

## **Committee: Standards and General Purposes Committee**

**Date: 27 April 2023**

### **Subject: Remuneration of Councillors**

Lead Director: Louise Round, Interim Executive Director Innovation and Change

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:**

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- A. That the Committee considers the Independent Remuneration Panel's report on the Remuneration of Councillors ("the Report") with a view to deciding whether to recommend any changes to the current members' allowances scheme ("the Scheme");
  - B. That the Committee considers whether to set up a working group to consider the recommendations of that report in more detail and to report findings back to Committee to allow it to make recommendations to Council
  - C. The Committee consider whether to recommend that Council implement the uplift to Members Allowances
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## **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 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 considered and approved annually by Council alongside the Pay Policy Statement.
- 1.4 The existing Scheme for 2022/23 was approved by Council on 1 March 2023.
- 1.5 London Council's Independent Remuneration Panel published a report on Councillor remuneration in January 2022. That report is attached as appendix A and recommends amending the scheme to include an uplift to Members allowances and the Committee is therefore asked to consider this report and the Council's response to it.

## **2. DETAILS**

- 2.1 The recently published Report (Appendix A) represents a comprehensive review of the current position on members' allowances across London and notes that the role of councillors is becoming increasingly complex as is the

landscape in which they operate and notes the importance of continuing to encourage people to put themselves forward as councillors and seeking, so far as possible, to ensure that financial loss does not prevent this. However, the report also recognises that the question of councillors' remuneration against the backdrop of a very difficult financial climate presents a real dilemma.

- 2.2 Officers have carried out a benchmarking exercise using data from London Councils (Appendix B) to show where Merton's current allowances (Appendix C) differ from those recommended by the IRP, from the London average and from our nearest neighbours. This may need some updating and not all roles map easily against each other, especially for those councils operating committee systems but the data gives a broad picture of the current position. Members will note that there is a considerable gap between the amounts recommended in the Report and those currently paid by Merton.
- 2.3 As well as looking at the rates paid, Committee may wish to consider the number of special responsibility allowances paid as on the whole Merton has fewer of these than its neighbours.
- 2.4 The current Scheme provides for an annual uplift in Members Allowances in line with national Local Government pay increases. However in previous years it has been agreed that that automatic uplift should not apply. Accordingly, Members Allowances rates have not increased in Merton since 2008/9. At its meeting on 1 March, full Council will be asked to agree that the same approach be taken for 23/24 pending the outcome of the review proposed in this report, which is not to say that it could not be applied, backdated to 1 April 2023 should that be the view of this Committee, endorsed by full Council. In this respect it is worth noting that the IRP advice is that the practical effect of the 22/23 pay award would, if implemented, be to increase both the basic and special responsibility allowances by 4%.
- 2.5 The rate at which allowances are paid is clearly a sensitive issue and the Committee may take the view that it would be appropriate to set up a cross party working group to examine the issue, As the working group would not be a formal sub-committee, it would be bound by strict proportionality rules. A suggested remit for the working group is set out below:
  - a) to consider in detail the contents of the Report;
  - b) to ask officers to provide further benchmarking information as appropriate;
  - c) to make recommendations to Committee on any changes to the rates of basic and/or special responsibility allowances;
  - d) to make recommendations to Committee on the question of whether to increase the number of roles for which a special responsibility allowance is payable;
  - e) to consider whether to maintain the current provision for an annual uplift in rates pegged to the staff pay award and, if so, whether that uplift should apply for 23/24 regardless of any other recommended changes to the Scheme; and

f) to consider whether to recommend any public consultation on any proposed changes, noting that there is no legal requirement to do so.

### **3. ALTERNATIVE OPTIONS**

The Committee could agree to recommend that the Council not change its Member Allowances scheme

### **4. CONSULTATION UNDERTAKEN OR PROPOSED**

There is no statutory requirement to consult externally on any proposed changes to the Scheme although the working group may wish to consider the extent to which public consultation is practicable and desirable.

### **5. TIMETABLE**

When the IRP reported in January 2022, they indicated that they would produce a fresh report in 2023; enquires have been made of London Councils to ascertain when this is due. Depending on the outcome of those enquires, it may be necessary to shift the timetable to ensure any recommendations are made on the basis of the information most recently available. Subject to that, it would be hoped that the working group could conclude its work in the Summer with a view to reporting to Council in the Autumn. If necessary, a special SGP could be convened to enable this.

### **6. FINANCIAL, RESOURCE AND PROPERTY IMPLICATIONS**

The total cost of an increase of 4% is approximately £30,000 and can be met from existing budgets, which also accommodate a proposed saving of 20K. However, should a more comprehensive increase be recommended, this would require growth to be agreed.

### **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.

**8. HUMAN RIGHTS, EQUALITIES AND COMMUNITY COHESION IMPLICATIONS**

None

**9 CRIME AND DISORDER IMPLICATIONS**

None

**10 RISK MANAGEMENT AND HEALTH AND SAFETY IMPLICATIONS**

None

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

- Appendix A – London Council's Report Of Independent Remuneration [Panel](#)
- Appendix B – London Benchmarking data on Members [Allowances](#)
- Appendix C – Current [Members Allowances Scheme](#) and [Schedule of Rates](#)

**13. BACKGROUND PAPERS**

None