

# LONDON BOROUGH OF CROYDON

|                                     |  |        |
|-------------------------------------|--|--------|
| <b>REPORT:</b>                      | Council  |        |
| <b>DATE OF DECISION</b>             | 25 <sup>th</sup> February 2026   |        |
| <b>REPORT TITLE:</b>                | Members' Scheme of Allowances 2026/27  |        |
| <b>DIRECTOR</b>                     | Stephen Lawrence-Orumwense<br>Director of Legal Services   |        |
| <b>LEAD OFFICER:</b>                | Adrian May<br>Senior Democratic Services & Governance Officer  |        |
| <b>AUTHORITY TO TAKE DECISION:</b>  | Part 3 Responsibility for Council Functions in the Constitution, identifies the General Purposes Committee (GPC) are responsible for reviewing the Member's Allowance Scheme with approval of the scheme reserved to full Council. |        |
| <b>CONTAINS EXEMPT INFORMATION?</b> | <b>NO</b>  | Public |
| <b>WARDS AFFECTED:</b>              | <b>N/A</b>   |        |

## 1 EXECUTIVE SUMMARY

- 1.1** Under the Local Authorities (Members' Allowances) (England) Regulations 2003, Councils must, each year, approve the Members' Scheme of Allowances for the next financial year.
- 1.2** In January 2024, the Independent Panel on the Remuneration of Councillors in London published its report on the remuneration of Councillors in London for 2023 ("Remuneration Report"). The Council must consider the recommendations and findings of the latest Remuneration Report when agreeing the Members' Scheme of Allowances.
- 1.3** General Purposes Committee (GPC), 13<sup>th</sup> January 2026, considered and agreed to recommended to Council a Members' Scheme of Allowances 2026/27. The proposed Members' Scheme of Allowances for 2026/27 is materially the same as 2025/26 with no changes to the Basic and Special Responsibility Allowances. An annual inflation increase is proposed just to expense claim rates related to travel and accommodation – this equates to a total increased estimated cost to the overall scheme of around £100 - given the overall low level of claims made by Members of the Council.

- 1.4 The Council's Members' Scheme of Allowances ("the Scheme") provides for an annual adjustment related to the Local Government Services Staff (LGSS). The LGSS applicable for 2026/27 is unknown. When the LGSS %uplift is nationally agreed, GPC will review the uplift and make any subsequent recommendation to Council.
- 1.5 GPC agreed a review of the Members' Allowances Scheme to include expenses related to subsistence, hotel costs and travel. An update was provided to GPC and the review will progress through 2026/27 - with any recommendations to be presented to GPC and Council in due course.

## 2 RECOMMENDATIONS

For the reasons set out in the report and appendices, General Purposes Committee recommends that Council:

- 2.1 considers the Independent Panel Report ("Remuneration Report") on the Remuneration of Councillors in London for 2023 (Appendix 1).
- 2.2 notes the proposed amendments to the Scheme for 2026/27 as detailed in paragraphs 4.8 to 4.12, including an Annual Consumer Price (CPI) Index increase from 2024 (4.1%) to expenses (shown track changes in Appendix 2).
- 2.3 subject to paragraphs 2.1 and 2.2, **AGREES** the Members' Scheme of Allowances for 2026/27 (Appendix 3).
- 2.4 agrees that the Director of Legal Services be authorised to comply with the statutory requirements to publicise the 2026/27 Scheme of Members' Allowances and make all necessary updates to the Constitution.
- 2.5 notes that any findings from an on-going review of the Scheme by the GPC, including reimbursement of subsistence, hotel costs and travel, will be brought to Council in due course for consideration.

## 3 REASONS FOR RECOMMENDATIONS

- 3.1 There is a statutory duty for a Scheme to be agreed by Full Council before the commencement of the financial year to which it applies. In doing so, in each case, there is a statutory duty for Full Council to have regard to the recommendations of the Independent Remuneration Panel, Appendix 1 to this report.
- 3.2 No changes to the Scheme's expense rates has occurred for at least 20 years (likely nearly 30 years) – applying an annual inflation rate from 2024 helps to at least maintain the gap between the expense scheme rates and impact of inflation, whilst a review of the Scheme's is undertaken.
- 3.3 There is a statutory duty to publicise the Members' Allowance Scheme each year as well as statutory duties to ensure publication of the Independent Remuneration Panel

report, details of the main recommendations of the report, details of how the Council has considered the report and annual publication of allowances paid / received pursuant to any adopted scheme for the year to which it applies.

## **4. BACKGROUND AND DETAILS**

4.1 The Members' Scheme of Allowances provides for the payment of Basic and Special Responsibility Allowances, Dependent Carers, Travel and Subsistence Allowances and an allowance (without travel or subsistence) for the Independent Chair of Audit and Governance Committee. There is a statutory duty for a Members Allowance Scheme to be agreed by Full Council before the commencement of the financial year to which it applies.

### **REMUNERATION OF COUNCILLORS IN LONDON**

4.2 There is a legal requirement to have regard to the latest 'Remuneration of Councillors in London' report of the Independent Panel when amending / agreeing a new scheme. Their latest report, 'Remuneration of Councillors in London 2023' was published in January 2024.

4.3 As previously reported and reviewed by Full Council in 2024 and 2025, the identified key findings and recommendations from the 'Remuneration of Councillors in London' report were:

- It had become clear that allowances in many boroughs were considerably lower than remuneration received by workers in London with comparative levels of responsibilities and skills. This comparative contrast in remuneration is juxtaposed against increased workloads, time pressures, accountability, and financial pressures that councillors are presently having to manage. The levels of basic allowances for members in London were found to be significantly below the levels approved in respect of Welsh, Scottish, Northern Irish authorities and less than similarly sized authorities to London Boroughs outside of London.
- the Panel concluded that the most appropriate approach is to determine the basic allowance as a proportion to the remuneration of the people councillors represent and has used the Annual Survey of Hours and Earnings (ASHE) data, published by the Office for National Statistics as a basis of its calculation. The Panel has used the median wage for all London workers for this purpose. In 2022-23, this is £38,936.73 per annum. Based on a 37 hour week, and taking into account a 30% public service discount, (as has been the custom and practice) the Panel determined that the recommended basic allowance should be £15,960.
- the Remuneration Report 2023 continued to recognise the LGSS increase as a basis for annual uplifts. Research found that the Londoners in focus groups

felt that allowances in London needed to increase to provide a more accurate reflection of councillors' responsibilities and hours.

- Directly Elected Mayor should receive a remuneration of £93,575. Cabinet Members, Chair of Scrutiny, recommended to be £37-46k. Other SRA allowance are within a range of £3,105 to £31,046. *It should be noted that the Independent Panel recommended SRA levels which are much higher than the Croydon Members Allowance Scheme provides for - including the Executive Mayor, Cabinet and Scrutiny Chair.*
- The panel noted that it is important that obstacles to becoming a councillor should be removed wherever possible. The Independent Panel is clear that they can only make recommendations and that each council must determine its own system and rates of allowances.
- The Panel advise that: the Basic Allowance should cover basic out-of-pocket expenses incurred by councillors, including intra-borough travel costs and expenses. The members' allowances scheme should, however, provide for special circumstances, such as travel after late meetings or travel by councillors with disabilities. The scheme should enable Councillors to claim travel expenses when their duties take them out of their home borough, including a bicycle allowance.

## **LOCAL GOVERNMENT SERVICE STAFF SETTLEMENT**

- 4.4 The Croydon Member's Allowance Scheme provides that the Basic and Special Responsibility Allowances, Civic Mayor and Deputy Civic Mayor Allowance shall be subject to an annual adjustment in accordance with the annual National Joint Council (NJC) for Local Government Services Staff (LGSS) pay settlement.
- 4.5 The LGSS % uplift applicable for 2026/27 is anticipated to be nationally agreed mid-to-late 2026. Proposals for any uplift to the 2026/27 will then follow.

## **BASIC AND SPECIAL RESPONSIBILITIES ALLOWANCES**

- 4.6 A full review of the Basic and Special Responsibilities Allowances was undertaken during 2024/25 with the following changes to the Members' Scheme of Allowances 2025/26, agreed at Budget Council, 26<sup>th</sup> February 2025, including:
- Creation of an SRA for Scrutiny Sub-Committee Chairs.
  - Creation of an SRA for a 2nd Largest Opposition Group with 7 or more Members.
  - Parity of SRAs for groups positions (Chief Whip and Group Secretary) for Council Groups of similar size.
  - Parity of SRAs for very similar roles (Deputy and Vice Chair of Scrutiny & Overview Committee).
  - For the List of Approved Duties covered by the Members' Allowances Scheme to include attendance to training and development events, sessions, conferences and seminars which relate to a Member's role and position.

- 4.7 Due to the comprehensive review last year, and following consultation with political groups, there is no proposal to amend the Basic and Special Responsibilities Allowances.

## **PROPOSED AMENDMENTS TO THE SCHEME FOR 2026/27**

- 4.8 On the 4<sup>th</sup> November 2025, GPC agreed a review of travel and subsistence allowances to inform any proposed amendments to the Members' Scheme of Allowances.

The review is on-going however it's been identified that no increase to the Scheme's expense rates has occurred for at least 20 years. Furthermore, the travel and subsistence allowances section of the allowance scheme gives reference to a number of organisations decommissioned in 1997 to subsequently form the Local Government Association (this citing has been removed in the proposed 2026/27 Scheme as per Appendix 2 & 3).

- 4.9 Subject to the outcomes of the review it is proposed that a number of expense rates be increased by 4.1% - reflecting CPI from 2024 to November 2025. This would at least pause an expanding gap between the current expense scheme rates and inflation.
- 4.10 The current Scheme is silent with regards to the frequency of reimbursement rates and expenses provision review – it is proposed to be annual.
- 4.11 In according with existing provision, the Dependent Carers Allowance is uplifted according to the London Living Wage. This has been reflected in the proposed scheme wording for 2026/27 (Appendix 2 & 3).
- 4.12 With the exception of the above changes, the report proposes that the Members Allowance Scheme for 2026/27 be materially the same as 2025/26.

## **5 ALTERNATIVE OPTIONS CONSIDERED**

- 5.1 An option exists to make no changes to the expenses element of the Scheme and agree the 2026/27 as the same as the 2025/26 Scheme. This is not recommended as the gap between inflation and expense rate will continue to grow still further.
- 5.2 The Council is legally required to approve a scheme before the end of the financial year.

## **6 CONSULTATION**

- 6.1 The financial challenges of the Council are recognised but there was recognition by Officers and broadly amongst Members that the scheme's provision for expenses and reimbursement needs review.

- 6.2 All political parties on Council were made aware and consulted on the draft proposals for the review of expenses, which, due to the complexity and findings so far, is on-going, with proposals scheduled to be presented to GPC during 2026/27.
- 6.3 As part of the review, and on-going stance, the Green Group stated that the Special Responsibility Allowances should be cut by 50%, as well as proposing the cessation of the SRA for a group secretary - as groups already have an SRA for Whip positions.
- 6.4 It was highlighted that the SRA for a Scrutiny Sub-Committee Chair could be reviewed following the introduction of the provision last year and extent of role and work. In consultation with the Chair of GPC it is expected this will be considered as part of the Scheme review during 2026/27.

## **7. CONTRIBUTION TO COUNCIL PRIORITIES**

Through consideration of the recommendations of the Panel report it supports the Council to achieve, priority 4 of the Mayor's Business Plan: Ensure good governance is embedded and adopt best practice.

## **8. IMPLICATIONS**

### **8.1 FINANCIAL IMPLICATIONS**

- 8.1.1 The annual cost of the Members' Allowance Scheme for 2025/26, including the council's national insurance contributions, will be approx. £1.6m.
- 8.1.2 The annual inflation related increase to the expenses scheme for travel and accommodation is likely to cost around £100 in total, given the level of re-imburement claims made by Members of the Council.

Comments approved by Brian Khumalo, Interim Head of Strategic Finance on behalf of the Director of Finance on 8/1/2026

### **8.2 LEGAL IMPLICATIONS**

- 8.2.1 The Council's Scheme of Members' Allowances is required to comply with the relevant provisions of the Local Authorities (Elected Mayor and Mayor's Assistant) (England) Regulations 2002 ("2002 Regulations"), Local Authorities (Members' Allowances) (England) Regulations 2003 ("2003 Regulations"), the Local Government and Housing Act 1989 and the Local Government Act 2000. In addition, there are separate provisions, namely sections 3 and 5 of the Local Government Act 1972 for the payment of allowances to the current civic Mayor and the deputy civic Mayor which Croydon has traditionally referenced as part of its Scheme of Members' Allowances, although the Council is not obliged to make such an inclusion as it sits outside the statutory regime for Members' Allowances.

- 8.2.2 The 2002 Regulations specifically allows for an elected mayor to be treated as a councillor of the local authority for the purposes of schemes relating to basic attendance and special responsibility allowances for local authority members as set-out within the Local Government and Housing Act 1989.
- 8.2.3 Regulation 10 of the 2003 Regulations provides that before the beginning of each year, an authority shall make the scheme required by regulation 4(1)(a) for the payment of basic allowance for that year. The scheme shall also make provision for the following allowances if an authority intends to make such payments in respect of the year–
- (a) special responsibility allowance;
  - (b) dependants' carers' allowance;
  - (c) travelling and subsistence allowance; and
  - (d) co-optees' allowance.
- 8.2.4 Subject to regulation 12 of the 2003 Regulations, the scheme may be amended at any time but may only be revoked with effect from the beginning of a year. A scheme may make provision for an annual adjustment of allowances by reference to such index as may be specified by the authority and where the only change made to a scheme in any year is that effected by such annual adjustment in accordance with such index the scheme shall be deemed not to have been amended.
- 8.2.5 Regulation 10 (5) provides that where an authority has regard to an index for the purpose of annual adjustment of allowances it must not rely on that index for longer than a period of four years before seeking a further recommendation from the independent remuneration panel established in respect of that authority on the application of an index to its scheme. The Independent remuneration panel, in its current report, continues to recommend that any proposed annual adjustment be linked to the Local Government Staff Settlement (LGSS).
- 8.2.6 In accordance with regulation 21, An independent remuneration panel is required to produce a report in relation to the authority or authorities in respect of which it was established, making recommendations in respect of, among other matters–
- as to whether, in the event that the scheme is amended at any time so as to affect an allowance payable for the year in which the amendment is made, payment of allowances may be backdated in accordance with regulation 10(6);
  - as to whether adjustments to the level of allowances may be determined according to an index and if so which index and how long that index should apply, subject to a maximum of four years, before its application is reviewed.
- 8.2.7 Regulation 19 of the 2003 Regulations provides that the Council must have regard to the recommendations of the independent remuneration panel before making or amending a Scheme of Allowances for its members.
- 8.2.8 Regulation 5(1) of the 2003 Regulations provide that the Scheme can make provision for an SRA to be paid to members who have such "special responsibilities in relation to the authority as are specified in the Scheme" and are within one or more of nine

categories of responsibility identified in sub-paragraphs (a) - (i). This includes responsibilities such as acting as leader or deputy leader of a political group within the authority; acting as a member of an Executive, presiding at meetings of a committee or sub-committee and acting as a spokesman of a political group on a committee or sub-committee.

8.2.9 Regulation 13 of the 2003 Regulations requires that the Council's scheme shall provide that a person may, by notice in writing given to the proper officer of the authority, elect to forgo their entitlement or any part of their entitlement to allowances.

8.2.10 Regulation 22, which makes provision for the required publicity for recommendations of Independent Remuneration Panels requires that once an authority receives a copy of a report made to it by an independent remuneration panel in accordance with regulation 21, it shall, as soon as reasonably practicable—

- (a) ensure that copies of that report are available for inspection by members of the public at the principal office of the authority, at all reasonable hours; and
- (b) publish in one or more newspapers circulating in its area, a notice which—
  - (i) states that it has received recommendations from an independent remuneration panel in respect of its scheme;
  - (ii) describes the main features of that panel's recommendations and specifies the recommended amounts of each allowance mentioned in the report in respect of that authority;
  - (iii) states that copies of the panel's report are available at the principal office of the authority for inspection by members of the public at such times as may be specified by the authority in the notice; and
  - (iv) specifies the address of the principal office of the authority at which such copies are made available.

Comments approved by Kiri Bailey Head of Commercial, Housing and Litigation & Deputy Monitoring Officer on behalf of Stephen Lawrence-Orumwense, Director of Legal Services and Monitoring Officer (16/12/25).

### 8.3 EQUALITIES IMPLICATIONS

8.3.1 Under the Public Sector Equality Duty of the Equality Act 2010, decision makers must evidence consideration of any potential impacts of proposals on groups who share the protected characteristics, before decisions are taken. This includes any decisions relating to how authorities act as employers; how they develop, evaluate and review policies; how they design, deliver and evaluate services, and also how they commission and procure services from others.

8.3.2 Section 149 of the Act requires public bodies ,in the exercise of their functions, to have due regard to the need to:

- Eliminate unlawful discrimination, harassment, victimisation and any other conduct prohibited by the Act.

- Advance equality of opportunity between people who share a protected characteristic and people who do not share it; and
  - Foster good relations between people who share a protected characteristic and people who do not share it.
- 8.3.3 The provision for annual increases reflected in the scheme does reflect the report of the Independent Remuneration Panel views that allowances and expenses should be set at a level that enable people from a diverse range of backgrounds to become and remain as Councillors.
- 8.3.4 It is noted and welcomed that Taxis provision for people with disabilities and personal mobility support needs will be explicitly considered as part of the Scheme review, along with Members having any personal safety concerns at the time.
- 8.3.5 In the meantime, Councillors requiring reasonable adjustments for disabilities should seek support from Democratic Services under PSED Equality Act 2010.

Approved by: Philip Conteh, Senior Equality Officer. Date: 15<sup>th</sup> December 2025.

## **9 APPENDICES**

**Appendix 1** Independent Remuneration Panel report on Councillor Allowances 2023

**Appendix 2** Proposed 2026/27 – TRACKED CHANGE VERSION

**Appendix 3** Proposed 2026/27 – CLEAN VERSION