

Report from the Independent Panel
on the Remuneration of Councillors in London

October 2006

Report from the Independent Panel on the Remuneration of Councilors in London

We have completed our review of remuneration for councilors in London. We shall publish a fuller report as soon as possible. This will be a composite of these recommendations and our reports of 2001 and 2003.

We are well aware that members' allowances can be contentious. But we are emphatic that the quality of local democracy depends on the ability of Councils to attract able people to serve as councilors. Excellent Councils have excellent members. Financial reward is not and should not be the main motivation for service as a councilor. But a reasonable remuneration can make it possible for a wider range of people to stand for election. In his interim report on local government, Sir Michael Lyons comments that councilors are generally underpaid for the vital work which they do. We entirely agree. We believe that councils have a duty to ensure that their scheme of allowances is realistic. We very much hope that London Councils will again endorse our recommendations. We urge that all London boroughs should adopt them.

The recommendations in our report are:

1. We believe that the scheme of allowances which the Panel recommended in 2001, updated for inflation, is still appropriate. At Annex A we set out the five Bands of responsibility with updated figures for the Basic Allowance and for the Five Bands.
2. We believe that the roles which we identified as attaching to the Bands are still, in general terms, appropriate. The main changes affecting the role of councilors since our last report have been around representativeness, accountability and community leadership. We have addressed these in our recommendations. We are aware that new roles have been developed, e.g. in relation to Community leadership, leadership of a specific major project, and assistants to Cabinet members holding particularly demanding portfolios like Children's Services. Such responsibilities can also provide development opportunities for the leaders of the future. We think that such roles should be identified as meriting an allowance in Band One.
3. With changes in local government structure and organisation, we accept that some Councils to remunerate Cabinet members at the same level, we believe that there is sufficient work in Band Two to permit Councils to recognize different levels of responsibility within the Cabinet where this is appropriate.
4. In return for the levels of remuneration which we propose, it is important that councilors account publicly for their activities. This will enable the electorate to make an informed judgement on the performance of their elected representatives in liaising with their constituents and representing their interests within the council and, in the more senior roles, their leadership in addressing the borough's issues. There are examples of good practice in this area and we will set them out in our fuller report.
5. Planning is an important responsibility of local government. Some London boroughs face planning issues of considerable complexity. In such cases, we believe that it is appropriate that the Chair of the Planning Committee should be rewarded at the higher level of Band Two.
6. We believe that allowances for co-opted members should be made only for those serving on the Standards Committee, for Education co-optees and for the independent chair of an Audit Committee. In our 2001 report we recommend an annual co-optees allowance based on the expected number of meetings at a rate of £100 per meeting. Updated, this figure now stands at £117. We recommend that the independent chair of the Standards Committee should receive a co-optees' allowance on the same basis, but with a rate of £240 per meeting to reflect the greater responsibilities of this post.

7. We believe that the role descriptions in our 2001 report are generally still appropriate. We make two additions to our description of the basic role of councilors. One relates to undertaking necessary training and development and the other to being accountable and reporting on their actions. A revised job description for councilors is attached at Annex B. We believe that all Councils should adopt such a job description to make absolutely clear what is expected of a councilor.

8. We reiterate that not more than 50% of councilors should receive a Special Responsibility Allowance (SRA) and that only one SRA should be paid to a councilor in respect of duties with the same authority.

9. Although councilors are not employees, we believe that it is reasonable that their special responsibility allowances should not cease in case of sickness, maternity and paternity leave in the same way that employees enjoy such entitlements. We recommend that Councils should be able to make arrangements in their schemes in appropriate circumstances to enable this to happen.

10. There is at present no provision in the legislation for resettlement payments to councilors. We consider that if recipients of SRAs in Bands Two, Three, Four and Five lose their seat at the polls they should be entitled to six months continued allowance to provide a cushion of time during which they can seek alternative employment. This will require legislative change, but we will make representation to Government to seek this change.

11. As stated in our letter of 26 July 2006, pension regulations have changed so that councilors are now eligible to join the LGPS before their 75th birthday. We recommend that all councilors below the age of 75 should be allowed to join the LGPS.

12. We continue to recommend that the allowances we recommend should be updated annually in accordance with the headline figure in the annual local government pay settlement. We appreciate that Regulation 10 Local Authorities (Members' Allowances) (England) Regulations 2003 appears to require re-adoption of the scheme at the start of each municipal year; but if there is to be no change other than the annual update we recommend, then we believe that this can be achieved by a simple formal resolution.

13. We have considered carefully the possibility of introducing performance related pay for councilors. While this has its attractions, we are convinced that the practical difficulties are too great. However, we commend those Councils which have introduced performance appraisals for Councilors.

14. While we continue to believe intra borough travel should be part of the basic allowance, we recognise there are circumstances where it may be appropriate for a scheme to provide payment for the cost of transport e.g. journeys home after late meetings and for people with disabilities.

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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.

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 a licensing or regulatory committee
- Such other activities in relation to the discharge of the authority's functions as require 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. 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
- Vice Chair of council business
- Chairs and Vice Chairs of Area Committees or Area Forums
- Cabinet Assistant
- Leadership of a strategic major topic

Remuneration

We propose that Band One special responsibility allowances should be on a sliding scale of between 20%-30% of the remuneration package for a council leader

This would be made up as follows:

| | |
|--------------------------|---------------------------|
| Basic Allowance: | £9,964 |
| Band 1 Allowance: | £2,227 to £8,323 |
| Total: | £12,191 to £18,267 |

Band Two

The types of office we contemplate being within Band Two are:

- Lead member in scrutiny arrangements, perhaps a Chair of a Scrutiny Committee
- Representative on key outside body
- Chair of major regulatory committee e.g. planning
- Chair of council business
- Leader of principal opposition group.

Remuneration

We propose that Band Two allowances should be on a sliding scale between 40%-60% pro rata of the remuneration package for a council leader.

This is made up as follows:

| | |
|---------------------------|---------------------------|
| Basic Allowance | £9,964 |
| Band 2 allowances: | £14,418 to £26,609 |
| Total: | £24,382 to £36,573 |

On behalf of the community – a job profile for councillors

Purposes:

- To participate constructively in the good governance of the area.
- To contribute actively to the formation and scrutiny of the authority's policies, budget, strategies and service delivery.
- To represent effectively the interests of the Ward for which the councillor was elected, and deal with constituents' enquiries and representations.
- 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.
- To represent the council on an outside body, such as a charitable trust or neighbourhood association.

Key Tasks:

- 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 (e.g. Setting budget, overall priorities, strategy).
- 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 Panels) terms of reference, human resource issues, staff appointments, fees and charges, and liaison with other public bodies to promote better understanding and partnership working.
- 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 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.
- 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.
- To participate, as appointed, in the area – and service-based consultative processes with the community and with other organisations.
- To represent the authority to the community, and the community to the authority, through the various forums available.
- 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.
- 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.
- To contribute constructively to open government and democratic renewal through active encouragement to the community to participate generally in the government of the area.
- To participate in the activities of any political group of which the councillor is a member.
- To undertake necessary training and development programmes as agreed by the authority.
- To be accountable for his/her actions and to report regularly on them in accessible and transparent ways.

Band Three

We see this band as appropriate to the following posts:

Cabinet Member

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% pro rata of the remuneration package for a council leader.

This is made up as follows:

| | |
|--------------------------|---------------------------|
| Basic Allowance: | £9,964 |
| Band 3 Allowance: | £32,705 to £38,801 |
| Total: | £42,669 to £48,765 |

Band Four

Leader of Cabinet

This is a full-time job, involving a high level of responsibility. It is right that it should be remunerated on a basis which compares with similar positions in the public sector, whilst still retaining a reflection of the voluntary character of public service. The most appropriate measure is, in our view, that of a backbench MP. The functions of a full-time leader of a London borough must be at least as onerous as those of an MP, and it would be quite wrong to expect that they could be remunerated at a lower rate, even excluding (as we do) the generous expenses package to which a backbench MP is entitled.

We propose that the remuneration package for a Council Leader under Band Four of our scheme should be £61,155.

This is made up as follows:

| | |
|--------------------------|----------------|
| Basic Allowance: | £9,964 |
| Band 4 Allowance: | £51,191 |
| Total: | £61,155 |

Band Five

Directly Elected Mayor

A Directly Elected Mayor is a major innovation in the political management of local government with the office holder taking on a new role and exercising executive responsibilities over a fixed electoral cycle. We believe this post is significantly different to that of the Council Leader with Cabinet model and that it is a full time job with an importance which should be reflected in the salary level.

We propose that a Band Five Directly Elected Mayor should receive a remuneration package of 25% higher than that recommended for a Council Leader and that it should be a salary set at **£76,194**.



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