

City of London – Remuneration of members: December 2023

Report of Dr Anne Watts CBE and Sir Rodney Brooke CBE DL

1. The City of London Corporation is a unique institution. It has three main functions: to support and promote the City as a leading global financial and business hub; to provide local government services to the residents, visitors and businesses of the Square Mile; and to manage a range of assets and open spaces for the benefit of London and the nation. It has local authority functions but, as the governing body of the Square Mile, has a mission dedicated to the maintenance of a vibrant and thriving City. It is seen as a champion and spokesperson for the UK's financial services industry. It also plays a significant role in the pageantry of the country – most recently during the Royal Jubilee, the funeral of the Queen and the Coronation.
2. Financial services in the City represent nearly £14bn, a third (29%) of the Gross Value (GVA) added and one in every five financial services jobs in the UK. The City generates £1.1bn in business rates and is a key driver of the economy. It accounts for over £85bn in economic output annually, or 4% of all UK GVA. Financial services in the City accounted for over £48bn in GVA in 2020. The City's professional services generated nearly £14bn in GVA. This represents nearly a fifth (17%) of the UK's professional services.
3. Fewer than 10,000 people live in the City of London itself. The City of London Corporation does, of course, provide the usual local government services to those residents. Though post-Covid working patterns have changed, the Corporation must also cater for up to one million workers who enter the City - or one in every 54 workers in the UK.
4. The City Corporation also has extensive responsibilities which extend beyond its own geographical area. It runs the Barbican Centre, the largest performing arts centre of its kind in Europe; the London Port Health Authority; the Guildhall School of Music and Drama; the central criminal court ('the Old Bailey'); and Billingsgate, Smithfield and New Spitalfields wholesale food markets. It is responsible for green spaces such as Hampstead Heath and Epping Forest, as well the Animal Reception Centre at Heathrow. It provides housing across London and a range of

schools and academies. The City of London Police has national responsibility for cyber and economic crime.

5. In 2023-24 the basic budget of the City Corporation (the City Fund) is £493.8m. This covers the City Corporation's activities in its capacity as a local authority, police authority and port health authority. The resources of the City Corporation enable it to provide services that are of importance to Greater London as well as to the City. The City Corporation's assets (including treasury cash) amount to £4.8bn. Its several charities include the Bridge House Estates fund, which spent £66.6m in the last financial year. As well as maintaining the City's bridges, the fund distributes additional cash through the charity City Bridge Trust with the object of reducing inequality and fostering more resilient and thriving communities.
6. The City is divided into 25 wards. Each ward elects one Alderman and two or more councillors. In total it has 25 aldermen and 100 councillors. It has approximately 3,640 employees. For comparison, Croydon Council (population 390,390, the most populous London Borough) has 70 councillors, 3,446 employees and a revenue budget of £300m. Westminster City Council (population 253,000) has 54 councillors, 2,230 employees and a revenue budget of £185m. Birmingham City Council (population 1,141,186, the most populous urban local authority in the country) has 101 councillors, 12,453 employees and an annual budget of £925m.

Members of the City Corporation

7. The City Corporation operates through about 120 Committees, Sub-Committees and Boards. It nominates members to 63 outside bodies. If it is to discharge its responsibilities adequately, then the City Corporation must be able to attract and retain able members. Its members do not stand for election to the Court of Common Council in the expectation of remuneration: they do so out of a sense of public duty – though, of course, service on the City Corporation can bring kudos and prestige. Although charitable trustees and school governors are generally unpaid, the members of other public bodies – and certainly members of local authorities – are usually remunerated.

8. The City is unique in expecting extensive unremunerated time commitments from members who bear substantial financial and other responsibilities. Despite the number of its members, the City Corporation's meetings can be inquorate.
9. In England outside London - despite the office of councillor being remunerated - it has become increasingly difficult to recruit people of ability who are prepared to stand for office as councillors: local political parties consistently report their difficulty in finding able candidates to serve as councillors. It is common for councillors to express the view that service on a council lessens the councillors' prospects of promotion in their job and increases their chances of redundancy. The Government-appointed Councillors Commission (2007) noted that 'becoming a councillor can blight a career'. As a result it can also damage pension prospects. With the consent of their employer, many employed councillors must take time off work (including time which is subsequently made up) if they are to carry out their council duties. A consequence is that councillors in England (outside London) are often elderly: in 2022 their average age was 60. 42% were aged 65 or over. Only 16% were aged under 45. The City Corporation does not keep a record of the age of its members.
10. Unlike urban authorities in the rest of the United Kingdom, the City Corporation does not expect political parties to nominate candidates for election (with the exception of a small number of Labour Party nominees). Although there were several uncontested seats at the last (2022) City elections, we have received no evidence to suggest that the City faces the problems in recruiting able members encountered by local authorities elsewhere. British employers no doubt appreciate the City Corporation's role in promoting the City and may be more indulgent in allowing their employees absence on City Corporation business.
11. However, it may be that others who could enrich the City Corporation's decision taking are deterred by the financial disadvantage which can result from sacrificing much time to the City Corporation's affairs. Until 2021 (and unlike all other local authorities in England, Scotland and Wales) the 100 Common Councillors and 25 Aldermen were entitled to no remuneration for their service on the Council, though they were eligible to claim an

allowance for financial loss where that was appropriate. Few members took advantage of this opportunity.

12. The City Corporation's Policy and Resources Committee was keen to ensure that prospective candidates for election to the Court of Common Council were not deterred from standing for election for any reason. Although City councillors receive other benefits (eg free meals when attending committees, free accommodation on City business and concessionary rates on hire of Council premises), the City Corporation's Members' Diversity Working Party concluded that the absence of payment served as a barrier to enhancing the diversity of its Councillors. It was of the view that the issue should be re-examined with the sole aim of improving diversity and inclusion. The Diversity Working Party also felt that any proposal should be looked at independently before it was progressed. Accordingly four years ago the authors of this report (Sir Rodney Brooke CBE and Dr Anne Watts CBE) were asked to examine the issue. Dr Watts is a former Chair of the [Public] Appointments Commission. Sir Rodney has extensive experience in local and public government. Both are members of the statutory Panel on Members' Allowances for the London boroughs.
13. In November 2019 we recommended that members should be entitled to claim an annual financial allowance. Following our report, the City Corporation decided to enable its members to claim 'financial support' of up to £1,875 per quarter for attendance at City Corporation meetings. About 70% of the 125 councillors and aldermen have done so.
14. The scheme makes no provision for annual increases. The City Corporation does not subscribe to the national local government pay settlement, which in 2022-23 was £1,925 or 4.04%. The City Corporation's staff pay settlement was £1,300 or 3%, with an additional £1,000 one-off consolidated payment.
15. In our November 2019 report, we also recommended that it would be appropriate to recognise the different contributions made by members when the City Corporation had completed its then review of governance arrangements. The commissioning of this report is in consequence of that recommendation. Though members of the City Corporation can now claim 'financial support', the office-holders of the City Corporation are entitled to

no further compensation for the time which they spend on City Corporation business.

16. In considering what might be an appropriate level of remuneration for such office-holders it is relevant to consider compensation paid in public organisations with responsibilities similar to those of the City Corporation. The most obvious are the payments made to the members of local authorities, though, of course, the Corporation of the City of London exercises powers and functions which extend beyond those of local authorities in the remainder of the country. Other comparators are payments made to office-holders in public bodies which exercise powers similar to those of the City Corporation, such as those responsible for the police, the arts, public open spaces and markets.

Payments to councillors in England

17. In the UK outside the City local government councillors have been remunerated for their duties for many years. The City Corporation was unique in making no payment (other than expenses) to its members until it introduced the current remuneration scheme in 2021.
18. The allowances currently paid to members of other local authorities (in accordance with statute) include a basic allowance available to all councillors in recognition of the time they give. In addition to the basic allowance, a special responsibility allowance is available to certain councillors (eg Leader, Deputy Leader, Cabinet members, Chairs of certain committees, Opposition Group Leaders and Whips) to reflect their additional duties. About half the members of the average local authority can expect to receive special responsibility allowances on top of their basic allowance.
19. The City Corporation, with a resident population of less than 10,000, has 125 members, more than twice as many as a typical London Borough. In the most populous British local authority, Birmingham, 101 members each represent an average of 10,000 constituents. Councillors in a large London borough like Croydon represent about 6,500 constituents. Though most City of London members do not have the volume of constituency duties expected from a councillor in a typical local authority nor the accountabilities arising from the provision of services to a large

population, they do have a range of responsibilities extending beyond those undertaken in the typical local authority – eg police, major markets, the Barbican Arts Centre and substantial open spaces like Hampstead Heath. Just as almost all local authorities believe that they have a role in protecting their local economy, the City also sees itself as protecting and promoting the financial services industry in London and more generally.

20. In England there is no national scheme for payment to councillors. Outside London every English local authority must appoint an independent panel whose advice must be sought and considered (though not necessarily adopted) before setting councillors' allowances. The amounts paid to councillors in the larger local authorities are broadly consistent with (though rather less than) those paid in Wales and Scotland, where members' allowances are fixed nationally. In Birmingham, for example, the Leader was entitled in 2022-23 to annual allowances totalling £75,455. The Lord Mayor of Birmingham receives an annual allowance of £32,348. Birmingham councillors receive a basic annual allowance of £18,876. In Manchester the basic annual allowance is £18,841.
21. Elected Metro Mayors in England (outside London) receive salaries of between £65,000 (North of Tyne, Tees Valley and West of England) and £110,000 (Greater Manchester). Elected City Mayors (outside London) receive salaries of between £50,000 (Copeland) and £83,569 (Bristol).
22. In London a statutory panel recommends allowances for London borough councillors. As in the rest of England, the local authority is not obliged to accept the recommendations of the Panel, but must consider them before setting the rates of payment. The London Panel currently recommends an annual basic allowance for London borough councillors of £15,960 (though this has yet to be considered by the boroughs) and an annual special responsibility allowance of £64,602 for the Leader of a London Borough Council, ie a total for the Leader of £80,562.
23. Other office-holders in a London Borough Council are recommended to receive commensurately smaller sums: a cabinet member is recommended to receive up to £47,271 pa plus the basic allowance of £15,960; chair of a scrutiny or regulatory committee up to £32,450 pa plus the basic allowance; a vice chair £10,218 pa

plus the basic allowance. Among London Borough Councils there has been substantial convergence towards an annual basic allowance at around £11,000. However the special responsibility allowances for leading members vary greatly and usually fall somewhat short of the Panel's recommendations. In 2023-24 in the Royal Borough of Kensington & Chelsea, for example, the annual basic allowance is £11,027 and the Leader's annual allowance £56,429, a total of £67,456.

24. The London Panel recommends an annual special responsibility allowance of £96,375 for London Borough elected mayors. Five London boroughs (Croydon, Hackney, Lewisham, Newham and Tower Hamlets) currently have elected mayors, whose remuneration varies from £77,792 to £87,997pa. Remuneration for elected mayors has proved less controversial than allowances to councillors since the amount is not fixed by the recipients but by the host Council.
25. Research shows that the 'average' back-bench councillor in a major local authority spends more than 20 hours a week on 'constituency' business. Leading members in major authorities will often spend more than 35 hours a week on their local authority duties.
26. Despite this time commitment and the important nature of their duties, increases in councillors' allowances often arouse political controversy. The City of Westminster – historically paying less than the amounts paid by other boroughs and those recommended by the London Panel - recently increased its Basic Allowance for 2023-24 to £10,186 and the Leader's Special Responsibility Allowance to £41,612, a total of £51,798. These increased allowances are still substantially lower than those recommended by the independent London Panel and those paid in neighbouring authorities like Kensington & Chelsea and Camden. Nevertheless the increases prompted some controversy, including a critical comment from the Prime Minister.

Payments to Mayor of London and Assembly members

27. The Mayor of [Greater] London is paid £154,963 pa and the Deputy Mayor £107,408 pa. The Chair of the London Assembly is

paid £72,454 pa. Other members of the Assembly are paid £60,416 pa.

Payments to Councillors in Scotland and Wales

28. In Scotland, Wales and Northern Ireland national bodies prescribe payments to councillors. In 2023-24 in Scotland (where councils have up to 85 members) a councillor receives an annual basic allowance of £20,099. The leaders of the largest local authorities receive an annual allowance of £60,304 as well as the £20,099 basic allowance, ie a total of £80,403.
29. In 2023-24 in Wales (where councils have up to 79 members) a councillor receives an annual basic allowance of £17,600 and the leader of the larger authorities an annual special responsibility allowance of £66,000, ie £83,600 including the basic allowance.
30. In Northern Ireland councillors receive an annual basic allowance of £16,394.

Other comparators

31. Though its resident population is relatively small, the Corporation of the City of London exercises powers and functions which extend far beyond those of other local authorities. The nature of the City's powers and responsibilities suggest other comparators for members' remuneration.

Members of Parliament

32. From 1 April 2023 the basic annual salary for a Member of Parliament is £86,584. A Parliamentary Under-Secretary of State is entitled to an additional £24,947; a Minister of State an additional £31,680; and a Cabinet Minister an additional £67,505. Unlike councillors, MPs are also entitled to a pension and to a loss-of-office payment if they lose their seat.

Police

33. The annual salary of £198,264 enjoyed by the Police Commissioner of the City of London Police reflects the importance of the role and the duties of the City Police Force. It is among the highest enjoyed by any chief constable: the salary is almost the equivalent of the

salaries paid to the Chief Constables of Greater Manchester and the West Midlands (the two most populous police authorities outside London) who each receive £199,386.

34. The Greater London Police is accountable to the Home Secretary and to the Mayor of London. Outside London chief constables and their forces are answerable to elected Police Commissioners who fulfil the role assigned to the Police Committee in the City. In West Yorkshire and Greater Manchester the elected Mayors act as the local Police and Crime Commissioner. Elsewhere the Police Commissioners in the most populous authorities like the West Midlands enjoy annual salaries of £100,000. There is no equivalent role in the City of London: the function is discharged by the chairman and members of the City's Police Authority Board.

National Park Authorities

35. The City of London owns and maintains significant open spaces like Hampstead Heath and Epping Forest. They are, of course, far smaller than the country's national parks but arguably provide an equivalent function for those who live in London. Of course the City Corporation has very different functions to the National Park authorities: the latter are the planning authorities for the area of the National Park. They do not own the land in the national parks, unlike the City, which owns Hampstead Heath and Epping Forest. Ownership clearly imposes additional responsibilities. And, of course, members of appointed bodies are not elected, but selected for their abilities and experience.
36. The members of a Welsh National Park Authority receive an annual basic allowance of £4,964. The chair's annual allowance is £13,764. A deputy chair or committee chair receives an annual salary of £8,704.
37. Members of the Lake District and Yorkshire Dales National Park authorities receive an annual basic allowance of £3,000. The Chair receives an annual special responsibility allowance of £6,000 and the Deputy Chairs £4,500. Other special responsibility allowances are appropriately less.
38. In the South Downs National Park the annual basic allowance is £3,836.97. The Chair of the authority receives an annual special responsibility allowance of £6,938, Deputy Chair of the Authority

£5,179.65, Chair of Planning Committee £4,143.93, Deputy Chair of Planning Committee £1,035.72, Chair of the Policy and Resources Committee £2,302.18 and Deputy Chair of Policy and Resources Committee £345.58.

39. The Broads Authority pays an annual basic allowance of £1,046. The Chair of the Authority receives £3,925 per annum.

NHS Trusts and Housing Associations

40. All NHS Trusts and Foundation Trusts pay their external, independent non-executive directors. Chairs can receive up to £63,000 a year. Other members can earn up to £13,000 pa. The non-executive director responsible for finance is often given an additional reward. Pay at 'ordinary' Trusts is set centrally by NHS Improvement. Pay at the more autonomous Foundation Trusts is set locally and is usually higher than the payments to Chairs of 'ordinary' NHS trusts.
41. Whilst Housing Associations also rely on volunteer committee members, nearly all the 60 largest housing associations remunerate their board members, who might expect annual pay of up to £20,000. Chairs might expect up to £40,000 or more in the larger associations, though the range is significant.

Trustees of Charities

42. Charity trustees are generally unpaid. A charity trustee may only be paid for serving as a trustee where this is clearly in the interests of the charity and provides a significant advantage over all other options. There is no general power in law for payment to trustees - a charity must have a specific authority to pay its trustees. This could be found in its governing document or provided by the Charity Commission, or, more rarely, by the courts.
43. However 16 of the UK's largest 100 charities, including Nuffield Health, the Wellcome Trust, the Salvation Army and the General Medical Council all pay one or more of their non-executives.

School Governors

44. Governors of maintained schools are not paid unless they are part of an interim executive board (IEB), an expert governing board that has been brought in to help a struggling school.

45. Governors of private schools are also generally unpaid. The constitution of the governing body of a private school might, however, provide for payment. For example, the Chair of the Girls' Day School Trust (a charity responsible for 25 schools including twelve in London) was advertised recently. It required attendance for three days per month and offered an annual salary of £30,000. The GDST is, of course, rather different to a single school governing body in that it governs not one but 25 schools.

Universities

46. A few universities pay the lay chair of their governing body (in a range of £15,000 to £25,000 per year) and two also pay committee chairs (an annual maximum of £7,500 each). Most members of university governing bodies are unpaid.
47. Under new legislation, upon request of the incoming chair Scottish universities must pay chairs and two currently do so. The likely range will be £16k to £27k per annum.

Markets

48. Historically markets were granted by Royal franchise to the Lord of the Manor or to the local authority. Though local authorities are still the main provider of markets, more recently commercial operators have created 'markets'. Thus Portobello Market is run by the Royal Borough of Kensington & Chelsea but Camden Market is privately owned.
49. Borough Market is a charity run by unpaid trustees. The New Covent Garden Market Authority is a statutory corporation with a turnover of £650m. Non-executive directors of the Covent Garden Market are paid £520 per diem, with a time commitment of 2-3 days per month, ie around £15,000 pa. The largest indoor retail market in the country (and, indeed, in Europe) is in Leeds and owned by the Council, where cabinet members receive an annual allowance of £42,490 (including the basic allowance).
50. The scale of the City's wholesale markets - Smithfield, Spitalfields and Billingsgate - dwarfs other markets. In 2027 Smithfield and Billingsgate will be relocated from their original sites and combined in a new [42-acre wholesale mega-market](#) at the former

coal port of Dagenham Dock. The Corporation's Markets Board is responsible for the markets. It has an annual income of £2,777m.

Time commitments of City office-holders

51. The importance and responsibility of an office may not be reflected in the time commitment required to discharge its duties. Nevertheless the time commitment is one measure and most obviously can impact on the ability of the officeholder to devote time to lucrative employment elsewhere.

52. Officers of the City have provided us with estimates of the time expected from the Chairs of the City Corporation's major committees and boards. The hours indicated relate only to formal meetings, their preparation and consequences. It is to be expected that many of these roles will also require a time commitment – sometimes very substantial – outside the requirements imposed by formal meetings. Other roles, such as that of the Chief Commoner, also require substantial time commitments outside formal meetings. Many of the roles have substantial financial responsibilities. The most demanding committee roles, requiring dedication of more than 30 hours annually in meetings (with the estimated annual number of hours required by meetings and their consequences), are:

240 Policy & Resources Committee

*168 Police Authority Board**

141.5 Finance Committee

126 Planning & Transportation Committee

98 Epping Forest & Commons Committee

68.75 Hampstead Heath, Highgate Wood and Queen's Park Committee

65 Community & Children's Services Committee

63.5 Board of Governors of the City Of London Freeman's School

63.5 Board of Governors of the City of London School

59.25 Port Health & Environmental Services Committee

*58.5 Barbican Centre Board**

57.5 Culture, Heritage and Libraries Committee

57.5 Planning Applications Sub-Committee

54.75 Gresham (City Side) Committee

51.5 Board of Governors of the City of London School for Girls

43 Education Board

34.75 Audit and Risk Management

33.5 Markets Board

33 Digital Services Committee

32.5 Health and Wellbeing Board

30 Pensions Committee

* Bodies marked with * also have sub-committees chaired by the chair of the main Committee.

53. As well as the bodies listed above, there are the Corporate Services Committee, the Licensing Committee, the Natural Environment Board and the West Ham Park Committee.
54. Of course the figures above are a crude measure and represent only the time commitment arising from meetings of the body itself. With the exception of the Chair of the Policy & Resources Committee, they take no regard of the time required by informal meetings and visits outside the formal committee process. Moreover membership of one body may also require attendance at another. Thus the Chair of the Financial Investment Board (who is also Chair of the Diversity & Inclusion Sub-Committee) is required by his investment role also to attend the Finance and the Policy & Resources Committees as well, of course, as the nine meetings of the Court of Common Council. In total his commitments (including chair's briefings) take about 20 hours per week.
55. The figures do not necessarily capture the policy and financial importance of the issues considered. Though the time required of the Chair of the Policy & Resources Committee is substantial, it cannot fully reflect the importance of the role in leading the City Corporation's work on issues which have a major impact on the UK's financial and related professional services sector. The Chair must develop strong ties with political representatives and business leaders across London, the UK and internationally to ensure the City remains a world leading global financial centre. The role also covers the City Corporation's responsibilities as a local authority,

overseeing the governing body's open spaces, educational commitments and cultural institutions.

After consulting with members of the City Council, we identified the following questions:

1. Do you agree that the position of Lord Mayor of London should continue to be unpaid?
2. Do you believe that City Corporation members holding responsible positions should be remunerated for their responsibilities?
3. If so, should their remuneration be based on the significance of the post rather than on the hours required? If so, how would you rank the importance of the chair of the 17 (20 less the three boards of governors of City schools) bodies above, taking the Chair of the Policy and Resources Committee as 100? - eg Chair of the Police Authority Board 75, Chair of the Finance Committee 70 etc.
4. Are there posts (other than those listed above) which should be considered for remuneration – eg the Chief Commoner? If so, how do you think they should be ranked as suggested in 3 above?
5. Do you think that the amount of remuneration of aldermen and councillors should be consistent with the remuneration paid to local authority councillors elsewhere? If not, what other basis can you suggest?
6. Do you agree that the chair of the Boards of the City's charities and schools should conform to most practice elsewhere and not be remunerated?
56. We met with seven senior members identified by the Council – the Chief Commoner and the Chairs of the Barbican Centre and Civic Affairs Committees, Community and Children's Services Committee, Finance Committee, Policy Committee, General Purposes Committee, and the Equality and Diversity and Inclusion Committee. We also met with backbenchers and the Town Clerk, the Chamberlain and the Remembrancer. We gained greatly from our conversations with the participants, who were remarkably consistent in their views. However, the recommendations in this report are entirely our own.
57. The City Corporation is not a 'normal' local authority, though some of the roles assumed by members of the City Corporation (like the

Chair of the Community and Children's Services Committee) are akin to similar roles carried out in local authorities elsewhere. Others (like the Chair of Policy and Resources and the Chief Commoner) are substantially different in the nature of their responsibilities or in their scale. In making our recommendations, we had in mind the payments made to members of the public bodies described in this report. Nevertheless we found that the most convenient, understandable and immediate comparators were with the allowances made to senior members of local authorities and, in particular, to senior members of the London boroughs (see Appendix).

58. Of course, the work of the City Corporation extends beyond the City's physical boundaries: it spreads over the metropolis and provides services on which London and the wider area depend. It is also a physical representation of the financial services industry. We were impressed with the way in which some of the antiquarian practices of the City Corporation, stemming from the Middle Ages, have been adapted to modern life over the last few years, while maintaining the unique traditions and pageantry of the City of London.
59. The members whom we met often bore no resemblance to a stereotypical City character. We were told that 'until recently councillors had often been retired but this was changing'. Until the relatively recent introduction of modest remuneration, members of the City Corporation willingly surrendered their time in the interests of the City, its residents, Greater London and the country as a whole. One joined the City Corporation because she 'wanted to make a difference'. Another wanted 'an entry into politics'. The City Corporation members were consistently motivated by a commitment to public welfare and the prosperity of the metropolis. Among the comments we received were 'Although the City Corporation was steeped in antiquarian practice, it did seem to work'. Others thought that some of the City's operations should be streamlined and the generosity of hospitality curtailed. We were also told that although 'UK institutions are generous in allowing time off for City duties, the same is often not true of foreign-owned institutions.'
60. But it is necessary to ask whether (unlike other local authorities and many other public bodies) the City, its residents and the economy

should continue to rely on the unpaid labour of its members and the sacrifices they make in order to serve the City. Even more importantly, it is necessary to consider how the absence of any financial compensation for the time spent on City business might exclude many members of society who could make a valuable contribution to the City's undertakings and influence. Among those whom we consulted we found a remarkable consensus that elected members holding the major City Corporation offices should be compensated for the time which they surrendered to the City, though views on the levels of compensation varied substantially.

61. In considering our recommendations for an appropriate level of remuneration we have had regard to the views we received and to the comparators mentioned above. We have usually found it most convenient and understandable to relate them to the recommendations of the London Panel on Members' Allowances, though throughout having in mind the substantial differences between the City Corporation's activities and organisation and those of the typical London borough.
62. For London boroughs the statutory panel recommends an annual Special Responsibility Allowance of £93,575 for an elected mayor; for the leader £81,513 including the basic allowance of £15,960 recommended to be payable to all members; for cabinet members and chairs of the main overview or scrutiny committee £39,860 to £47,271 plus the basic allowance; for chair of major regulatory committees and scrutiny chairs £17,628 to £32,450 plus the basic allowance; and for vice chairs and chairs of sub-committees between £2,807 and £10,218 plus the basic allowance. The allowance for mayors (other than elected mayors) falls outside the Members' Allowances Scheme and the recommendations of the Panel. Though over the years there has been substantial convergence on the amounts recommended by the Panel, most boroughs pay rather less than the recommended amounts.

Consideration

The Lord Mayor.

64. The office of Lord Mayor is a symbol of the City and its history. During the year of office, the Lord Mayor must undertake the historic constitutional, ceremonial and traditional duties of the

office. The Lord Mayor promotes the City of London and its institutions to the world. An honorary role, it is regarded as a great honour for the office-holder and attracts able candidates. The office is surrounded by pomp, pageantry and ceremony. Within the City's boundaries, only the Sovereign takes precedence. The Lord Mayor hosts visiting heads of state, heads of government and other foreign dignitaries on behalf of His Majesty and HM Government. Often – though not now automatically – the Lord Mayor is rewarded with a national honour at the end of the year of service. Given that the post is non-executive – and because of the prestige which attaches to it – our consultees did not feel that the office of the Lord Mayor should be rewarded financially. We accept that it could be seen as inappropriate for such a ceremonial (though symbolically most important) role to be remunerated. The issue could be reconsidered if the issue were to be raised by a prospective incumbent who would find it difficult to accept the role without remuneration. The same arguments apply to the two sheriffs appointed by the City Council. Sheriffs elsewhere in England are unremunerated.

Chair of the Policy and Resources Committee.

65. The Chair of the Policy and Resources Committee is the City of London's spokesperson for the City and its financial services industry, crucial to the nation's vitality and prosperity. The Chair must develop strong ties with political representatives and business leaders across London, the UK and internationally to ensure the City remains a world leading global financial centre. The Chair must engage with financial institutions both in this country and overseas, represent the City to the British government and its political parties and maintain the position of the City of London as a main financial centre.
66. The Chair must take overall responsibility for the City's budget. The role also includes the City Corporation's responsibilities as a local authority, overseeing the governing body's open spaces, educational commitments and cultural institutions. The incumbent must also take overall responsibility for the services provided by the City and for its policies. The position requires a high level of ability and eloquence. The incumbents must devote their time to the City Corporation for five years without

remuneration (other than the annual £7,500 allowance to which all City Council members are entitled). The Chair is effectively the Leader of the Council, which might be an appropriate title for the post.

67. All those to whom we talked were very clear that the Chair of the Policy and Resources Committee has a role which is more than full time and cannot be combined with anything approaching a 'normal' job. This is a sacrifice few can afford to make for the period of five years during which the office is normally held (although subject to annual re-election). It is clearly essential for the City, for London and, indeed, for the nation, that a sufficiently able person should be enabled to take on the role and have enough time to devote to it. It is asking a great deal to expect the incumbents to devote themselves to the role for five years without remuneration. Moreover the absence of any remuneration must exclude many who could discharge the post with distinction and prevent many potential candidates from contemplating the assumption of the responsibilities of the post. It is, we believe, unreasonable to expect the post to be undertaken without recompense. We are clear that the City can no longer expect unpaid service for such a vital role.
68. In this report we have identified the remuneration of members of a variety of public bodies. One relevant comparator is the Mayor of [Greater] London, who enjoys an annual salary of £154,963. He has a budget of £17bn, which supports investment in public transport, fire services and policing. The Greater London Mayor also seeks to influence higher education and investment in the metropolis.
69. Another comparator which we believe relevant is the remuneration of £92,613 recommended by the independent London Panel for the elected mayor of a London borough. Unlike a London borough elected mayor, the Chair of the City Corporation's Policy and Resources Committee does not have direct executive responsibility for providing local government services to 250,000 or more residents. But this is outweighed by the importance of the role to the financial services industry and to the City's prosperity. Though the £92,613 recommended payment to a London borough elected mayor is a substantial sum, it is less than the salary paid to a Minister of State or even to the Chair of a

Parliamentary Select Committee. It is certainly substantially less than the salary expected by a city financier whose earnings might be influenced by the success of the Chair of the Policy and Resources Committee in his advocacy of the City's financial industry. We **recommend** that the Chair of the Policy Committee be remunerated at the annual rate of £90,000.

Chair of the Finance Committee.

70. The finances of the City Corporation are necessarily complex. Its revenue budget approaches £500m. It is responsible for nearly £5bn of assets. It has an ambitious capital programme. The Chair of the Finance Committee has to manage the continuing financial effects of the post-Covid environment and cope with the problems of inflation. The incumbent must find strategies which maintain and enhance the financial strength of the City Corporation. The budget must create headroom for capital spending which bring economic, policy and service benefits and maintain a renewed vision for the Square Mile. The role demands not only a substantial time commitment but also responsibility for the future stability of the City Corporation and its funds. The responsibilities are certainly not less than those of the chair of the Finance Committee of a London borough, whose recommended special responsibility allowance is £62,000. **We recommend** that the Chair of the Finance Committee be remunerated at the rate of £62,000.

Chair of the Police Authority Board.

71. According to the information supplied to us, the Chair of the Police Authority Board, which has five committees, has the most time-consuming role other than that of the Chair of the Policy and Resources Committee. Elsewhere in the country a chief constable is answerable to an elected Police Commissioner (with an annual salary of up to £100,000) or to an elected mayor. Although formal accountability for the City Police is vested in the City's Police Committee, inevitably substantial responsibility rests with the Chair of that Committee.
72. And although the resident population served by the City is tiny, its daytime population is not. The extent of its national responsibilities for cybercrime and fraud are substantial and recognised by the salary paid to the City's Police Commissioner.

The remuneration recommended for the leader of a London borough is £62,092, excluding the basic allowance to which every London borough councillor is entitled. This is certainly not disproportionate to the responsibilities carried by the Chair of the Police Committee. Although (unlike the Police Commissioners elsewhere) the Chair shares accountability with members of the Police Committee, it is inevitable that considerable responsibility (and workload) rests with the Chair. **We recommend** that the Chair of the Police Committee be remunerated at the rate of £62,000.

Chair of the Planning and Transportation Committee

73. The Chair of the Planning and Transportation Committee has a demanding role, often dealing with matters of national importance and some controversy, given the unique situation of the City of London, its architecture and its history. **We recommend** that the Chair of the Planning and Transportation Committee be remunerated at the rate of £62,000.

The Chief Commoner.

74. The role of Chief Commoner was established in 1444. The incumbent holds office for one year only, acts as a counsellor when required, supervises the training and development of members, arbitrates in disputes and promotes the role of the City Corporation. The Chief Commoner takes the lead in matters of City hospitality. The role as currently expected and performed is effectively full-time. **We recommend** that the Chief Commoner be remunerated at the rate of £32,500.

Chair of the Community & Children's Services Committee

75. The formal meetings of the Community and Children's Services Committee are time-consuming. But the time requirements of the post outside the formal meetings are substantially greater. The Chair estimates that she spends 40 hours per week on her duties as chair. However, the responsibilities of the post are not measured only by the time devoted to them. They are significant and epitomised by the consequences if something goes wrong: if the social care service fails to intervene in timely fashion in cases of abuse the consequences can be devastating. The Chair carries

that responsibility. **We recommend** that the Chair of the Community and Children's Services Committee be remunerated at the rate of £47,000.

Chair of the Epping Forest & Commons Committee

76. The City Corporation are owners and the conservators of Epping Forest, London's largest open space, used for the enjoyment and recreation of the public. Governed by the Epping Forest Act of 1878, much of it is protected as a site of special scientific interest or a special area of conservation. Its management requires time, dedication and sensitivity. **We recommend** that the Chair of the Epping Forest and Commons Committee be remunerated at the rate of £47,000.

Chair of the Hampstead Heath, Highgate Wood and Queen's Park Committee.

77. Hampstead Heath is an iconic feature of London's life and culture. Mr Pickwick himself speculated on the source of the Hampstead Ponds. Its management requires a sensitive balance between the enjoyment of visitors, the demands of different user groups and the conservation of the Heath. On a lesser scale, so do Highgate Wood and Queen's Park. **We recommend** that the Chair of the Hampstead Heath, Highgate Wood and Queen's Park Committee be remunerated at the rate of £47,000.

Chair of the Port Health and Environmental Services Committee

78. The Chair of this Committee has extensive functions which are akin to those of the chair of a similar committee in a London borough: licensing, public conveniences, street cleansing, refuse collection, environmental health, trading standards and the management and operation of the Cemetery and Crematorium. In addition the Committee is responsible for overseeing Animal Health, including the Heathrow Animal Reception Centre. 20% of the nation's food comes through the Port Health authority. **We recommend** that the post be remunerated at the rate of £47,000.

Chair of the Culture, Heritage and Libraries Committee

79. The Culture, Heritage and Libraries Committee is responsible for the City of London Corporation's activities and services in the field of culture, heritage and visitors. These include the Guildhall Galleries, the City of London Police Museum, London's Roman Amphitheatre, the Monument, Tower Bridge, the Harold Samuel Collection, the Billingsgate Roman House and Baths, the City Information Centre, Keats House and the City's Outdoor Arts programme. It is also responsible for the City's libraries and archives. It is comparable to a very high-powered Culture Committee of a London borough. **We recommend** that the post be remunerated at the rate of £47,000.

Chair of the Gresham (City Side) Committee

80. The Gresham (City Side) Committee is responsible (with the Mercers' side) for managing the Gresham estate including the Royal Exchange and the Gresham Almshouses. It appoints a representative to the Council of Gresham College. Its meetings require the Chair to devote 54.75 annual hours to its meetings. **We recommend** that the post be remunerated at the rate of £32,500.

Chair of the Audit and Risk Management Committee

81. The Audit and Risk Management Committee oversees the City Corporation's systems of internal control and makes recommendations to the City's Finance Committee on the approval of the annual statement of accounts. Given the extent of the City Corporation's activities, the Committee carries a heavy responsibility for the sustainability of its services and finances. **We recommend** that the post be remunerated at the rate of £32,500.

Chair of the Markets Board

82. The Markets Board is responsible for the City's three great markets: Billingsgate, Smithfield and Spitalfields. Billingsgate is the largest inland fish market in the country. Smithfield is the largest wholesale meat market in the country. Spitalfields has the highest number of wholesale traders of any horticultural market in the UK and claims to give the greatest choice of products of any market in Europe. Billingsgate and Smithfield markets are to relocate to a new site in Dagenham as part of a £1 billion project.

Given the responsibility vested in the chair of the Committee, we **recommend** that the post be remunerated at the rate of £32,500.

Chair of the Digital Services Committee

83. The Digital Services Committee reviews the objectives and needs for the provision of Information System services in the City of London. Specifically it contemplates the risks involved. **We recommend** that the post be remunerated at the rate of £17,500.

Chair of the Health and Wellbeing Board

84. The Board is responsible for providing collective leadership for the general advancement of the health and wellbeing of the people within the City of London, promoting the integration of health and social care services, identifying key priorities for health and local government and producing a Joint Health and Wellbeing Strategy. **We recommend** that the post be remunerated at the rate of £17,500.

Chair of the Pensions Committee

85. The Committee is responsible (on behalf of the City Corporation and nine other active employers) for administration of the City of London Local Government Pension Scheme. The net assets of the Fund are around £1,301m. **We recommend** that the post be remunerated at the rate of £17,500.

Deputy Chair of the Policy & Resources Committee.

86. The weighty and vital duties of the Chair of the Policy & Resources Committee and the Chair's frequent absences on City business inevitably result in the assumption of some of his functions by the Deputy Chair of the Committee. **We recommend** that the post be remunerated at the rate of £32,500.

Chair of the Corporate Services Committee

87. The City's Corporate Services Committee is responsible for personnel and establishment matters, including negotiations with the recognised trade unions. In addition it is the service committee for the Departments of the Town Clerk and the Comptroller and

City Solicitor. **We recommend** that the post be remunerated at the rate of £17,500.

Chair of the Licensing Committee

88. The Licensing Committee is responsible for licensing the sale of alcohol, regulated entertainment and late night refreshment. **We recommend** that the post be remunerated at the rate of **£8,500**.

Chair of the West Ham Park Committee

89. The West Ham Park Committee is responsible for the management of West Ham Park, which is the first open space to be purchased by the City of London Corporation in 1874. The park is of such significance that it is on the National Register of Historic Parks. The committee is responsible for ensuring that the park is well-maintained and offers a wide range of activities, such as health walks, cricket pitches and nets, tennis courts, football pitches, and athletics for people of all ages. It also has a large themed children's playground. **We recommend** that the post be remunerated at the rate of **£8,500**.

Chair of the Natural Environment Board

90. The Board is responsible for the delivery of the 2022/23 Open Spaces Business Plan. **We recommend** that the post be remunerated at the rate of **£8,500**.

Chair of the Barbican Centre Board

91. The chair of the Barbican Centre Board estimates that he spends a day a week on his responsibilities. This seems a not unreasonable estimate for the time required, bearing in mind his responsibilities for an enterprise which is a major presence in the national arts scene and has an annual budget of £20m. However, some at least of that time commitment can no doubt be made outside normal working hours. There are, of course, non-financial benefits from such a role. It is generally not the practice for the chair and boards of public cultural institutions to be remunerated for their responsibilities. It would be anomalous if the chair of the Barbican Board were remunerated when those occupying similar positions elsewhere are not. Though we recognise the importance and the

demands of the post, we do not recommend that it be remunerated.

Chair of the City charities, City of London School, Education Board for the City-sponsored academies and other school governing bodies.

92. Similar considerations apply to the chair of the governing bodies of the charities and schools run by the City Corporation, including the City Bridge Trust and the Board for the ten City-sponsored academies. Though we recognise the hours often demanded by such posts, they are not generally remunerated elsewhere. It would be anomalous if the chair of the charity, school governing bodies and the Academies Trust run by the City Corporation were remunerated when those occupying similar positions elsewhere were not.

City charities

93. As we have noted, the chairs of the Hampstead Heath and Epping Forest Committees spend considerable time on their responsibilities – which would justify the remuneration which we have recommended. That remuneration would be funded by the City Corporation, would not use the funds of the relevant charity and would be recorded in the City Council's accounts. As such it would be within the law. It might, however, seem anomalous that such payments were made in respect of charities which are otherwise self-funding. We understand that the City Council is undertaking a review of the City's charities. We recognise the complexities of the situation and recommend that our recommendations for remuneration of the chairs of the City's charities be considered when the Corporate Charities review has been concluded.

General

94. We realise that the figures recommended above represent a substantial change in the approach to remuneration of City Corporation members. The present incumbents of the positions we describe accepted them without thought of remuneration. We nevertheless believe that the figures are realistic, recognise the unique role of the City Corporation and are consistent with remuneration in the world of local government. In total [£769,000]

they are comparable to the special responsibility allowances paid in London boroughs such as Croydon [£540,000], bearing in mind the special responsibilities of the City Corporation. We believe that it is important that the remuneration of office-holders should commence in the 2024-25 financial year so that potential candidates for the 2025 elections to the City Corporation can take into account their financial situation when considering their candidature. At that time the City Corporation should also consider updating the annual allowance of £7,500 payable to all members of the City Corporation.

95. We recommend that the figures for remuneration which we recommend should be updated annually in accordance with the recommendations made by the Panel for the Members' Allowances of the London boroughs.
96. Though our remit - and therefore our recommendations - are confined to the remuneration of members of the City Corporation, we believe that since the culture of the Corporation is changing, it should also consider other measures which could widen the pool of candidates for the possibility of service on the Corporation, including such arrangements as maternity leave and evening meetings.

Anne Watts
Rodney Brooke
December 2023

Appendix

Current 2023 recommendations from the London Panel on members' allowances

The Basic allowance: £15,960

Special responsibilities – beyond the basic allowance

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.

BAND ONE

The posts that the Panel envisages 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
- First opposition group whip (in respect of council business)
- Vice chair of council business
- Chairs, vice chairs, area committees and forums
- Cabinet assistant
- 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

The Panel proposes that band one special responsibility allowances should be on a sliding scale of between 5-15% per cent of the Leader's SRA.

This would be made up as follows:

Basic allowance: £15,960

Band One allowance: £3,105 - £9,314

Total: £19,065 - £25,274

BAND TWO

The Panel considers that the types of office 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

The Panel proposes that band two allowances should be on a sliding scale between 25-50 per cent, pro rata of the remuneration package for a council leader.

This is made up as follows:

Basic allowance £15,960

Band two allowances: £15,523 - £31,046

Total: £31,483 - £47,006

BAND THREE

The Panel sees 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:

The Panel proposes that band three allowances should be between 60-75 per cent pro rata of the remuneration package for a council leader.

This is made up as follows:

Basic allowance: £15,960

Band three allowance: £37,255 - £46,569

Total: £53,215 - £62,529

BAND FOUR

Leader of the Council

This is often a full-time role, involving a high level of responsibility. It is right that it should be remunerated on a basis which compares with roles with similar levels of responsibility, while still retaining a reflection of the voluntary character of public service.

Remuneration:

The Panel proposes that the remuneration package for a council leader under band four of our scheme should be £78,052.

This is made up as follows:

Basic allowance: £15,960

Band four allowance: £62,092

Total: £78,052

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, the Panel believes that 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. The Panel believes that the distinction is paramount and this should be reflected in the salary level.

Remuneration:

The Panel proposes that a directly elected mayor should receive a remuneration of **£93,575**.