

Leaders' Committee

Remuneration of London Councils' Members

Item no. 15

Report by: Derek Gadd **Job title:** Head of Governance

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Summary: This paper attaches the Report of the Independent Panel on the Remuneration of Members for activities on behalf of London Councils

Recommendations: Leaders' Committee is recommended to:

- Consider whether to accept and implement the Panel's recommendations
- Agree a baseline for applying the annual up-lifts.

Remuneration of London Councils' members

Background

1. London Councils¹ first set up an Independent Panel to look into the remuneration of councillors in 1998 and a panel has remained in existence ever since. The Local Government Act 2000 gave statutory force to the practice of using independent panels to make recommendations about remuneration and made special provision for London's Independent Panel on the Remuneration of Councillors. So, when in 2004 London Councils decided to remunerate its leading members for their work for London Councils, it requested the Panel to make recommendations on the scope and quantum of that remuneration.
2. The process by which a scheme is adopted is that the Panel makes recommendations which the recipient body can either amend or reject outright - giving its reasons - or adopt. Since 2004² and most recently in 2014 the recommendations in the Panel's reports of making special responsibility allowances to leading members have been accepted.

The 2018 report

3. The Panel, comprising Sir Rodney Brooke CBE, Steve Bundred and Anne Watts CBE, was asked to convene and review the current scheme (as agreed by Leaders' Committee AGM on 11 July 2017) and the Panel's final Report is attached as Annex 1. As was noted at Leaders' Committee on 5 December 2017, the Report recommends no change in the structure of the existing London Councils remuneration scheme.
4. One of the Panel's consistent recommendations has been to uprate members' remuneration in line with any pay increases negotiated for local government staff. Since 2014, Members have chosen – while accepting the Panel's recommendation on uprating³ - not to accept the increases. This has meant that the appendix to the Panel's Report (see Annex 1) includes two columns of figures, the sum recommended by the Panel including the pay award and the sum actually taken by Members. As the Panel

¹ Formerly the Association of London Government (the ALG), which changed its name to London Councils in 2006, the name that is used throughout this report

² Elected Officers 16 December 2004

³ London Councils 2014, Remuneration of Members, Report of the Independent Panel on Members' Allowances paragraph 5

points out, the sum received by Members has, over the years, steadily fallen behind that recommended by the Panel.

5. The current Report includes the following:

6. *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 recent years London Councils members have not accepted the pay increases negotiated for local government staff. As a result, the allowances paid are below the level which they would have reached had the increases been accepted.*
7. *Recognising the long-term inadvisability of allowing members' allowances to decline in real terms, we believe that the allowances should be updated to include the pay increases negotiated for local government staff. We recognise that members may choose not to accept such increases but believe that it is important that they should be formally approved if only to set a base line for the future. The schedule to this report sets out the levels of remuneration which we recommend.*

6. One option being put forward for Members to consider is to take the remuneration levels that currently obtain as a baseline and then apply uprating in line with the officers annual pay award. A second table is, therefore, attached at Annex 2 which shows that approach, increasing the figure currently taken by Members by this year's officers' pay award (2% in 2018/19 and 2% in 2019/20).

Equalities Implications:

There are no direct Equalities implications.

Financial Implications:

The recommendations of the review panel can be accommodated within the approved salaries budget for 2018/19.

Legal Implications:

There are no direct legal implications.

Recommendations:

Leaders' Committee is recommended to:

- Consider whether to accept and implement the Panel's recommendations
- Agree a baseline for applying the annual up-lifts.

List of annexes

1. London Councils 2018, Remuneration of Members, Report of the Independent Panel on Members' Allowances
2. Proposed new remuneration figures showing 2018/19 and 19/20 uplifts applied to a new baseline

LONDON COUNCILS 2018

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. It will report again in 2017.
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 and 2014 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 DL (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 have sought the views of the Leaders of London Councils and of the Chief Executive. They concur that the scheme is fit for purpose and requires no change. We accept their advice.
6. 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 recent years *London Councils* members have not accepted the pay increases negotiated for local government staff. As a result, the allowances paid are below the level which they would have reached had the increases been accepted.
7. Recognising the long-term inadvisability of allowing members' allowances to decline in real terms, we believe that the allowances should be updated to include the pay increases negotiated for local government staff. We recognise that members may choose not to accept such increases but believe that it is important that they should be formally approved if only to set a base line for the future. The schedule to this report sets out the levels of remuneration which we recommend.
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 allowance set out in the appendix below.

Rodney Brooke
Steve Bundred
Anne Watts

January 2018

Appendix

	Amount recommended ¹	Amount taken ²
Executive		
Chair	£22,068	£20,997
Deputy Chair, Vice-Chair and other Executive members with portfolios	£11,034	£10,499
without portfolio	£5,519	£5,250
Party Group Policy Leads	£2,759	£2,625
Grants Committee		
Chair	£11,034	£10,499
Grants Vice-Chair	£2,759	£2,625
Transport and Environment Committee		
Chair	£11,034	£10,499
Vice-Chair	£2,759	£2,625
Greater London Employers' Forum		
Chair	£11,034	£10,499
Vice-Chair	£2,759	£2,625
Pensions CIV Joint Committee		
Chair	£11,034	£10,499
Vice-Chair	£2,759	£2,625
Audit Committee Chair	£5,519	£5,250

¹ The 2014 figure increased in each year since by the local government officers' pay award

² The amount taken by members has remained the same since 2014

Capital Ambition Chair	£5,519	£5,250
Lead member for Equalities	£5,519	£5,250
Whip	£5,519	£5,250

Annex 2

Proposed new remuneration figures showing 2018/19 and 19/20 uplift applied to a new baseline

	Amount taken in 2017/18	Amount recommended plus 2% from April 2018 ¹	Plus 2% from April 2019
Executive			
Chair	£20,997	£21,417	£21,845
Deputy Chair, Vice-Chair (x3) and other Executive members with portfolios	£10,499	£10,709	£10,923
without portfolio	£5,250	£5,355	£5,462
Party Group Policy Leads	£2,625	£2,678	£2,731
Grants Committee			
Chair	£10,499	£10,709	£10,923
Grants Vice-Chair (x3)	£2,625	£2,678	£2,731

¹ Includes the cost of living pay award awarded to officers as recommended by the Independent Panel on Members Remuneration

	Amount taken in 2017/18	Amount recommended plus 2% from April 2018 ¹	Plus 2% from April 2019
Transport and Environment Committee			
Chair	£10,499	£10,709	£10,923
Vice-Chair (x 3)	£2,625	£2,678	£2,731
Greater London Employers' Forum			
Chair	£10,499	£10,709	£10,923
Vice-Chair (x2)	£2,625	£2,678	£2,731
Pensions CIV Joint Committee²			
Chair	£10,499	£10,709	£10,923
Vice-Chair	£2,625	£2,678	£2,731

² The Pensions CIV Joint Committee is still in place until it is formally dissolved later in 2018

	Amount taken in 2017/18	Amount recommended plus 2% from April 2018¹	Plus 2% from April 2019
Audit Committee Chair	£5,250	£5,355	£5,462
Capital Ambition Chair	£5,250	£5,355	£5,462
Lead member for Equalities ³	£5,250	£5,355	£5,462
Whips (x3)	£5,250	£5,355	£5,462

³ To be deleted and be part of the proposed Welfare, Empowerment and Inclusion portfolio, subject to agreement