake a formal review of the existing scheme to have regard to the new recommendations by the IRP. Before the authority makes a revised scheme the Council shall have regard to the recommendations made in relation to it by the IRP. 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.

- 3.7 Members will recall at its meeting on 23 May 2018 agreeing to the continuation of the existing Scheme pending a detailed review of the recommendations of the London Councils' Independent Remuneration Panel (IRP). This review has

now been undertaken and the proposals are outlined in paragraph 4 of this report.

4 DETAILS

4.1 The IRP report – a summary.

- 4.1.1 *Recruitment of councillors.* 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 “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 with independent means”.
- 4.1.2 The Panel also noted that since the last report the government had removed the possibility of councillors joining the local government pension scheme “imposing a financial penalty upon councillors”.
- 4.1.3 *The role of elected members.* Evidence received by the Panel showed that the workload and responsibilities of councillors had continued to increase and their role had become more complex and not only in the areas of social care, housing and health. They found that there had been growth too in the number of sub-regional meetings, partnerships and joint bodies which require commitment and time of leaders, cabinet members and front line councillors. The Panel advised that “the expectations of the public continue to rise”.
- 4.1.4 *Financial climate.* The Panel stated that since the last report in 2014 local government pay settlements have been severely limited with just 3 awards of 1% for officers. 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.
- 4.1.5 *Basic allowance.* The IRP considered that given the loss of pension rights, growth and complexity of the work of councillors, the limited increase recommended since the 2014 report there was a strong case for considering a larger increase. However, the IRP recommended that the level of Basic Allowance paid to all councillors is updated to take account of staff pay awards only and is recommended at £11,045 p.a. The IRP provides that in the current financial climate in their view it would be inappropriate to recommend a general increase in the Basic Allowance beyond the annual updating suggested.
- 4.1.6 *Special responsibility allowances (SRA).* The Regulations specify categories of responsibility for which an SRA may be paid. For the same reasons which prompt the IRP to recommend restricting the Basic Allowance to the annual updating in line with staff pay awards they recommend the SRA for a Leader should only be uplifted to £57,085 in line with staff pay awards.
- 4.1.7 Other categories of responsibility are identified by reference to a percentage of the figure recommended for the Council Leader and a sliding scale of rates having regard to levels of responsibility of the roles undertaken.

- Band 3 includes the position of Cabinet Member, Chair of the Health and Wellbeing Board, Chair of the main Overview and Scrutiny Committee and Deputy Leader of the Council. The IRP propose that the Band 3 allowance should be between 70-80 per cent pro rata of the remuneration package for the Council Leader within a band of £36,917 to £43,460.
- Band 2 includes Chair of a major regulatory committee e.g. planning, the Civic Mayor, Leader of the principal Opposition, Majority party Chief Whip, representative on key outside body and Lead Member in scrutiny arrangements, such as chair of a scrutiny panel. The IRP propose that the Band 2 allowance should be 40-60 per cent pro rata of the remuneration package for a Council Leader within a band of £16,207 - £29,797.
- Band 1 includes roles such as Vice Chair of a service, regulatory or scrutiny committee, Group Secretary of the majority group, Opposition Group Whip, Deputy Mayor, Cabinet Assistants and membership of an Adoption Panel. The IRP propose that the Band 1 allowance should be 20 – 30 per cent pro rata of the remuneration package for a Council Leader within a band of £2,582 - £9,397.

4.1.8 *Other Panel recommendations.*

- The Panel considered that no more than 50% of councillors should receive a SRA.
- No Member should receive more than one SRA.
- Every Borough should have a programme of on-going training and development which Members should be expected to participate in.
- Members should be provided with logistical and clerical support to help them deal with their workload.
- 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 care is required (on proof of expense).
- SRAs should continue in the case of sickness, maternity and paternity leave in the same way staff receive this benefit.
- 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.
- The IRP recommend that for a period of 4 years the allowances should be updated annually in accordance with the headline figure in the annual local government pay settlement, subject to annual approval by Council.

4.2 The Revised Scheme – a summary.

4.2.1 *Basic Allowance.* The proposed revised Scheme seeks to peg the annual increases in line with staff pay awards going forward. This has not been the case over the last 4 years despite a recommendation from the IRP to this effect. For the financial year 18/19 the staff pay award of at least 2% has been agreed. It is therefore proposed to increase the current Basic Allowance of £11,239 by 2% to reflect this.

4.2.2 It should also be noted that, since 2017, councillors are no longer entitled to a computer, printer, fixed telephone line or broadband, as was the case previously. In addition there is also a fee of £40 to register with the Information Commissioner for processing of personal data by councillors as part of their constituency work and this too must be paid by councillors from their Basic Allowance from 2019.

4.2.3 *Special Responsibility Allowances.* Where current allowances are at or above the band width proposed by the IRP it is proposed that there be no increase in the current allowance. Where current allowances are within the band width of allowance proposed by the IRP it is proposed to uplift by 2% to accord with the increase in staff pay awards. Where current Special Responsibility Allowances are below the recommended sliding scale proposed by the IRP an uplift of 5% is proposed.

4.2.4 It has also been found following review of allowances by the IRP that there are some Special Responsibility Allowances which are significantly out of line with the current level of responsibilities undertaken.

- The role and responsibilities of the Chair of the Health and Wellbeing Board are considered more in line with that of a Cabinet Member and so it is proposed to uplift this allowance to £33,705 to match that of a Cabinet Member. The bandwidth recommended by the IRP for a Chair of a Health and Wellbeing Board is £36,917 - £43,460.
- Having considered the responsibilities of the Chair of the Scrutiny & Overview Committee, it is recommended to revert to the pre-2010 principle that the Chair of the Scrutiny & Overview Committee be set at 90% of a Cabinet Member's allowance, viz £30,335.
- It is also proposed to uplift the allowance for the Chairman of the Planning Committee to £16,207. The bandwidth recommended by the IRP for Chairman of a Planning Committee is £16,207 - £29,797.

4.2.5 *New allowance.* A new SRA is to be created for the position of Non-Acting Cabinet Member of £20,223. Members will recall that the Leader has appointed to the position of Cabinet Member for Environment Transport and Regeneration two councillors on a job share basis with each councillor acting for a 6 month period. It is therefore proposed to create an allowance in recognition that the Non-Acting Cabinet Member will be required:

- to engage as the spokesperson for any such part of the portfolio as the Leader may decide, within the Council and across the borough, including meeting with officers and attendance of relevant boards;

- to engage with officers regarding the whole portfolio, so as to ensure that there is always a seamless transfer of executive responsibilities during the year;
- to ensure continuity over the year;
- to participate in (as permitted) and attend at the Cabinet and at informal meetings of the Cabinet;
- to represent the Administration including meetings outside of the borough and with key stakeholders;
- to take a key role in Council policy development;
- to take a lead role in overseeing the implementation of relevant Council policy.

4.2.7 *Dependent Carers Allowance.* This will remain unchanged, save for updating the London Living Wage figure.

4.2.8 *Travel expenses.* This will remain unchanged,

4.2.9 *General.* The revised Scheme will continue to provide that no member should receive more than one SRA in line with the recommendations of the IRP.

4.2.10 The revised Scheme provides that Members shall only be entitled to a pro rata payment in respect of a term of office which is not for a complete year, which includes any job share arrangements.

4.2.11 The revised Scheme provides that SRAs shall continue in the case of sickness, maternity and paternity leave in line with IRP recommendations.

4.2.12 A schedule of current and proposed allowances is attached as Appendix B.

5 CONSULTATION

Both political groups represented on the Council have been consulted on the proposed changes detailed above.

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 Director of Law be authorised to comply with all necessary publicity requirements in respect of the IRP report, the ongoing annual publicity required and subject to Members' approval of the recommendations in this report, the approval of the reviewed Scheme as set out in Appendix A.

7 FINANCIAL AND RISK ASSESSMENT CONSIDERATIONS

- 7.1 The proposed recommendations in this report will increase the total cost of allowances paid to members in 2018/19 by £24k to £1.5m. The full year effect of this proposal is £75k.
- 7.2 The cost in the first year of administration is a lower rate due to existing rates being paid to elected members until the local election and then a period of two weeks after the election and before Full Council when Special Responsibility Allowances (SRA's) were not paid.

Approved by – Lisa Taylor Director of Finance, Investment and Risk.

8 COMMENTS OF THE COUNCIL SOLICITOR AND MONITORING OFFICER

- 8.1 The Solicitor to the Council comments that the proposed Members' Allowance Scheme is required to comply 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. In addition, there are separate provisions, namely sections 3 and 5 of the Local Government Act 1972 for the payment of allowances to the Mayor and the Deputy Mayor which Croydon has traditionally referenced as part of its Members' allowance scheme.
- 8.2 In particular 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.
- 8.3 Specifically with regard to the new SRA which is proposed of "Non-Acting Cabinet Member" 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 Leader or Deputy Leader of a political group, acting as a member of an Executive, presiding at meetings of a committee or sub-committee, acting as a spokesman of a political group on a committee or sub-committee etc.

Sub-paragraph (i) sets out the general category of:

"carrying out of 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 way of one of the activities mentioned in sub-paragraph (a) – (h) (whether or not that activity is specified in the scheme)"

and will be relevant when considering the new SRA which it is proposed be created for the Non-Acting Cabinet Member responsibility.

8.4 Such an SRA must be for “carrying out ... activities in relation to the discharge of the authority’s functions “. It will also be important to be satisfied that the “activities ... 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 in sub-paragraph (a) to (h)”.

Approved by: Jacqueline Harris-Baker the Director of Law and Monitoring Officer

9 HUMAN RESOURCES IMPACT

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

(Approved by: Colin Chadwick, on behalf of the Director of Human Resources).

APPENDICES TO THIS REPORT

Appendix A	Schedule of current and proposed allowances
Appendix B	Revised Scheme of Members’ Allowances 2018

BACKGROUND DOCUMENTS:

The Remuneration of Councillors in London 2018 – report of the Independent Remuneration Panel.

<https://www.londoncouncils.gov.uk/who-we-are/about-us/financial-information/leadership-and-expenses/remuneration-councillors-london>