

Report – Policy & Resources Committee

Member Financial Support Policy - Uplift

To be presented on Thursday, 10th October 2024

*To the Right Honourable The Lord Mayor, Aldermen and Commons
of the City of London in Common Council assembled.*

SUMMARY

The City of London Corporation operates a two-part Member Financial Support Policy (MFSP). The first element is a Financial Loss Scheme; the second is an optional allowance known as the Extended Member Support Scheme (EMSS).

The EMSS was introduced in July 2021, enabling Members to claim for duties undertaken with a maximum limit of £7,500. This amount has not changed since the introduction of the policy and officers were instructed in 2024 to explore changes to the scheme to adjust it for inflation.

Your Policy and Resources Committee now recommends several changes to the MFSP, including the application of an inflationary uplift to the EMSS, the publication of claims made, and an adjustment relating to carer/childcare claims.

In particular it is recommended that, from the start of the next financial year (April 2025/26), an inflationary uplift should be applied to the maximum allowance claim limit, updating it to £9,000. It is further proposed that this sum should be fixed and reviewed every four years, based on inflationary changes, and on a cycle in line with Common Council City-wide elections (such that the figure is fixed for each term of office). It is also recommended that the Town Clerk should be authorised to make changes to the scheme to address an anomaly faced by Members seeking to claim under both the Extended Member Support Scheme and the carer/childcare element of the Financial Loss Scheme. Finally, it is also recommended that a list of those Members who have made claims under the scheme should be published annually.

RECOMMENDATION

The Court of Common Council is **recommended** to agree:

1. That an inflationary uplift should be applied to the Extended Member Support Scheme element of the Member Financial Support Policy, on the basis of the Consumer Price Index, to update the current allocation to £9,000 (applicable from April 2025);
2. That the allowance be set and reviewed every four years, in advance of each all-out Common Council elections;
3. That a provision be added, requiring the annual publication of Members' claims, and
4. That the Town Clerk be authorised to make such changes as required to the MFSP to allow Members to claim under both the EMSS and the Carer / Childcare element of the Financial Loss Scheme.

MAIN REPORT

Background

1. In July 2021, the Court of Common Council introduced a new Members' Financial Support Policy (MFSP). This followed work on enhancing the diversity of the Court of Common Council and aiming to ensure that prospective candidates for election to the Court were not deterred from standing for election for any reason, including prohibitive cost.
2. The MFSP is divided into two parts. The first part retained the previous Financial Loss Scheme (FLS), initially introduced in 2006. This scheme was introduced to provide a means of addressing the situation where a Member demonstrably suffers a loss of earnings¹ and, as a result, is likely to incur hardship by virtue of undertaking their civic duties; however, this scheme had almost never been claimed against, which Members felt may have been due to potential embarrassment around making a claim.
3. The second part, the Extended Member Support Scheme (EMSS), was introduced as a response to the City Corporation's aspirations to enhance the diversity of the Court of Common Council and to ensure that prospective candidates for election to the Court are not deterred from standing for election for any reason, including any prohibitive cost. This was a view shared by the then Members' Diversity Working Party and by the Tackling Racism Taskforce. The EMSS is available to any elected Member of the Court of Common Council (including Aldermen).
4. A maximum claimable figure of £7,500 was set. This sum was based on the then inner-London Weighting figure of £6,710.04, adjusted to £7,500 to consider some of the additional costs required of Members for the City Corporation's civic events. The figure was also considered in the context of not wishing to create an unintentional tax liability for Members in respect of National Insurance Contribution thresholds.

Current Position

5. In 2024, while exploring the potential introduction of Special Responsibility Allowances, it was noted that there had been no consideration as to any prospective uplift in the amount that Members could claim since the introduction of the policy. This was despite the significant rise in inflation over the three-year period, along with other cost of living issues. Noting that the EMSS was introduced with the intention of ensuring that the financial costs of serving as a Member did not dissuade prospective candidates from standing for office, it was considered prudent to consider the merits of applying a discretionary uplift.
6. The Civic Affairs Sub (Policy and Resources) Committee in July 2024 considered various mechanisms through which an uplift could be achieved, including linking it to annual increases in staff pay or an inflationary link. The Sub-Committee supported the latter, and recommended through a report to the Policy and

¹ Earnings are defined under paragraph 3.4.2 of the [Members Financial Support Policy](#)

Resources Committee that an inflation-linked uplift should be applied to the EMSS, updated on an annual basis by the Chamberlain subject to consideration of the broader financial position.

7. Your Policy and Resources Committee considered the report at its meeting on 26 September 2024. Members agreed to recommend that the Court approve an inflationary uplift to the maximum claimable limit under the EMSS. Using Consumer Price Index (CPI) inflation data from the Office for National Statistics from 1988 onward, the £7,500 figure set in 2021 would now equate to c.£9,000.
8. The Committee agreed that the uplift should be implemented at the start of the next civic year rather than backdated, as Members felt this had the benefit of implementation aligning with the all-out elections in March 2025.
9. Members also agreed that, rather than an annual application of an inflationary uplift, the maximum claim allowance should be fixed on a four-yearly basis, aligning with Common Council electoral cycles. It was felt that a review should be undertaken towards the end of the term of each Court and in advance of all-out elections, to ascertain whether the maximum claimable amount should be updated for the coming four years. It was felt that this would also help to alleviate any administrative burden in checking the impact of an inflationary uplift.
10. The Committee also noted that there was an anomaly in the way in which the two parts of the Policy are currently set out, whereby anyone in receipt of the EMSS is not entitled to claim for childcare or carer costs associated with undertaking their duties, as the provision for making such claims was left in the FLS, and it is not permissible to claim from both parts. Accepting that this was inconsistent with the general principle of removing barriers to participation in public life, as well as with the practice adopted by some other local authorities, Members agreed that the Town Clerk should be authorised to make provision within the MFSP to provide for the possibility of an individual being permitted to claim such costs while also receiving the EMSS. It was noted that, while allowing claims under both elements was possible without impacting the voluntary status, there was an implication that any payments would not be “tax efficient” and so the individual may be liable to pay higher rates of taxation. Given the personal and individual nature of tax considerations, taking into account each Member’s own circumstances and income, it would be a matter for individual Members to assess and determine the impact to themselves should they wish to claim in these circumstances.
11. Your Policy and Resources Committee also supported a proposal made by a Member that, as a measure to improve transparency, the claims made by Members under the EMSS should be published annually online. Claims under the FLS are reported annually to the Finance Committee in accordance with existing requirements.
12. A separate report with proposals relating to the Court's previous instruction to explore the introduction of Special Responsibility Allowances was also presented at the meeting. The Committee agreed that the proposals on SRAs should not be recommended to the Court.

Financial & Resource Implications

13. Following the recommendations of the Independent Review into the possible introduction of an SRA, the Court of Common Council made provision of £800k within the budgeting cycle for possible increases to Member allowances. This amount is therefore available to be used against the recommended uplift to the EMSS.
14. The Employee National Insurance Contribution threshold is £1,048 per month. Members will not have to make NIC payments if the allowance received from a scheme is less than this amount. The current figure of £7,500 is £625.00 a year; the proposed annual maximum of £9,000 means that Members will be able to claim for a maximum of £750 a month, under the NIC threshold.

Legal Implications

15. 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 (as outlined in the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2021).
16. Any tax implications arising from individual Members' decisions to make claims against elements of the Financial Loss Scheme are the responsibility of individual Members.

Equalities Implications

17. 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 (i.e., age, disability, gender transition, marriage and civil partnership, pregnancy and maternity, race, religion and belief, sex and sex orientation) 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. The premise that inadequate remuneration could serve as a potential barrier to participation in public life was accepted by the Court in commissioning the work on Member allowances, and an assessment of the people with protected characteristics was undertaken prior to approval of the Members Financial Support Policy, and the premise was accepted by the Court in introducing the Policy.
18. By seeking to address the changed economic circumstances since the original implementation of the MFSP, and by resolving the anomalous position regarding maternity claims, the proposals support the original objective of aiming to remove any obstacles which may deter prospective candidates for standing for election to the Court.

Conclusion

19. The Member Financial Support Policy was introduced in 2021 to address the diversity of the Court by ensuring that any financial obstacles which might deter prospective candidates to stand for election were addressed. The maximum

claimable figure under the EMSS not having been updated since its introduction, the Court is recommended to approve an uplift in the maximum claimable amount, in line with inflation, to ensure that principle remains adhered, along with addressing an anomaly concerning claims related to carer costs.

20. The Court is further recommended to approve a new mechanism to regularly review further uplifts to the EMSS, along with the annual publication of claims.

All of which we submit to the judgement of this Honourable Court.

DATED this 26th day of September 2024.

SIGNED on behalf of the Committee.

Deputy Christopher Michael Hayward
Chairman, Policy and Resources Committee