Appendix A

REPORT OF COUNCIL'S INDEPENDENT REMUNERATION PANEL (IRP)

Review of Members Allowances Scheme

March 2017

1. Introduction/Methodology

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

1.2 The current Panel was appointed by a process agreed by the Corporate Governance and Finance Committee on 28 July 2016. One of the previous Lay Members who served on the IRP in 2012 (Richard Tyler) stated that he was willing to continue as a Panel Member for the 2016 review. Also, as a result of discussions with local Monitoring Officers who were conducting IRP reviews this year, one lay person who had served on Independent Remuneration Panels for Norfolk and Suffolk authorities expressed an interest in undertaking a similar role for this Council. This gave the advantage of having 2 lay people to serve on the IRP with knowledge and experience of the role. A further 3 Lay Members then were recruited via general advertisement on the Council's website, local and social media, Parish Councils and neighbouring Councils within Cambridgeshire; application form; and shortlisting/interview by the Monitoring Officer and Deputy Monitoring Officer.

1.3 The following 5 Lay Members were appointed:

Richard Tyler (Chair of the Panel) – retired Chartered Accountant from Witchford and does accountancy work for some charity organisations locally. Other community work includes Trustee of Ely Community Unit, Witchford Playing Fields Association, Secretary of Bishop Laney's Charity, member of St Andrews Church Witchford, for whom done Independent Examination of Accounts. Rotary Club of Ely member and ex-Chairman of Cambridge United Vice-Presidents Club.

Richard Powell – recently retired teacher from Kings School, Ely. Resident of Haddenham, played for, and was Chairman of, Sutton Cricket Club for many years.

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. For the past six years, been the chair of the Community Centre Trust in Ramsey where he lived before recently moving to Soham.

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 Cambridge Education Admissions Panel.

Karen Forster - moved to Suffolk 18 months ago, retired from previous work and became a parish clerk for 2 small parishes. Also applied and appointed to a number of IRPs at different district councils. Been chair of the IRPs of both Waveney and Suffolk Coastal, Ipswich IRP & North Norfolk IRP and currently serving on Great Yarmouth IRP. ***Resigned from ECDC IRP in late October 2016, due to a change in family circumstances.***

1.4 The Panel was provided with a comprehensive information pack relating to the existing allowances scheme and general information on East Cambridgeshire District Council. This information pack also contained comparative data for the Members Allowances Schemes of other Councils of a similar size and nature to ECDC both locally and nationally; the salary scales of other public sector bodies; and the final report of the previous 2012 ECDC IRP. The Democratic Services Manager undertook an induction session for IRP Members and acted as clerk and adviser to the Panel. The IRP also met with the Chief Executive and the Leader of the Council.

1.5 The Panel produced a Questionnaire which was E-mailed to all Councillors and received 20 completed questionnaires back from the 39 that were sent out. A copy of a summary of the Questionnaire results is attached at Appendix 1. 10 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.

1.6 After meeting on 8 separate occasions, including 2 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.

1.7 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 take account of the 'voluntary' public service nature of the Councillors' contributions. These duties will change/increase significantly from 2019 when the size of the Council reduces from 39 to 28 Councillors.

- 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 from those people who have the time and money to undertake the role. The IRP regarded it as was important to have a mixture of working and retired Councillors.

- ECDC allowances are lower than those paid by the majority of other Councils both locally and nationally and this gap is widening, partly due to the 10% reduction approved by the Council in 2011 due to the Budget situation at that time. Now that the Council is in a comparatively more stable financial position than in 2011, this widening gap should be addressed, particularly in view of the reduction of the number of Councillors from 39 to 28 to be implemented at the next District Council elections in 2019.

- The local public seem to have a poor awareness of the nature and complexity of the role and the time spent by Members on their duties as a District Councillor.

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).*

The above were the constraints under which we made our recommendations.

2.3 Following the commencement of the IRP review, full Council on 16 November 2016 instigated a review of the Committee structure arising from a recommendation of the LATC Shareholder Review Committee:

> *'That a standalone Shareholder Committee be established, separate to the Council's Policy Committees and reporting directly to full Council'*

As part of this, Council also requested the IRP to revise their timetable to align with the review of the Committee Structure. We have complied with this request and adjusted our reporting timetable and recommendations to accord with what we have been advised will be the recommendations relating to a revised Committee structure for the Council.

3. Questionnaire/Member Interviews - Results

Summary of questionnaire/Member interview findings:

3.1. A full summary of the Member Questionnaire findings is attached at Appendix 1.

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

3.2.1 Councillors did not keep proper 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.

3.2.2 However, the questionnaire/interview results showed that the time spent on Councillor duties (43 hours per month for a backbench Councillor) was similar to the findings of the previous IRPs, so this gave a reassurance of consistency.

3.2.3 Many of the new Councillors elected in May 2015, 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.

3.2.4 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.

3.2.5 Members are aware of the fact that the allowances are low compared to other Councils and that the differential is widening even further, but are also conscious of public perception of addressing this by increasing the allowances significantly. However, they acknowledge that this needs to be addressed if they want to retain or recruit younger working Councillors as 'new blood' and because of the imminent reduction in the number of Councillors from 39 to 28.

3.2.6 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'.

3.2.7 Some Councillors did not claim the 'expenses' type of allowances such as mileage due living in Ely or its locality and/or to feeling that it was 'more trouble than it was worth'. Some commented that an on-line form would make it easier to claim. Therefore, the IRP suggested that when the integrated HR system proposed as part of the Transformation Programme was introduced for Council employees, this could include an electronic claim form for Councillors as well. A number of Councillors commented that they were not aware of the Carer's Allowance.

3.2.8 Some of the longer-standing Members interviewed regarded the voluntary element of being a Councillor as very important.

3.2.9 The IRP noted comments made by some Members at the interviews that Vice-Chairs were not always allowed to chair meetings and timetabled meetings were cancelled/re-arranged when the Chairman was not available, which was very disruptive to Members and Officers. A comment was made by a Councillor that if a Vice-Chairman was not allowed to Chair meetings in the absence of the Chairman, an SRA should not be paid. However, the IRP have been advised that for some Committees, like Planning and Corporate Governance & Finance, the Vice-Chair does chair meetings.

3.2.10 Although not strictly within the remit of the IRP, a number of Councillors raised the issue of the Members IT Allowance, the fact that this was taxable and wanting to have tablets/I Pads.

4. IRP Conclusions and Recommendations

4.1 Overall Rationale

4.1.1 Based upon the information provided to the IRP, the Members Allowances recommended would go some way towards addressing the fact that ECDC allowances are lower than those paid by the majority of other Councils both locally and nationally and this gap is widening, partly due to the 10% reduction approved by the Council in 2011 due to the Budget situation at that time. Now that the Council is in a comparatively more stable financial position than in 2011, this widening gap should be closed, particularly in view of the reduction of the number of Councillors from 39 to 28 to be implemented at the next District Council elections in 2019 and for the recruitment and retention of a more representative cross-section of Members. The IRP regarded it as was important to have a mixture of working and retired Councillors.

4.1.2 Based on the National Living Wage currently set at £7.20 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.

4.2 IRP Recommendations

4.2.1 'Expenses' elements of Members Allowances Scheme

Mileage
Inland Revenue Rate of 45p per mile

Rationale –remain at Inland Revenue Rate to avoid taxation issues.

Cycles/Motorcycles
25p per mile

(currently a range of rates based on CC, mileage and insurance position of motorcycle)

Rationale – have a single rate for cycles/motorcycles of 25p per mile as current arrangements complicated and confusing.

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	Amount
Breakfast	**£7.50**
Lunch	**£10.00**
Tea	**£4.00**
Evening Meal	**£12.50**

Rationale – The subsistence rates were based upon East of England Local Government Association (EELGA) guidelines (the successor to the East of England Regional Assembly) used for Council employees. Therefore, above proposals increase rates in accordance with EELGA guidelines rounded up to nearest 50p.

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 – The overnight subsistence rate was based on East of England Local Government Association (EELGA) guidelines (the successor to the East of England Regional Assembly) used for Council employees. This guideline rate has not changed since 2011 and above wording accords with scheme for ECDC employees.

Creche or Dependent Carers Allowance

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

(currently not normally to exceed £25 per day on self-certification by claimants)

Rationale – The Council's Regulatory and Support Services Committee on 12 September 2016 agreed to support the introduction of the National Living Wage (NLW), at a rate of £7.20 per hour, which came into effect from 1 April 2016. Aware that this allowance not claimed by any Councillors at present, but hoped that might encourage or be an incentive for the future.

4.2.2 Basic Allowance

£5,300 per annum

(currently £4,261 per annum)

Rationale – majority of Members considered current level too low and the above would go some way towards addressing the fact that ECDC allowances are lower than those paid by the majority of other Councils both locally and nationally and

this gap is widening, partly due to the 10% reduction approved by the Council in 2011 due to the Budget situation at that time. Now that the Council is in a comparatively more stable financial position than in 2011, this widening gap should be closed, particularly in view of the reduction of the number of Councillors from 39 to 28 to be implemented at the next District Council elections in 2019 and for the recruitment and retention of a more representative cross-section of Members.

4.2.3 Special Responsibility Allowances (SRAs)

	Recommended Chair	**Recommended Vice Chair**	Current Chair	Current Vice-Chair
Policy Committees	**£3,000**	**£700**	2,568	£642
Planning Committee	**£3,000**	**£1,500**	2,568	£1,283
Licensing/Other Committees				
Licensing Committee	**£2,000**	**£500**	£1,744	£435
LATC Shareholder Committee (if established)	**£2,000**	**£500**	N/A	N/A
Working Party and Sub Committee	**£50 per month**	**N/A**	£38.93 per month	N/A

Rationale – increased to accord with above methodology for the Basic Allowance.

From the Council resolution on 16 November 2016, we understand that a standalone LATC Shareholder Committee is likely to be established to undertake the overview, scrutiny and monitoring role of the Council's Trading Company. Since we do not have any information at this stage of the workload for this Shareholder Committee or the frequency of meetings, we have treated it the same as Licensing Committee for the purposes of SRAs.

4.2.4 Group Allowances

	Recommended	Current
Leader of Council	**£6,000**	£5,139
Deputy Leader of Council	**£2,000**	£1,714
Leader of Conservative Group	**£2,000**	£1,714
Leader of Liberal Democrats	**£2,000**	£1,714
Independent Members	**£400**	£379

(Currently:

- Leader of Council – twice SRA for 'high weight' Committee Chair;
- Deputy Leader/Group Leaders – 33% of Leader's Allowance;
- Independent Members – fixed allowance £379.)

Rationale – increased to accord with above methodology for Basic Allowance. IRP took into account fact that, despite only being a political group of 2 Members, Liberal Democrat Leader still had significant role as head of main opposition on Council and due to serving on all Committees.

4.2.5 Group Spokespersons Allowance

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 – retain to be reasonable and consistent with other levels of allowances.

4.2.6 Service Delivery Champions

No recommended allowance at this stage. Reconsider at next review in the light of more information on the role of Service Delivery Champions.

Rationale – A new role of Member Service Delivery Champion has been established. We have been provided with a definition of the role and a list of current champions and we included a question in the Member Questionnaire and when interviewing Councillors. However, we have been unable at this stage to come to any conclusions as to whether this new role should be seen as part of a Councillor's normal duties and covered under their Basic Allowance, or if it has significant enough additional responsibilities to warrant an SRA and, if so, at what level. Therefore, we do not feel able to make a recommendation on this at present, but believe that it should be considered as part of the next review when more information should be available on the level of the workload and responsibilities associated with the role.

4.2.7 Co-Optees' Allowance/Independent Person Allowance

Parish/Town Council Members of Finance & Governance Hearings Sub-Committee £250 per year

Lead Independent Person £750
Deputy Independent Person £400

Rationale – retain at current levels, as set at commencement of new Standards regime, those appointed aware of level of allowances when applied for role and level of workload/responsibilities remained stable.

4.2.8 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.

4.2.9 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.

4.3 Other Recommendations

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

4.3.1 A number of Members made comments about wanting tablets or I Pads to use in connection with their role as a Councillor. Some had used their IT allowance of £400 to purchase one. However, this allowance was taxable. Therefore, whilst not strictly within the remit of the IRP, we would like to recommend that the Council consider giving the option of providing a tablet or I Pad to Members in addition to the existing options of providing a Council PC or laptop, or a £400 per year taxable IT allowance, to ensure a consistent specification and to avoid issues with taxation, etc.

4.3.2 A number of Members did not seem to be aware of the different types of allowances available to them, and this partly seemed to be due to the number who had not participated in the new Councillor Induction sessions following the elections in May 2015. Some new Councillors also said that they did not feel that they were fully prepared for the nature of the role that they had taken on. Therefore, we would recommend that the Induction

sessions should be compulsory for new Councillors and timetabled to maximise attendance.

4.3.3 A number of Members were not currently claiming the 'expenses' elements of the Members' Allowances Scheme. Therefore, awareness of these needs to be improved and more user friendly means of claiming, such as on-line claim forms, devised.

4.3.4 In view of the reduction in the number of Councillors from 39 to 28 to be implemented at the next District Council elections in 2019, the IRP would be willing to undertake a mid-term review in two years time if requested by the Council.

4.3.5 In conclusion, and whilst we realise that this is not something that we can influence, since it is controlled by Central Government legislation, we agree with the comment made by many Councillors when interviewed that Councillors should not have to vote on the level of their own allowances.

5. Appendices

Appendix 1 - summary of Member Questionnaire findings