

LONDON COUNCILS

Remuneration of Members

Report of the Independent Panel on Members' Allowances

Introduction

1. The Local Authorities (Members' Allowances) (England) Regulations 2003 ('the Regulations') authorise the establishment by the Association of London Government (now *London Councils*) of an Independent Remuneration Panel to make recommendations in respect of the members' allowances payable by London boroughs. Such a Panel was established and reported in 2001, 2003, 2006, 2010 and 2014.
2. In 2004 the Panel, acting under Regulation 6 of the Regulations, made recommendations on the allowances to be paid to the elected officers of the Association of London Government. The Panel's recommendations were accepted with only slight amendment. The Panel met again in 2006 and made further recommendations about changes in the scheme. In 2010 the Panel recommended further minor modifications, which were accepted. The Panel continued to recommend that the allowances should be updated annually in line with the local government staff pay settlement.
3. The Panel has been re-constituted and now comprises Sir Rodney Brooke CBE (Chair), Steve Bundred and Anne Watts CBE. We have considered whether any change in circumstances warrants a change to the remuneration scheme.

Principles

4. The Panel continues to base its conclusions on the principles enunciated in 2004:
 - Those who contribute as London councillors to the work of *London Councils* should be remunerated along the same lines and in accordance with the same principles as members of London boroughs.
 - The level of special responsibility allowances should be such as will properly reflect the time commitment and expertise required to fulfil these roles.
 - *London Councils* remains an important representative body.
 - Financial reward is and should not be the motivation for service on *London Councils*, but equally its scheme of allowances must make it economically

possible for the organisation to draw on a wide range of councillors across the political spectrum.

5. We are mindful of the current economic climate and the severe constraints it places on the finances of local government. Because of this climate, in the years 2009-10 and 2013-14 *London Councils* members did not accept the pay increase negotiated for officers. As a result, allowances are below the level which they would have reached had the increases been agreed. Recognising the financial realities, in our recommendations we wish to avoid increasing the total spend on members' allowances for *London Councils*. However, because of the 2014 London borough election results, there will no longer be a formal Liberal Democrat Group on *London Councils*, thus saving £18,375 pa. This sum will be more than enough to permit the updating of allowances in accordance with the local government pay settlements for 2013-14 and 2014-15 (if the latter is agreed). Recognising the long-term inadvisability of allowing members' allowances to decline in real terms, we therefore recommend restoration of the 2013-14 1% pay increase negotiated for staff as well as incorporation of the settlement in course of negotiation for 2014-15, knowing that the overall cost of members' allowances will not increase. The schedule to this report sets out the levels of remuneration which we recommend.
6. We are aware of the potential to establish a separate joint committee to oversee a Pensions Common Investment Vehicle. Were this to proceed as a separate Joint committee, we believe that the Chair and Vice Chair(s) should be remunerated at the same level as the associated joint committees - Grants and TEC. This recommendation should be reviewed in the light of experience of the workload of the post.
7. In the Panel's considerations there has been informal consultation with the Labour and Conservative Groups on *London Councils*. Both have confirmed that they have no further issues to raise with the Panel and do not suggest any changes to the present scheme. The Panel is, however concerned at one apparent anomaly, viz that the Chair of the Capital Ambition Board is an unremunerated position yet enjoys responsibilities which are certainly no less than, say, those exercised by the Chair of the Audit Committee. Accordingly we have added the Chair of the Capital Ambition Board to the schedule of remunerated positions below.
8. Our previous recommendations remain in place - no member should receive more than one allowance and allowances should continue to be updated annually in line with the staff pay settlement.
9. We therefore recommend the allowances set out in the third column below, subject to there being agreement on the 2014-15 staff pay settlement.

	1	2	3
	Amount taken 2013/14	Amount if pay award had been accepted in 2013/14	Amount if pay awards had been accepted in 2013/14 and current offer were both, in time, finalised and accepted by members for 2014/15
Executive			
Chair	£20,997	£21,207	£21,419
Deputy Chair, Vice-Chair and other Executive members with portfolios	£10,499	£10,604	£10,710
without portfolio	£5,250	£5,303	£5,356
Party Group Policy Leads	£2,625	£2,651	£2,678
Grants Committee			
Chair	£10,499	£10,604	£10,710
Grants Vice-Chair	£2,625	£2,651	£2,678
Transport and Environment Committee			
Chair	£10,499	£10,604	£10,710
Vice-Chair	£2,625	£2,651	£2,678
Greater London Employers' Forum			
Chair	£10,499	£10,604	£10,710
Vice-Chair	£2,625	£2,651	£2,678
Audit Committee Chair	£5,250	£5,303	£5,356

Capital Ambition Chair	-	-	£5,356
Lead member for Equalities	£5,250	£5,303	£5,356
Whip	£5,250	£5,303	£5,356

Column 1 represents the amount taken in 2013/14

Column 2 represents the amount members would have been entitled to if they had taken up the 1% increase (following the officers annual pay award in 2013-14) recommended by the IRP. Column 2 also represents the amount that members would be entitled to if they accept the (provisional) award of 1% for 2014/15

Column 3 represents the amount members would have been entitled to if they had accepted both pay awards in 2013/14 and 2014/15 and is the amount recommended by the Panel, subject to agreement by the staff side.

Rodney Brooke
Steve Bundred
Anne Watts

23 September 2014