

The Remuneration of Councillors in London 2022

Report of the Independent Panel

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Summary

At the time of writing this report the country is still responding to the shock of the tragic death of Sir David Amess MP. It is a sad reminder of the vital role that all elected representatives play in the life of our country and how your roles are at the heart of our democratic and civic society. It is also a reminder of the risks that are linked to your roles. It is vital that we have a system of support in place that recognises the full scale of the responsibilities of councillors and one that supports residents in both wanting to come forward to undertake these roles and then when they are elected enables them to be effective. Our work as an independent remuneration panel can play a part in that endeavour.

The report below details our position as the output for the 2021 review. In short, we are very conscious about the huge changes that have taken place as a society during the last few years. Our residents, businesses and communities have been dealing with, and continue to deal with, major challenges. The feedback we have received supports our view that this has had a major impact on the demands placed on all councillors and of those councillors charged with special responsibilities. There is now greater than ever demands for time spent on wider partnership working, the situations faced by many residents are ever more challenging and complex, the ease of access afforded by technology has increased expectations for almost constant access and rapid responses. The burden of responsibility for effective government at a local level is extremely significant.

At the same time, many aspects of the current situation are still relatively recent. It remains rather unclear how these recent patterns of demands and increased expectations will play out and settle over time. With this level of uncertainty, we do not believe that at the current time we have the evidence available to recommend any significant changes in the remuneration of councillors.

However, given the wider background, we have concluded that, instead of waiting four years to undertake the 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. As well as enabling us to re-assess the situation, this timescale would enable us to undertake more detailed consultations and seek wider views as part of the evidence gathering that will be needed.

As well as the substantive recommendations in the report, we therefore recommend that we undertake a further review of the remuneration of councillors during 2022-23.

Background

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 ('the Panel') was established and reported in 2001, 2003, 2006, 2010, 2014 and 2018. It now comprises Mike Cooke (Chair), Sir Rodney Brooke CBE DL and Anne Watts CBE.

The Regulations require a review of the scheme every four years as a minimum. The current Panel has therefore completed a review of remuneration for councillors in London. We present our findings and recommendations in this report.

As a preparation for our work, we invited all London boroughs to give their views on the operation of the existing scheme. We are grateful for the feedback, which confirms that the existing London scheme of members' allowances is still fit for purpose. We make recommendations accordingly. However, where issues have arisen from the comments we received, we have addressed them in this report.

The role of elected members

In our previous reports we reflected on the importance of the role of elected members. We repeat at Appendix B the 'job profile' for councillors which we originally included in our 2010 report.

Our last report reflected on research that identified that councillors oversee million-pound budgets, balancing complex financial pressures at a time of severe cutbacks in local authority spending, making decisions which will affect their areas for decades to come. These challenges continue and have been exacerbated by the impact of the Covid-19

Pandemic and the continuing recovery effort from it.

In London, each borough is responsible for services crucial to its residents. Each has a revenue budget of up to £1.4bn as well as a substantial capital programme. The scale of their turnover and other financial activities are in many instances comparable with those of large publicly quoted companies.

Councillors are faced with difficult choices. Demand for local authority services continues to grow. In particular there is rapid growth in the number of old people with a corresponding increase in demand for social care. London itself faces acute housing problems coupled with higher levels of homelessness than other parts of the country. Councillors have an increased responsibility for local and place-based health outcomes. Thus, the strain on and competition for resources increase the demands made on elected members.

The feedback we received is that the workload and responsibilities of councillors continues to increase and that their role has become more complex, and not only in the areas of social care and housing. There has been a growth in other public sector activities including community safety with increasing engagement with the Police, increasing expectations for closer working with health services, and in some boroughs more involvement with joint venture partnerships and local authority trading companies. Since the start of the Pandemic, there has been an important and significant role for councillors in local welfare support and greater liaison with the voluntary sector. This all requires the commitment and time of leaders, cabinet members and front-line councillors. The Pandemic has also heightened the significant role of councillors as a point contact for information, advice and reassurance for communities.

While valuable to democracy, the growth in digital connectivity and the availability and use of social media and other forms of messaging applications adds to the pressure on councillors by increasing demands from their constituents in several different ways. Communication with councillors is not only easier but immediate. The public expects a speedy response, so that it is now more difficult for councillors to deal with concerns as quickly as voters expect. Not only does social media make it easier for their constituents to access councillors, but they also enable an isolated concern to become an organised campaign. The expectations of the public continue to rise.

Recruitment of councillors

We received feedback that it continues to be challenging to recruit candidates generally but also from a diverse background and of a high enough calibre who are prepared to stand for office as councillors. Though financial deterrents were cited amongst a number of reasons for this, a major disincentive is the time commitment required of a councillor. Time pressures (as well as finance) can make it difficult to combine the role with a job and caring responsibilities. As was pointed out in the responses we received, the problem is exacerbated in London, where councillors are on the whole younger than in other parts of the country and often in employment. They also face substantially higher costs of living which are continuing to rise.

Though the time commitment may be the main disincentive to service as a councillor, it is important that, as far as reasonably possible, financial loss does not prevent people from becoming councillors. Allowances are not shown by polls to be something which influences councillors to take on the role, though they are instrumental in making it possible for some people to do so. Allowances should be set at a level that enables people to undertake the role of councillor, while not acting as an incentive to do so. 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.

In 2014 the Government removed the possibility of councillors joining the local government pension scheme. Almost half of the responses we received cited the lack of pension provision as a factor that influences people whether to run for council office. Access to the pension scheme can be an important factor in making service as a councillor financially possible for a wider range of people. It is particularly significant for those who, like elected mayors, leaders and portfolio holders, give most or all of their time to service in local government and lose the opportunity for advancement in their particular profession and to contribute to a pension scheme elsewhere. In view of the importance this could have for recruiting a diverse range of councillors in future and to wider issues for local democracy, the Panel intends to look at lobbying opportunities on this issue as part of its further review in 2022-23.

The current financial climate

Because of the financial climate over the last decade, the local government pay settlement over much of this period has been either frozen or severely limited. Since our last report there have been modest increases from 2% in 2018-19 to 2.75% last year.

Acutely sensitive to the ongoing financial austerity, our recent reports have made no recommendations for increasing the levels of members' allowances other than continuing provision for annual adjustments in accordance with the annual local government pay settlement.

Our recommendations have led to some convergence of members' allowances across London. There is now considerable congruity in the basic allowance made by London boroughs.

However, most London boroughs have not adopted our recommendations in their entirety and there remain substantial differences in the amount of special responsibility allowances.

In reaching our views this year, we have been 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.

Level of Basic Allowance

In our last report we recommended that there should be a Basic Allowance paid to every councillor of £11,045. Updated for the local government staff pay awards since then (and including an indicative 1.75% award for 2021-22 which is still the subject of negotiation), the figure is now £12,014. Given all the circumstances including growth in the volume and complexity of the work of councillors and the limited increase in the Basic Allowance since our last report, we believe that there is a strong case for looking again at the level of the allowance. The basic allowance is now less than the allowances paid by many similar authorities outside London. In our last report we highlighted that in Wales, for example, the government-appointed commission set the basic allowance at £13,400 for members of local authorities with populations which are generally substantially lower than those of London boroughs. In its most recent report, published in February 2021, this had increased to £14,368.

However, the wider context is one of considerable uncertainty including whether trends in demands will be sustained. If they are so, as seems likely, the consequences of the changing patterns of work remains unclear added to which is the current financial climate. All this suggests to us that now is not the right moment to recommend major changes to the current allowances (beyond the annual updating). Linking the allowances to an annual increase to staff pay awards will ensure that councillors can receive annual increases which are in line with those received by staff. We therefore recommend that the Basic Allowance be set at £12,014 pending the outcome of the 2021-22 award. We believe that it remains sensible to frame recommendations which are common across London.

Special Responsibility Allowances

Given the extent of the responsibilities of leaders of London boroughs, the Panel's first report in 2001 recommended that their remuneration should equate to that of a Member of Parliament. [Our recommendations for other special responsibility allowances are related to that recommended for leaders.]

Since then, the increase in the remuneration of Members of Parliament has substantially exceeded the annual local government pay increase to which we tied the special responsibility allowance for the leader of a London borough. At the time of our last report an MP received a salary of £76,011 while our recommendation for a borough leader (increases having been restricted to the local government staff pay increases) was for a total remuneration of £68,130, a difference of £7,881. Updated for the local government pay awards (and indicative 2021-22 award), our recommendation for the current total remuneration of a London borough leader would be £74,106. Meanwhile the salary of MPs has increased to £81,932, a difference of £7,826. Moreover, MPs continue to be entitled to a pension as well as to other benefits (such as termination payments) which are not available to leaders.

In our current consultation we enquired whether the remuneration of an MP remains a sound comparator to fix the remuneration of a borough leader. In general, the responses suggested that the comparator was appropriate with some feedback noting that the Leaders of London boroughs warranted a higher remuneration than an MP, because they had greater financial responsibility and legal burdens, and especially given the differential pension arrangements. Indeed, a couple of respondent authorities suggested that the direct responsibilities of a Leader should command the salary of a junior minister.

We sympathise with the responses. Certainly, the way in which MPs' remuneration has progressed compared to that of leaders could be argued to warrant a review of the Leaders' allowances.

We are also aware of the very significant expectations on leaders and leading members to participate in wider cross borough, pan-London and partnership working, the demands of which (both in terms of time commitments but importantly in terms of responsibility and significance) appear to have increased dramatically over the last 18 months. Our report makes no recommendations in respect of remuneration for these roles at this stage but we propose to return to this issue as part of the further review that is proposed.

However, for the same reasons which prompt us to maintain the current Basic Allowance, (namely a significant uncertainty over the long term implications of the changes we have been witnessing in the last 18 months, combined with the financial challenges faced at this time) we recommend that the special responsibility allowance for a Leader should be in accordance with our former recommendation, plus the subsequent local government staff pay awards (including an indicative uplift of 1.75% for 2021-22 which is still the subject of negotiation), ie £62,092. We recommend the maintenance of its relation to other special responsibility allowances, as set out in the Appendix to this report.

However, we believe that it is important to undertake a more detailed review, along with the Basic Allowances, of the special responsibility allowances having allowed further time for the new patterns of demands and expectations to become even clearer. We envisage beginning this review in the summer of 2022 and concluding the review during the latter half of 2023.

Training and support

The responsibilities of councillors are substantial, extensive and complex. We have mentioned the increased role that councillors have delivered particularly during the Pandemic. The Pandemic has also resulted in an acceleration of more flexible ways of working including greater use of digital technology. While this has provided a range of benefits including less travelling for work it has required councillors to have the necessary digital skills. Additionally, the move to audio-visual conferencing has resulted in a growth in meetings for many contributing to an overall increase in 'screen time'. Training and development is beyond the direct remit of our Panel but is an important part of ensuring that residents can step forward and become successful and effective elected local representatives. Addressing the financial aspects but not the support aspects would be counter-productive. For this reason, we believe that every borough should have an ongoing programme of member training and development and that members should be provided with the logistical and clerical support and the appropriate IT equipment to help them deal with their workload.

Barriers to being a councillor

It is important that obstacles to becoming a councillor should be removed wherever possible. Care costs can be a significant deterrent to service as a councillor. Our strong view is that in appropriate cases when they undertake their council duties, councillors should be entitled to claim an allowance for care of dependents. The dependents' carers' allowance should be set at the London living wage but (on presentation of proof of expense) payment should be made at a higher rate when specialist nursing skills are required.

One respondent authority stressed that member allowances schemes present an opportunity to better support councillors by providing not just remuneration but wider support packages. Our view is that members' allowances schemes should allow the continuance of Special Responsibility Allowances in the case of sickness, maternity and paternity leave in the same terms that the council's employees enjoy such benefits (that is to say, they follow the same policies).

Travel and Subsistence allowances

The Basic Allowance should cover basic out-of-pocket expenses incurred by councillors, including intra-borough travel costs and expenses. The members' allowances 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 their home borough, including a bicycle allowance.

Allowances for Mayor or Civic Head

Many councils include the allowances for the mayor (or civic head) and deputy in their members' allowance scheme. However, these allowances do serve a rather different purpose from the 'ordinary' members' allowances, since they are intended to enable the civic heads to perform a ceremonial role. There are separate statutory provisions (ss 3 and 5 of the Local Government Act 1972) for such allowances and councils may find it convenient to use those provisions rather than to include the allowances in the members' allowance scheme.

Update for inflation

We continue to recommend that all allowances should be updated annually in accordance with the headline figure in the annual local government pay settlement.

We have been asked whether it is necessary for the annual updating to be formally authorised by the council each year. The Regulations do seem to make this obligatory.

Mike Cooke

Sir Rodney Brooke CBE DL

Anne Watts CBE

London, 6 January 2022

Appendix A

Basic allowance £12,014

Special responsibilities – beyond the basic allowance

The case for special allowances

The reasons for payment of additional special responsibility allowances should be clearly set out in local allowances schemes. Special allowances should come into play only in positions where there are significant differences in the time requirements and levels of responsibility from those generally expected of a councillor.

Calculation of special allowances

The proposed amounts for each band are a percentage of the figure suggested for a council leader depending upon levels of responsibility of the roles undertaken and are explained below. We believe that the SRA, which the previous panel recommended for the leader of a London council (updated), continues to be appropriate.

Categories of special allowances

The regulations specify the following categories of responsibility for which special responsibility allowances may be paid:

- Members of the executive where the authority is operating executive arrangements
- Acting as leader or deputy leader of a political group within the authority
- Presiding at meetings of a committee or sub-committee of the authority, or a joint committee of the authority and one or more other authorities, or a sub-committee of such a joint committee
- Representing the authority at meetings of, or arranged by, any other body
- Membership of a committee or sub-committee of the authority which meets with exceptional frequency or for exceptionally long periods
- Acting as spokesperson of a political group on a committee or sub-committee of the authority
- Membership of an adoption panel
- Membership of a licensing or regulatory committee
- 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 any one of the activities mentioned above, whether or not that activity is specified in the scheme.

Local discretion

It is for the councils locally to decide how to allocate their councillors between the different bands, having regard to our recommendations and how to set the specific remuneration within the band. They must have regard to our recommendations. We believe these should have the merits of being easy to apply, easy to adapt, easy to explain and understand, and easy to administer.

BAND ONE

The posts we envisage falling within band one, include:

- Vice chair of a service, regulatory or scrutiny committee
- Chair of sub-committee
- Leader of second or smaller opposition group

- Service spokesperson for first opposition group
- Group secretary (or equivalent) of majority group
- First opposition group whip (in respect of council business)
- Vice chair of council business
- Chairs, vice chairs, area committees and forums or community leaders
- Cabinet assistant
- Leadership of a strategic major topic
- Acting as a member of a committee or sub-committee which meets with exceptional frequency or for exceptionally long periods
- Acting as a member of an adoption panel where membership requires attendance with exceptional frequency or for exceptionally long periods
- Leadership of a specific major project.

Remuneration

We propose that band one special responsibility allowances should be on a sliding scale of between 20 – 30 per cent of the remuneration package for a council leader.

This would be made up as follows:

Basic allowance: £12,014

Band One allowance: £2,807 to £10,218

Total: £14,821 to £22,232

BAND TWO

The types of office we contemplate being within band two are:

- Lead member in scrutiny arrangements, such as chair of a scrutiny panel
- Representative on key outside body
- Chair of major regulatory committee e.g planning
- Chair of council business (civic mayor)
- Leader of principal opposition group
- Majority party chief whip (in respect of council business).

Remuneration

We propose that band two allowances should be on a sliding scale between 40 – 60 per cent, pro rata of the remuneration package for a council leader.

This is made up as follows:

Basic allowance £12,014

Band two allowances: £17,628 to £32,450

Total: £29,642 to £44,464

BAND THREE

We see this band as appropriate to the following posts:

- Cabinet member
- Chair of the Health and Wellbeing Board
- Chair of the main overview or scrutiny committee
- Deputy leader of the council

Remuneration:

We propose that band three allowances should be between 70 – 80 per cent pro rata of the remuneration package for a council leader.

This is made up as follows:

Basic allowance: £12,014

Band three allowance: £39,860 to £47,271

Total: £51,874, to £59,285

BAND FOUR

Leader of cabinet

This is a full-time job, involving a high level of responsibility and includes the exercise of executive responsibilities. It is right that it should be remunerated on a basis which compares with similar positions in the public sector, while still retaining a reflection of the voluntary character of public service.

Remuneration:

We propose that the remuneration package for a council leader under band four of our scheme should be £74,106.

This is made up as follows:

Basic allowance: £12,014

Band four allowance: £62,092.

Total: £74,106

BAND FIVE

Directly elected mayor

A directly elected mayor has a full-time job with a high level of responsibility and exercises executive responsibilities over a fixed electoral cycle. It is right that it should be remunerated on a basis which compares with similar positions in the public sector, while still retaining a reflection of the voluntary character of public service. However, we believe this post remains different to that of the strong leader with cabinet model. The directly elected mayor is directly elected by the electorate as a whole. The strong leader holds office at the pleasure of the council and can be removed by the council. We believe that the distinction is paramount and this should be reflected in the salary level.

Remuneration:

We propose that a directly elected mayor should receive a remuneration package of 25 per cent higher than that recommended for a council leader and that it should be a salary set at £92,633.

Appendix B

On behalf of the community – a job profile for councillors

Purposes:

1. To participate constructively in the good governance of the area.
2. To contribute actively to the formation and scrutiny of the authority's policies, budget, strategies and service delivery.
3. To represent effectively the interests of the ward for which the councillor was elected, and deal with constituents' enquiries and representations.
4. To champion the causes which best relate to the interests and sustainability of the community and campaign for the improvement of the quality of life of the community in terms of equity, economy and environment.
5. To represent the council on an outside body, such as a charitable trust or neighbourhood association.

Key Tasks:

1. To fulfil the statutory and local determined requirements of an elected member of a local authority and the authority itself, including compliance with all relevant codes of conduct, and participation in those decisions and activities reserved to the full council (for example, setting budgets, overall priorities, strategy).
2. To participate effectively as a member of any committee or panel to which the councillor is appointed, including related responsibilities for the services falling within the committee's (or panel's) terms of reference, human resource issues, staff appointments, fees and charges, and liaison with other public bodies to promote better understanding and partnership working.
3. To participate in the activities of an outside body to which the councillor is appointed, providing two-way communication between the organisations. Also, for the same purpose, to develop and maintain a working knowledge of the authority's policies and practices in relation to that body and of the community's needs and aspirations in respect of that body's role and functions.
4. To participate in the scrutiny or performance review of the services of the authority, including where the authority so decides, the scrutiny of policies and budget, and their effectiveness in achieving the strategic objectives of the authority.
5. To participate, as appointed, in the area and in service-based consultative processes with the community and with other organisations.
6. To represent the authority to the community, and the community to the authority, through the various forums available.
7. To develop and maintain a working knowledge of the authority's services, management arrangements, powers/duties, and constraints, and to develop good working relationships with relevant officers of the authority.
8. To develop and maintain a working knowledge of the organisations, services, activities and other factors which impact upon the community's well-being and identity.
9. To represent effectively the interests of the ward for which the councillor was elected, and deal with constituents' enquiries and representations including, where required, acting as a liaison between the constituent and the local authority and where appropriate other public service providers.
10. To contribute constructively to open government and democratic renewal through active encouragement of the community to participate generally in the government of the area.
11. To participate in the activities of any political group of which the councillor is a member.
12. To undertake necessary training and development programmes as agreed by the authority.
13. To be accountable for his/her actions and to report regularly on them in accessible and transparent ways.

Appendix C

The independent panel members

Mike Cooke

Mike Cooke was the Chief Executive of the London Borough of Camden for seven years, where he had also been Director of Housing and Adult Social Care and HR Director. He has extensive experience of partnership working across London including as the CELC lead on children and chairing the London Safeguarding Children Board. Mike also has worked for seven years in financial services where he developed an expertise in remuneration.

Until November 2020 Mike had been a Non-Executive Director of the Central and North West London NHS Foundation Trust where he was chair of the HR Committee. Mike's current role is the independent Chair of the North Central London Integrated Health and Care System.

Sir Rodney Brooke CBE, DL

Sir Rodney Brooke has a long career in local government, including as chief executive of West Yorkshire County Council, Westminster City Council and the Association of Metropolitan Authorities.

He was knighted in 2007 for his contribution to public service.

Dr Anne Watts CBE

Anne Watts has an extensive career in governance, diversity and inclusion spanning commercial, public and voluntary sectors. She has held executive roles for HSBC and Business in the Community and was chair of the Appointments Commission. She has carried out reviews of Government departments and the Army. In addition she has been a member of Government Pay review bodies and Deputy Chair, University of Surrey where she chaired Remuneration Committee and the new Vet School.

She is a non-exec of Newable (previously Greater London Enterprise) where she chairs ESG Committee and is a non-exec of Newflex subsidiary. In addition she continues to sit on the Race and Gender Equality Leadership teams for Business in the Community.

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