

REPORT OF COUNCIL'S
INDEPENDENT REMUNERATION
PANEL (IRP)

Review of Members Allowances
Scheme

January 2024

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. The level of the Basic Allowance was not increased in 2019 and has fallen behind other Councils as a result of the limited levels of increases in Local Government Pay Awards in the subsequent years which was used as the indexation factor. A smaller scale IRP review was undertaken in 2021 due to a Committee re-structuring which resulted in the creation of a separate Audit Committee.

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, Treasurer of Rotary Club of Ely, Trustee of Ely Community Unit.

Richard Powell – retired teacher from Kings School, Ely. Resident of Haddenham for many years before moving to Easton in 2022. 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. 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 & Deputy Monitoring Officer acted as clerk and adviser to the Panel.

2. Terms of Reference

- 2.1 The Panel is required 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.

3. Review of Members' Allowances

3.1 The Panel was provided with a comprehensive information pack containing:

- Local Government (Members Allowances) (England) Regulations 2003 and Guidance
- Current ECDC Members Allowances Scheme
- IRP Briefing Paper detailing comparative salary data for other Central Government and Public Sector bodies
- Copies of the Members Allowances Schemes of other Councils within the County and other comparator 'family group' Councils nationally
- Total figures for ECDC Members Allowances and Expenses paid each year from 2017/18 to 2022/23
- Details of the CPI figure of 4.62% and RPI Figure of 6.1% as at October 2023

During the conducting of the IRP review, the NJC Staff Pay Award was agreed in November and the IRP were provided with updated tables of allowances to reflect the indexation factor of 3.88% following the Pay Award.

3.2 The Panel produced a Questionnaire which was E-mailed to all Councillors and received 18 completed questionnaires/written submissions back from the 28 that were sent out.

3.3 14 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.

- 3.4 After meeting on 6 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.
- 3.5 Arising from the information provided to them and the Member Questionnaires and interviews, the following principles guided the deliberations of the IRP:
- The reduction in number of the District Councillors from 39 to 28 from 2019 onwards has resulted in a significant increase in the workloads of Councillors in terms of the volume, range and complexity of the duties that they are required to undertake. In addition, the greater use of social media has resulted in Councillors being subjected to a higher and more immediate level of public comment, criticism and scrutiny and has put them in greater danger of personal intimidation and abuse.
 - Public opinion of national and local politicians generally seems to be very negative and there seems to be limited public awareness of the nature and complexity of the role and the time spent by District Councillors on their duties as a Councillor. The public also do not realise the low level of allowances/expenses received by local Councillors.
 - The limited increases in the level of the Basic Allowance since 2019, means that this has fallen behind in comparison with other Councils locally and nationally and also having regard to the economic situation within the Country. This means that, even allowing for the assumption of a high element of voluntary service contribution, the level of Councillor allowances does not compare favourably with other benchmarks such as the minimum wage, etc.
 - 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 was 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 in particular more younger working female Councillors. Every effort should be made to retain such diversity and ensure that working Councillors obtain the necessary support to undertake the role in addition to their other commitments, so that they have the ability to continue in office and grow in skills and experience

for the benefit of the local community and are not merely or (even worse) not even 'one-term wonders'.

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. 50 hours per month for a backbench Councillor) was similar to the findings of the previous IRPs, so this gave a reassurance of consistency. A number of Councillors commented on the large and complex volume of paperwork they were required to read and digest as part of their role.
- Many of the 12 new Councillors elected in May 2023 (a large proportion of whom are younger and in employment) did not appreciate the level of commitment 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.
- 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. In addition, the Central Government decision that the allowances should not be pensionable is a further disincentive which has been noted by the newer, younger 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'. In addition, the reluctance to increase allowances in the past only means that the level of the allowances keeps slipping further and further behind, requiring a much more significant rise at some stage to redress the situation.
- 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 the complexity and status of the role of a Councillor and of local democracy itself is 'trivialised'.

- Some Councillors did not claim the 'expenses' type of allowances such as mileage due to 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 iTrent Payroll and HR System. Also, a number of the newer Councillors were not aware that they could claim Carers' allowance.
- Some of the longer-standing Members interviewed regarded the voluntary public service element of being a Councillor as very important.
- Following the reduction from 39 to 28 Councillors in 2019, long-standing Councillors now have a better perspective of the impact of this on the role and responsibilities of an ECDC Councillor in the light of 4 years experience. One key comment made by a number of Councillors is that having fewer Councillors means that there are less people to share the required special responsibility roles out amongst and, bearing in mind that 12 new Councillors were elected in May 2023, it will take these new Councillors a little while to gain the necessary skills and experience to take on such roles. Therefore, the 'two allowances' rule needs to be considered in this context.
- Another comment strongly expressed by a significant number of Councillors was about the much larger time commitment required in being a Planning Committee Member than any of the other Committees. Planning Committee meets monthly (and 1 additional meeting already has been timetabled since May 2023), requires a whole day for site visits and the meeting and has much more extensive public/interested parties interaction and involvement than any other Committee. The ongoing level of specialist training, knowledge and expertise the discharge the role effectively is also higher.
- Similarly, a number of Councillors commented on the fact that the SRAs for Licensing Committee presently were less than other Committees. Based upon their current experience, it was considered that the workload, roles and responsibilities of this Committee now are the same as other Committees, with the exception of Planning Committee.

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 a good way towards addressing the fact that the ECDC allowances are slipping behind other District Councils within the County and are significantly lower than those paid by the majority of other Councils both regionally and nationally. Bearing in mind that many other Councils are also reviewing their allowances at the present time, this gap is likely to widen further.

6.1.2 Based on the National Living Wage (currently set at £10.42 per hour) Councillors are barely achieving the minimum wage for the level of time that they are spending on their duties and for the complex, high profile and sensitive roles that they are undertaking. This situation will worsen from 1 April 2024 when the National Living Wage rises to £11.44.

6.2 IRP RECOMMENDATIONS

6.2.1 'Expenses' elements of Members Allowances Scheme

Mileage

Inland Revenue Rate of 45p per mile

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

Cycles/Motorcycles

Motorcycles 24p per mile (Inland Revenue Rate)

Bicycles 20p per mile (Inland Revenue Rate)

Proposal – recommend remain the same.

Public Transport

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

Proposal – recommend remain the same.

Day Subsistence

Allowance	Current Amount	Proposed Amount
Breakfast	£7.50	£10.00
Lunch	£10.00	£15.00
Tea	£4.00	£6.00
Evening Meal	£12.50	£20.00

Rationale – recommend increases in rates to reflect significant rise in prices for eating out.

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.

Proposal – recommend remain the same.

Venue Hire Costs Allowance for Member Surgeries

CURRENT: Up to a maximum of £100 per Member towards the costs of hiring venues for Member surgeries per annum.

PROPOSED: Up to a maximum of £500 per Member towards the costs of hiring venues for Member surgeries per annum.

Rationale – recommend increase to reflect significant rise in prices for venue hire.

Creche or Dependent Carers Allowance

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

PROPOSED: Councillors to be able to claim up to £30 per hour, with payment upon presentation of receipts.

Rationale – recommend rate of up to £30 per hour with payment upon presentation of receipts, to reflect increasing costs of such services.

ICT Costs

An annual budget of up to £400 for each Member who chooses not to be provided with Council ICT facilities. Payment is subject to the presentation of receipted claims.

Proposal – recommend remain the same.

Residency Criteria

NEW PROPOSAL: The following wording to be added to paragraph 3.1 of Members' Allowances Scheme:

Travelling and Subsistence Allowances to be applicable from normal place of residence for Council, Committee, Sub-Committee and Working Party

meetings only. For other ‘approved duties’, Travelling and Subsistence Allowances to be applicable from a designated location within the District only.

Rationale – From the questionnaires/interviews, it has been brought to our attention that a Councillor elected in May 2023 is undertaking the role from outside of the District. Whilst it is apparent that the Councillor concerned is discharging that role very effectively indeed and is able to do so, despite living outside of the District, the IRP considered that some protection needed to be afforded to the Council now and in the future when such a situation arises.

Therefore, the IRP proposes that payment of expenses be from a Councillor’s normal place of residence for those duties that they are ‘required’ to undertake to fulfil their role as a Councillor (attendance at ECDC meetings – to comply with S85 rule) but for more discretionary ‘approved duties’ such as attendance at Parish Council meetings as a Ward Councillor or outside bodies, a designated location within the District be stipulated by the Councillor for the purposes of payment of Travelling and Subsistence Allowances. This can be a temporary address used by the Councillor, or the Council Offices if no other address is used. This would be consistent with Inland Revenue Rules.

6.2.2 Basic Allowance

CURRENT: £6,230.29 per annum

PROPOSED: 12% increase to £6,977.93

Rationale – to address the fact that ECDC allowances slipping behind other District Councils within the County and are significantly lower than those paid by the majority of other Councils both regionally and nationally (see above findings). Also, as part of 2019 review, Councillors commented that the level of the Basic Allowance should be considered further in the future in the light of more detailed information on the impact of the reduction from 39 to 28 Councillors.

6.2.3 Special Responsibility Allowances (SRAs)

PROPOSALS:

- **5% increase in all SRAs with the exception of Planning Committee**
- **Licensing Committee SRAs to be the same as other Committees (with the exception of Planning Committee)**
- **12% increase in SRAs for Chair and Vice-Chair of Planning Committee to reflect exceptional frequency and long periods of meetings**
- **SRA for all ‘ordinary’ Members of the Planning Committee (excluding Chair and Vice-Chair of Committee) of £1,138.96 each in accordance with section 5(e) of Members Allowances Regulations to reflect**

exceptional frequency and long periods of meetings (20% of Planning Committee Chair's SRA)

- SRA for all Substitute Members of the Planning Committee of £569.48 each in accordance with section 5(e) of Members Allowances Regulations to reflect exceptional frequency and long periods of meetings (50% of ordinary Planning Committee Member's SRA)
- All Committee Vice-Chairs' SRAs be set at 50% of Chair's allowance rather than 30%
- 25% increase in Leadership/Deputy Leadership SRAs to reflect workload in a '2 party system'
- 5% increase in SRAs for Chair and Vice-Chair of Council and Co-Optees Allowances
- Councillors be able to claim a maximum of 3 SRAs rather than current restriction to claiming a maximum of 2 SRAs

<u>Committees</u>	<u>Recommended Chair</u>	<u>Recommended Vice Chair</u>	Current Chair	Current Vice-Chair
Policy Committees:				
Finance & Assets	£5,338.89	£2,669.45	£5084.66	£1694.89
Operational Services	£5,338.89	£2,669.45	£5084.66	£1694.89
Regulatory Committees:				
Planning Committee	£5,694.82	£2,847.41	£5084.66	£2542.32
Licensing Committee	£5,338.89	£2,669.45	£3389.76	£1129.82
Audit Committee	£5,338.89	£2,669.45	£5084.66	£1694.89
Sub Committee and Working Party	£88.98 per month	£29.63 per month	£84.74 per month	£28.22 per month
Planning Committee Ordinary Member	£1,138.96 (20% of Planning Cttee Chair's SRA)			
Planning Committee Substitute Member	£569.48 (50% of Planning Cttee Ordinary Member SRA)			

<u>Leadership & Co-Optees Roles</u>	<u>Recommended</u>	Current
Leader of Council	£12,711.63	£10,169.30
Deputy Leader of Council	£6,355.83	£5084.66
Leader of Lead Political Group	£6,355.83	£5084.66
Leader of Main Opposition Group	£6,355.83	£5084.66
Deputy Leader of Main Opposition Group	£3,177.90	£2542.32
Other Political Group Leader (Group of 5 or more)	£6,355.83	£5084.66
Other Political Group Leader (Group of less than 5)	£1,271.15	£ pro rata by number of Members 1016.92
Group Spokesperson for each Committee at 20% of the relevant Chairman's Special Responsibility Allowance		
Chair of Council	£5,932.10	£5649.62
Vice-Chair of Council	£2,966.05	£2824.80
Independent Person (x2)	£1,186.42	£1129.92
Parish/Town Council Member of Finance & Assets Hearings Sub-Committee (x2)	£326.27	£310.73

6.2.4 Combined Authority Allowances

PROPOSALS:

- 5% increase in all allowances
- Substitutes for CA Committees to receive 25% of a Committee Member's Allowance (position of CA Committee Substitute did not exist at time of 2021 review)

<u>Combined Authority Allowances</u>	<u>Recommended</u>	Current
Combined Authority (CA) Board Member	£5,932.10	£5649.62
CA Board Deputy Member	£1,779.64	£1694.89
CA O&S Committee Member	£1,779.64	£1694.89
CA Audit & Governance Cttee Member	£949.14	£903.94
CA Executive Committee Member (if not Board Member or Deputy)	£949.14	£903.94
CA Committee Substitute Member (if not Board Member or Deputy)	£237.29	-

Rationale – See paragraphs 5.1 and 6.1 above for rationale relating to all SRA recommendations.

6.2.5 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.

Proposal – Council may wish to make representations to Central Government on this issue.

6.2.6 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.

Proposal – 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 stated that they 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.

Response from Democratic Services Manager: This issue has been raised with the Payroll Officer. She has advised that she now has produced a guidance leaflet to assist Councillors in making claims, which has been ‘road tested’ with a Councillor who requested assistance. This will be circulated to all Councillors and the Payroll Officer also is willing to run ‘drop-in’ sessions, either in groups or individually on request, for any Councillors still struggling to get to grips with the system. Finally, the former paper form format will be updated and available as a ‘last resort’ for any Councillors still having difficulties with the iTrent system.

6.3.2 The Council may wish to make representations to Central Government on the fact that Members Allowances are taxable but not pensionable.

