

Committee: Council

Date: 13 September 2023

Subject: Members Allowance Scheme

Lead Director: John Scarborough, Managing Director, South London Legal Partnership

Lead member: Councillor Billy Christie, Cabinet Member for Finance and Corporate Services

Contact officers: Andrew Robertson, Head of Democracy and Electoral Services and Amy Dumitrescu, Democracy Services Manager

Recommendations:

A. That the Council approve the recommendations of the Standards and General Purposes Committee set out in this report:

(i) that the basic allowance should be increased to £12,014 in line with the recommendation of the 2022 Independent Remuneration Panel;

(ii) to agree to award the Special Responsibility Allowances set out in appendix A;

(iii) that Council reaffirms the linking of future allowances to the annual staff pay award, such increases to be applied automatically and that in future the Scheme be approved as part of the annual budget;

(iv) that the Licensing Committee chair should also be the chair of the Licensing Sub committee meetings convened for the purpose of determining individual licensing applications

(iv) that the new allowances should apply with immediate effect (as of 13 September 2023), but will not be backdated to 1 April 2023.

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

1.1 The current scheme for paying allowances to members was approved by Council on 24 September 2003 (the Scheme) and it was made under powers conferred by the Local Authorities (Member's Allowances) (England Regulations, 2003 ("The Regulations")). That Scheme has been readopted in subsequent financial years as required by the Regulations.

1.2 The Scheme and current rates can be found at Part 6 of Merton's Constitution and provides for a number of Special Responsibility Allowances (SRAs) to be payable to those Councillors appointed by Council to particular positions in addition to the basic allowance paid to all councillors. The Scheme is currently considered and approved annually by Council alongside the Pay Policy Statement.

1.3 The existing Scheme for 2022/23 was approved by Council on 1 March 2023 and was based on a scheme agreed in 2008 which has not been significantly reviewed since that time. The current schedule of rates has therefore not been increased in fifteen years. The current scheme allows for an automatic

increase to Councillors on an annual basis in line with staff pay awards, however these increases have not been applied to Councillors allowances.

- 1.4 This has meant that the current level of basic allowance has for many years been one of the lowest across the capital, at £8694. When calculating what the allowance would have been for 23/24 had the annual uplifts been applied in line with the staff pay – the basic allowance would now be set at £10,057 – which is still considerably lower than the average in London today. Similarly, Merton’s Special Responsibility Allowances are largely lower than the London average, with Cabinet Members for example receiving one of the lowest levels anywhere in London.
- 1.5 London Council’s Independent Remuneration Panel published a report on Councillor remuneration in January 2022. That report recommended rates in excess of those currently paid by the Council and at its meeting on 27 April, the Standards and General Purposes Committee agreed to establish a cross party working group to carry out a review of the current scheme in light of the IRP report and to make recommendations to that Committee.
- 1.6 The working group (the Group) comprised Councillors Hayes, Bhim, Kaweesa, Whelton, Oliver, Willis, Paterson and Mercer. It was chaired by Councillor Hayes and met on three occasions, on 8th, 22nd and 28th June. One of the Council’s independent persons, Katy Willison, was also present as was the Council’s Monitoring Officer at that time Louise Round and the Democracy Services Manager.
- 1.7 The working group made a number of recommendations which were considered by the Standards and General Purposes Committee at its meeting on 19 July 2023.
- 1.8 The Standards and General Purposes Committee agreed the recommendations made by the working group as set out within the recommendations to this report.

2. DETAILS OF THE CONSIDERATIONS OF THE WORKING GROUP

BASIC ALLOWANCE

- 2.1 The Group began by considering the rate at which members’ basic allowance should be paid. It was logical to do so because the overall structure of the Council’s scheme is to award a basic allowance and for the special responsibility allowances (SRAs) to be calculated using a multiplier approach. So, for instance, the Leader receives a basic allowance at the same rate as all other councillors plus a SRA of 4 times that basic rate. The factors to be applied will be depending on the level of responsibility and / or workload of the role in question. The Group agreed that this overall approach should be maintained.

- 2.2 The Group noted that although the current Scheme allows for the allowances to be uplifted automatically annually by reference to the staff pay award, in fact that annual uplift has not been applied since 2008/09. This has meant that the current level of basic allowance for many years been one of the lowest across the capital,. The Group were presented with exemplifications of what the allowance would have been for 23/24 had the annual uplifts been applied – the basic would now be set at £10,057 - which is still considerably lower than the average in London today.
- 2.3 The IRP explains that following the challenges of the last few years, including the pandemic and the cost of living crisis, has placed a “major impact on the demands place on all councillors and of those councillors charged with special responsibilities”. The Group noted that the IRP is due to report again in September this year and that there is every indication that it will recommend a further increase in the basic allowance due to these increasing pressures and workload, beyond that made in its January 2022 report which was £12,014. However, in light of the wish to have the matter resolved at Council in September, the Group was content to work on the basis of the 2022 report. One member of the Group expressed some concern about whether, in light of the cost-of-living crisis, now was the right time to increase allowances at the percentage proposed and in a single change, but although the Group acknowledged this valid concern, it did agree, unanimously, to recommend the adoption of the IRP 2022 recommendation of £12,014.
- 2.4 The group also agreed to recommend the retention of the automatic uplift in line with the staff pay award as in integral part of the Scheme. There would be no need for a specific vote on this at Full Council each year although the Group noted that it is a requirement of the regulations that the Scheme is readopted before the beginning of each year to which it applies. However, the view of the Group was that this could be done as part of the overall budget, as is common in other councils, rather than as a separate report taken with the Pay Policy as has happened to date.

EXISTING SPECIAL RESPONSIBILITY ALLOWANCES

- 2.5 The group then proceeded to consider the existing special responsibility allowances paid to councillors and to decide whether to recommend that the current multipliers should remain the same. With the exception of the proposals for Cabinet Members and the Chair of Development and Planning Applications Committee, these were agreed unanimously. The existing multipliers are set out in the table below for ease of reference:

Special Responsibility Allowances	Formula	Current SRA
Leader	4	£34,776
Deputy Leader	2	£17,388
Leader of the Opposition	2	£17,388
Leader of Minority Group	0.66	£5,737
Cabinet Member	1	£8,694
Chair, Scrutiny Commission	1	£8,694
Chair, Planning Committee	1	£8,694
Chair Licensing Committee	1	£8,694
Chair, General Purposes Committee	0.33	£2,868
Scrutiny Panel Chairs	0.33	£2,868

The Leader

- 2.6 The Group considered the current multiplier of 4 for the Leader of the Council was appropriate and agree to recommend that it should remain at that level. This would make the Leader's SRA £48,056, which would be below the . the IRP recommendation of £62,092.

Cabinet Members

- 2.7 In relation to Cabinet Members whose SRA is set at a multiple of one, there was not unanimity amongst the Group.. A proposal was moved to increase the multiple to 2 on the basis that the level of responsibility and volume of work required of a Cabinet Member can be very significant and, in some cases, amounts to a full-time job, and in some instance statutory responsibilities. If the Council wants to attract talented people from all backgrounds into these roles, it should pay an amount which would allow them either to give up work, or at least reduce their paid work while in that role. Otherwise, there was a risk that only people who were either retired or had independent wealth would be able to take these roles. It was noted that the IRP recommendation for Cabinet Members ranged from £39,860 to £42,271 whereas this proposal would lead to an SRA of £24,028.
- 2.8 A contrary view was expressed that whilst accepting there was an argument for some increase in the SRA paid to cabinet members, as the Group had already agreed to recommend an enhanced basic allowance, this increase would feed into the SRA calculation so that the rate for a cabinet member would increase from £8694 to £12,014 in any event without the need to increase the multiplier. One member proposed that a multiplier of 2 would only be appropriate if the number of cabinet members was reduced to, say 6 or alternatively that a multiplier of 1.5 should apply if a higher number were to be retained.
- 2.9 As it was not possible to reach agreement, the question was put to the vote and the Group agreed by a majority to increase the multiple to 2.

Leaders of Other Political Groups.

- 2.10 There was a full debate about the best approach to the SRAs payable to leaders of other political groups represented on the Council. A distinction was drawn between the terms "leader of the opposition" which refers to the leader of the largest opposition group – the Liberal Democrat Group at present - and "leader of minority group" which refers to leader of all other opposition groups – currently the Conservative Group and the Merton Park Ward Independent residents. The Scheme currently provides that for any opposition group with 7 or more members, the SRA is paid at a factor of 2 and for any group with fewer than 7 members, a multiple of 0.66 is applied.
- 2.11 The Group accepted that it should not necessarily be assumed that the fewer the members in the group the easier the role as in some ways the fewer the members, the heavier the workload for each individual member to allow them to cover all the areas of the Council in order to provide scrutiny and challenge. However, there was also an acceptance that for very small groups, it would be appropriate to see a reduction in the multiple applied. After some debate it was agreed to recommend a slightly different approach to the one currently in use, as follows:

The leader of the (largest) opposition group continues to receive a multiple of 2, yielding an SRA of £24,028. The same figure as proposed for Cabinet Members.

The leader of the largest minority group will receive a multiple of 1 – an SRA of £12,014

The leader of the next largest minority will receive a multiple of 0.5 - an SRA of £6007

No smaller group (if in future there are any) will received an allowance.

This was unanimously agreed and the Group recognised that if in future there were two groups of the same size attracting a multiple of 0.5, that would have to be accommodated. They also noted that it is always possible for the Full Council to review the Scheme at a future date should a situation arise where there are multiple smaller political groups.

Chair of Overview and Scrutiny Commission

- 2.12 Again, there was a difference of view on how best to approach the question of the multiplier for the role of Chair of Overview and Scrutiny Commission. Most members of the group felt it was a role with significant responsibility bearing in mind the function of the Commission as the most senior scrutiny body, responsible, among other things for coordinating the scrutiny response to the formal budget setting process. Others felt that it ought not to be more highly valued than the Chair of this Committee, bearing in mind this Committee's role as the audit committee and in relation to signing off the annual accounts. The Group noted that the Commission Chair has responsibilities outside the formal

meeting process as the councillor charged with the power to agree to urgent decision making and to waive call in. The Group's attention was drawn to the IRP report which does distinguish between the role of the lead scrutiny committee chair and other regulatory committees, placing the former in band 3 (which they recommend be paid at a higher rate) and the latter in band 2. After some debate the proposal to leave the SRA at the current multiplier of 1 was put to the vote and agreed by a majority. If that recommendation is agreed, it would mean an SRA of £12,014.

Chair of Development and Planning Applications Committee

- 2.13 The Group debated a proposal that the multiplier for the role of Chair of the Development and Planning Application Committee should remain at 1. Some members of the group felt that the workload of the Chair was considerable, and equivalent to that of a cabinet member. They remarked on recent innovations such as the welcome introduction of a technical briefing which added to that workload as did the merger at the last annual council meeting of the Planning Applications Committee with the Borough Planning Advisory Committee, which in itself received an SRA of 0.33%. Other members, while acknowledging the very thorough manner in which the current chair approaches the role, stressed that this exercise was about the role, rather than the individual. The proposal that the multiplier remain at 1 was put to the vote and was agreed by a majority. The Chair would therefore be entitled to an SRA of £12,014.

Chair of Standards and General Purposes Committee and Scrutiny Panel Chairs

- 2.14 After a short debate, the Group unanimously agreed that the multiplier for the chair of this committee and the three overview and scrutiny panel chairs should remain at 0.33, which would lead to an SRA of £3964.62.

Licensing Committee Chair

- 2.15 The debate in relation to this role centred around the fact that the main Licensing Committee has reserved relatively few functions to itself and all decisions on individual licence applications are taken by the sub committees. The chairs of those sub committees are elected on the day of the meeting and receive a one-off payment of £256 for each meeting they chair. On that basis, the full Licensing Committee only meets two or three times a year and the Group did not consider that warranted the current multiplier. Therefore, they unanimously recommended that the Licensing Chair role also takes responsibility for chairing the sub committee meetings and on that basis, it should retain the multiplier of 1. No payment should be made to any other subcommittee chair who might in future step in in the absence of the Licensing Committee chair.

NEW ROLES TO RECEIVE AN SRA

- 2.16 The Group unanimously agreed that the Mayor should receive an allowance although that role does not currently attract an SRA. They recognised that as well as chairing Full Council meetings, the Mayor is of significant symbolic importance for the Council and the community as a whole and carries an enormous workload. One member of the Group remarked that he had never known a Mayor in Merton who did not carry out that role diligently and conscientiously. They recommend that the Mayor should now receive an allowance with a multiplier of one and would therefore be entitled to an SRA of £12,014.
- 2.17 A proposal was put to the Group that four roles which do not currently receive an SRA should do so on the following basis:

Administration Whip	0.5	
Deputy Leader of the Opposition	0.5	
Opposition Whip	0.33	
Minority Group Whip	0.25	

The rationale for these proposals was a recognition of the importance and level of work undertaken to allow groups to provide an appropriate level of scrutiny and challenge across the Council, including, but not solely, to ensure that Full Council meetings run effectively. This applied across the political groups and it was pointed out that only one of the four proposed new roles outlined above would fall to the Administration.

- 2.18 Other members of the Group recognised that the proposal would benefit opposition groups and thanked the proposer for this even handedness. However, they were opposed in principle to any more SRAs being created, save for the Mayor, and so the matter was put straight to the vote and the creation of the new posts was passed by a majority.

Conclusion

- 2.19 The outcome of the deliberations and, where applicable, the votes, described above is summarised in appendix A. The Group noted that although reference is made in the current scheme to SRAs applicable to Assistant Cabinet Members and Adoption and Fostering Panel Members, no such roles exist. They therefore recommend that the references to them be removed from the Scheme.

3. ALTERNATIVE OPTIONS

- 3.1 Council could reject the recommendations of the Standards and General Purposes Committee and not change its Member Allowances scheme,

although in doing so it may wish to note the information previously before it which shows that the outcome of not having increased the allowances for some time means that they are becoming increasingly out of step with the IRP recommendations, the London average and some neighbouring boroughs. The working Group discussed the importance of attracting a diverse range of people to stand for election and the role of allowances in achieving this, while acknowledging that there are many motivations for standing for public office, and financial reward is rarely one of them.

- 3.2 Council could also choose to accept some, but not all, of the recommendations and to substitute some or all with their own proposals, although it would be important to be clear about the rationale for this.

4. CONSULTATION UNDERTAKEN OR PROPOSED

Both the Standards and General Purposes Committee and the working group thereof have cross-party memberships with representation from all political groups.

5. TIMETABLE

Standards and General Purposes Committee recommended that any new allowances be paid to councillors with effect from the date of the full Council meeting when they are agreed, that being 13 September 2023. They will not be backdated to 1 April 2023 as councillors did not feel this would be appropriate. In accordance with the recommended retention of the link to the staff pay award, they would then increase again automatically with effect from year 1 April 2024 once the outcome of the staff pay negotiations are known.

6. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS

- 6.1 If adopted, the recommendations in this report will lead to an increase in the total cost of basic allowances from the current £495,558 to £684,798, an increase of £189,240.
- 6.2 The total cost of SRAs would increase from £199,783 to £386,252, an increase of £186,469.
- 6.3 The total overall cost of the proposed allowances rises from £695,341 to £1,071,050, an increase of £375,709. Provision was made for an increase in Members allowances within contingency budgets as part of the MTFS approved by Council in March 2023. The annual inflation increase will be reflected in the Council's annual provision for inflation increases for pay.
- 6.3 As the proposal is that the new scheme will not come into effect until 13 September this year, the above annual increases will be pro rata'd for this

financial year at an estimated cost of £199,000.

7. LEGAL AND STATUTORY IMPLICATIONS

- 7.1 The Local Authorities (Members' Allowance) (England) Regulations 2003 (the Regulations) require a relevant authority to make a scheme providing for the payment of a basic allowance to each member of that authority.
- 7.2 Regulation 10 of the Local Authorities (Members' Allowances) (England) Regulations 2003 ("the Regulations") requires re-adoption of the scheme on an annual basis. Before making or amending its allowances scheme, the Council is required, by Regulation 19, to have regard to the recommendations of an Independent Remuneration Panel. Those obligations have been complied with as both the Standards and General Purposes Committee and the Group have considered those recommendations.
- 7.3 The Regulations do allow any increase in allowances to be backdated to the beginning of the financial year in which they are agreed; however, members agreed not to recommend that backdating be implemented.

8. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS

The proposals set out above would not appear to have a disproportionate negative effect on any group with protected characteristics; the working group expressed the hope that the increases they are proposing will have a positive impact on the willingness of people from a diverse range of backgrounds to stand for election in Merton, thereby increasing the representativeness of the councillor cohort.

9 CRIME AND DISORDER IMPLICATIONS

None

10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS

None

11. APPENDICES – THE FOLLOWING DOCUMENTS ARE TO BE PUBLISHED WITH THIS REPORT AND FORM PART OF THE REPORT

Appendix A – Proposed schedule of rates for basic and special responsibility allowances.

12. BACKGROUND PAPERS

Working Group papers

London Council's Report Of Independent Remuneration [Panel](#)

London Benchmarking data on Members [Allowances](#)

Current [Members Allowances Scheme](#) and [Schedule of Rates](#)