

Report to Governance Working Group

To: Chair and Members
Governance Working Group
From: Michael Schulthess
Subject: Council Policy: Remuneration of Elected Officials and Appointed Citizen Members
Date: May 13, 2024

Recommendation

That, on the recommendation of the City Clerk, the report dated May 13, 2024, regarding Remuneration of Elected Officials and Appointed Citizen Members BE RECEIVED.

Linkage to the Strategic Plan

As a Well-Run City, the City of London establishes and maintains written policies as part of its commitment to ensure people have trust and confidence in the municipal government. A review of all Council Policies is undertaken every two years to support the City of London's 2023-2027 Strategic Plan.

Executive Summary

1.1 Work of Past Council Compensation Review Task Forces

Over time, by-laws, policies, and Council resolutions have been adopted to address the evolving roles, responsibilities, and workload of elected officials. These efforts seek to reconcile diverse perspectives on matters like the City's financial stability, the duties of the Mayor and Councillors, the fair allocation of workload among Council members, and public perception. Since 2013, a Council Compensation Review Task Force (CCRTF) has reported to Council before each election, with adjustments in Council compensation to begin with the next term of office. Appendix "A" includes the Chart of Remuneration from 2009 to Present.

Civic Administration has reviewed recommendations and Council resolutions from five CCRTF reports from 1995 to present day, which have focused on the maintenance and adjustment of stipends, the structure and timing of regular reviews, the handling of additional compensation and allowances, and efforts to enhance transparency and communication regarding council benefits. These elements underscore a commitment to ensuring council remuneration reflects both fairness and the economic context of the community. The resolutions are contained in Appendix "B" attached to this report.

Noting that reforms resulting from the 1995 report eliminated automatic Council appointments to advisory committees, the most significant Council resolutions from the four most recent reviews can be categorized as follows:

1. Stipend Adjustments and Maintenance:

- **2010:** Stipends for the Mayor and Councillors were maintained with an annual adjustment escalator, paused when non-union staff wages were frozen.
- **2016:** Compensation for Councillors was set to match the median full-time employment income for Londoners, effective with the next council term.
- **2021:** Compensation adjustments were automated to reflect changes in median full-time employment income based on recent Census data.

2. Compensation Review and Transparency:

- **2010 and 2013:** Scheduled regular reviews of council compensation to be conducted by a task force or committee comprising volunteers, including former council members and ensuring completion prior to election nomination openings.

- **2016 and 2021:** Reviews to be undertaken by an independent body once per council term, with recommendations to be based on diverse community representation and comprehensive public engagement.

3. **Additional Compensations and Allowances:**

- **2010:** Continued existing practices regarding no additional compensation for serving on boards, maintaining the one-third tax exemption, and continuing the stipend for standing committee chairs.
- **2016:** Eliminated the “1/3 tax-free” allowance and refrained from providing additional compensation for roles such as Deputy Mayor and Chairs of Standing Committees unless roles were clearly defined.
- **2021:** Continued to refrain from introducing performance-based compensation, focusing instead on clear, understandable compensation practices.

4. **Benefits and Information Clarity:**

- **2013:** Maintained current benefits and improved the communication of Council Member benefits on the City's website, including clarifications on long-term disability benefits post-term.

The most recent resolutions from 2021 set compensation at the median full-time income, to be automatically adjusted annually based on census data. Council resolved that reviews should be conducted each Council term, engaging the public and considering community diversity and needs. Performance-based compensation was excluded.

1.2 Purpose of this Report

The purpose of this report is to facilitate decisions with respect to updating Council's Policy for the Remuneration of Elected Officials and Appointed Citizen Members. This report provides insight into past reviews of compensation, as well as considerations for budget and timing, and provides the options available for the consideration of the Governance Working Group. This report seeks direction based on the working group's preferred course of action.

Background Information

2.1 Council Direction from the 2021 CCRTF Report

The Council resolution informing the creation of a new CCRTF can be found in Appendix “C” with specific direction regarding future reviews considered.

2.2 Direction from the Current Term of Council

The following Council resolutions are considered in this report:

Council, at its meeting on April 25, 2023, directed Civic Administration to convene the Governance Working Group and referred several matters including the following:

- “d) Existing Council policies – Remuneration
 - ii) the Remuneration for Elected Officials and Appointed Citizen Members Policy, to provide for the establishment of a new full-time compensation model for Councillors, for the start of the 2026 Municipal Council term, as well as a draft terms of reference for an independent task force to review and consult with the public with respect to same; it being noted that this may require additional revisions to associated Council Policies, such as Discussion of Remuneration for Elected Officials and Individuals Appointed by City Council to serve on its Committee or a Local Agency, Board or Commission Policy;”

Council, at its meeting on January 23, 2024, passed the following resolution regarding the annual base pay for Deputy Mayor and Budget Chair and including these changes in pay within future compensation considerations:

“That, with respect to the Deputy Mayor and Budget Chair positions, the Civic Administration BE DIRECTED to undertake the necessary actions to implement the following:

- a) a pay increase of 12.5% to the annual base Councillor salary for the Deputy Mayor position effective January 2024;
- b) a pay increase of 12.5% to the annual base Councillor salary for the position of Budget Chair effective January 2024; and,
- c) the Governance Working Group BE DIRECTED to review this as part of its larger review of Remuneration for Elected Officials and Appointed Citizen Members Policy on its Deferred Matters list, and provide any recommendations on further changes to the Strategic Priorities and Policy Committee in order to allow for implementation in the 2026-2030 term of Council;”

2.3 Legislation Governing Council Compensation

Sections 224 and 225 of the *Municipal Act, 2001* set out the role of council and the head of council. Provincial legislation is prescriptive with respect to how remuneration is to be discussed and reported, and what expenses are to be reimbursed. However, the specific duties to be included in the job description of Councillor or Mayor, and the level of compensation for each role are not clearly defined in the Act.

The *Health Protection and Promotion Act, 1990*, specifies that members of Council cannot receive compensation to serve on the health board unless they are serving as chair.

2.4 Related Council Policies

[Remuneration of Elected Officials and Appointed Citizen Members](#)

[Discussion of Remuneration for Elected Officials and Individuals Appointed by City Council to Serve on its Committee or a Local Agency, Board or Commission Policy](#)

[Appointment of Council Members to Standing Committees of Council and Various Civic Boards and Commissions Policy](#)

[Appointment of Deputy Mayor Policy](#)

Options for Consideration

Option 1: Maintain the Existing Council Policy as is with No Changes

That, the report dated May 13, 2024, regarding Remuneration of Elected Officials and Appointed Citizen Members BE RECEIVED and no further action be taken.

Option 2: Update to Remuneration of Elected Officials and Appointed Citizen Members Policy to include additional stipends for Deputy Mayor and Budget Chair and include process for updates to Remuneration

That the following actions be taken with respect to the Remuneration of Elected Officials and Appointed Citizen Members policy:

- a) the report dated May 13, 2024, BE RECEIVED;
- b) the City Clerk BE DIRECTED to draft an update to the policy and bring it back to Governance Working Group for approval, as follows:
 - i) the policy be updated to include an additional stipend for Deputy Mayor;
 - ii) the policy be updated to include an additional stipend for Budget Chair;
 - iii) the policy be updated to include the process by which the Remuneration of Elected Officials and Appointed Citizen members will be decided, e.g., the striking of a CCRTF every four years before the nominations open for the next election; and
- c) the policy BE REVIEWED using the Anti-Racism and Anti-Oppression Equity Tool in accordance with Council Policy.

Option 3: Establish Council Compensation Review Task Force

That the following actions be taken with respect to the Remuneration of Elected Officials and Appointed Citizen Members:

- a) the report dated May 13, 2024, BE RECEIVED; and
- b) the Civic Administration BE DIRECTED to take the necessary actions to establish a Council Compensation Review Task Force (CCRTF), including the development of appointment selection criteria, scope of work, and draft Terms of Reference to a future meeting of Governance Working Group.

Option 4: Establish Council Compensation Review Task Force with the assistance of a Consultation to facilitate the Review and Update to Policy

That the following actions be taken with respect to the Remuneration of Elected Officials and Appointed Citizen Members:

- a) the report dated May 13, 2024, BE RECEIVED;
- b) the Civic Administration BE DIRECTED to take the necessary actions to procure a compensation consultant to facilitate the Governance Working Group's establishment of a Council Compensation Review Task Force (CCFTF); and
- c) an amendment to the Remuneration of Elected Officials and Appointed Citizen Members policy for reviews ongoing BE CONSIDERED in the review.

Key Considerations and Guiding Principles for a CCRTF

In determining next steps, it is recommended that the Governance Working Group consider guiding principles for the review; reports and recommendations of past CCRTFs; the Equity Tool for reviewing all policies and projects with an equity lens; the timing of the review; the scope of work and terms of reference for the next CCRTF; public engagement, participation, and input; and pension, benefits, and other compensation beyond the stipend.

4.0 Financial Impact

Option 1 is the only option that carries no financial impact. Any increase in compensation or benefits for elected officials will increase the budget of the City. The budget impact would be ongoing, increasing each year based on the indexing metric approved by Council.

In addition, the City pays directly the stipends of the following appointed positions: Committee of Adjustment, London Transit Commission, and Court/Committee of Revision. Any decisions relating to stipends for these groups will impact the budget.

Finally, in the past the CCRTF has been composed of volunteer, expert citizen members. However, given the complexity of the decisions before it, the Governance Working Group might consider it prudent to hire a consultant to guide them through the process, at an additional cost.

4.1 Timing of this Review

The current Council directive is that a CCRTF provide recommendations no later than six months prior to the opening of nominations for the next election.

The last CCRTF met seven times (including one PPM) between November, 2021 and March, 2022, while the 2010 and 2013 CCRTFs both met 10 times. The following timeline is proposed for Council's consideration to allow ample time for a broad scope of work for the CCRTF:

- November 1, 2024 – Council approves CCRTF selection criteria, scope of work and Terms of Reference.
- January 2025 – June 2025 CCRTF work.
- November 1, 2025 – Council decision on report of CCRTF
- May 1, 2026 – Nominations open for 2026 Elections

4.2 Guiding Principles for this Review

In the past, Council has directed the CCRTF to be guided by the following principles in its deliberations. GWG could consider adopting these principles as part of its current review, and/or including them in the Remuneration Policy update:

- No Council Member should seek to serve in public office solely for financial gain. The key motivation should be to serve and improve the well-being of the citizens of London.
- The system of remuneration must be transparent, open and easily understandable.
- Remuneration needs to be sensitive to local market conditions and to compensation levels in comparable municipalities.
- Fair compensation should be offered in order to attract qualified and committed individuals.

4.3 Selection of CCRTF Members

The current Council direction is that the CCRTF be an independent body made up of no more than five individuals who reflect the diversity of the community. Ideally, the task force members should have knowledge in the areas of municipal government, research, statistics, public engagement, and compensation.

4.4 Scope of Work and Terms of Reference for the CCRTF

The scope of work for the CCRTF is established by Council. The current Council directive is that the CCRTF's scope of work include:

1. a review of the major supports required for Council Members to efficiently and effectively carry out their role to the best of their ability as the availability of these supports helps to inform compensation;
2. the review should consider if median full-time income remains an appropriate benchmark for Council Member compensation;
3. the review should consider if the current formula for interim adjustments remains appropriate; and
4. public engagement should continue to be a component of the review process and that engagement should be undertaken in a manner which recognizes community preferences and needs.

The Terms of Reference for the 2021 CCRTF are attached as Appendix "D".

4.5 Benefits and other Remuneration Beyond the Stipend

Council compensation must be considered in relation to the value of the other benefits received. A good example is the 2018-2019 adjustment to compensate for loss of the one-third tax-free benefit, which is when the additional stipend for standing committee chair was eliminated. Currently, Council members receive additional benefits that include parking, a car allowance or travel expenses, expense allowance, healthcare benefits, and life insurance. The City also provides for Council members a private office at City Hall, meeting space, and technology. This is an area where it would be beneficial to have the advice of a compensation consultant.

Conclusion

This report compiles historical, legislative, and policy background to assist the Governance Working Group in providing direction on the next steps for updating Council's Policy "Remuneration for Elected Officials and Appointed Citizen Members" and on the process for reviewing Council compensation, as listed as options in the section of the report entitled Options for Consideration.

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Submitted by: Michael Schulthess, City Clerk

APPENDIX "A" - CHART OF REMUNERATION FROM 2009 TO PRESENT

BODY/POSITION	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2018-19 adjustment	2019	2020	2021	2022	2022 adjustment	2023	2024	Comment
Mayor (elected, paid in their capacity as Head of Council, Chair of the respective committees, Chief Executive Officer of the Corporation and member ex-officio of any local board, commission, or other body)	\$94,648	\$99,629	\$99,629	\$102,717	\$104,258	\$104,258	\$104,258	\$104,258	\$104,258	\$106,030	\$138,025	\$141,200	\$141,200	\$142,188	\$147,165		\$152,323	\$157,662	City funded
Deputy Mayor (2009-2010 elected, paid in addition to remuneration as Controller; 2024 appointed by Mayor)	9,638	10,145																73,279	City funded
Controller (elected)	37,976	39,975																	
Budget Chair (2024 appointed by Mayor)																		73,279	City funded
Councillors (elected)	30,380	31,979	31,979	32,970	33,465	33,465	33,465	33,465	33,465	34,034	51,181	52,358	52,358	52,725	54,570	60,800	62,931	65,137	City funded
Chair of Standing Committees (only one chair stipend in a given year to a Councillor; beginning 2023 appointed by Mayor)	1,135	1,194	1,194	1,231	1,249	1,249	1,249	1,249	1,249	1,270	Stipend eliminated								City funded
London Transit Commission (LTC) (effective 1995; no remuneration to Council Members)	4,278	4,295	4,295	4,428	4,494	4,539	4,648	4,704	4,789	4,870		4,982	4,982	5,017	5,193		5,380	5,507	City funds three positions
Chair (LTC) additional per year (effective 1995; no remuneration to Council Members)	795	798	798	823	835	843	863	874	890	905		926	926	932	965		1,000	1,024	City funds one position
Committee of Adjustment (effective 1995; no remuneration paid to Council Members)	6,107	6,131	6,272	6,466	6,563	6,629	6,788	6,870	6,994	7,113		7,277	7,277	7,328	7,584		7,857	8,042	City funds five positions
Chair, Committee of Adjustment (additional per year) (effective 1995; no remuneration paid to Council Members)	795	798	816	841	854	862	883	893	909	925		946	946	953	986		1,021	1,045	City funds one position
Court of Revision (Local Improvements & Drainage) – per meeting attended	64	64	65	67	68	69	71	72	73	74		76	76	77	80		83	85	City funds three positions
Chair, Court of Revision (additional per meeting attended)	10	10	10	11	11	11	11	11	12	12		12	12	12	12		12	12	City funds one position
Municipal Election Compliance Audit Committee (begins March 6, 2018) - per meeting attended - no annual increase																			
Hearings Officer (begins May 1, 2020; increase to \$400 effective Apr 5, 2023) - per hearing day - no annual increase																			
Middlesex-London Health Unit – per meeting attended (no remuneration to Council Members, HPPA, R.S.O. 1990, c.H.7, s.49(11))	132.50	132.50	132.50	139.95	142.03	No citizen appointees	147.04	149.50	152.00	151.49		151.49	151.49	151.49	151.49				
Upper Thames River Conservation Authority – per meeting attended (+ mileage at \$.50/km)	59.50	59.50	59.50	59.50	59.50	59.50	59.50	59.50	59.50	59.50		59.50	59.50	59.50	59.50				
Lower Thames Region Conservation Authority – per meeting attended (+ mileage at \$.55/km)	60.00	60.00	60.00	65.00	65	65	65	65	65	65		65	65	65	65				
Kettle Creek Conservation Authority – per meeting attended (+ mileage at \$.47/km)	81.15	83.58	83.58	86.09	86.09	86	86	86	86	86		86	86	86	86				
Plumbers and Drain layers Examining Board - annually						100	100	100	100	100		100	100	100	100				
Greater London International Airport Authority, \$10,000 retainer + \$800 for each board meeting and \$500 per committee meeting						10,000	10,000	10,000	10,000	10,000		10,000	10,000	10,000	10,000				
Chair, Greater London International Airport Authority, \$20,000 retainer + \$800 for each board meeting and \$500 per committee meeting						20,000	20,000	20,000	20,000	20,000		20,000	20,000	20,000	20,000				
London Hydro Inc. Board of Directors annual stipend (plus \$600 per mtg attended)	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,120	6,212		6,336	6,432	6,480	6,708				
Chair, London Hydro Inc. annual stipend (plus \$600 per meeting attended)	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,353		10,560	10,716	10,788	10,940 ea				
London Police Services Board (no remuneration for the Mayor, and, effective 1995; no remuneration for other Members of Council)	6,719	6,746	6,746	6,746	6,847	6,915	7,081	7,166	7,295	7,419		7,590	7,590	7,590	7,856		8,139	8,331	
Chair, London Police Services Board – additional per year	\$ 794	\$ 797	\$ 797	\$ 797	\$ 809	\$ 817	\$ 837	\$ 847	\$ 862	\$ 877		\$ 897	\$ 897	\$ 897	\$ 928		\$ 961	\$ 984	

2022 Adjustment at beginning of Council term to median full-time income for Londoners based on 2021 census data

2023 Increase - 3.505% for Council, 3.6% for appointed, effective January 1st

2024 Increase – 3.505% for Council, 2.36% for appointed, effective January 1st

Appendix “B”: Council Resolutions Regarding Compensation

1995-10-17 Resolution 7/32/BC (AS AMENDED) – “Council Workload”

2010-12-17 Submission 2010 Council Compensation Review Task Force Report

2013-10-16 Submission 2013 Council Compensation Review Task Force Report

2013-10-21 Resolution 3a-13-SPPC – Council Compensation Review

2017-08-21 Final Report of the 2016 Council Compensation Review Task Force

2017-08-21 Resolution 03-15 SPPC – Council Compensation Report

A.-7788-492_2018 – By-law to eliminate the one-third tax free allowance for Elected Officials

2018-10-09 Resolution 2.4-18 CSC – Mayor’s Salary, Taxes

2022-04-01 Final Report 2021 Council Compensation Review Task Force

2022-04-05 Resolution 4.1-7-SPPC – Final Report of the CCRTF

2024-01-16 Resolution 4.4-3-SPPC – Stipend increase for Deputy Mayor and Budget Chair

Appendix “C”: Council Resolution from 2021 CCRTF

Currently, Council compensation is governed by Council decisions taken as a result of the 2021 CCRTF, as well as by provincial legislation and Council policies.

The Final Report of the 2021 CCRTF resulted in the following Council resolutions:

That the following actions be taken with respect to Council compensation:

- a) consistent with current practice, and effective with the commencement of the next term of Council, the annual compensation for serving as a Ward Councillor BE SET at the 2020 median full-time employment income for Londoners as determined from the 2021 Census data, it being noted that while 2021 data will not be available until July 2022, it will be available well prior to the effective date of adjustment;
- b) the current formula for adjusting Council compensation on annual basis BE AMENDED to be based on the average annual variation in median full-time employment income determined from published Census data over the most recent census period (2021 Census data) as opposed to the Labour Index or CPI;
- c) the annual adjustment in Councillor compensation BE AUTOMATIC and administered by the Civic Administration;
- d) a review of Council Compensation BE UNDERTAKEN by an independent body, once per Council term, subject to the following:
 - (i) the review should be completed no later than six months in advance of the date that nominations are accepted for the next municipal election;
 - (ii) any adjustments should be effective on the first day of the next Council term;
 - (iii) the Task Force should, as much as possible, reflect the diversity of the community and ideally the participants should have knowledge in the areas of municipal government, research, statistics, public engagement and compensation;
 - (iv) the Task Force should be limited to no more than five individuals;
 - (v) the review should include a review of the major supports required for Council Members to efficiently and effectively carry out their role to the best of their ability as the availability of these supports helps to inform compensation;
 - (vi) the review should consider if median full-time income remains an appropriate benchmark for Council Member compensation;
 - (vii) the review should consider if the current formula for interim adjustments remains appropriate; and
 - (viii) public engagement should continue to be a component of the review process and that engagement should be undertaken in a manner which recognizes community preferences and needs.
- e) the following activities related to public engagement and notice BE TAKEN:
 - (i) opportunities BE EXPLORED to determine what online public spaces (webpages, social media, etc.) might be available in order to ensure that the system of remuneration for Council, including annual adjustment, is transparent, open, and easily accessible and understandable to the public; and
 - (ii) annual adjustments to Council compensation BE REPORTED to Committee and Council and recorded in the minutes of Committee and Council; and
- f) that NO ACTION BE TAKEN with respect to the consideration of a system of performance-based compensation for Council Members;

Appendix “D”: Terms of Reference 2021 CCRTF

TERMS OF REFERENCE

2021 COUNCIL COMPENSATION REVIEW TASK FORCE

COMPOSITION

Voting Members: Five members to be chosen by the City Clerk of the City of London and subject to ratification by Municipal Council.

TERM OF OFFICE

The Council Compensation Review Task Force shall commence its work as soon as possible and be disbanded upon submission of its Final Report to the Strategic Priorities and Policy Committee by no later than March 31, 2022.

QUALIFICATIONS

Members of the Task Force will be chosen by the City Clerk and ratified by Municipal Council using all appropriate Council policies and procedures, and be reflective of the relevant principles contained within the Strategic Plan. Within these parameters, the Clerk will have full discretion over the selection process, subject to ratification by Municipal Council, including the determination and assessment of candidate qualifications. Members of the Civic Administration are not eligible to serve as members of the Task Force.

The Chair and Vice-Chair are elected by the Task Force from among its Members, at its first meeting

MEETINGS

The first meeting shall be called by the City Clerk. Subsequent meetings shall be at the call of the Chair, in consultation with the Task Force Clerk.

DUTIES

The Council Compensation Review Task Force reports to the Municipal Council, through the Strategic Priorities and Policy Committee.

The Task Force shall be responsible for reviewing and providing recommendations with respect to the Councillors' compensation, including:

- a) the review of the most recent median full time employment income data for Londoners;
- b) review, consider and continue work on the recommendations of any previous Council Compensation Review Task Force that the Task Force feels are relevant;
- c) making recommendations regarding implementation of any changes in compensation, which may include phasing in and indexing.

GUIDING PRINCIPLES

1. No Councillor should seek to serve in public office solely for financial gain. The key motivation should be to serve and improve the well-being of the citizens of London.
2. The system of remuneration must be transparent, open and easily understandable.
3. Remuneration needs to be sensitive to local market conditions, recognizing that the role of Councillor is neither a full-time nor part-time role, but rather a unique role.
4. Fair compensation that is reflective of the legislative responsibilities and day-to-day duties undertaken to fulfil the role of a municipal Councillor.

VACANCIES

The same procedure is followed as for the initial appointment of members to the Council Compensation Review Task Force.

REMUNERATION

No remuneration is paid to the Council Compensation Review Task Force members.