


Agenda Item No:	<b>13</b>	
Committee:	<b>COUNCIL</b>	
Date:	<b>19 May 2021</b>	
Report Title:	<b>REVIEW OF MEMBERS' ALLOWANCES SCHEME</b>	

## **1 Purpose / Summary**

To present to Council the conclusions and recommendations of the Independent Remuneration Panel (IRP) in respect of its review of the current Members' Allowances Scheme.

## **2 Key issues**

- The Council is statutorily required to review its Members' Allowances Scheme at least every 4 years.
- The current scheme was last reviewed in November 2019.
- The previous IRP recommended that the Members' Allowances Scheme be subject to review 18 months after its last review in 2019, this was to ensure that the Members Allowances Scheme adequately reflected the changing Cambridgeshire and Peterborough Combined Authority (CPCA) requirements and commitments as well as reflecting any impact from the implementation of the Commercial Investment Strategy (CIS).
- During the December 2020 Council meeting Members agreed to undertake the interim (non statutory) review of members allowances and agreed the Terms of Reference for the interim review.
- Whilst the scope of the interim review was focussed predominantly on considerations in relation to Special Responsibility Allowances, (SRA's) the IRP have also considered the basic allowance during this interim review as it is considered best practice to set the basic allowance and then ensure the SRA level's are set proportionately to the basic allowance. The basic allowance is therefore the building block of all other allowance considerations.
- As set out within The Local Authorities (Members' Allowances) (England) Regulations 2003, all Members' Allowances Schemes must include a Basic Allowance that is paid equally to all Members of the Council and may make provision for the payment of Special Responsibility Allowances to members who hold positions of significant additional responsibilities over and above the generally accepted duties of a Councillor.

- The Local Government Act 1972 stipulates the provision of the payment of travel and subsistence allowances. Expenses for the Chairman and Vice-Chairman of the Council also fall under this Act.
- Before the Council can make or amend its Members' Allowances Scheme, it must have regard to the recommendations of the IRP.
- When revoking a Members' Allowances Scheme, the new scheme may only come into effect from the following financial year e.g. 1st April 2022 unless the IRP recommends that allowances are backdated.
- The IRP has undertaken a review of the current scheme and has made recommendations which are contained within the report.
- The proposed Members' Allowances Scheme is contained at Appendix 1.

### **3 Recommendations**

- That the Council has regard for the recommendations of the IRP in formulating a Members' Allowances Scheme, to come into effect from 1st April 2021 and authorises the Monitoring Officer to make such typographical amendments as are necessary to produce clean text copies of the Constitution.

The recommendations include:

- (1) Members acknowledge receipt on behalf of the Authority of the Independent Remuneration Panel's report.

#### **Basic Allowance:**

(2) The Basic Allowance to increase to £4,957 pa. The recommended basic allowance is calculated using the following robust formula, namely that on average elected district Councillors spend 15 hours a week fulfilling their district council role, the average wage in Fenland is currently £12.71 per hour however it is also recognised that a proportion of the work elected Councillors perform should not attract a payment as it is for the benefit of the local community and therefore a public service discount is applied. In this instance the proposed public service discount used is 50%. The formula is therefore as follows hours per week to fulfil the role (15) x weeks in the year (52) x average earnings (£12.71) x public service discount (50%)

#### **Special Responsibility Allowances (SRA):**

(3) All SRA's to be based proportionately on the proposed basic allowance as outlined in further detail below

(4) The Leader of the Council to receive an SRA that is 3.5X the basic allowance, £17,350

(5) Cabinet Members to receive an SRA that is 1.75X the basic allowance £8,675

(6)The Chairman of the Overview and Scrutiny Panel to receive an SRA that is 1.4X the basic allowance, £6,940.

(7)The Chairman of the Planning Committee to receive an SRA that is 1.4X the basic allowance, £6,940.

(8)The SRA for Members of the Planning Committee and Substitute members of the planning committee to remain unchanged at £514 and £103 respectively

(9)The Chairman of the Council to receive an SRA that is 0.84 X the basic allowance, £4,164.

(10)The Chairman of the Licensing Committee to receive an SRA that is 0.65 X the basic allowance, £3,222.

(11)The Chairman of the Conduct Committee to receive an SRA that is 0.35 X the basic allowance, £1,735

(12)The Chairman of the Audit and Risk Management Committee to receive an SRA that is 0.35 X the basic allowance, £1,735.

(13)The Vice Chairman of the Audit and Risk Management Committee (who is responsible for the Chairmanship of the Audit and Risk Management sub-committee) to receive an SRA that is 0.35 X the basic allowance £1,735.

(14)The Leader of the Main Opposition Group to receive an SRA that is 1.2 X the basic allowance £5,948.

(15)The Leader of Other Opposition Groups to receive an SRA that is 0.4 X the basic allowance, £1,983. In order to qualify for this allowance, other opposition groups must consist of a minimum of three Members.

(16) SRA payments to be limited to 1 per Member with the exception of the new allowance to Planning Committee members.

(17) No New SRA is to be introduced in respect of the Cambridgeshire and Peterborough Combined Authority, however the SRA for the Leader is proportionately higher to reflect the additional commitment associated with the CPCA.

No further changes are proposed and therefore the following allowances will all remain the same as the current published scheme

#### **Co-optees' Allowance:**

(18) Remain the same as the current scheme

#### **Travelling and Subsistence:**

(19)Travelling and Subsistence rates to remain the same as the current scheme. The Panel does however recommend that Fenland District Council considers the introduction of electric charging points across Council owned sites to encourage the use of electric vehicles for both staff and elected Councillors

**Dependents' Carers' Allowance:**

(20) Rates to remain the same as the current scheme.

(21) The General Conditions to remain the same in accordance with the existing scheme.

**Backdating Allowances:**

(22) The Council's new Members' Allowances Scheme to be effective from 1st April 2021.

**Annual Adjustment of Allowances:**

(23) The indexation of Members' Allowances to employee pay awards both in relation to the Basic Allowance and Special Responsibility Allowances to remain the same as the existing scheme.

**Independent Person and Deputy Independent Person:**

(24) The Independent Person for the Conduct Committee to receive an SRA that is 0.20 X the basic allowance, £992.

(25) The Deputy Independent Person for the Conduct Committee to receive an SRA that is 0.10 X the basic allowance, £496.

**Pensions:**

(26) Councillors are not eligible to enter the Local Government Pension Scheme.

**Equipment and Associated Consumables:**

(27) To remain the same as the current scheme

**Future Reviews:**

(28) The next review of Members' Allowances will be a statutory review and therefore the timescales for which must be no later than May 2023 following the 'all out' local elections.

<b>Wards Affected</b>	All
<b>Forward Plan Reference</b>	This report was included on the Forward Plan
<b>Report Originator(s)</b>	<p>Amanda Orchard, Marketing Consultant, Magistrate - Chairman of the IRP Panel</p> <p>Gerard Dempsey, Business Consultant, Magistrate and former CEO of national business chains</p> <p>Nicky Blanning, Senior Manager for Cambridge University with previous experience IRP's</p>
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<b>Background Paper(s)</b>	<p>The Local Authorities (Member Allowances) (England) Regulations 2003</p> <p>Fenland District Council's Members' Allowances Scheme</p> <p>Scope of Members' Allowances Review Council Report, December 2020</p>

# **Report of the Independent Remuneration Panel on Members' Allowances May 2021**

## **1 Introduction**

- 1.1 The Independent Remuneration Panel (IRP) comprised of three members:
- Amanda Orchard – Marketing Consultant, Magistrate - Chairman of the IRP Panel.
- Gerard Dempsey - Business Consultant, Magistrate and former CEO of national business chains
- Nicky Blanning – Senior Manager, Cambridge University with extensive previous experience of IRP's.
- 1.2 In undertaking the review, the panel had regard for the Terms of Reference agreed by Council in December 2020, the scope for which was focussed predominately on Special responsibility allowances. The scope of the review was influenced by the fact that this is an interim review and has been conducted to ensure allowances are reflective of the responsibilities and commitments associated with the Cambridgeshire and Peterborough Combined Authority (CPCA) and the Commercial Investment Strategy. In addition the panel also had regard for the "Guidance on Member Allowances' for Local Authorities in England."
- 1.3 The panel received a copy of the current allowances scheme, approved by Council in November 2019 and the panel was requested to undertake a review with reference to the scope.

## **2 Methodology**

- 2.1 The panel undertook a training session on Members' Allowances Reviews including Legal requirements for schemes, different methodologies, benchmarking, the basic allowance, special responsibility allowances, travel and subsistence, dependents' carers' allowances, pensions, co-optees allowance, considerations regarding the Combined Authority and requirements for publicity.
- 2.2 The panel members:
- Received a copy of previous report from 2015 and 2019;
  - Studied a summary of members' allowances data obtained from other Cambridgeshire District Councils, Cambridge City Council plus other CIPFA nearest neighbours for the purposes of benchmarking;
  - Received the results of the survey of Members' views in relation to the current Members' Allowances Scheme;
  - Received a schedule of the current Special Responsibility Allowances;
  - Received a document detailing the remit and frequency of each of the Council's Committees and list of outside bodies including meeting of the Cambridgeshire and Peterborough Combined Authority

- Undertook interviews and questionnaires with a total of 15 Members from a cross-section of the Council's membership as well as the provision of an open invitation to all Members. Interviews spanned:
  - Group Leaders
  - Cabinet Members
  - Committee Chairmen
  - Committee Members
  - Members of CPCA Committees and the CPCA Board
  - Opposition Members
  - All Members

### **3 Terms of Reference**

- 3.1 The panel has regard for the terms of reference approved by Council in December 2020 which included:
- 3.2 To make recommendations about the roles and responsibilities for which a Special Responsibility Allowance should be payable and the amount of each such allowance including roles associated with the Cambridgeshire and Peterborough Combined Authority, Investment Board and in relation to any changes to Committee responsibilities.
- 3.3 To determine any other issue covered by the 2003 Regulations including 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;
- 3.4 To report any recommendations to Council as soon as is reasonably practicable following member engagement and completion of the review, no later than July 2021;
- 3.5 To compare and contrast schemes in existence at other Councils.
- 3.6 During the training session to inform the approach, consideration and legislation underpinning a member allowances review, it became clear to the IRP that any considerations and resulting recommendations associated with SRA's should also firstly consider the basic allowance. The rationale for including the basic allowance within the scope of the Members allowance review is because best practice suggests that SRA's and their associated value should be linked proportionately to the basic allowance to ensure transparency and consistency.

### **4 Basic Allowance**

- 4.1 The 2003 Regulations state that an authority must pay a Basic Allowance to all of its members and that the amount must be the same for each member.
- 4.2 Having studied the results of the Members' survey and listened to the views of those members who attended for interview, in addition to comparing the current basic allowance with neighbouring and CIPFA nearest neighbour

authorities, the panel is of the opinion that the Basic Allowance is lower than comparative Councils'. Furthermore, the Panel identified that the method for calculating the rate of Basic Allowance payable is not currently reflective of standard best practice formulas utilised commonly for this purpose. The IRP recognise that there may be a reluctance to consider changes to the Basic Allowance presently, particularly given the financial impacts of the COVID pandemic, however the panel are concerned that ultimately a basic allowance that is significantly lower than neighbouring authorities may become a financial barrier to attracting a wide and diverse group of people to come forward as potential future District Councillors. Feedback during the interviews with elected members also suggested that attracting new future candidates from diverse backgrounds may be challenging and therefore the IRP suggest that the District Council consider running future candidate engagement sessions to encourage local residents from all sections of the local community to consider standing to be a local district councillor in relation to future electoral contests.

- 4.3 The results of the interviews with elected members and survey responses evaluated, suggest that on average District Councillors spend 15 hours a week fulfilling their district council role, the average wage in Fenland is currently £12.71 per hour (the Fenland average wage were provided by NOMIS Official Labour Market Statistics), however it is also recognised that a proportion of the work elected Councillors perform should not attract a payment as it is for the benefit of the local community and therefore a public service discount should be applied. In most cases the amount of public service discount is between 30 – 50%, with the average being 35% discount (figures provided by South East Employers). In this instance the IRP proposed that a public service discount of 50% be used. The formula is therefore as follows hours per week to fulfil the role (15) x weeks in the year (52) x average earnings (£12.71) x public service discount (50%). **As a result the panel are proposing that the basic allowance should be calculated utilising the following, best practice methodology: The average number of hours per week spent fulfilling the role of District Councillor X the number of weeks of the year X the average local hourly earnings X the public service discount. 15 X 52 X £12.71 X 50% (50% is the highest recommended level of Public Service Discount applicable). This equates to a Basic Allowance of £4,957 pa which is a £7 pa increase on the current scheme or 0.14%.**

## 5 Special Responsibility Allowances

- 5.1 The panel considered all positions currently in receipt of Special Responsibility Allowances. The panel recommends that all SRA's are linked proportionately to the Basic Allowance as this will ensure transparency and the consistent application of a robust approach.
- 5.2 **The Leader of the Council to receive an SRA that is 3.5X the basic allowance. This equates to a Leader's allowance of £17,350 pa, an increase from the current scheme of £387 pa or 2.28%.**



- 5.3 **Cabinet Members to receive an SRA that is 1.75X the basic allowance. This equates to a Cabinet SRA of £8,675 pa, a slight reduction of £59 pa or 0.68%**
- 5.4 The Panel considered the role of the Chairman of Overview and Scrutiny Panel. It was clear following interviews with Members that this position is of considerable importance. This role is also now required to observe Investment Board meetings in addition to those of the Local Authority Trading Company, Fenland Future Ltd (which have resulted from the recent Commercial Investment Strategy) in order to be able to feedback to the wider Overview and Scrutiny Panel, which justified the larger allowances this position attracted. **The Chairman of the Overview and Scrutiny Panel to receive an SRA that is 1.4X the basic allowance. This equates to an Overview and Scrutiny Panel Chairman's allowance of £6,940 pa, a reduction of £253 pa or 3.52%**
- 5.5 The Panel considered the role of Planning Committee members, without exception feedback from all members confirmed that the Planning Committee meet more frequently compared to any other committees and the requirement to attend site visits, attend mandatory training, as stipulated in the constitution, in addition to reading significant volumes of reports in order to make informed decisions which directly impact on local residents, place additional responsibilities on committee members which are not comparable with other committees. Members also reflected that the time commitment associated with being a member of the planning committee could potentially be a barrier for some elected members. **The Chairman of the Planning Committee to receive an SRA that is 1.4X the basic allowance. This equates to a Planning Committee Chairman's allowance of £6,940 pa, a reduction of £253 pa or 3.52%**
- 5.6 **The SRA for Members of the Planning Committee and Substitute members of the planning committee to remain unchanged at £514 and £103 respectively**
- 5.7 **The Chairman of the Licensing Committee to receive an SRA that is 0.65 X the basic allowance. This equates to a Licensing Committees Chairman's allowance of £3,221 pa, a reduction of £142 pa or 4.22%.**
- 5.8 **The Chairman of the Conduct Committee to receive an SRA that is 0.35 X the basic allowance. This equates to a Conduct Committee Chairman's allowance of £1,735 pa, an increase of £53 pa or 3.15%.**
- 5.9 **The Chairman of the Audit and Risk Management Committee to receive an SRA that is 0.35 X the basic allowance. This equates to an Audit and Risk Management Committee Chairman's allowance of £1,735 pa, an increase of £53 pa or 3.15%. The Audit and Risk Management Committee recently replaced the former Corporate Governance Committee.**
- 5.10 **The Vice Chairman of the Audit and Risk Management Committee (who is responsible for the Chairmanship of the Audit and Risk Management sub-committee, which recently replaced the former Staff Committee) to receive an SRA that is 0.35 X the basic allowance. This equates to an Audit and Risk Management Sub-Committee Chairman's allowance of £1,735 pa, an increase of £53 pa or 3.15%. This allowance replaces the**

**SRA of the former Staff Committee Chairman. No other Vice Chairman roles should attract an associated SRA.**

- 5.11 **The Chairman of the Council to receive an SRA that is 0.84 X Basic Allowance. This equates to a Chairman of the Council allowance of £4,164 pa, a slight reduction of £65 pa or 1.54%**
- 5.12 **The Leader of the Main Opposition Group to receive an SRA that is 1.2 X the basic allowance. This equates to a Main Opposition Group Leader allowance of £5,948 pa, an increase of £85 pa or 1.46%**
- 5.13 **The Leader of Other Opposition Groups to receive an SRA that is 0.4 X the basic allowance. This equates to a Other Opposition Group Leader's allowance of £1,983 pa a reduction of £72 pa or 3.51%. In order to qualify for this allowance, other opposition groups must consist of a minimum of three Members.**
- 5.14 **SRA payments to be limited to 1 per Member with the exception of the allowance to Planning Committee members.**
- 5.15 The panel considered the roles that members undertake on the Cambridgeshire and Peterborough Combined Authority (CPCA) both in respect of constituted committees in addition to the requirements associated with CPCA Board membership. Other constituent Councils of the CPCA have either already agreed to make SRA payments to members fulfilling roles on the CPCA or have been asked to consider making payments as part of their respective Independent Remuneration Panel deliberations. From the extensive feedback and evidence received in relation to this matter the panel recognises the significant responsibilities, extent of decision making and associated time commitment these roles carry above that expected of a District Councillor, which would suggest that an additional SRA was justifiable. The panel also acknowledge the importance and associated potential benefits of having Fenland representatives contributing to the role of the CPCA. The IRP asked all elected members about the potential for a further SRA in respect of the commitments and responsibilities associated with the CPCA. All members who were either interviewed or took part in the survey felt that an additional SRA could not be justified, particularly at this time due to the financial impact globally resulting from the COVID pandemic. **As a result the IRP recommend that No New SRA is to be introduced in respect of the Cambridgeshire and Peterborough Combined Authority, however the SRA for the Leader of the Council is proportionately higher in comparison to the basic allowance to reflect the additional commitment associated with the CPCA Board role.**
- 5.15 The Panel also considered the impact of the Commercial Investment Strategy and the associated commitments and requirements of the three Cabinet Member's, including the District Council Leader, who make up the Investment Board (a sub-committee of the Cabinet). All Senior Members of the Investment Board (IB) recognise that the IB is a relatively new Committee and that whilst the IB is responsible for overseeing the investment opportunities for both the District Council and the recently created Local Authority Trading Company, (LATCo) Fenland Future Ltd, all Members who took part in the

interviews with the IRP or the associated survey stated that a further SRA in respect of the role of the Investment Board was not justifiable. This is primarily because Members of Cabinet are already in receipt of an SRA. **Therefore, the panel recommends that no further SRA should be introduced in respect of the Commercial Investment Strategy including the Investment Board.**

#### 5.16 List of Special Responsibility Allowances:

<b>Special Responsibility Allowance</b>	<b>Current Allowance</b>	<b>New Allowance</b>	<b>Proportion of basic allowance</b>	<b>% Change</b>
<b>Leader of the Council</b>	<b>£16,963</b>	<b>£17,350</b>	<b>3.5 x Basic Allowance</b>	<b>↑2.28%</b>
<b>Cabinet</b>	<b>£8,734</b>	<b>£8,675</b>	<b>1.75 x Basic Allowance</b>	<b>↓0.68%</b>
<b>Chairman of Overview &amp; Scrutiny</b>	<b>£7,193</b>	<b>£6,940</b>	<b>1.4 x Basic Allowance</b>	<b>↓3.52%</b>
<b>Chairman of Planning Committee</b>	<b>£7,193</b>	<b>£6,940</b>	<b>1.4 x Basic Allowance</b>	<b>↓3.52%</b>
<b>Members of Planning Committee</b>	<b>£514</b>	<b>£514</b>	<b>NA</b>	<b>No Change</b>
<b>Substitute Members of Planning Committee</b>	<b>£103</b>	<b>£103</b>	<b>NA</b>	<b>No Change</b>
<b>Chairman of Licensing Committee</b>	<b>£3,364</b>	<b>£3,222</b>	<b>0.65 x Basic Allowance</b>	<b>↓4.22%</b>
<b>Chairman of Conduct Committee</b>	<b>£1,682</b>	<b>£1,735</b>	<b>0.35 x Basic Allowance</b>	<b>↑3.15%</b>
<b>Chairman of Audit and Risk Management Committee</b>	<b>£1,682</b>	<b>£1,735</b>	<b>0.35 x Basic Allowance</b>	<b>↑3.15%</b>
<b>Vice Chairman of Audit and Risk</b>	<b>£1,682</b>	<b>£1,735</b>	<b>0.35 x Basic Allowance</b>	<b>↑3.15%</b>

<b>Management Committee</b>				
<b>Chairman of Council</b>	<b>£4,229</b>	<b>£4,164</b>	<b>0.84 x Basic Allowance</b>	<b>↓1.54%</b>
<b>Leader of Main Opposition Group</b>	<b>£5,863</b>	<b>£5,948</b>	<b>1.2 x Basic Allowance</b>	<b>↑1.46%</b>
<b>Leader of other Opposition Groups</b>	<b>£2,055</b>	<b>£1,983</b>	<b>0.4 x Basic Allowance</b>	<b>↓3.51%</b>

## **6. Co-optee's Allowance**

- 6.1 **No changes are recommended in respect of the Co-optees allowance as this did not form part of the scope of the IRP terms of reference.**

## **7 Travelling and Subsistence**

- 7.1 **No changes are recommended in respect of travelling and subsistence as this did not form part of the scope of the IRP terms of reference. The IRP do however recommend that FDC considers the introduction of electric charging points at each of its sites to encourage the use of electric vehicles.**

## **8. Dependents' Carers' Allowance**

- 8.1 **No changes are recommended in respect of the Dependents' Carers Allowance as this did not form part of the scope of the IRP terms of reference.**

## **9 Backdating Allowances**

- 9.1 **The Allowances Regulations allow local authorities to apply amendments to allowances payments to be backdated to the beginning of the financial year. It is the view of the panel that the Council's new Members' Allowances Scheme should be effective from 1st April 2021.**

## **10 Annual Adjustment of Allowances**

- 10.1 **The panel acknowledged that it is important that member allowances do not fall behind that of comparator councils and therefore the panel recommends the continuation of the indexation of Members' Allowances to employee pay awards both in relation to the Basic Allowance and Special Responsibility Allowances from 01 April 2021 onwards.**

## **11 Independent Person and Deputy Independent Person**

- 11.1 The panel considered the fact that the allowances in respect of the Independent Person and Deputy Independent Person should also be linked proportionately to the Basic Allowance for consistency and transparency. As **such the IRP recommend that the Independent Person for the Conduct Committee to receive an SRA that is 0.20 X the basic allowance. This equates to an Independent Person allowance of £992 pa, a slight decrease of £40 pa or 3.88%.**

**The Deputy Independent Person for the Conduct Committee to receive an SRA that is 0.10 X the basic allowance. This equates to a Deputy Independent allowance of £496 pa a slight decrease of £20 pa or 3.93%.**

## **12 Pensions**

- 12.1 Councillors are not eligible to enter the Local Government Pension Scheme.

## **13. Members' ICT/Equipment & Consumables**

- 13.1 **No changes are recommended in respect of Members' ICT/ Equipment and Consumables as this did not form part of the scope of the IRP terms of reference.**

## **14. Future reviews of the Scheme**

- 14.1 The next review of Members' allowances will be a statutory review and therefore the timescales for which are prescribed and required to take place no later than May 2023.

## **15. Financial Implications**

- 15.1 The provision of Members' Allowances (Basic Allowance and Special Responsibility Allowances) currently costs the Council **£330,327** per annum. The recommendations within this report, if adopted, will result in Members' Allowances costs showing **a slight reduction of an additional £403 from 2021/22 onwards or a 0.12% reduction pa.**