REPORT OF THE INDEPENDENT REMUNERATION PANEL
FOR CAMBRIDGE CITY COUNCIL

November 2008

1. Introduction

1.1 Under the Local Government Act 2000 and relevant Regulations, the Independent Remuneration Panel ('the Panel') is appointed to make recommendations to the Council on the amount of allowance payable to Councillors. The Council, before it makes or amends its allowance scheme, must have regard to the recommendations which have been made to it by the Panel.

1.2 The Panel meets at least annually to recommend an allowances scheme for the Council's Municipal Year (May to May). This year, the Panel met in July to consider amendments to the 2008/09 Scheme which were required as a result of the changes to political groups following the local elections in May. The Council adopted an amended scheme on 11 September. The Panel has met on 3 November 2008 to consider a Scheme for May 2009-May 2010. The Panel meets in the autumn so that the Council has adequate time to consider the Panel's proposals and any financial implications arising from its recommendations.

2. Terms of Reference

2.1 The Panel's Terms of Reference are set by the Civic Affairs Committee and were last reviewed on 16 April 2008.

1. Recognises that councillors undertake their council work for the sake of public service and not private gain.

2. Recognises in both basic and special responsibility allowances the varying demands placed upon councillors, dependent upon their roles and responsibilities.

3. Fairly and equitably compensates councillors, so far as the Panel thinks appropriate, for the time and effort they can reasonably be expected to devote to their work as a councillor.

4. Is economic, efficient to administer and effective.

5. Is easy to understand, explain and administer.

6. Recognises the level of out-of-pocket expenses councillors incur in carrying out their functions (e.g. stationery, telephone costs and computer consumables).

7. Has flexibility to reflect changes of responsibilities of individual councillors during the course of a municipal year.

As part of above, the Statutory requirement is for the Panel to recommend:

1. The level of basic allowance.

2. Which member roles should receive a special responsibility allowance and what level.

3. Whether allowances are pensionable and if so applied to basic and/or special responsibility allowances.

4. Whether a childcare and dependent carers' allowances should be made available, at what level, and how it should be determined.

5. Duties for which travelling and subsistence is to be paid and levels of allowance.

6. Levels of allowance which should be paid to co-opted members.

7. Whether any allowance should be backdated to the beginning of the financial year in event of the scheme being amended.

8. 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.

3. Membership of the Panel and its work

3.1 An unsuccessful recruitment exercise was undertaken in September to fill one vacancy. A further recruitment will be undertaken in the new year. The law requires a minimum of three members on a Panel, the Council has chosen to have five seats on its Panel. The members of the Panel are:

Michael Arnold
Brian Cockburn
Geoffrey Kirkness
George Lindley (who was not present at the 3 November meeting and has subsequently resigned)

Background details of the Panel are listed in the appendix.

3.2 The Panel met on 3 November and heard in public the views of the Liberal Democrat, Labour and Green & Independent Group put by Councillors Boyce, Herbert and Wright respectively. The notes of this meeting are appended. Councillor Howell submitted a written statement which the Panel considered (also appended). The Democratic Services Manager acted as clerk and advisor to the Panel.

4. Recommendations

4.1 The Panel recommends to the Council that:

1. A Basic Allowance of £3,350 per Councillor per annum be payable. For the avoidance of doubt, the on-going cost of broadband, is expected to be met from this Allowance.

2. A Special Responsibility Allowance (SRA) should be payable to those members undertaking significant additional responsibility. Those responsibilities are set out in the attached tables.

3. Other elements of the Scheme should be the same as set for 2008/09 (in the appendix)

4. Suitable provision for the Chair and Vice Chair of the Standards Committee (which are positions held by members of the public) should be made for by the Council but not as part of the Members' Allowances Scheme.

5. Co-opted members - non-councillors co-opted onto committees, working parties etc. should receive an Allowance at the national minimum wage for the hours served, plus out of pocket expenses as appropriate. This will not apply if the person is in receipt of any other allowance or expenses entitlement provided by the City Council.

5. The Panel's deliberations

The Basic Allowance

5.1 "Basic allowance is intended to recognise the time commitment of all councillors, including such inevitable calls on their time as meetings with officers

and constituents and attendance at political group meetings. It is also intended to cover incidental costs such as the use of their homes[1]."

5.2 The Panel received representations from opposition Group Leaders that the proportion of the total budget allocated to the Basic Allowance should increase. As the Panel was working to a new scheme that could be contained within the estimated budget, this could only be achieved by reducing the proportion allocated to Special Responsibilities and this is referred to below.

5.3 The Panel was asked to consider the matter of broadband provision to members. During the last year this matter has been raised with officers because a minority of councillors were using dial-up connectivity. This was making it difficult for them to undertake their duties effectively as so much information from the Council to Member is communicated via email and e reporting/web. The ICT provision to those Members who are provided with council owned kit (not all are) does not include a broadband connection, or the monthly payments for it. However, the Council has agreed recently as an interim measure to install broadband for 4 councillors and to pay the monthly charge. The remaining 37 councillors have their own broadband connection and pay for it themselves. One way or another, the Council needs to agree on a fair and equitable approach for the future.

5.4 The Basic Allowance payable to all 42 councillors, amongst other things is intended to cover "out of pocket expense that Members incur in carrying out their duties (eg. stationery, telephone costs and computer consumables)" this is from the Council's own set of Terms of Reference for the IRP. With regard to supplying computer hardware, broadband and associated support, local authorities have developed numerous packages and the Statutory Guidance on Allowances (from 2003) does not give a clear view.

5.5 Broadband is more widely available and arguably more affordable service, the Panel is asked to consider whether it should be an expectation that the Basic Allowance should cover the costs that a Member would incur using the broadband connection in performing their public duties. The installation and set-up costs of broadband is a matter for the Council as part of its ICT package of support to Councillors to ensure that all Members are enabled to their jobs effectively and efficiently. The Panel noted that ICT support was being reviewed.

5.6 The level of the Basic Allowance has been set since 2002 at the rate of the minimum wage for an 'average time' spent by Members on dealing with constituency and other council business. This amount is set to reflect the fact that

[1] Statutory Guidance 2003

it is an allowance for public service work and not a wage. The national minimum wage is a good reference remunerative rate. While clearly it does not represent the skill and responsibility required by Members it does provide a basic level of remuneration for work done. In addition, the minimum wage is modified annually to reflect changes in the cost of living, this is done independently of the Council. The minimum wage is at a sufficiently low level that an additional modification to represent the public service element of Members' time was not appropriate. Following this logic, the Basic Allowance is equal to 10 hours per week (52 weeks per year) at the hourly rate set at the national minimum wage – ie. £2,980.

In addition, the Panel accepted changes suggested by Councillors to move some budget from the Special Responsibilities 'pot' to the Basic Allowance.

5.8 It was raised by Councillors during the Panel's meeting that the SRA for being a member of the Area Committee applied to every councillor so for clarity that money should be within the Basic Allowance

5.9 Basic Allowance should be paid in monthly instalments of one twelfth of the annual amount.

The Special Responsibility Allowances (SRA)

5.10 Having heard views put to it by Councillors that the level of Basic Allowance should be increased the Panel looked at where there was scope for reducing SRAs to recommend a scheme within budget.

5.11 Councillors at the Panel's meeting put the case that Vice Chairs of committees did not in reality have a significant additional responsibility. The exception to this was Vice Chairs of Area Committees as there was an additional responsibility relative to the other council committees.

The Panel accepted this argument and propose to delete SRAs for Vice Chairs except for Area Committees. The allowances will be moved to the Basic Allowance budget.

5.12 The multiplier SRA for Executive Councillors should be reduced to allow an increase in level of Basic Allowance. Although the Executive's duties have not changed, the Panel's primary focus now is a re-distribution to the Basic Allowance. The practice over recent years has been to recommend a scheme within the Council's estimated budget and this can only be achieved by re-distribution. The Executive Councillor SRA will still reflect the considerable extra responsibility by a higher multiplier.

The Panel recommend a reduction in SRA for Executive Councillors. The top-sliced allowances will be moved to the Basic Allowance budget.

5.13 The Panel was asked to mitigate an anomalous behaviour that was an unexpected side effect of the way the equivalent of one Basic Allowance is shared between the leaders of the minority groups. Put simply, this anomaly is that even if a minority group has the same number of seats the SRA for its leader might vary (as it did at the last elections). To address this the Panel recommends that the way minority group leader SRAs is calculated is now as follows: The relative sizes of the SRAs is still based on the square root of the number of seats, but rather than sharing out a fixed amount of money (previously this was one Basic Allowance) each individual SRA will be derived by scaling the Basic Allowance and then multiplying by the root. This means that the total of all the minority group SRAs will vary as electoral results vary, but for a group leader whose group has the same number of seats the SRA remains the same.

The Panel recommend amending the way the opposition Group Leader SRA be calculated as set out above.

5.14 The Panel still supported a principle that the allowances scheme recognized the additional work smaller political groups or individuals councillors face. The Panel recommend that the single Conservative Councillor receive an SRA as a 'group of 1' despite not being a Political Group as defined in law and requiring official recognition by the Council. There is provision in the Statutory Guidance that an SRA is payable for 'any other activities in relation to the discharge of the authority's functions as to require equal or greater effort of the member than any of the activities listed above (the 'listed above' referred to in the Guidance covers: acting as a spokesperson for a political group on a committee, member of a committee that meets with exceptional frequency, presiding at meetings of a committee, membership of the executive, leader or deputy leader of a political group)' The Panel asks that the Council interpret this Guidance to make provision for a single councillor representing a political party.

5.15 Some members might under this system stand to be in receipt of more than one SRA. We considered this to be fair, as it would reflect additional responsibility.

5.16 SRA like the Basic Allowance should be paid in monthly instalments of one twelfth of the annual amount.

6. The Panel's view of the current budgetary position for Members' Allowances

The Panel notes that the estimated budget for Members' Allowances for 2009/10 is £253,170. Our recommendations keep within this budget. If members do not agree with the 4% increase as budgeted for, they should not adjust individual SRA's but reduce the Basic Allowance by whatever percentage they agree on.

Annex 1 - The proposed Allowances Scheme 2009/10
Annex 2 - Spreadsheets explaining the steps taken when making changes to the Allowances Scheme
Appendix 1 - Notes of the Independent Remuneration Panel meeting 3 November 2008
Appendix 2 - Cllr Howell's written submission

Panel's Biography:

Mr Michael Arnold - retired. Lifelong resident of City.
Financial background, most recently working for a biopharmaceutical company. Community Governor for Castle School. Volunteer Rowing Coach who looks after the schools section of a local rowing club. Member of the Panel since 2002.

Mr Brian Cockburn - Lived in Cambridge since 1983. Software engineer. Current voluntary work with the Scout Movement. Member of the Panel since 2002.

Mr Geoffrey Kirkness - Member of the Panel since 2006.