

Committee(s) Civic Affairs Sub (Policy and Resources) Committee	Date: 24 July 2024
Subject: Special Responsibility Allowance: Update on Implementation	Public
Which outcomes in the City Corporation's Corporate Plan does this proposal aim to impact directly?	Diverse engaged communities
Does this proposal require extra revenue and/or capital spending?	N/A
If so, how much?	N/A
What is the source of Funding?	N/A
Has this Funding Source been agreed with the Chamberlain's Department?	N/A
Report of: Deputy Town Clerk	For Decision
Report author: Ben Dunleavy	

Summary

In July 2021, the Court of Common Council agreed, as part of the approval of the Members' Financial Support Policy, that consideration would be given to the introduction of a Special Responsibility Allowance (SRA) scheme, particularly in relation to Chairs of Committees. The Civic Affairs Sub (Policy and Resources) Committee subsequently commissioned an external review, the results of which were submitted to the Sub-Committee in January 2024.

At its January meeting, the Sub-Committee agreed that it would be beneficial to consult with all Members of the Court. This exercise took the form of several consultation sessions, followed by a feedback form for Members to complete. Just over 50% of the Court membership took the opportunity to participate in the exercise.

This report presents the results of that exercise which indicate that, whilst the relatively low level of participation does not provide for a conclusive view, in summary, a majority of those Members participating do not support the introduction of an SRA scheme in general terms for all Chairs, but some would support it for the role of Chair of the Policy and Resources Committee, subject to some further considerations.

The paper also responds to allied issues raised through the exercise by Members relating to the level of the existing Member Financial Support Policy allowance (MFSP), which it had been noted had not been revisited since its introduction in 2021. Members are accordingly asked to consider whether they wish to pursue changes to the MFSP sum through the application of an adjustment for inflation, and whether they believe the introduction of an SRA scheme at the City Corporation should be pursued.

Recommendations

That Members: -

1. Note the outcomes of the consultation exercise in respect of SRAs and, on the basis of these:
 - a. Agree that there is no general support for the introduction of SRAs for all Chairs and to cease further activity in this area.
 - b. Noting that the only role for which there was any substantive support for an SRA was the Chair of Policy & Resources, progress proposals for the implementation of an SRA for that post only.

- c. Consider whether officers should pursue an alternative approach, such as a further piece of work on the Financial Loss Scheme.
2. Consider the application of an inflationary uplift to the Extended Support Scheme element of the MFSP, on the basis of the Consumer Price Index, to update the current allocation to £9,000, with the Chamberlain authorised to make inflationary uplifts on an annual basis moving forward.

Main Report

Background

1. In July 2021, the Court of Common Council introduced a new Members' Financial Support Policy. This Policy was divided into two parts: a revised Members Financial Loss Scheme and a new Extended Member Support Scheme (EMSS). The former was intended to enable claims made for financial loss, while the EMSS was designed with the intention of ensuring all Members were eligible to be recompensed for the duties they undertake on behalf of the City Corporation. The Policy emerged directly as a result of Members' aspirations to enhance the diversity of the Court of Common Council, particularly by ensuring that prospective candidates for election to the Court are not deterred from standing for election for any reason, including any prohibitive cost.
2. As part of the Court's decision to introduce this Scheme, it also directed that consideration should be given to the prospective introduction of a Special Responsibility Allowance (SRA) scheme, particularly in relation to Chairs of Committees. The introduction of an SRA was also referenced in the Independent Review by Paul Martin into project-related Member governance. The Civic Affairs Sub-Committee, therefore, commissioned Sir Rodney Brooke, CBE, DL, and Dr Anne Watts, CBE ('the Reviewers') to undertake an independent review in keeping with the Court's resolution.
3. The final review was presented to the Sub-Committee at its meeting in January 2024 (Appendix 1). The Reviewers made a series of recommendations on the roles they felt merited receipt of an SRA. They suggested that the Chairs of each Grand Committee should receive an SRA, along with the Chief Commoner and the Deputy Chairman of the Policy and Resources Committee. The cumulative figure of their proposed amounts was £769,000, which they suggested should be updated annually.
4. At its meeting, the Sub-Committee supported in broad terms the principle of introducing an SRA mechanism at the City Corporation, but expressed concerns with the methodology employed by the Reviewers, including with the comparators they used and the measures used to inform the proposed levels of remuneration. Accordingly, the Chair of the Sub-Committee requested that officers arrange further consultation with the wider Court to inform a set of final proposals for consideration.
5. The consultation took the form of a series of sessions hosted by the Town Clerk in February and March 2024, to which all Members of the Court were invited. A survey form was also circulated to all Members, asking for feedback on the following questions:
 - 1) *Are you supportive of the introduction of a Special Responsibility Allowance in any form as part of this, either to assist with social mobility or diversity concerns, or to provide fair remuneration?*
 - 2) *If yes, which roles should be considered?*
 - 3) *If undecided, is there any further information you would find helpful?*
 - 4) *If no, why not?*

5) *What other mechanisms do you think could be introduced to promote equity, diversity, inclusion and social mobility at all levels within the Court?*

Current Position

6. Overall, out of 125 Members, 71 took the opportunity to contribute to the different consultations in some form. This accounts for over 50% of all Members (56.8%). 59 Members (47.2%) attended the consultation sessions, and 43 (34.4%) provided responses to the survey using the Teams form or gave related feedback directly by email. 22.4% (28) Members both attended the consultation sessions and responded to the survey. 43 Members attended the consultation sessions only (34%). 13 Members responded to the survey only (10.4%).

Themes from sessions

7. Overall, Members attending the sessions were split in their views on the introduction of an SRA scheme. Some Members were opposed to the introduction of any such scheme, while others supported it but with divergence of opinion as to what form it should take. As with the views of the Civic Affairs Sub-Committee, Members questioned the methodology used by the Reviewers in their report. It was also felt that, while the Reviewers had extensive experience in respect of comparative arrangements across local authorities, they lacked understanding of the specific nuances of the City Corporation. There were measures other than hours worked that should be considered when looking at SRAs, including the statutory obligations required of several senior Members, and the broader responsibilities of the Policy & Resources or Finance Chairs.
8. Members also felt that, when considering the sums that might be involved in a potential scheme, non-executive directorship positions might also provide a useful comparator.
9. Members questioned the assumption that SRAs would positively impact diversity at leadership levels, suggesting a lack of supporting evidence. Suggested alternative mechanisms to help encourage diversity included changes to the franchise, an enhanced programme of induction and training for Members, the introduction of evening meetings, virtual participation in Committee meetings, and increasing the existing allowances available for all Members. Many Members also noted that there had been substantial recent change in the Court's diversity in recent years, achieved without the introduction of an SRA scheme, albeit it was also commented that the introduction of the MFSP may well have contributed to this and that there was much further to go in any event.
10. Several Members, including a previous post-holder, felt that the role and requirements of the Chair of the Policy and Resources Committee were of a different nature to other Committee Chairs and may accordingly be more appropriate to receive an SRA. They noted that, unlike almost all other Member roles in the City Corporation, the extensive time-commitments of the role which made it akin to a full-time position and, in effect, precluded someone without independent financial means from considering standing for the role.
11. However, others felt that the existing non-financial support provided for the role (e.g. a dedicated bedroom and car services, etc.) was sufficient. It was noted that the role of Chair of the Policy and Resources Committee was eligible to receive

remuneration for activities on behalf of London Councils if they served, as is traditionally the case, as the Vice-Chair of the London Councils Leaders Committee; however, it must also be noted that is for activity undertaken for London Councils, not for the City Corporation, and the level, funding, and continuation of any such allowance was entirely out of the control of the City Corporation, and could not be taken as being a part of their role at the City itself.

12. With regard to the benefits perceived as accruing to the role of Chair of the Policy and Resources Committee as provided by the City Corporation, the entitlement to accommodation and transport are granted due to the commitments required of this role are to degrees available and applicable to all Chair roles, so are not easily quantifiable. The use of the cars is governed in accordance with the Member Transport Protocol, and is allowed to all Committee Chairs: the Chief Commoner and the Chair of the Policy and Resources Committee are given priority in the case of multiple requests for use, but all Chairs can book the cars when engaged on official City Corporation business and, if the two Corporation cars are in use, be provided with a taxi service, so there is broad parity of treatment.
13. Equally, any serving Chair (or Member acting on their behalf) is entitled to book free accommodation through the Member Bedrooms when representing the Corporation at evening or early morning functions. The dedicated allocation of rooms to the Chief Commoner and the Chair of Policy & Resources recognises the more extensive evening and morning obligations of their roles and alleviates what might become an administrative burden in respect of processing repeat bookings for rooms to which they would be entitled under the general Policy that applies to all Members.
14. Opinion varied as to which other roles, if any, might merit receipt of an SRA. Members noted that several senior roles had not been included in the Review, including those of the Lord Mayor and the Sheriffs.
15. The optics and political implications of introducing SRAs were felt to be important. Several Members felt that, when considered in the context of the current economic conditions affecting the country and the City Corporation's own financial position, it would not be appropriate time to introduce an SRA. Members also warned that introducing an SRA risked politicising the City Corporation and its independent arrangements, and it was felt that this could potentially lead to the demise of the Corporation in its current configuration.

Consultation Responses

16. Of the 43 survey responses, 13 Members (30.2%) responded directly with a 'Yes' to the question *'Are you supportive of the introduction of a Special Responsibility Allowance in any form as part of this, either to assist with social mobility or diversity concerns, or to provide fair remuneration?'*
17. Two of these responses supported an SRA for the role of Chair of the Policy and Resources Committee only. The remaining responses supported introducing it to differing degrees: from all Members, to all Committee Chairs, to distinct Chair roles, with (other than Policy & Resources) the positions of Chair of the Finance Committee, the Planning and Transportation Committee, the Police Authority Board, Community and Children's Services being the most common. Some Members also

suggested that the roles of Lord Mayor, Chief Commoner and Sheriffs might be included.

18. Only two Members expressed support for the introduction of an SRA for all Chairs, as suggested by the Reviewers.
19. 24 of the responses to the survey responded 'No' (55.8%) and 4 (9.3%) responded 'Undecided'. However, 4 of the 'no' responses (16.6%) clarified that they would support it in the case of the position of Chair of the Policy and Resources Committee, as did two of the 'Undecided' responses, and these could therefore be considered to be 'Yes' responses in terms of the question actually posed, bringing the 'Yes' figure up to 15 (34.9%).

Next Steps

Special Responsibility Allowance

20. Given the variety of views expressed by those Members who took part in the consultation, as well as the proportion of the overall Court who did not participate in the consultation process, it is not possible to conclude definitively any single clear position in respect of the Court's overall view on the question of SRAs.
21. However, using the data and responses which are available, it is clear that there is no significant support for the introduction of SRAs to all Chairs as a general principle and that, where support for any such allowance was advocated, it was for a small number of posts and, in particular, the role of Chair of Policy & Resources as the role with the most statistically significant level of support.
22. The Sub-Committee is therefore asked to consider whether they wish to proceed with the implementation of a Special Responsibility Allowance for all, some, one, or no roles, taking in to account the consultation responses.
23. The full list of the recommended allowances proposed by the Reviewers is set out in Appendix 1. In view of the general low level of support for SRAs across the board and the disquiet with the methodology used to calculate the commitment for many roles, then if Members do wish to pursue SRAs in some form, an explicit decision is required as to whether to proceed with the recommended sums or to instruct officers as to an alternative methodology.
24. Equally, if Members are supportive of progressing SRAs for specific roles, a similar consideration will need to be taken. In doing so, Members should be mindful of the variation in approach taken in calculating proposed sums and take this into account (for instance, paragraph 62 of the Review at Appendix 1 articulates the rationale for the £90,000 sum suggested for the role of Chair of the Policy and Resources Committee with reference to benchmarking against comparator roles across London Boroughs).
25. Based on the volume and nature of the consultation exercises, it is proposed that work on SRAs for all Chairs be ceased, but that some further work is undertaken with regard to the possible introduction of an SRA for the Chair of Policy & Resources.

26. Should Members approve a way forward to adopt an SRA in some form, a review with the City Corporations' external tax advisers to understand the implications would be required once it is clearer what the final proposal is.

Member Financial Support Policy

27. One aspect that has emerged as part of the process is a suggestion that the basic allowance for Members should be explored as a means of ensuring the original intent to remove barriers to access has not lapsed. This is particularly so given that the level of allowances for Members has not been addressed since their introduction in 2021, when they were set at a maximum of £7500. This figure was originally based on the then inner-London Weighting figure of £6710.04, adjusted to £7500 to take into account some of the additional costs required of Members for the City Corporation's civic events. The figure was also considered in the contest of not wishing to create an unintentional tax liability for Members in respect of National Insurance Contribution thresholds.
28. In the three years since the introduction of MFSP, the £7500 figure has not changed despite the rise in inflation and other cost of living issues. In view of the express intent of the MFSP in ensuring prospective candidate for office are not precluded from service due to financial costs associated with service, it is considered prudent to assess the merits of applying an inflationary uplift both in respect of the current figure and on an ongoing basis, to ensure the ambitions of the MFSP's introduction are met. There are various mechanisms which could be explored to achieve this, which are set out below.
29. **Link to staff pay:** One potential option suggested has been to link any uplifts to the MFSP to annual increases in staff pay, as the current sum is based on the inner-London Weighting figure applied to staff salaries. In the three years since the introduction of the MFSP, and if the pay offer proposed to the recognised Trade Unions in June 2024 is adopted, staff at Grade A have received a 24% increase in salary (inner-London Weighting. If the MFSP had risen by the same figure in this period, it would now be £9,300. Grades F to J have seen basic salary increases of between 15.6% and 11.4%, which would be £8,670 and £8,355 for the MFSP, respectively.
30. However, there is a risk that linking the payments in such a way could conflate the perception of Members as being employees. There is an important distinction to be between allowances and salary and the voluntary status of Members: that status comes with conditions that support various applicable tax exemptions. Equally, Members ultimately determine the level of staff salary increases and thus there would be a very material risk that a member of the public might perceive there to be a direct pecuniary interest of Members in receipt of the MFSP payments in making staff salary decisions.
31. For these reasons, this approach is not recommended.
32. **Inflationary Link:** Another potential mechanism for uplifting allowances would be to link them directly to inflation, such as through the Consumer Price Index or Retail Price Index. Using Consumer Price Index (CPI) inflation data from the Office for National Statistics from 1988 onward, the £7500 figure set in 2021 would now equate to £9000.

33. The application of an inflationary uplift on an annual basis, to be managed by the Chamberlain, would ensure that the sum remained in keeping with costs incurred by elected councillors in performing their duties.
34. In order to ensure that other relevant factors are taken into account and that the overall position is kept under review, it is also suggested that the arrangements should be reviewed on no less than a triennial basis with a report submitted to the relevant committee.
35. In considering uplifts to the Member Financial Support Policy, it will also be important to bear in mind that there is a threshold beyond which national insurance will be deducted. The current monthly threshold is £1,048, meaning an annual threshold of £12,576.

Member Financial Support Policy – loss of financial earnings

36. Given the link discussed between the potential loss of earnings that an individual serving in one of the more time-intensive roles might suffer, Members may also wish to consider if there should be changes to the element of the Member Financial Support Policy relating to financial loss.
37. No Members have claimed on the financial loss scheme since the revised policy was agreed in 2021, which calls into question its efficacy or appropriateness. In particular, if Members are not supportive of SRAs being introduced, the financial loss element of the scheme may merit further exploration, as an alternative mechanism by which the organisation might ensure that any potential candidate for office is not precluded from service on an economic basis.

Corporate and Strategic Implications

Financial Implications

38. In respect of longer-term financial implications, the total cost of the recommendations of the Reviewers, if fully implemented, would be £769,000 per annum. The Chamberlain has made provision within the budgeting cycle for this amount, should Members wish to implement the proposals in full.
39. If Members choose to only introduce SRAs for certain positions, then the cost would necessarily change in line with the positions selected. The Reviewers have provided a recommended amount for each role. For example, for the role of Chair of Policy and Resources Committee, which was the most prominent position which Members felt would merit the introduction of an SRA, the Reviewers recommended an annual rate of £90,000. It would be for Members to decide if these amounts are appropriate, or if further work should be undertaken in respect of specific roles or proposals.
40. If Members decide not to proceed with the introduction of an SRA, the provisional allocation would be accounted for as a saving in the budget-setting process.
41. It should be noted that any proposed outcomes and proposals for a special responsibility allowance will also require review with the City Corporation's external tax advisers to ensure that any implications are fully understood prior to formal proposal and implementation.

42. Equally, it is anticipated that any decision to uplift the general MFSP allowance would be met from this allocation.

Legal Implications

43. As advised in previous reports on financial support schemes, the City Corporation is able to use the general power of competence under s.1 of the Localism Act 2011 to fund any proposed payments using City Fund should it so wish. It can also use its private funds i.e. City's Estate for the same purpose. An assistance scheme provided by the authority itself is not a disclosable pecuniary interest and therefore there is nothing to prevent Members from speaking and voting on this proposal.

Equality Impact Assessment and Public Sector Equality Duty

44. Under the Equality Act 2010, all public bodies have a duty to ensure that when exercising their functions they have due regard to the need to advance equality of opportunity between people who share a protected characteristic and to take steps to meet the needs of people with certain protected characteristics where these are different from the needs of other people, and to encourage people with certain protected characteristics to participate in public life or in other activities where their participation is disproportionately low. An assessment of the people with protected characteristics was undertaken prior to the Members Financial Support Policy Scheme's approval (i.e., age, disability, gender transition, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex and sex orientation).
45. A request was made at June's Court of Common Council meeting that a full Equality Impact Assessment (EQIA) be undertaken to support consideration of the SRA review. Officers have assessed the proposals in an attempt to do so and completed an initial impact assessment accordingly. As Members will be aware, full EQIAs should be undertaken in such a way as to produce verifiable analysis, which requires that a certain level of data be available to provide a benchmark and analyse any impact that the introduction of an SRA might have. There is currently no data monitoring of the existing membership of the Court of Common Council (including Committee Chairs), or of eligible candidates who may wish to stand for election to the Court and, in turn, to positions which may be granted an SRA. A demographic survey of the Court was last undertaken in October 2017 as part of the work of the Member Diversity Working Party, though it is worth noting that only 60% of Members responded with a substantial turnover in Membership since then. Therefore, the initial assessment has highlighted a need for this data capture, to sit alongside the pre-existing data, in order to allow for a fuller EQIA to be progressed prior to consideration by the Policy & Resources Committee / Court of Common Council of whichever proposals the Civic Affairs Sub-Committee wishes to explore further.
46. Notwithstanding this, however, the initial impact assessment has identified that is a widely accepted principle that inadequate remuneration can serve as a potential barrier to participation in public life, and thus may impact the diversity of the field of Members and electoral candidates. The principle that providing an alternative means of support can serve to alleviate this barrier is one that has been articulated by a wide range of reviews considering remuneration for those serving in local authority (or similar) positions. For example, within the local authority sphere specifically, a joint independent review commissioned by the Scottish Government

and the Convention of Scottish Local Authorities¹ to consider *'Increasing the Diversity of Local Councillors'* raised levels of remuneration as a major concern in acting as a barrier towards representation, and recognised reviewing these would be 'an important step towards supporting an increase in diversity of Scotland's local elected Members'. Similar exercises by the Senedd in Wales² and the Local Government Association³ in England demonstrate that the diversity of councillors across the UK is not reflective of the diversity of the populace, with each highlighting inadequate remuneration as one of the barriers to tackling this. The London Councils' Remuneration Panel has, as one of its principles, that 'allowances must make it economically possible for the organisation to draw of a wide range of councillors'⁴ and a review into increasing Councillor's allowances and expenses commissioned by Derby City Council felt that 'if left unaddressed, comparatively low levels of remuneration would have a debilitating impact on the quality and diversity of elected representation.'⁵

47. More generally, social mobility research and studies consistently draw strong links between limitations on opportunity, both in terms of 'getting in' to and 'getting on' within organisations, in respect of unpaid or poorly remunerated roles for individuals from less privileged backgrounds. The Social Mobility Commission has published research indicating that unpaid full-time internships are viewed as damaging to social mobility; researchers such as Daniel Laurison and Sam Freidman⁶ have written extensively on the issue of individual economic security in facilitating access to opportunities, and the intersectionality of social mobility and diversity. Those with financial security (whether that be the "bank of mum and dad" or other means) can take unpaid or low-paid job opportunities which others cannot.
48. This premise was accepted by the Court in introducing the Member Financial Support Policy for all Members. It would therefore follow that any roles which require a full-time commitment would be even more challenging to do without independent means of support, a point picked up by several Members during the consultation exercise: self-evidently, any role which requires substantial time commitment without remuneration relies on independent means of income, which risks embedding specific roles as being only for those who can afford to do them for free.
49. Noting the lack of data available in respect of current and past Common Councillors in respect of changes in social mobility or protected characteristics across the Court since the Allowance's introduction, on an anecdotal basis, many Members have reflected on the positive movements towards a more diverse Court in recent years, including during the consultation sessions as referenced above.

Conclusion

50. Following the commissioning and receipt of an independent review, officers have conducted a consultation exercise to get the views of Members on the proposal to

¹ [TIME IS RIGHT FOR A REALISTIC REMUNERATION FOR COUNCILLORS, SAYS COSLA | COSLA](#)

² <https://business.senedd.wales/documents/s81009/Survey%20analysis%20-%20Councillors.pdf>

³ <https://www.local.gov.uk/sites/default/files/documents/Councillors%27%20Census%202022%20-%20report%20FINAL-210622.pdf>

⁴ [ipmr - london councils 2 updated on 25 jan 2024 ag 2 2 0 \(4\).pdf](#)

⁵ <https://www.derby.gov.uk/news/2021/july/councillors-allowances-and-expenses/#:~:text=In%20addition%2C%20the%20Panel%20felt,representation%20for%20residents%20in%20Derby.>

⁶ "The Class Ceiling: Why it Pays to be Privileged", Friedman / Laurison, 2019, Policy Press

introduce an SRA scheme. The results of this review have demonstrated a mixed appetite, with a majority of Members consulted indicated that they do not support the introduction of an SRA scheme, though with a proportion coalescing around the role of Chair of the Policy and Resources Committee as potentially appropriate. Members views on a way forward are therefore sought.

Appendices

Appendix 1: Review by Sir Rodney Brooke and Dr Anne Watts

Background Papers

[Members' Financial Support Policy](#) – Court of Common Council – July 2021

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