

APPENDIX 1

PETERBOROUGH CITY COUNCIL (the “Council”)

REVIEW OF MEMBERS ALLOWANCES

Report of the Independent Remuneration Panel 2013

Panel Members

The Panel comprised the same members as in 2012

Mr Jim Winstone	Retired Secondary School Headmaster With local Government experience
Mr Richard Dix	Consultant Solicitor Former local authority Chief Executive
Mr Tony King	Retired Insurance and Finance Manager Also on the Council Core Group for the Great Eastern Run

Support to the Panel

Gemma George	Senior Governance Officer, Regulatory
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Meetings

Wednesday 11 th September	Initial planning and timetabling
Thursday 3 rd October	Interviews with Councillors and Officers
Friday 4 th October	Interview with the Leader of the Council
Thursday 31 st October	To finalise draft report

1. **Context**

- 1.1 This report considers the issues which were referred to the Panel by the Council and matters raised by those who gave evidence to it. It also sets out a number of matters which it considers warrants more detailed consideration before the next review of the Allowances Scheme (Annex 1).
- 1.2 The agreed way forward, arising from the initial planning meeting, was as follows:
- i) For 2012 it had been agreed to use percentage calculations and there had been no opposition to this. It therefore felt appropriate to continue with this methodology.
 - ii) The focus this year would be on the specific areas detailed in last year's report along with any issues raised through interviews and submissions.
 - iii) A 'comparables' update had been requested and this confirmed that there was very little movement throughout similar authorities.
 - iv) The Council, at its meeting in January 2013, had not rejected the Panel's recommendations outright and this was regarded as a positive view of the principles involved.
 - v) Owing to the issues faced by Local Government, any increase in the basic allowance was considered to be inappropriate by the Council.
 - vi) The basic allowance should remain as recommended by the Panel last year, as there had been no major shifts in other councils and this was agreed unanimously by the Panel.
 - vii) It was noted that the Neighbourhood Committees had been disbanded and although an increase in the Leader's allowance had been discussed in 2012, the uncertainty around Cabinet Advisors had held this back. It was also noted that there had been an increase in the number of Cabinet Advisors by one and a decrease in the number of Cabinet Members by one.
 - viii) The Deputy Leader's portfolio responsibilities were discussed and clarified.
 - ix) This report also contains the outcomes of discussions over actions from the last report, items referred to the Panel by the Council and matters raised by those who gave evidence to it. It also sets out a number of new matters which it considers warrants more detailed consideration before the next review of the Allowances Scheme (Annex 1).

2. Acknowledgements

- 2.1 The Panel is extremely grateful to those Councillors who provided information via written statements and interviews, to Gemma George whose organising skills and knowledge were invaluable, and to Paulina Ford (Senior Governance Officer, Scrutiny) for her advice and expert knowledge on the work of the Scrutiny Commissioners and Committees.

3. Documents Considered

- 3.1 The Council's Members Allowance Scheme as set out in its Constitution. Extract of Basic and Special Responsibility Allowances.
- 3.2 The Local Authorities (Member Allowances) (England) Regulations 2003. Extract showing Regulations 4 and 5.
- 3.3 Report of the previous Members' Allowances Panel dated December 2012.
- 3.4 Summary of issues raised by Members in their evidence.
- 3.5 A document setting out the delegation and portfolios of individual Cabinet Members.
- 3.6 A matrix showing the allowances payable in a number of other Councils including those in Peterborough's CIPFA comparator group as well as ones selected by the Panel.
- 3.7 Documents defining Scrutiny Functions and Committees.
- 3.8 Issues raised by the last report requiring further investigation.

4. The Basic Allowance

- 4.1 The Council's Constitution specifies that the basic allowance is the sum paid to all Councillors "to cover all expenses and time incurred by a City Councillor in carrying out his/her ordinary duties for the Council "
- 4.2 Members interviewed considered that the existing level of the basic allowance still appeared relatively low in relation to comparable Councils. However it was noted that the level of the allowance had not been increased for at least two years and when compared with other similar authorities within the CIPFA Grouping and a number of other comparable Councils, the basic allowance recommended by the Panel in its report last year was not considered to be out of line.
- 4.3 From the information provided it was clear that Councillors spent at least 20-22 hours per week on Council business. Time was spent particularly on Ward business and responding to constituents, as well as attending meetings of the Council and other associated bodies. The Panel was still of the opinion that there was little evidence to signify that Councillors wished to see job descriptions or an hourly rate payable. They considered that the role of Councillor carried with it an element of public service which did not require financial recompense. However, the call upon a Member's time was frequently excessive and often affected Members' employment situations and family life but it was recognised that this went with the position. Most Members considered that the present situation had an effect on the number and type of people prepared to come forward to stand for election. Ultimately this had an effect on the profile of the Council's membership. Ideally the Council should be reflective of the profile of the Peterborough community which it represents.
- 4.4 The Panel agreed with the comments made to it as set out above. It was conscious of the ever increasing calls upon a Councillor's time. Balancing "the rate for the job" and the element of public service was far from easy. However, in making its recommendations the Panel was mindful that being a Councillor should be open to the widest possible range of the community, irrespective of personal economic circumstances. The role of the Panel was to make recommendations on the level of allowances, not to decide upon them. Also, it has to be appreciated that the continual deferment of paying the "going rate" stored up a very real problem for the future when economic pressures eased. The Council may therefore wish to consider phasing in any increase that it may deem appropriate.

4.5 The Panel reviewed the level of the basic allowance with that of similar authorities. It concerned itself with attempting to determine levels of allowances that were fair, both within the scheme, and which withstood scrutiny alongside comparative figures from other Local Authorities with similar characteristics to Peterborough. However, the Panel was aware that Peterborough's dynamics made simple comparison with other unitary authorities very difficult and due account was taken of demographic and economic issues and the Council's pro-active response to these factors. The additional responsibilities and time commitment needed to meet these challenges were acknowledged by the Panel.

4.6 In the circumstances the **Panel recommends that the basic allowance should be increased from £7,165.95 to £9,300 p.a.**

5. Special Responsibility Allowances (SRAs)

5.1. The extract from the Council Constitution Members' Allowances Scheme provides that a SRA may be paid to some Councillors who, in the Council's opinion, make a significant additional contribution to the work of the Council.

5.2 Regulation 5 of the Local Authorities (Member Allowances) (England) Regulations 2003 provides guidance on the categories of roles to which SRAs should be paid, e.g. the Leader, those presiding at meetings of the Council's Committees, and those representing the Council on outside bodies. Regulation 5(f) provides additional guidance; it states that even though an activity may not fall into one of the categories described in the regulation, if any other activity is carried out by a Councillor which requires of the Member an amount of time and effort equal to or greater than that required to carry out a specified role (e.g. as Leader or Committee Chairman) then that Member may also be paid a SRA.

5.3 The Council has adopted a practice generally of paying SRAs on the basis of multipliers of its basic allowance i.e. the Leader at present receives 3x the basic allowance, and Chairman of Employment Committee receives a SRA of 25% of the basic allowance in addition to the basic allowance. There are a number of exceptions e.g. The Deputy Leader receives 75% of the Leader's Allowance. The Council has set these usually as a multiplier of the basic allowance. Given the way in which SRAs are allocated by the Council at present, it should be noted that any increase in the basic allowance would be automatically multiplied in its effect on SRAs. In the circumstances the Panel continues to recommend that, with the exception of the

Leader of the Council, other SRAs should be paid at a rate which is a percentage of the allowance paid to the Leader.

5.4 Leader of the Council: The Council has adopted the 'Strong Leader with a Cabinet' model for its local political management structure. The model is intended to provide a clear framework for decisive and accountable local leadership both internally for the Council and externally for the city's community. This includes partnership working and leadership with other community stakeholders. The Leader is able to appoint up to nine other Councillors as Cabinet Members. Under this system the Leader has appointed the Cabinet and has given each Cabinet Member a degree of individual executive decision making powers. Other executive decisions are taken jointly by the Cabinet.

5.5 Under the Council's delegation and portfolio holder structure, it is clear that the Leader of the Council has retained functions which are of major importance to the Council and its community e.g. political leadership, strategic direction, strategic planning, city growth and the status of 'Environment Capital'. Those that were interviewed generally supported the level of SRA currently paid to the Leader and indeed some would have supported a higher figure.

5.6 The Panel was once again impressed with the role, profile and energy which the Leader displayed in order to carry out the responsibilities of his position. It appeared to the Panel that this was a very personal and individual role which involved tremendous personal energy and pressure. The only issue which held back the Panel from recommending a higher level of SRA for the Leader was some uncertainty about the role of Cabinet Advisors, which is considered later in this Report. This situation should be reviewed in the Panel's next consideration of Members' Allowances.

5.7 Deputy Leader: The Deputy Leader is a member of the Cabinet, and is appointed by the Leader to both of these roles. The post holder's portfolio is for education, skills and university. The post receives 75% of the leader's allowance equivalent to 2.25 times the basic allowance as a SRA.

5.8 The Panel was concerned that the Deputy's Leader's SRA, at 75% of the Leader's allowance, appeared to be a high percentage. This concern arose from the fact that the Leader's role appeared to be of such a personal and individual character. Comparator Councils appeared to pay an allowance more in the region of 65% of

that of the Leader, although it appeared that some authorities did not pay any Deputy Leader allowance. However, the post holder was a Cabinet Member and the allowances for the Cabinet were 2x the basic allowance. In the circumstances the **Panel recommends that the SRA for the Deputy Leader should be paid at the rate of 66.67% of the Leaders allowance to recognise the role of Deputy in addition to the post holder's Cabinet responsibility.**

5.9 Cabinet Members. Some Councillors expressed concern at the number of Members with roles on the Cabinet i.e. Cabinet Members and Advisors. Legislation restricts the number of Cabinet Members to nine plus the Leader.

The position of the Cabinet Members in relation to the Leader's role was considered in terms of weighting. As set out at paragraphs 5.5-5.6 above, the Leader has a large strategic portfolio and has decided which powers to delegate to other portfolio holders. Having looked at the SRAs paid by similar councils most seem to be at or below 50% of the Leader's allowance. In the circumstances **the Panel recommends that the Cabinet Members receive a SRA which is 50% of that paid to the Leader of the Council.**

5.10 Cabinet Advisors. The Panel considered the role of the Cabinet Advisors. They are not voting members of the Cabinet (which is restricted by law to no more than nine Members plus the Leader of the Council.) Their role does not appear to be clearly defined and increased the member role at the Cabinet (even though not voting) to more than ten members. The Panel heard conflicting views on the role of the Advisors. One view was that they perform a very important role in the work of the Cabinet. However there was a view that they were unnecessary and simply added to the size of the Cabinet.

5.11 However, it might be seen that they dilute the individual accountability and clarity of the role of the "strong" Leader and Cabinet model of local political management. The issue was raised as to whether the Advisors were providing a professional role in relation to the matters they were providing advice upon i.e. was their role really that usually more associated with Council officers or external consultants? The Panel did not think that it had sufficient information within the existing time constraints to consider recommending change in respect of the Cabinet Advisors. However, it has agreed to carry out a deeper review of these posts and the SRAs payable in its next review. In the meantime in accordance with the percentage payment approach to SRAs **it recommended that the posts be paid at 25% of the Leader's allowance.**

5.12 Chairmen of Regulatory Committees. The Council pays SRAs to the four Chairmen of its Regulatory Committees. The level of the allowance is equivalent to a basic allowance in respect of the Planning and Environmental Protection Committee, the Licensing Committee and the Audit Committee and 25% of the basic allowance for the Employment Committee. It was recommended in the last report that the Panel look more closely at these allowances along with the relative weighting of the payments made. The matter was further discussed in the light of evidence provided this year and it was therefore agreed that the Chairmen of the Planning and Licensing Committees should receive a higher allowance, but that the matter should also be revisited next year.

In the circumstance it was agreed to recommend **that the Chairman of Planning and Licensing be paid at 30% of the Leader's allowance, the Chairman of Audit Committee be paid at 25% of the Leader's allowance and the Chairman of the Employment Committee receive 6.25 % of the Leader's allowance.**

5.13 Chairmen of Scrutiny Commissions and Scrutiny Committees. The Panel acknowledged the importance of the work of Scrutiny Commissions/Committees in the review and policy development of the Council. This was described in great detail by the Senior Governance Officer. With the particular model of political governance which the Council had adopted it was essential that there was an effective scrutiny mechanism to hold the executive to account. Further information would be sought in time for the next Panel Review to allow for the matter to be revisited in more detail, but in the meantime in accordance with the percentage payment approach to SRAs **it was recommended that the posts be paid at 25% of the Leader's allowance.**

6. Other issues referred to the Panel

6.1 Telephone Allowance. Members receive, in addition to the basic allowance, a telephone allowance of £568.68. This allows Councillors to use their own telephone and be paid towards calls. The Council also has a system whereby all Members are entitled to an iPhone. This system is more secure from a Data Protection viewpoint as the issue of the Council holding information on third parties on a Member's private telephone does not then arise. The issue was raised as to whether the telephone allowances should be adjusted to encourage Members to take advantage of the system of iPhones developed by the Council. After consideration the Panel recommended that the type of equipment being used should be investigated further, **but that no changes be made to the Telephone Allowance at this stage.**

6.2 Travel and Subsistence Allowance. Members receive, in addition to the basic allowance, a travel and subsistence allowance of £227.45. This figure is intended to cover travel and subsistence within the City Council's area and further payments could be claimed outside of the area. The issue of Councillors responsible for the more rural areas should be looked into as their mileage was by nature much higher. The availability of public transport in some of these areas is very limited.

6.3 The Panel considered the points raised and had sympathy with regards to this matter. However, the Council's area is basically urban in nature and the Panel understood that it would be very difficult to identify and pay enhanced mileage allowances only to Members who live in rural areas. The increased level of basic allowance recommended by the Panel may help Members experiencing difficulty in respect of this issue mitigate some of the effects of increased fuel cost. The Panel suggested that a different way of dealing with travel could be looked into, for example the method of booking train tickets, along with the rate at which mileage is currently paid.

7. Summary of Proposals

	Present £	Proposed £
Basic Allowance	7,165.95	9,300.00
Telephone Allowance	568.68	568.68
Subsistence Allowance	227.45	227.45
Leader of the Council (3x Basic Allowance)	21,497.85	27,900.00
Deputy Leader of the Council (66.67 % of Leader)	16,123.00	18,600.93
Cabinet Members (50% of Leader)	14,331.90	13,950.00
Cabinet Advisors (25% of Leader)	7,165.95	6975.00
Chairman Planning and Environmental Protection Committee (30% of Leader)	7,165.95	8,370.00
Chairman of Licensing Committee (30% of Leader)	7,165.95	8,370.00

Chairman of Audit Committee (25% of Leader)	7,165.95	6975.00
Independent Member of Audit Committee	784.50	784.50
Chairman of Employment Committee (6.25% of Leader)	1,791.48	1743.75
Chairmen of Scrutiny Commissions (2 Members) (25% of Leader)	7,165.95	6975.00
Chairmen of Scrutiny Committees (3 Members) (25% of Leader)	7,165.95	6975.00

Leader of Opposition Groups (25% of Leader) to be divided pro rata as at present and in accordance with existing conditions	7,165.95	6975.00
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Note: All Members receive a basic allowance; in addition certain Members may receive ONE Special Responsibility Allowance.

Items for Future Consideration by the Panel

1. The role of Committee Chairmen and SRA payments to them;
2. The role of Cabinet Advisors and the SRA payments to them;
3. The payment of travel and subsistence allowances and whether these should be integrated into the basic allowance. Also whether it would be possible to devise a scheme to ensure that the rural area of the city were not disadvantaged by e.g. devising a 'rural rate' for some wards of the Council; and
4. To review the future use of telephones and the relevant allowance.