

# **APPENDIX 1**

## **PETERBOROUGH CITY COUNCIL (the “Council”)**

### **REVIEW OF MEMBERS ALLOWANCES**

#### **Report of the Independent Remuneration Panel 2014**

# **INDEX**

<b>Main Report</b>		<b>P3</b>
<b>Appendix 1</b>	<b>Matters requiring further consideration</b>	<b>P14</b>

## **Panel Members**

### **The Panel comprised the same members as in 2012 and 2013**

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
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## **Meetings**

Tuesday 23 <sup>rd</sup> September	Initial planning and timetabling
Monday 13 <sup>th</sup> October     }	Interviews with the Leader of the Council Councillors and Officers
Tuesday 14 <sup>th</sup> October    }	
Wednesday 19 <sup>th</sup> November	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.

The report also sets out a number of matters which are considered to warrant a more detailed examination be given before the next review of the Allowances Scheme (Appendix 1).

- 1.2 The agreed way forward, arising from the initial planning meeting, was as follows:-
- i) Since 2012, Panel reports have used percentage calculations as the basis for recommending the amount of Special Responsibility Allowances and there had been no opposition to this. It was, therefore, felt appropriate to continue with this methodology.
  - ii) The focus this year would be on the specific areas detailed for further consideration in last year's report along with any issues raised through interviews and submissions this year and further analysis of the report for 2013.
  - iii) A 'comparables' update had been requested and this confirmed that there was very little movement throughout 16 similar authorities.
  - iv) The Council, at its meeting in January 2014, had not rejected the Panel's recommendations outright and this was regarded as a positive view of the principals involved. However, owing to the issues faced by local government, any increase in the basic allowance had been considered to be inappropriate by the Council.
  - vi) The basic allowance should remain as recommended for the previous year, as there had been no major shifts in other councils and this was agreed unanimously by the Panel.
  - vii) Further research was carried out in respect of the role of Chair of the Licensing Committee.
  - viii) The Deputy Leader's portfolio responsibilities were discussed and clarified.
  - ix) The Leader's additional responsibilities were clarified and noted.
  - x) 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.

The report also sets out a number of new matters which it considers warrants more detailed consideration before the next review of the Allowances Scheme (Appendix 1).

## **2. Acknowledgements**

- 2.1 The Panel is extremely grateful to those Councillors who provided information via interviews and correspondence and to supporting officers Linda Letch (Members Support Officer), to Nick Hutchins (Head of Finance) and finally to Gemma George for her advice, knowledge and Secretarial Support for the Panel.

## **3. Documents Considered**

- 3.1 The Council's Members Allowance Scheme as set out in its Constitution. Extract of Basic and Special Responsibility Allowances.  
[The Council's Members Allowances Scheme](#)
- 3.2 The Local Authorities (Member Allowances) (England) Regulations 2003. Extract showing Regulations 4 and 5.  
[The Local Authorities \(Members' Allowances\) \(England\) Regulations 2003](#)
- 3.3 Report of the previous Members' Allowances Panel dated December 2013.  
[Members' Allowances Panel Report 2013 and Recommendations](#)  
[Minutes of Council Meeting Held 4th December 2013](#)
- 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.  
[The Council's Executive Delegations](#)
- 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.  
[The Council's Overview and Scrutiny Functions](#)
- 3.8 Issues raised by the last report requiring further investigation.
- 3.9 A matrix showing the number and frequency of meetings held and if cancelled.

#### **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 as recommended by the Panel in its two previous reports. When compared with other similar authorities this year within the CIPFA Grouping and other comparable Councils, the basic allowance as previously recommended by the Panel was not considered to be out of line.
- 4.3 From the information provided it was clear that Councillors continued to spend 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. Councillors considered that 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 As set out at 4.2 above, 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 Other issue raised: A Member raised the issue of taxation of members allowances and their affect on working tax credits which acted to the detriment of some Members. After considering the issue the Panel felt that this was a problem best raised through the member's own national political parties or the Local Government Association

4.7 In the circumstances the Panel:

**Recommends (as in the two previous years) that the basic allowance should be increased from £7,165.95 to £9,300.00 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 As set out at paragraph 1.2 (i) above, 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 special responsibility allowances. In the circumstances the Panel continues to recommend, (supported by evidence that it received) 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: From evidence provided, the Council continues with the 'Strong Leader with a Cabinet' model for its local political management structure even though there is no overall political majority for the largest Group. 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 continues to appoint 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 continued to be some uncertainty about the role of Cabinet Advisors which is considered later in this Report. The Panel recognised that in comparison with other similar councils the current payment made to the Leader of Peterborough was low.

This situation should again be reviewed in the Panel's next consideration of Members' Allowances.

**The Panel recommends that the Leader should continue to be paid at the rate of 3 times the basic allowance.**

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 2¼ times the basic allowance as a special responsibility allowance.

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 Milton Keynes 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 special responsibility allowances 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 special responsibility allowance 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. Their role did 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. At one

extreme was that they continue to perform a very important role in the work of the Cabinet at the other was 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 after interviewing one of the Cabinet Advisors and giving the issue further consideration concluded that the current percentage payment was the appropriate level, but the issue should be reviewed again in its next report. The Panel **recommends 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 had been recommended in the 2013 report that the Panel look more closely at these allowances along with the relative weighting of the payments made. Further information relating to the workload, frequency of meetings and attendance at meetings allowed the matter to be discussed in more detail.

In the light of the evidence provided last year it had been agreed to recommend that the Chairmen of the Planning and Licensing Committees should receive a higher allowance, but that the matter should be reviewed again this year especially in respect of the Planning and Licensing Committees. After hearing evidence this year it appeared clear that the Chairman of Planning warranted a higher degree payment for his role and in the circumstance it was agreed to recommend that **the Chairman of Planning be paid at 30% of the Leader’s allowance, the Chairmen of the Audit Committee and the Licensing Committees 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. After reviewing the evidence, the Panel acknowledged the importance of the work of Scrutiny Commissions/Committees in the review and policy development of the Council. This had been previously outlined in evidence by a Senior 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. From the information received and available to the Panel and in accordance with the percentage payment approach to special responsibility allowances **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 a contribution towards calls. However, the allowance was paid regardless of whether or not the member had also been issued with a mobile or an iPhone.

6.1.1 Members who did not have broadband capability in their home could have it installed at the Council's expense but any Member already using broadband received no allowance towards its cost.

6.1.2 The Council also had a system whereby all Members were entitled to an iPhone. This system was 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.

6.1.3 The issue was raised as to whether the telephone allowances should be adjusted to encourage Members to take advantage of the availability of iPhones but some Members had indicated difficulty in using certain types of equipment due to visual or audible impairments.

6.1.4 After extensive consideration the Panel decided that **no changes be made to the Telephone Allowance at this stage, but the provision of electronic equipment should be reviewed.**

**6.2 Travel and Subsistence Allowance.** Members received, in addition to the basic allowance, a travel and subsistence allowance of £227.45. This figure was 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 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 lived 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 suggests that a different way of dealing with travel could be looked into, for bus, train and car journeys.

6.4 Additional Committees/Joint Committees. A number of additional Committees were highlighted for exploration in relation to allowances and whether they should be routinely included within the annual summary of proposals. Details of these are outlined below:

6.4.1 Planning Review Committee. Currently no allowances paid. The Committee meets on an ad-hoc basis to deal with call-in of planning applications from the Planning Committee, in effect to re-hear the application. The Committee has met once in in 2014 and it was not felt appropriate to recommend an SRA for the Chairman of this Committee at the current time.

6.4.2 Appeals Committee (Service Issues). Currently no allowances paid. The Committee meets once a year to review the outcomes of the Home to School Transport Appeals heard throughout the year. Members of the Committee also take part in these appeals, as do other appropriately trained Members. It was not felt appropriate to recommend an SRA for the Chairman of this Committee at the current time.

6.4.4 The Health and Wellbeing Board. Currently no allowances paid. The Committee meets four times a year and is currently chaired by the Leader of the Council, the Vice-Chairman being the Cabinet Advisor for Health, as per the Committees terms of reference. It was not felt appropriate to recommend an SRA for the Chairman of this Committee.

6.4.3 The Police and Crime Panel. Currently no allowances paid. As per section 28 of the Police Reform and Social Responsibility Act 2011, it is for the participating authorities to agree whether they wish to pay the Panel Members an allowance for their role on the Panel. No provision has been made, as yet, by the Home Office for payment of an allowance within the annual grant received for the Panel, although there is provision made for £920 to be available to each member to cover expenses. The

Panel felt that, due to the relative infancy of the Police and Crime Panel, there was no argument for the implementation of allowances for Peterborough Members at the current time. This position would be reviewed annually and it was to be noted that none of the other authorities paid allowances to their Members.

- 6.4.4 Eastern Shires Purchasing Organisation (ESPO). Currently no allowances paid. The organisation is self-funding and currently makes a small profit each year, which if unspent at the end of the year, is given back to the member authorities. This supports the cost of internal officer arrangements to support ESPO including travel and subsistence costs. There are currently no allowances paid to any of the members of the consortium and Peterborough are represented by Cabinet Members. The Panel felt that it was not appropriate to recommend any allowances for Peterborough members at the current time.
- 6.4.5 The Peterborough and Cambridgeshire Fire Authority. Allowances paid. The Fire Authority has its own Members' Allowances Scheme which runs to 31 March 2016. It was therefore not within the Panel's remit to make any recommendations in respect of this Committee.
- 6.5 The Panel agreed that further review of the additional Committees/Joint Committees would be undertaken at each annual review.
- 6.6 Members' Allowances Scheme Overnight Expenses. Although not directly within the remit of the Panel, it was felt appropriate to recommend to Council the exploration of the levels of 'overnight absence' detailed within the current Members' Allowances Scheme, these being viewed as quite low, particularly in relation to overnight absences for meetings held in London. It was felt that a more appropriate level should be specified, as was permitted for Council's paying accommodation costs directly.

## **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	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 (25% of Leader)	7,165.95	6,975.00
Chairman of Audit Committee (25% of Leader)	7,165.95	6975.00
Chairman of Employment Committee (6 ¼ % 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
Independent Person of the Council	1,000.00	1,000.00
Deputy Independent Person of the Council (up to 2 people – vacant)	500.00	500.00

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, telephone allowance and subsistence allowance; in addition certain Members may receive ONE special responsibility allowance.

## **APPENDIX 1**

### **Items for Future Consideration by the Panel**

1. The Leader's Allowance;
2. Cabinet Advisors: The role of Cabinet Advisors and payments to them;
3. Travel and Subsistence Allowances: should these be integrated into the basic allowance. Also whether it would be possible to devise a clear and logical scheme to ensure that the rural areas of the city were not disadvantaged by e.g. devising a 'rural rate' for some wards of the Council;
4. Telephone allowances: To review the use by members of electronic equipment and the relevant allowance payable and to review the name of the allowance; and
5. Allowances for additional Committees/Joint Committees.

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