

REPORT OF COUNCIL'S
INDEPENDENT REMUNERATION
PANEL (IRP)

Review of Members Allowances
Scheme

October 2019

1. Introduction/Background

1.1 This report presents the recommendations of the Independent Remuneration Panel (IRP) to the Council for its consideration and approval.

1.2 The current Panel was originally appointed by a process agreed by the then Corporate Governance and Finance Committee on 28 July 2016. It was re-convened by full Council on 21 February 2019 specifically to consider the remuneration of the Leader and Deputy Leader of the Council, but this review was extended in the light of a request from the Cambridgeshire and Peterborough Combined Authority for Constituent Authorities to consider the payment of allowances to their representatives on the Combined Authority (CA) as the CA is excluded by law from paying such allowances. The review was being progressed when, following discussions with the two Political Group Leaders, it was agreed (via the action taken on the grounds of urgency procedure) to widen the review further to a full review of Members' Allowances following the recent elections and changes to the Committee structure and to make recommendations to the October Council meeting, rather than having to convene another Panel in 2020 as required by statute.

1.3 The IRP comprises the following 4 Lay Members:

Richard Tyler (Chair of the Panel) – retired Chartered Accountant from Witchford who undertakes accountancy work for charity organisations locally. Other community work includes Bishop Laney's Charity, President of Rotary Club of Ely, Trustee of Ely Community Unit and Chairman of the Ely Fireworks Committee.

Richard Powell – retired teacher from Kings School, Ely. Resident of Haddenham. Played for, and was Chairman of, Sutton Cricket Club for many years. Sits on the Cambridgeshire Education Admissions Appeals Panel.

Margaret Clark - worked in the legal profession for many years (about 35) before retiring. Littleport resident and since retiring has been working with the Ely Social Car Scheme and Care Network. Library visitor and also sits on the Cambridgeshire Education Admissions Appeals Panel.

Stanley Curtis - Originally trained as an electronics engineer. Extensive experience in managing and developing both SMEs in the UK and large companies internationally in China, Malaysia and the USA. Currently owns a small Agri-Tech business based in Littleport. Chair of the Community Centre Trust in Ramsey where he lived before moving to Soham in 2016.

1.4 The Democratic Services Manager acted as clerk and adviser to the Panel.

2. Terms of Reference

- 2.1 The Panel has to work within the legislative constraints of the Local Authorities (Members' Allowances) (England) Regulations 2003 and associated Government Guidance on Regulation for Local Authority Allowances.
- 2.2 These Regulations/Guidance require the IRP to make recommendations on:
- The amount of Basic Allowance payable to Councillors;
 - The responsibilities and duties that lead to payment of a Special Responsibility Allowance (SRA) and the amounts of such allowances;
 - Backdating of allowances;
 - The amounts and duties for which travelling and subsistence allowances can be paid;
 - Allowances for Co-opted Members;
 - Whether the Scheme should include an allowance for the expenses of arranging care for children and dependents and, if so, the amount of the allowance;
 - Whether annual adjustments should be made to allowance levels by means of an index and, if so, for how long such a measure should last, up to a maximum period of 4 years;
 - Whether the Basic Allowance and Special Responsibility Allowances should be pensionable and which Members should be entitled to pensions (*no longer applicable as Government announced that Councillors who are not existing members of the Local Government Pension Scheme on 1 April 2014 may not join the scheme after that date*).
- 2.3 With regard to Cambridgeshire and Peterborough Combined Authority, the Schedule to the Cambridgeshire and Peterborough Combined Authority Order 2017 containing the Constitution, sets out the following in relation to allowances payable by the Combined Authority:

Remuneration

8. (1) *Save as provided for in sub-paragraph (2), no remuneration is to be payable by the Combined Authority to its members.*
- (2) *The Combined Authority may only pay an allowance to the Mayor if—*
- (a) *the Combined Authority has considered a report published by an independent remuneration panel established by one or more of the constituent councils under regulation 20 of the Local Authorities (Members' Allowances) (England) Regulations 2003(3) which contains recommendations for such an allowance; and*
 - (b) *the allowance paid by the Combined Authority does not exceed the amount specified in the recommendation made by the independent remuneration panel.*

Therefore, it is a matter for Constituent Councils to decide if they wish to reflect in their allowances schemes any payment to its Members serving on the Combined Authority.

- 2.4 Bearing in mind that we had almost completed our review of allowances relating to the East Cambridgeshire Members serving on the Combined Authority and that this role did seem to be distinct from the other roles and responsibilities of Councillors on the District Council, we have divided our report into two sections: the first relating to Combined Authority allowances and the second to the general review of Members' allowances.

3. Combined Authority Allowances

- 3.1 The Panel was provided with the Job Profiles for the Leader and Deputy Leader of the Council submitted to the full Council meeting on 21 February 2019 and information relating to the Council's other representatives serving on the Combined Authority. The IRP interviewed Councillor Bailey as the Council's representative on the CA Board; Councillor Dupré as a Member and Chairman of the CA Overview and Scrutiny Committee; and Councillor Sharp as a Member of the Overview and Scrutiny Committee and former Member of the Audit & Governance Committee. E-mail correspondence with the other Constituent Councils showed that only Cambridge City Council currently was paying allowances to its CA Members, with the other Councils only paying travelling expenses. The level of allowances paid by Cambridge City Council was as follows:

- Member of CA Board (Cllr Herbert) receives £4,677 per annum.
- Two scrutiny members receive £1,169 per annum (Each)
- Member of Audit & Governance Committee receives £467 per annum

- 3.2 Further correspondence with the other Constituent Councils revealed that some had IRPs due to meet this autumn and would be considering paying allowances to their CA Members. With the exception of Cambridge City Council, the Constituent Councils did not provide any direct administrative, policy, or research support to their CA Members for this role. We attempted to get Councillor Herbert's views on the allowances/support offered by Cambridge City Council via a telephone interview, but this proved unsuccessful.

3.3 Conclusions/Recommendations

- 3.3.1 From the information gathered and interviews, we concluded that this was a significant new role for the Leader and Deputy Leader and the other Members serving on the CA, in terms of the time commitment, complexity, high worth, high profile and far-reaching nature of the decisions, projects, and policies that the Combined Authority is responsible for. We were very surprised that such a high level of additional commitment was expected on

top of the normal 'day job' of a Councillor, without the CA being able to provide some form of allowances or remuneration for this. This was not the case for the vast majority of other authorities and public sector bodies.

3.3.2 The only benchmark we had was the level of allowances already agreed by Cambridge City Council. We believe, as a principle, that the Constituent Council Members on the CA should receive allowances for this role, to be consistent with other local authorities and public sector bodies. We also are aware that, if the CA could pay such allowances itself, these would be paid at the same rate for each particular type of role, irrespective of which Constituent Council the Member came from.

3.3.3 **Therefore, we have recommended the following Special Responsibility Allowances (SRAs) for CA Members:**

- **CA Board Member: £5,000 per annum**
- **CA Board Deputy Member: £1,500 per annum**
- **CA Overview & Scrutiny Committee Member: £1,500 per annum (each)**
- **CA Audit & Governance Committee Member: £800 per annum**
- **CA Executive Committee Member (if not Board Member or Deputy): £800 per annum**

Rationale – This was consistent with what Cambridge City Council was paying its CA Members and seemed a reasonable level of SRAs for the extensive nature of the roles and responsibilities based on the information we obtained via supporting documents, interviews, etc. We felt that the payment of an SRA for the Deputy Board Member was appropriate, since the role required that person to keep abreast of the activities and issues relating to the CA and they would frequently be expected to deputise for the Board Member. We have not recommended a SRA for the substitute Members on O&S and Audit & Governance Committees at this stage.

As we were concluding our review, we were advised that the CA had completed a governance review and at the CA Board meeting on 26 September 2019 had approved the establishment of Executive Committees which would meet 6 times per year and could include Councillor appointees from the Constituent Councils other than the CA Board Member or Deputy. As the proposed frequency of Executive Committee meetings was to be the same as the Audit & Governance Committee and, although we suspect that the business of these Committees will be higher we have no information on this at present, we have recommended a SRA for any Executive Committee Member appointed who are not the CA Board Member or Deputy, at the same level as that for the CA Audit & Governance Committee Member.

4. General Review of Members' Allowances

- 4.1 The Panel was provided with a comprehensive information pack detailing the existing allowances scheme and general information on East Cambridgeshire District Council. This information pack also contained the final report of the 2017 IRP and Minute of the Council meeting in July 2017 showing the final decisions thereon; comparative data for the Members Allowances Schemes of other Councils locally; and the comparative salary scales of other public sector bodies nationally.
- 4.2 The Panel produced a Questionnaire which was E-mailed to all Councillors and received 10 completed questionnaires back from the 28 that were sent out. 6 Councillors then were interviewed, selected by the Panel as a representative cross-section of Members, to obtain their viewpoints regarding their role as a Councillor and the allowances paid.
- 4.3 After meeting on 7 separate occasions, including 3 sessions interviewing Councillors, the Panel now have completed their review. In formulating their recommendations, they have taken into account allowances, additional responsibilities, additional duties and other expenses available to Councillors. The Panel also took into account the level of allowances other local authorities made to their Members.
- 4.4 Arising from the information provided to them and the Member Questionnaires and interviews, the following principles guided the deliberations of the IRP:
 - Allowance levels should reflect the increasing responsibilities and commitment expected and required of Councillors, their 'professional' conduct and depth of knowledge, but also include an element of 'voluntary' public service by Councillors. The evidence provided showed these duties had changed/increased significantly from 2017 and, in particular, since the size of the Council reduced from 39 to 28 Councillors from the May 2019 elections.
 - The recommendations made by the IRP should be easy to understand, simple to apply and open to wider public scrutiny. This was why the IRP preferred to propose any increases in pounds rather than percentages, to make them more meaningful.
 - The allowances should assist in the recruitment of Councillors to generally reflect the make-up of the local community and not just those people who have the time and money to undertake the role. The IRP regarded it as important to have a mixture of working and retired Councillors. The level of diversity has greatly improved following the recent elections, with a much higher level of younger and employed

Councillors and more female than male Councillors. Every effort should be made to retain such diversity.

- The ECDC Basic Allowance is broadly comparable with the other District Councils within the County, but the Special Responsibility Allowances (SRAs) are significantly lower.
- Local public opinion of national and local politicians seems to be deteriorating and there seems to be limited public awareness of the nature and complexity of the role and the time spent by Members on their duties as a District Councillor.

5. Questionnaire/Member Interviews - Results

Summary of questionnaire/Member interview findings:

5.1 The following key points emerged from the questionnaires and interviews, which shaped the IRP's deliberations on allowances:

- Councillors did not keep detailed records of the time spent on Councillor duties (e.g. a timesheet), so their assessments were likely to be an underestimate of the time spent on the role.
- However, the questionnaire/interview results showed that the time spent on Councillor duties (approx. 55 hours per month for a backbench Councillor) was similar to the findings of the previous IRPs, so this gave a reassurance of consistency.
- Many of the new Councillors elected in May 2019, a large proportion of whom are younger and in employment, did not appreciate the level of time required to undertake their duties as a Councillor and did not know what allowances would be paid to them. Some are now experiencing difficulties in fitting-in their Councillor role with their other commitments, which may mean that they are unable to serve as a Councillor for a second term.
- The current allowances do not in any way recompense employed Councillors for the time lost on Council duties and the fact that they are taxable further penalises working Councillors.
- Some Members believe that the allowances are low, but are also conscious of public perception of addressing this by increasing the allowances significantly. However, they acknowledge the need to retain or recruit younger working Councillors as 'new blood'.

- Some Councillors do not claim all of the allowances that they are entitled to for a range of reasons. But the IRP believe that this should not influence the setting of allowances as it would distort the level of the allowances, meaning that some groups in the community are unable to or discouraged from becoming Councillors and that the public perception of local democracy is 'trivialised'.
- Some Councillors did not claim the 'expenses' type of allowances such as mileage due to living in Ely or its locality and/or feeling that it was 'more trouble than it was worth', as they have not got to grips with the new method of claiming electronically via the Council's new Payroll and HR System.
- Some of the longer-standing Members interviewed regarded the voluntary element of being a Councillor as very important.
- Although not strictly within the remit of the IRP, a number of Councillors raised the issue of the Members IT Allowance and the fact that this was taxable.

6. Conclusions and Recommendations

6.1 Overall Rationale

- 6.1.1 Based upon the information provided to the IRP, the Members Allowances recommended below would go some way towards addressing the fact that whilst the ECDC Basic Allowance is broadly comparable with the other District Councils within the County, ECDC SRAs are significantly lower than those paid by the majority of other Councils both locally and nationally (see Appendix 1).
- 6.1.2 Based on the National Living Wage currently set at £8.21 per hour, Councillors are barely achieving the minimum wage for the level of time that they are spending on their duties, for the complex, high profile and sensitive roles that they are undertaking.

6.2 IRP Recommendations

6.2.1 'Expenses' elements of Members Allowances Scheme

Mileage

Inland Revenue Rate of 45p per mile

Rationale – remain at Inland Revenue Rate and be increased in accordance with that rate, to avoid taxation issues.

Cycles/Motorcycles

25p per mile

Rationale – recommend remain the same.

Public Transport

Necessary travel to be refunded on receipt of claims, paid at Standard or Second Class rate.

Rationale – recommend remain the same.

Subsistence

Allowance	Current Amount
Breakfast	£7.50
Lunch	£10.00
Tea	£4.00
Evening Meal	£12.50

Rationale – previously based upon East of England Local Government Association (EELGA) guidelines (the successor to the East of England Regional Assembly) used for Council employees. These still seemed relatively valid, although may be regarded as a little on the modest side, so recommend remain the same.

Overnight Accommodation

For an absence overnight from the usual place of residence the rate will be based on actual reimbursement for a reasonable area rate of accommodation. Payment should not exceed the cost of 3 star or equivalent accommodation and claims for overnight stays within Cambridgeshire will not be approved.

Rationale – recommend remain the same.

Creche or Dependent Carers Allowance

Councillors be able to claim an hourly rate to accord with the National Living Wage.

Rationale – recommend remain the same.

6.2.2 Basic Allowance

Recommended: £5,406 per annum

(currently £5,406 per annum)

Rationale – recommend remain the same, as comparable to other Councils within the County and was increased in 2017 to reflect the reduction in the number of Councillors from the Elections in May 2019. Councillors responses from the questionnaires/interviews generally indicated that this level was appropriate, allowing for the expectation of a significant element of voluntary service.

6.2.3 Special Responsibility Allowances (SRAs) - Committees

	<u>Recommended Chair</u>	<u>Recommended Vice Chair</u>	Current Chair	Current Vice-Chair
Policy Committees:				
Finance & Assets	£4,500	£1,500	£3060	£714
Operational Services	£4,500	£1,500	£3060	£714
Regulatory Committees:				
Planning Committee	£4,500	£2,250	£3,060	£1,530
Licensing Committee	£3,000	£1,000	£2,040	£510
Sub Committee and Working Party	£75 per month	£25 per month	£51 per month	N/A

Rationale – ECDC SRAs are lower than comparator Councils locally, regionally and nationally (see Appendix 1). These increases will bring the SRAs for Committee Chairman and Vice-Chairman more in line with other Councils and better reflect the additional level of responsibilities and time commitment involved. As the role of Vice-Chairs has increased in recent years and they now are often called upon to chair meetings in the absence of the Chairman, we have recommended that the ratio for this SRA be increased to 1/3 of the Chair's allowance, with the exception of Planning Committee which remains at ½. Since Sub-Committees and Working Parties are more often appointing Vice-Chairman, we have recommended a SRA for this role.

6.2.4 SRAs – Political Groups

	<u>Recommended</u>	Current
Leader of Council	£9,000	£6,120
Deputy Leader of Council	£4,500	£2,040
Leader of Lead Political Group	£4,500	£2,040
Leader of Main Opposition Group	£4,500	£2,040
Deputy Leader of Main Opposition Group	£2,250	-
Other Political Group Leader (Group of 5 or more)	£4,500	N/A
Other Political Group Leader (Group of less than 5)	£ pro rata by number of Members	N/A
Independent Member	£900	

(Currently:

- Leader of Council – twice SRA for 'high weight' Committee Chair;

- Deputy Leader/Group Leaders – 33% of Leader’s Allowance;
- Independent Member – fixed allowance £379.)

Rationale – maintained above ratio for Leader of Council, but increased ratio for Deputy Leader of Council and Group Leaders SRAs to 50% to reflect responsibilities of roles gained from questionnaires/interviews. Also recommended a SRA for Deputy Group Leader of main opposition Group at 50% of Group Leader, due to information received on the nature of this role.

6.2.5 SRAs - Group Spokespersons Allowance

Recommended: To be paid to the Group Spokesperson for each Committee at 20% of the relevant Chairman’s Special Responsibility Allowance.

(Currently:

To be paid to the Liberal Democrats for those sitting on Policy Committees and Planning Committee, and to the Independent Spokesperson on Planning Committee at 10% of the relevant Chairman’s Special Responsibility Allowance.)

Rationale – Increase to 20% of the relevant Chairman’s Special Responsibility Allowance reflects better information about the role from questionnaires/interviews.

6.2.6 SRAs – General

Recommended: That Councillors only be allowed to claim a maximum of 2 Special Responsibility Allowances (SRAs).

Rationale – This is a practice adopted by many Councils locally and nationally and seems reasonable to prevent the perception that the same Councillors are receiving a disproportionate level of allowances.

6.2.7 Chairman & Vice-Chairman of Council Allowances

Recommended: Chairman: £5,000 Vice-Chairman: £2,500

(Currently Chairman: £4,284 Vice-Chairman: £1,122)

Rationale – Whilst these allowances are paid pursuant to Section 3(5) and 5(4) of the Local Government Act 1972, they are usually only reviewed in conjunction with the IRP review of Members Allowances. The role and responsibilities of the Chairman and Vice-Chairman of the Council have increased in recent years, due to the rise in the volume, complexity and sensitivity of business going to full Council and also the greater level of Civic/Ceremonial duties. In addition, the Vice-Chairman often has to deputise for the Chairman on Civic/Ceremonial duties, due to the volume of these, and has been called upon to Chair Council meetings in recent years in the absence of the Chairman. Therefore, we believe that these

roles should be remunerated more in line with other senior Member SRAs and slightly more than the Chair of a Committee due to the Civic/Ceremonial dimension.

6.2.8 Co-Optee Allowance/Independent Person Allowance

Recommended:

Independent Person (x2) - £1,000 per year

Parish/Town Council Member of Finance & Assets Hearings Sub-Committee (x2) - £275 per year

(Currently: Independent Person (x2) - £765 per year

Parish/Town Council Member of Finance & Assets Hearings Sub-Committee (x2) - £255 per year)

Rationale – These allowances have not been increased for a number of years and the Independent Persons are increasingly being consulted regarding Code of Conduct complaints against District and Parish Councillors. The more modest increase for co-opted Parish/Town Council Members of Finance & Assets Hearings Sub-Committee reflects the fact that these co-opted Members are only required to serve in the event of a Hearings Panel being convened.

6.2.9 Pensions

No longer applicable, as Government announced that Councillors who are not existing members of the Local Government Pension Scheme on 1 April 2014 may not join the scheme after that date.

6.2.10 Indexation

The Basic Allowance and Special Responsibility Allowances should be indexed to the level of the local government staff pay award for the year concerned.

Rationale – retain current indexation factor.

6.3 Other Recommendations

Arising from our work and findings we would like to make the following additional recommendations:

6.3.1 A number of Members were not currently claiming the 'expenses' elements of the Members' Allowances Scheme. Some Members commented that this was partly due to the introduction of a new electronic claims process, so perhaps greater training/assistance with this is required.

6.3.2 A number of Members commented as part of the interview process on the large and complex volume of paperwork they were required to read and digest as part of their role as a Councillor. Therefore, the Council may wish to consider whether any internal support can be provided to Councillors to assist them to precis long and complex documents/agendas, etc.

7. Appendices

Annexe 1 - Allowances paid by comparator Councils