

**REPORT BY THE  
CAMBRIDGESHIRE COUNTY COUNCIL  
INDEPENDENT REMUNERATION  
PANEL**

**A Review of Members' Allowances**

**March 2012**

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## Executive Summary

In preparing their report, the Independent Remuneration Panel have considered all aspects of Cambridgeshire County Council's scheme of allowances, including the structure of the scheme, the level of allowances paid and the circumstances in which allowances may be claimed.

The Panel considered a range of evidence before formulating their recommendations. This included the context of the prevailing economic and financial climate as well as the need to encourage democratic diversity and participation in local democracy.

It should be noted that the Panel's recommendations will result in no increase to the cost of the basic allowance or the special responsibility allowances.

The Panel recommend that the basic allowance should remain at the current level.

The Panel recommend improvements and simplification of the scheme in relation to special responsibility allowances:

- That the practice of 'pooling' special responsibility allowances should be discontinued
- That the two tier structure of allowances for Portfolio Holders be replaced by a single tier of £11,697 (the average of the current two tiers), with no overall cost increase in 2012/13.
- That the allowances payable to the major opposition spokesmen be consolidated into five spokesmen and that each should receive an allowance of £6,380 with immediate effect, with no overall cost increase in 2012/13.
- That the allowance for the major opposition development control spokesman is discontinued
- That a 'one special responsibility allowance' rule be introduced.

The Panel further recommends that following the above simplifications, all allowances be indexed to the annual percentage 'cost of living' award for local government staff at spinal column 49. The award for 2012-13 is 0%.

The Panel also recommends that in order to increase the diversity of people standing for election:

- The Council should review support arrangements for councillors (including IT facilities for flexible working, training support and meeting scheduling)
- The carer's allowance should be revised so that it covers the actual costs associated with care.
- The list of approved duties applicable for travel allowances be amended to include travel to parish council meetings.

The Panel also wishes to state, that subject to no material change in the economic climate, they are considering the following scheme adjustments for their 2013 annual review, to be implemented following the next election (ie May 2013):

- That the special responsibility allowance payable to Cabinet Portfolio Holders should be increased to £14,460.
- That the allowance payable to the Deputy Leader of the minor opposition group be set at £4,068 but may only be claimed if the group hold 10% of the seats on the Council.
- That the allowance payable to the minor opposition development control spokesman and the minor opposition service spokesmen be discontinued.

## **1 Introduction**

- 1.1 This report presents the recommendations of the Independent Remuneration Panel to the Council for consideration and approval.
- 1.2 The Council is required to make a scheme of allowances for its councillors in accordance with the Local Authorities (Members' Allowances) (England) Regulation 2003. The process for making and reviewing such a scheme is regulated so that the public can have confidence in the independence, openness and accountability of the process involved. The process requires that the Council must establish an Independent Remuneration Panel, and before making or amending its scheme of allowances, it must have regard to the views of the Panel.

## **2 The Panel**

- 2.1 In accordance with the Council's constitution, the current Panel was appointed following a process agreed by the Standards Committee at a meeting on 11 January 2012. The Standards Committee established an Appointments Sub-Committee comprised of two independent co-opted members of the Standards Committee (David Boreham and Mary Sanders) and one councillor (Councillor John Powley).
- 2.2 Advertisements were placed in the local press and a range of stakeholder organisations were approached and requested to put forward candidates. Shortlisted candidates were interviewed on 9 and 10 February 2012.
- 2.3 The Panel is comprised of the following five members:
  - David Sales (Chair of the Panel) David is a director of his own business and was previously a director at BT. He is also Chair of the Institute of Directors Cambridgeshire;
  - Professor Helen Valentine (Deputy Chair of the Panel). Helen is Deputy Vice Chancellor of Anglia Ruskin University;
  - Yolanda Warwick, a brand management and communications specialist, who has worked for leading organisations such as L'Oreal;
  - Dr Sam Weller, formerly European Research Director for Kodak, now retired and a trustee of the Cambridgeshire Community Foundation; and
  - Bob Smith, a retired NHS director and resident of Wisbech. He was formerly Director of the NHS Computer Programme for North East London.
- 2.4 The Panel have now completed their review and recommend that the Council adopt a new scheme of allowances as set out at Appendix 1 to this report. In formulating their recommendations, the Panel have considered the level of the Basic Allowance (the allowance paid to all councillors) and Special Responsibility Allowances (allowances paid to councillors who have taken on additional duties and responsibilities) as well as other expenses available to councillors.

### **3 Terms of Reference**

3.1 The Panel's terms of reference were as follows:

- The amount of basic allowance that should be payable to county councillors;
- The responsibilities or duties which should lead to the payment of a special responsibility allowance and the amount of such an allowance;
- Any arrangements for the withdrawal of Basic and/or Special Responsibility Allowance if a member is wholly or partially suspended;
- Whether any allowance should be backdated to the beginning of a financial year in the event of the scheme being amended;
- The duties for which a travelling and subsistence allowance can be paid and as to the amount of this allowance;
- Allowances for co-opted members;
- Whether the authority's allowances scheme should include an allowance in respect of the expenses of arranging for the care of children and dependants and if it does make such a recommendation, the amount of this allowance and the means by which it is determined;
- Whether annual adjustments of allowance levels may be made by reference to an index, and, if so, for how long such a measure should run;
- Which members of an authority are to be entitled to pensions in accordance with a scheme made under section 7 of the Superannuation Act 1972; and
- Treating basic allowance and special responsibility allowance as amounts in respect of which such pensions are payable.

### **4 The Evidence Considered**

4.1 The Panel considered benchmarking data plus a range of qualitative and quantitative evidence. The use of different "norm" groups within benchmarking allows very different conclusions to be drawn. This became apparent, for example, when the panel looked at the level of allowances paid by other county authorities and then factored in budget and electorate size to the raw data.

4.2 In the main area of basic and special responsibility allowances, the Panel consequently attributed greater weight to the written and oral evidence of councillors, council officers and the electorate. On some issues, such as child care allowances, the benchmarking data is clearer.

4.3 The Panel conducted individual interviews with 13 councillors and 3 officers over the course of the review, including the Leader of the Council, the Leader of the Major Opposition Group, the Leader of the Minor Opposition Group and the Chief Executive. A range of opinions were heard, relating not just to allowances but also to the nature of the role of councillor, the time commitment involved and other forms of support that are available to councillors.

4.4 The Panel received 17 written submissions from a range of individuals, not

including comments submitted during the public survey (see below),

- 4.5 A survey of councillors was undertaken between 13 and 27 January 2012. In total, 35 councillors responded, representing a response rate of 51%. The survey sought councillors' views on a range of issues relating to the allowances scheme. Councillors were asked whether they thought the current scheme of allowances enabled them to undertake their role effectively. 40% of respondents indicated that it did, 37% felt it did not, with the remainder taking a neutral position. Some councillors felt that the scheme did not fully support those councillors representing a rural ward as it did not allow them to claim travel expenses for attending events such as parish council meetings.
- 4.6 The survey also asked councillors for their views on the basic allowance, special responsibility allowances and the overall budget for allowances. The majority of respondents felt that allowances were generally too low. Councillors were also asked for their views on other forms of support that could facilitate their roles. A range of comments were submitted, relating to issues such as IT support and the timing of formal committee meetings.
- 4.7 The Panel also asked for a public survey to be undertaken via the Council's website. This ran from 14 to 29 February 2012. Just under 250 responses were received. A wide range of views were expressed, some in favour of an increase in allowances but the majority against such an increase. A significant number of responders stated that the review of the allowances should take into account the context of the current financial and economic climate.
- 4.8 The Panel also hosted a public meeting. This took place on Monday 27 February 2012 at Anglia Ruskin University. Attendees were asked for their views on:
- The current economic and financial climate and the extent to which the Panel should consider it in their deliberations;
  - The basic allowance;
  - Special responsibility allowances; and
  - Democratic diversity and the extent to which allowances play a role in this.
- A range of views were aired that have informed the Panel's review. Some discussion took place over whether the Panel should take into account the economic climate in formulating its proposals or whether this should be left to the Council. The Panel considered this issue carefully and their views are set out in section 5 below.
- 4.9 The Panel also reviewed information on the role and demographic makeup of councillors, both locally and nationally. The Panel considered information relating to Cambridgeshire County Council specifically and also referred to the National Census of Local Authority Councillors 2010, published by the National Foundation for Educational Research and the Local Government Group, to inform their deliberations.
- 4.10 Finally, the Panel considered the levels of allowances paid at other authorities. In doing so, the Panel took into account a range of representations about the use of such comparative data, both in terms of

which authorities the Council should be compared to and the overall value of such comparisons. The Panel formed the view that comparative data could be useful in certain circumstances, but should not be over-relied upon. They therefore chose to place relatively little emphasis on such data.

## **5 The Panel's Conclusions**

- 5.1 In undertaking their review, the Panel sought to identify whether the current scheme of allowances presented any significant issues or inequalities in terms of allowances available to councillors. The Panel considered both the structure of the scheme and the levels of allowances payable. The Panel took the view that if they were to recommend any changes to the current scheme, the recommendations would have to be strongly supported by the evidence considered.
- 5.2 As mentioned above, the Panel considered whether the current financial and economic climate should inform their recommendations. The Panel undertook a significant amount of consultation, both within the Council and with the wider community in Cambridgeshire. The context of the current financial and economic climate was something that a significant majority of those consulted raised as an issue that should be taken into account. The Panel have therefore taken the view that this is an important factor and it has shaped their recommendations accordingly.
- 5.3 The Panel also deliberated on the demographic makeup of councillors, the need to ensure that the role of councillor is open to as wide a range of individuals as possible, and the role that allowances could play in this. The Panel have considered a range of evidence on this issue, including the testimony of county councillors, views expressed during the public consultation and the National Census of Local Authority Councillors.
- 5.4 The Panel believe that no-one should be prevented from undertaking the role of councillor as a result of their personal circumstances. However, in their view there is insufficient evidence to suggest that allowances play a significant or direct part in this issue. Factors such as the time commitment required and the level of interest in local democracy seem to be more prevalent. The Panel recommends that the Council should review the way in which it facilitates democratic diversity and participation and ensure that it promotes and publicises the roles undertaken by councillors with a view to encouraging people to stand for election. The Panel also recommend some support enhancements that the Council could provide to councillors to allow the role to be a practical consideration for more people in our community.

### **The Basic Allowance**

- 5.5 The Panel considered a wide range of evidence and opinions about the level of basic allowance. The Panel concluded that there was not enough evidence to support a recommendation to increase the level of basic allowance at this time, particularly in the context of the current economic climate.

- 5.6 The Panel considered that the level of basic allowance is just one way in which councillors could be supported in undertaking their roles. It should be noted that this does not mean that the Panel does not appreciate the value of councillors. The Panel wish to indicate their intention to undertake a further review of the level of the basic allowance once the impact of the Government's localism agenda on the role of local councillors is clearer.
- 5.7 The Panel recommend that the basic allowance should be indexed to the annual percentage 'cost of living' award for local government staff at spinal column 49 for a period of 4 years (notwithstanding the Panel's ability to recommend changes outside of the indexing framework). It should be noted that the award for 2012-13 will therefore be 0%.

### **Special Responsibility Allowances**

- 5.8 The Panel considered the issue of special responsibility allowances both in terms of which roles were remunerated and the level of remuneration provided. As with the basic allowances, the Panel heard a variety of opinions and took into account a range of evidence. On the whole, the Panel concluded that there was not sufficient evidence to justify widespread and significant changes to the scheme of special responsibility allowances.
- 5.9 However, the Panel recommend the following in relation to the scheme of special responsibility allowances:
- a) That councillors should only be able to claim one special responsibility allowance at a time, regardless of the number of remunerated positions they hold on the Council.
  - b) The current scheme (at paragraph 3.6) allows groups to 'pool' the special responsibility allowances they receive and redistribute them to group members according to the way in which each group is organised. The Panel recommend that this practice, whilst having some merit, is discontinued. This is because the regulations require the Panel to recommend the roles for which special responsibility allowances should be paid and the amounts that should be paid in respect of each role. The Panel feel that to continue the practice of 'pooling' would be contrary to the regulations within which the Panel must operate.
  - c) The Panel understand that the two tier allowance structure for Cabinet Portfolio Holders is no longer relevant because the workloads associated with the different portfolios have become more equal. Accordingly the Panel recommend that the two levels of allowance (£14,460 and £8,898) are merged into a single level of allowance of £11,679. The Panel therefore recommend that the allowance paid to Cabinet Portfolio Holders be set at £11,679.
  - d) In light of the Panel's recommendation that the practice of pooling allowances be ceased, the Panel recommend that the allowances for the Major Opposition Service Spokesmen should also be revised. The Panel



recommend that there should be five spokespersons, with each receiving an allowance of £6,380. The Panel recommend that the allowance for the Major Opposition Development Control Service Spokesman be discontinued. The overall sum collectively currently spent on these roles is therefore unchanged.

- 5.10 The Panel do not recommend any changes to any roles not specifically mentioned above.
- 5.11 The Panel recommend that the special responsibility allowances should be indexed to the annual percentage 'cost of living' award for local government staff at spinal column 49 for a period of 4 years (notwithstanding the Panel's ability to recommend changes outside of the indexing framework). It should be noted that the award for 2012-13 will be 0%.
- 5.12 The Panel heard consistent representations about the increasing workload of Cabinet Portfolio Holders and the difficulty of undertaking such a time-consuming role alongside other employment. It should be noted that the Panel intend to review this figure next year and based upon our current evidence expect to propose that the allowance should increase to £14,460 from May 2013 (ie after the next election). The Panel decided not to make a recommendation to increase this allowance immediately because of the current economic climate and because current councillors have accepted their roles whilst understanding the prevailing allowances.
- 5.13 The Panel do not recommend any immediate change to the allowance payable to the Minor Opposition Group Deputy Leader, but it should be noted that the Panel intend to revisit this issue next year with an expectation of setting the allowance at £4,068 on the condition that it may only be paid if the group hold 10% or more of the seats on the Council (currently 7 seats).
- 5.14 The Panel also expect to recommend next year that the allowances for the Minor Opposition Group Service Spokesmen and the Minor Opposition Group Development Control Spokesman be discontinued.
- 5.15 The Panel heard some views relating to the councillor membership of the Adoption Panel and the Fostering Panel but were unable to explore these roles in sufficient detail before the end of the review period. The Panel would like to revisit this issue in due course and may make a recommendation to Council about whether a special responsibility allowance should be paid in respect of these roles.

### **Other allowances and expenses**

- 5.16 The Panel considered the issue of the dependent carer's allowance. The Panel recognised that the dependent carer's allowance is potentially important for those councillors that have caring responsibilities and could be an important factor in encouraging a diverse range of people to consider standing for election. The Panel were concerned that the maximum hourly rate at which the allowance can be claimed is too low and may not cover the full cost of

care. The Panel therefore recommend that councillors should be reimbursed for the actual cost incurred, provided that care has been provided by a registered or professional carer that is not a member of the councillor's immediate family or resident in the councillor's home. Where care is not provided by a registered or professional carer, then provided that the carer is not normally resident at the councillor's home, a maximum hourly rate of £6.50 should be paid.

- 5.17 The Panel heard a range of representations on the issue of travel costs. One consistent message that the Panel heard related to the amount of travelling required of councillors that represent large rural divisions as a result of attending local events such as parish council meetings. Under the current scheme councillors are not able to claim mileage allowance for these journeys. The Panel recommend that the list of approved duties should be amended to allow councillors to claim travel expenses for such journeys. The Panel believe that although this is only a small change, it could assist councillors that represent rural areas and encourage more democratic diversity.
- 5.18 The Panel heard similar representations about travel costs associated with attending civic events. The Panel therefore recommend that where councillors are required to attend civic events on behalf of the Council, they should be able to claim travel and subsistence expenses for such journeys. In the case of the Chairman and Vice-chairman of the Council, the list of expenses for which their allowance is paid should be amended to remove mileage.
- 5.19 The Panel recommend that the rates at which councillors may claim travel and subsistence expenses should continue to be indexed to the rates that apply to officers.
- 5.20 The Panel recommend that Councillors should continue to be eligible to join the Local Government Pension Scheme in respect of both their basic allowance and special responsibility allowances.

### **General recommendations**

- 5.21 The Panel heard significant representations about other forms of support for councillors that could make them more effective in their carrying out their duties. In particular, comments were made about the quality of IT support available to councillors, especially in relating to being able to receive email on portable devices. Whilst the Panel accept that such issues are not strictly within their remit, they recommend that the Council reviews the way in which it provides IT services and equipment to councillors with a view to helping them use technology to become more effective in their roles. This type of support could help to encourage individuals from all backgrounds to consider standing for election.
- 5.22 Comments were also made about the timing and duration of formal committee meetings. While the Panel understand that evening meetings would be preferable for some councillors, they also understand that for a council that

covers a large geographical area this is not always practical and would prevent some members of the public who rely on public transport from attending meetings. Again, whilst this is not strictly within the Panel's remit, they recommend that the Council should give some consideration to the timing and duration of formal committee meetings in order to lessen the impact on councillors who work full-time or part-time. The Panel believe that a small change could help to encourage individuals from different backgrounds to consider standing for election.

- 5.23 Some comments were made to the Panel about training for councillors. In particular, it was felt that accredited training programmes for which a qualification could be awarded could incentivise people from different backgrounds to consider standing for election and could also assist councillors currently in place that could gain qualifications and transferable skills. The Panel therefore recommends that the Council should actively pursue this issue as it could encourage candidates from a wider range of backgrounds consider becoming a councillor.

**Appendix 1 – Proposed new scheme of allowances.**

**Appendix 2 – Schedule of Evidence taken into account.**