

**REPORT BY
CAMBRIDGESHIRE AND
PETERBOROUGH COMBINED
AUTHORITY
INDEPENDENT REMUNERATION PANEL**

An Independent Review of Allowances
April 2019

Introduction

- 1.1 This report presents the recommendations of the Independent Remuneration Panel to the Cambridgeshire and Peterborough Combined Authority Board for consideration and approval.
- 1.2 The Authority is required to make a scheme of allowances 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 Authority must establish an independent remuneration panel, and before making or amending its scheme of allowances, it must have regard to the recommendations of the Panel.

The Panel

- 2.1 The decision to constitute an Independent Remuneration Panel was taken at the Combined Authority (CA) Board meeting on 28th November 2018 as follows:

The Interim Monitoring Officer stated that the Board was being invited to agree that an Independent Remuneration Panel be requested to review the Members' Allowances Scheme in relation to the Mayor's allowance, and to consider the payment of a standard allowance for any independent commissions set up by the Combined Authority. Following the Business Board meeting on 26 November 2018 the Combined Authority Board was further requested to ratify the Business Board's decisions on that date. These were to:

- a) *note the Interim Business Board agreed the principle of paying allowances to private sector members of the Business Board and that positions were advertised on this basis;*
- b) *agree that an independent remuneration panel should be convened to consider the level of allowances payable to:*
 - i. *the Chair;*
 - ii. *the Vice Chair;*
 - iii. *other private sector board members.*
- c) *agree that the Monitoring Officer be authorised to source a suitable panel to recommend an allowance scheme to the Business Board;*
- d) *agree as an interim measure until a scheme is agreed to:*
 - i. *adopt an expenses scheme for private sector board members to take effect from July 2018;*
 - ii. *confirm the Chair's allowance of £2,000 a month to take effect from the date of the appointment.*

It was resolved to:

- a) review the Members' Allowance Scheme (Mayor's Allowance);*
- b) consider the payment of allowances/expenses to those appointed to any independent commissions set up by the Combined Authority;*
- c) ratify the decisions of the Business Board reported orally at the meeting.*

- 2.2 The CA Monitoring Officer contacted the Constituent Councils to source a suitable Panel and found that East Cambridgeshire DC had a constituted Panel. The Panel comprised the following Lay members:

Richard Tyler (Chair of the Panel) – retired Chartered Accountant from Witchford who undertakes accountancy work for charity organisations locally. Other community work includes Bishop Laney's Charity, President of Rotary Club of Ely, Trustee of Ely Community Unit and Chairman of the Ely Fireworks Committee.

Richard Powell – retired teacher from Kings School, Ely. Resident of Haddenham. Played for, and was Chairman of, Sutton Cricket Club for many years. Sits on the Cambridgeshire Education Admissions Appeals Panel.

Margaret Clark - worked in the legal profession for many years (about 35) before retiring. Littleport resident and since retiring has been working with the Ely Social Car Scheme and Care Network. Library visitor and also sits on the Cambridgeshire Education Admissions Panel.

Stanley Curtis - Originally trained as an electronics engineer. Extensive experience in managing and developing both SMEs in the UK and large companies internationally in China, Malaysia and the USA. Currently owns a small Agri-Tech business based in Littleport. Chair of the Community Centre Trust in Ramsey where he lived before moving to Soham in 2016.

- 2.3 The Panel undertook their review from February to April 2019. They have now completed the review and have recommended that the Authority adopt a new scheme of allowances as set out in this report.

Terms of Reference for the Review

- 3.1 The terms of reference for the review followed the requirements of the Local Authorities (Members' Allowances) (England) Regulations 2003 and, in particular, the Cambridgeshire and Peterborough Combined Authority Order 2017. The Schedule to the latter containing the Constitution, sets out the following in relation to allowances payable in respect of the Combined Authority:

Remuneration

8. (1) *Save as provided for in sub-paragraph (2), no remuneration is to be payable by the Combined Authority to its members.*
- (2) *The Combined Authority may only pay an allowance to the Mayor if—*
- (a) *the Combined Authority has considered a report published by an independent remuneration panel established by one or more of the constituent councils under regulation 20 of the Local Authorities (Members' Allowances) (England) Regulations 2003(3) which contains recommendations for such an allowance; and*
- (b) *the allowance paid by the Combined Authority does not exceed the amount specified in the recommendation made by the independent remuneration panel.*
- 3.2 A previous IRP in 2017 had considered and made recommendations on the level of the Mayor's allowance and expenses which were approved by the CA Board and the current IRP had a copy of this report. At that time, it had been recommended that the scheme should be reviewed no later than 24 months after it was adopted and that a suitable indexation factor also should be considered. Therefore the remit of this IRP in relation to the review of the Mayor's allowance, was to consider whether the level set by the previous Panel was appropriate in the light of experience of the Mayor's role, responsibilities and workload two years on. The Budget, nature and complexity of these had expanded significantly since inception, arising from the transfer of the Local Enterprise Partnership (LEP) to the CA, which had led to the transfer of local growth funding of £27.4M and LEP staffing amounting to £1.2M. Furthermore in November 2018, the CA had secured Transforming Cities Funding from Central Government amounting to £74M over 4 years, then in January 2019 Greater South East Energy Hub funding of £1.3M over 2 years.

- 3.3 The IRP also were required to consider the principle, possible level and basis for the payment of allowances and expenses for the following Co-Optees:

Independent Commissions:

Chair;
Ordinary Commission Members.

Business Board:

Chair;
Vice Chair;
Ordinary Private Sector Board Members.

- 3.4 As the Business Board is independent to the Combined Authority, we were requested to separate our report into two sections: one relating to the allowances for the Mayor and Independent Commissions Members; and one to the allowances for the Private Sector Members (PSMs) of the Business Board.

SECTION B – PRIVATE SECTOR MEMBERS (PSMs) OF BUSINESS BOARD ALLOWANCES

Methodology/Evidence Considered

- 1.1 The Panel was provided with a comprehensive information pack containing the following:

Report from Director of Business & Skills containing:

- Business Board Constitution
- Board Member Job Description
- Board Member Expenses Scheme
- Odgers Berndston Report: Local Enterprise Partnerships – A Chair's Perspective
- Non-Executive Directors remuneration comparator reports from Ereveva, PWC, Deloitte.

- 1.2 The Panel produced a Questionnaire for the Business Board Members. 2 completed Questionnaires were received from Business Board Members.

- 1.3 The Panel also interviewed the following people, selected as a representative cross-section of Members and Officers, to obtain their viewpoints regarding the allowances:

Business Board

- Chair and Vice-Chair of Business Board
- Ordinary PSM of Board, Austen Adams
- Board Member and PFH for Economic Growth, Cllr Charles Roberts
- Dan Thorp, Assistant Director of Business & Skills

All three types of Allowances

- Deputy Mayor Cllr John Holdich
- Councillor Lewis Herbert
- Councillor Bridget Smith
- Chair of Scrutiny Committee, Cllr Lucy Nethsingha

- 1.4 After meeting on 6 separate occasions, including 3 sessions interviewing Members and Officers, the Panel now have completed their review. In formulating their recommendations, they have taken into consideration all of the information provided to them and gathered by them from the Questionnaires and interviews.

Conclusions and Recommendations

- 1.5 As a result, the following principles guided the deliberations and recommendations of the IRP:

1.5.1 Business Board Allowances

- The Business Board is independent of the Combined Authority. It is a private-public sector partnership, focusing on the key business sectors, to provide strategic leadership and to drive growth in the Cambridgeshire and Peterborough and wider Local Enterprise area. However, Cambridgeshire and Peterborough Combined Authority is the 'accountable body' for funding allocated to the Business Board, meaning it is the Combined Authority that is responsible to Government for complying with any conditions or requirements attached to such funding.
- Up to 8 Private Sector Members (PSM) may be appointed to the Business Board and the Chair and Vice-Chair will be Private Sector Members. One Member must be appointed specifically to represent the interests of the Small and Medium Sized Enterprises (SME) sector, one Member represent the Education sector and one Member be appointed as an international business representative. In addition to the above, Private Sector Members are expected to be industry leaders and active in the following sectors:
 - (a) Agri-food, drink and horticulture
 - (b) Advanced manufacturing and materials
 - (c) Life Sciences
 - (d) Digital
- At present, there are 7 Private Sector Members appointed covering the above sectors, although the Business Board is looking to appoint a female PSM and someone from the IT sector to improve the range and diversity of the Board. The original time commitment envisaged on recruitment was approx. 8 days per year for a PSM and 1-2 days per week for the Chair, although the PSMs have stated that their actual work commitment is considerably more than this. The term of office is 3 years and PSMs can only serve two terms.
- The factors to be taken into consideration for the Business Board allowances are very similar to those for the Commissions allowances. The Panel was conscious of the need to recruit senior and experienced experts in the key sectors/areas identified. They will be expected to deploy their expertise in providing powerful analysis of the issues, use highly-developed managerial and political judgement in making authoritative and implementable decisions, and to display strong interpersonal and networking skills in order to promote those decisions and the work of the Board.
- The level of remuneration should be commensurate with the significance of the task, the seniority and expertise of the members of the Board, and with the complex and demanding contribution they are each expected to make. It should also take into account the opportunity cost of the time of the Board Members – who are in demand from other roles - are giving to the Board, and the market rate for individuals with their skills and experience on similar Bodies.

- In this case, we had the previous experience and practices of the predecessor local LEP and other LEPs nationally as comparators. The former LEP did not pay allowances to the ordinary Private Sector Members but paid the Chairman £24,000 per annum. A number of LEPs nationally also remunerate their Chairs at levels ranging from £13,000 to £60,000. Locally, both Royal Papworth and Cambridge University Hospitals NHS Trusts recently have advertised for Non-Executive Directors at £12,000 to £13,000 per year for 3 days per month commitment. The documents provided on private sector Non-Executive Directors remuneration showed wide variations in levels, but the vast majority were significantly higher than the levels detailed above.
- In the questionnaires and interviews, strong feelings were expressed both ways about whether allowances should be paid and the level of those allowances. The view also was expressed that there should be mechanisms for monitoring the effectiveness and performance of the Business Board.
- The Business Board has been operating since September 2018, and Private Sector Members were appointed on the clearly stated basis that they would be remunerated. An interim allowances and expenses scheme was approved by the CA Board in November 2018 (see paragraph 2.1 above), pending the outcome of the IRP review, to pay a Chair's allowance of £2,000 per month, but expenses only to ordinary Private Sector Board Members.
- Whilst, as in the case of the Commissions allowances, we advocated that there should be some 'pro bono' element for public/community service, we also recognised the need to attract the highest calibre leaders in key local sectors, who were in demand and therefore could command significant sums for their knowledge, experience, skills and expertise. In order to attract and retain such high calibre people, they will expect a reasonable level of remuneration for their time. Our evidence gathering revealed that some candidates approached had reluctantly declined to be considered, due to existing commitments and the limited capacity they had to undertake pro bono work.
- Balancing all of the above with the fact that this was Taxpayers money, we believed that an allowance of £1,500 per month for an ordinary Private Sector Board Member, £1,750 per month for the Vice-Chair and £2,000 for the Chair seemed reasonable. This should be backdated to the commencement of the Business Board in September 2018.
- There is an expenses scheme already in existence for Business Board Members and we believed that this was adequate. However, we would recommend that the allowance paid to Business Board Members should be regarded as including travel to Business Board meetings and that travel expenses only should be paid for 'approved duties' outside of attendance at Board meetings.
- As a result of our interviews, Board Members stated that they were not aware of any system to claim back their travelling, etc, expenses at the moment, even though an expenses scheme existed. Therefore, we suggest

that the Combined Authority needs to circulate the expenses scheme to the Business Board Members, together with the relevant claim form for them to reclaim their expenses.

- Board Members also commented that they were receiving large volumes of paperwork to read for meetings, often with very short timescales to do so. Whilst beyond our remit, we would suggest that this needs to be examined and addressed by the Combined Authority in the interests of retention of Business Board Members.
- We noted that Business Board Constitution stated that Private Sector Business Board Members were appointed for 3 years and could only serve two terms of office. Since all of the current Private Sector Members were appointed at the same time, this potentially means that they all could retire on the same date, leaving continuity issues. Again, whilst this is beyond our remit, we would suggest that consideration needs to be given to amending the Constitution or the phasing of future appointments to ensure that the Board does not lose the majority of Members with valuable knowledge and expertise at the same time.

Recommendations

Accordingly, the Panel Recommend:

- 1.5.2 A Co-Optee allowance of £1,500 per month for an ordinary Private Sector Board Member, £1,750 per month for the Vice-Chair and £2,000 for the Chair, to include travelling expenses to Business Board meetings.**
- 1.5.3 That the allowances be backdated to the commencement of the Business Board in September 2018.**
- 1.5.4 That travel and other expenses continue to be paid in accordance with the Scheme approved by the CA Board, subject to 5.3.2 above.**
- 1.5.5 That the indexation factor be set as the Consumer Price Index (CPI).**
- 1.5.6 That the Combined Authority circulate the expenses scheme to the Business Board Members, together with the relevant claim form for them to reclaim their expenses.**
- 1.5.7 That the Combined Authority review the issue of the large volumes of paperwork being received by Business Board Members to read for meetings, often with very short timescales to do so, in the interests of retention of Business Board Members.**
- 1.5.8 That consideration be given to amending the Business Board Constitution or the phasing of future appointments of Private Sector**

Business Board Members to ensure that the Board does not lose the majority of Members with valuable knowledge and expertise at the same time.