



Cambridge City Council
Civic Affairs

Date: Wednesday, 8 February 2023

Time: 5.30 pm

Venue: Council Chamber, The Guildhall, Market Square, Cambridge, CB2 3QJ

Contact: democratic.services@cambridge.gov.uk, tel:01223 457000

Agenda

- 1 Apologies
- 2 Declarations of Interest
- 3 Minutes (Pages 5 - 20)
- 4 Public Questions
- 5 Officer Delegated Decisions
- 5a To Implement the National Joint Council for Local Government Services of Pay Awards 2022/23 (Pages 21 - 30)
- 5b To implement the Joint Negotiating Committee for Chief Officers of Local Authorities Pay Award for 2022-23 (Pages 31 - 34)
- 5c Implementation of the Joint Negotiating Committee for Chief Executives of Local Authorities Pay Award for 2022-23 (Pages 35 - 38)
- 5d Special Responsibility Allowance - Cllr Anna Smith, Deputy-Mayor fulfilling Mayoral duties while CPCA Mayor Dr. Nick Johnson takes leave of absence (Pages 39 - 40)
- 6 Draft Pay Policy Statement 2023/24 (Pages 41 - 62)
- 7 External Auditor's Annual Report for the year ended 31 March 2022 (Pages 63 - 84)
- 8 2022/23 Statement of Accounts - Accounting Policies and Significant Areas of Judgement (Pages 85 - 94)
- 9 Appointment of Deputy Electoral Registration Officer (Pages 95 - 98)

Civic Affairs Members: McPherson (Chair), Carling (Vice-Chair), Bennett, Davey, Hauk and Thornburrow

Alternates: Bick, S. Davies and Moore

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CIVIC AFFAIRS

21 September 2022

5.30 - 7.10 pm

Present: Councillors McPherson (Chair), Carling (Vice-Chair), Bick, Bennett, Moore and Thornburrow

Officers:

Assistant Chief Executive: Andrew Limb

Head of Finance: Caroline Ryba

Head of Human Resources: Deborah Simpson

Head of Shared Internal Audit Service: Jonathan Tully

Deputy Head of Service (Operations): Alex Young

Community Funding and Voluntary Sector Manager: Julie Cornwell

Payroll Manager: Mike Scott

Deputy Data Protection Officer & Senior Information Governance Specialist:
Eleanor Dent

Committee Manager: James Goddard

FOR THE INFORMATION OF THE COUNCIL**22/26/Civ Apologies**

Apologies were received from Councillors Davey and Hauk. Councillors Bick and Moore attended as Alternates.

Apologies were received from Independent Person: Rob Bennett

Councillor Bennett joined the committee on-line via MS Teams. She took part in the debate but did not vote.

22/27/Civ Declarations of Interest

| Item | Councillor | Interest |
|-----------|------------|--|
| 22/31/Civ | Moore | Personal: Had applied for grants for her community group |

22/28/Civ Minutes

The minutes of the meetings held on 13 July 2022 were approved as a correct record and signed by the Chair.

22/29/Civ Public Questions

There were no public questions.

22/30/Civ Internal Audit Plan: Progress Report

The committee received a progress report from the Head of Internal Audit regarding the Internal Audit Plan.

In response to Independent Person and Members' questions the Head of Internal Audit said the following:

- i. Officers undertook a review of the complaints process following a recent update of the framework. The 'reasonable' status was a good level of assurance and reflected recent change in processes.
- ii. The Audit Team looked at the allocation of resources each year. In a normal year the split of work would be approximately 70% "Risk-based" and 30% for mandatory "Core" tasks. This could vary to 60-40% as occurred recently where Central Government required assurance that funding was spent correctly.
- iii. The team were working broadly in-line with the forward plan of work. Four extra pieces of unplanned "Core" work had come in, and the team were still on track to provide an assurance opinion. The plan is reviewed at least every six months to reflect changing risks.
 - a. Core activities had to be completed to strict deadlines.
 - b. Risk based work had more flexible deadlines.

Resolved (by 5 votes to 0 (and 1 abstention) – unanimous of those able to vote) to note the contents of the report.

22/31/Civ Amendment to Contract Procedure Rules

The Committee received a report from Community Funding and Voluntary Sector Manager.

The Councils Constitution at Part 4G – Contract Procedure Rules, 1.22.2 stated that "ALL Grant Agreements paid to third parties must be executed as a deed".

To be legally enforceable, grant agreements must be executed as a deed, however this does not take into consideration that the Council would not wish to take a voluntary or community group to court to reclaim any monies unless absolutely necessary, and in many cases the cost of court action would exceed the value of the grant award in any event.

The preferred route would be to develop and maintain excellent relationships with our funded groups, whereby groups feel able to discuss any concerns they have about their funding award and group status at the earliest stages.

Alongside this, the Grants Team has put in place robust processes to manage the risks associated with making grant and is now seeking this approach to be reflected in the Contract Procedure Rules.

The proposed amendment would give the Council the ability to execute grants as deeds where it was felt this was proportionate to the risk or where particular thresholds were met – such as over a certain financial value. It would also allow the majority of grants which are lower risk and of lower value, to be signed under hand.

Councillor Bick queried whether it was usual, or how widespread, was the practice of not following procedure rules. Officers proposed to follow up this point after committee.

The Community Funding and Voluntary Sector Manager said the following in response to Members' questions:

- i. Contract procedure wording was deliberately kept flexible so it could adapt to different circumstances.
- ii. Other local authorities did not have contract procedure wording in their constitution so removing this would allow the City Council some flexibility. This is an option which will be considered in due course.
- iii. Officers had considered imposing a financial threshold where grants above x level would need a deed but those below would not. As grants had been agreed without a deed during lockdown (e.g. over £300,000 to the Citizens Advice Bureau) there seemed little point in automatically imposing a threshold for others. The Director may consider a threshold is required in future.
- iv. The Grants Team would scrutinise grant applications against criteria regardless of whether Officers had an existing relationship with community groups.
- v. The intention was to work with small groups to better engage them. Accessible guidance notes and Officer support was available to help

groups complete the on-line application process. The second phase of the grants process may lead to other application formats being accepted.

- vi. This was the pilot project phase so Officers would learn from phase 1 and this would feed into phase 2.

Resolved (by 4 votes to 0 (and 2 abstentions)) to recommend to Council that Contract Procedure Rules are amended to enable Grant Agreements to be approved by deed; or signed under hand where appropriate by delegated authority to the Director. The new wording would be as follows: "ALL Grant Agreements paid to third parties must be executed as a deed; or signed under hand where appropriate by delegated authority to the Director".

22/32/Civ Freedom of Information, Data Protection and Transparency: Annual Report

The Committee received a report from Deputy Data Protection Officer & Senior Information Governance Specialist.

The Officer's report provided an update on Information Governance activity and performance during 2021/22 (April 2021 - March 2022).

Deputy Data Protection Officer & Senior Information Governance Specialist updated her report by referring to the amendment sheet: Freedom of Information, Data Protection and Transparency: Annual Report (Addendum).

The Deputy Data Protection Officer & Senior Information Governance Specialist said the following in response to Members' questions:

- i. A number of services attract high levels of Freedom of Information requests such as Shared Waste and business rates.
- ii. The Information Governance Team have done some pre-emptive work with officers in different services to put information on the website. When Freedom of Information requests are received, where relevant, they can be directed to information on the website. If not, a bespoke answer is required.
- iii. Things that are dealt with by other organisations are not included in City Council Freedom of Information statistics.
- iv. (Reference P34) two areas were in amber. An incident management process was in place due to the testing process. When the testing phase ends in October 2022 it was expected the two areas would achieve green status.

- v. Most services were close to the statutory response time target. The Head of Estates and Facilities had been contacted about open queries. The Estates and Facilities Team were receiving extra training to help improve their response time.

Resolved (by 5 votes to 0 (and 1 abstention) – unanimous of those able to vote) to note the report.

22/33/Civ Review of the Pensions Discretions Statement

The Committee received a report from Head of Human Resources.

The Officer's report outlined Cambridge City Council's proposed revised policy statement on Employer Discretions for the Local Government Pension Scheme following a recent planned review.

The report included a proposal to consider entering into a shared cost AVC Scheme as part of the revised discretions.

In response to Members' questions:

- i. The Payroll Manager said Shared Cost AVCs were introduced after 2019. They came about because one particular local authority had looked into the possibility of a salary sacrifice scheme. The Local Government Pension Scheme regulations did not allow that, so Shared Cost AVCs were introduced as they complied with HMRC regulations.
- ii. The Head of Human Resources said trade unions had been consulted and supported the proposal.

Resolved (by 5 votes to 0 (and 1 abstention) – unanimous of those able to vote) to recommend to Council:

- i. Approve the proposed policy statement on employer discretions shown as per Appendix A of the Officer's report.
- ii. Delegate approval to join a shared cost AVC scheme to the Head of Human Resources, following consultation with the Head of Finance, Executive Councillor for Finance, Resources and Transformation and Opposition Spokes for Strategy and Resources, if considered appropriate, following further exploration of a suitable procurement process.
- iii. Note that Council Officers will continue to review the Discretions Statement every 3 years and/or in line with changes to the Local Government Pension Scheme (LGPS) as advised by the Local

Government Pensions Committee (LGPC) and the Administering Authority (Cambridgeshire County Council), and any recommended changes will go before Civic Affairs for approval.

22/34/Civ Proposal to Increase the Cambridge Weighting (minimum £10.00 per hour) for Employees and Agency Workers

The Committee received a report from Head of Human Resources regarding the proposal to increase the Cambridge Weighting (minimum £10.00 per hour) for employees and agency workers to £11.00 with effect from April 2023.

The Head of Human Resources said the following in response to Members' questions:

- i. Employees of Shared Services lead by other councils and agency workers who did not qualify for the Real Living Wage, engaged for only for short Cambridge event periods, were not covered by the Cambridge Weighting.
- ii. There was an opportunity to review the Cambridge Weighting rate later in the year in the review of the Pay Policy Statement.
- iii. £11/hour was arrived at as it seemed a reasonable figure in light of current information on the Real Living Wage and proposed national pay award.
- iv. Staff in pay band 1, plus the lower end of pay band 2 would get the Cambridge Weighting. Most staff were employed in pay bands 3-6 which were above the Cambridge Weighting figure.
- v. Cambridge Weighting was proposed to come into effect in April 2023. The national pay award would be back dated to April 2022. This was a further increase on the real living wage that would come into effect September 2022. There were considerations of affordability for the City Council.

Resolved (by 5 votes to 0 (and 1 abstention) – unanimous of those able to vote) to:

- i. Recommend to Council the proposal to increase the Cambridge Weighting to be paid to employees and agency workers to a minimum of £11.00 per hour, with effect from April 2023.
- ii. Recommend to Council to delegate authority to the Head of Human Resources to update the weightings on each relevant pay point, subject to the limit of £11.00 per hour, depending upon the current hourly rate and the Real Living Wage supplement payable at that time.

- iii. Note the position on the National Joint Council (NJC) pay offer for 2022 which relates to Bands 1-11 of the City Council's pay scales, and to receive an update at the meeting.
- iv. Note the position on the Real Living Wage, the announcement of the 2022/23 rate is expected on 22 September 2022. If available, to receive an update at the meeting.

22/35/Civ Review of the Budget Setting Process and Wider Financial Governance Issues

The Committee received a report from Head of Finance.

The Officer's report recommended changes to the Constitution to give effect to the amendments to the Council's budget process agreed by the Executive Councillor for Finance, Resources and Transformation on 11 July 2022 following Strategy and Resources Scrutiny Committee.

The Committee and Independent person (via written statement) made the following comments in response to the report:

- i. Welcomed cross-party work and agreement on the budget process.
- ii. Welcomed alignment of the General Fund and Housing Revenue Account processes. Hoped this could occur as quickly as possible, but understood the need for caution to ensure processes worked.

The Head of Finance said the following in response to Members' questions:

- i. Alignment of the General Fund and Housing Revenue Account would be addressed in future. This was not possible in 2022 due to the complexity of the budget process. The situation would be reviewed in 2022-2023 with the intention of implementing in 2024-2025.
- ii. Agreed that recommendation (iii) was not ideal as it requested an adjournment in the 23 February 2023 Council meeting. This issue would be reviewed in the next municipal year.
- iii. City Council budget processes had been benchmarked against other local authorities and our virement processes were similar to theirs. The City Council was more conservative in a way as its threshold of recommending limits of £250,000 be reviewed by (full) Council were as high as £1m in other organisations.
- iv. There was an opportunity to scrutinise virements through Strategy & Resources Scrutiny Committee and Out of Cycle Decisions outside of (full) Council meetings. Officers did not recommend lowering the virement approval thresholds so lower figures eg £100,000 required decisions by councillors.

Councillors requested a change to the recommendations. Councillors Bick and Thornburrow proposed and Councilor McPherson seconded splitting former (iii) into [new] (iii) and [new] (iv) to make [old] (iv) the [new] (v).

- iii. Agree that Council meets on 23 February 2023 to consider the Budget Setting Report and associated financial recommendations only (ie a budget meeting), with the remainder of the Council Agenda adjourned until the following Thursday 2 March 2023 (ie the same arrangement as 2022). ~~To note that this arrangement may not be the best way on-going and Members will be consulted on different options for when Council meetings are scheduled at this time of the municipal year following a review of the above changes to the budget process.~~
- iv. **Note that this arrangement may not be the best way on-going and Members will be consulted on different options for when Council meetings are scheduled at this time of the municipal year following a review of the above changes to the budget process.**
- v. **Agree the changes to Virements and carry forwards as described in 3.4 and Appendix B of the Officer's report.**

The Chair decided that the recommendations highlighted in the Officer's report should be voted on and recorded separately:

Resolved (by 5 votes to 0 (and 1 abstention) – unanimous of those able to vote) to recommend to Council:

- i. Agree the changes to Council Procedure Rules and Budget Framework rules as set out in the Appendix A of the Officer's report and that the arrangements are reviewed in good time to inform an agreed approach for the following budget cycle.
- ii. Note the additions and changes to meetings December 2022-February 2023 as a consequence of these changes.

Resolved (by 4 votes to 0 (and 2 abstentions)) to:

- iii. Agree that Council meets on 23 February 2023 to consider the Budget Setting Report and associated financial recommendations only (ie a budget meeting), with the remainder of the Council Agenda adjourned until the following Thursday 2 March 2023 (ie the same arrangement as 2022).

Resolved (by 5 votes to 0 (and 1 abstention) – unanimous of those able to vote) to:

- iv. Note that this arrangement may not be the best way on-going and Members will be consulted on different options for when Council meetings are scheduled at this time of the municipal year following a review of the above changes to the budget process.

Resolved (by 4 votes to 0 (and 2 abstentions)) to:

- v. Agree the changes to Virements and carry forwards as described in 3.4 and Appendix B of the Officer's report.

22/36/Civ Calendar of Meetings 2023/24

The Committee received a report from Democratic Services Manager (via Assistant Chief Executive) regarding the indicative calendar 2023/24.

The Committee made the following comments in response to the report:

- i. Requested details of changes to the calendar.
- ii. Requested that committees were not held when party conferences were occurring.

The Assistant Chief Executive said he would ask the Democratic Services Manager to respond to Councillors' comments.

Resolved (by 5 votes to 0 (and 1 abstention) – unanimous of those able to vote) to agree the meetings calendar 2023/24 (indicative).

The meeting ended at 7.10 pm

CHAIR

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CIVIC AFFAIRS

3 November 2022

10.06 - 11.15 am

Present: Councillors McPherson (Chair), Carling (Vice-Chair), Bennett, Davey and Thornburrow

Also, present (virtually) Councillor Hauk

Officers:

Head of Finance: Caroline Ryba

Head of Shared Internal Audit Service: Jonathan Tully

Deputy Head of Finance: Neil Krajewski

Senior Accountant (Technical and Finals Accounting): Francesca Lawton

Committee Manager: Chris Connor

Meeting Producer: James Goddard

Others Present:

Ernst & Young Audit Manager: Jacob McHugh

FOR THE INFORMATION OF THE COUNCIL

22/37/Civ Apologies

Apologies were received from Independent Person: Rob Bennett.

Councillor Hauk joined the committee on-line via MS Teams. He took part in the debate but did not vote.

22/38/Civ Declarations of Interest

| Item | Councillor | Interest |
|------|------------|--|
| All | Cllr Davey | Personal: Board member of Cambridge Investment Partnership |

22/39/Civ Public Questions

There were no public questions.

22/40/Civ Annual Governance Statement 2021/2022

The committee received a report from the Head of Shared Internal Audit Service regarding the Annual Governance Statement 2021/2022.

In response to the Members' questions the Head of Shared Internal Audit said the following:

- i. On page 20 of the officer's report in Principle B there was a general statement about continuing to engage with stakeholders, examples of engagement were via documentation and face to face, however this was a broad statement. Officer stated there was little he could add that the report did not already state.

Councillor Thornburrow stated she could add to officer's previous answer. The Greater Cambridgeshire Local Plan Preferred Options had 8000 responses. It reflected the work of moving to digital format and trying to reach people. There had received lessons about how to further engage with residents of the city.

Councillor Bennett said that on Page 20 of the report, Principle section B, the last point should not use the word "including" but be changed to "upon" or "in respect of". The Officer agreed he would be happy to make that amendment to the report.

- ii. Councillor Carling stated that on Page 13 of the report there were now include now seven Executive Councillors not six

Officer stated he would have that updated.

- iii. Officer recognised the risk of energy shortages/power cuts as a potential hazard and had been alerted to it. The management team had been having discussions around this issue. The management team had discussed emergency planning processes regarding Council operations and how they could support local residents.

Resolved (by 5 votes to 0 – unanimous of those able to vote) to:

- i. The Annual Governance Statement in advance of the Statement of Accounts. To help complete this, members should note:
 - the arrangements for compiling, reporting on and signing the AGS;
 - the progress made on issues reported in the previous year;
 - the current review of effectiveness
 - the issues considered for inclusion in the current AGS;
- ii. Note and endorse the amendments to the updated Local Code of Corporate Governance.

22/41/Civ Statement of Accounts 2021/22

The committee received a report introduced by the Head of Finance in regarding the Statement of Accounts 2021/2022.

Also presenting were the Deputy Head of Finance, Senior Accountant (Technical and Financial Accounting) and Audit Manager from Ernst & Young (EY).

In response to Members' questions, the Head of Finance, the Deputy Head of Finance, Senior Accountant (Technical and Financial Accounting) and Audit Manager from Ernst & Young said the following:

- i. Regarding the timetable for the audit, the outstanding work in the key areas sat outside of the Audit and Finance teams. There were external factors they were waiting on, such as responses from valuers.
- ii. There had been challenges in response times, but the Council had put in measures to reduce response times, including the hiring of a new Deputy Head of Finance.
- iii. The Cambridge Investment Partnership (CIP) auditor had concluded their audits of individual components and EY have signed audited accounts.
- iv. Delays were as a result of waiting for information and responses that external parties are responsible for and had not been significantly affected by the work and day to day activities of the Cambridge City Council's finance team. Delays in this year's audit would not cause a knock-on effect for future years. The Council would be able to produce a draft set of accounts on time, in line with the statutory timetable. However, it was widely acknowledged that there were significant challenges facing the external audit sector. The Council would work with EY to ensure that external experts were aware of timetables. There is a deadline of 30 November 2022, and they would work with EY and external bodies to meet this deadline.
- v. In relation to future risks related to the value of pension fund assets, it was noted the Local Government Pension Scheme (LGPS) operates on a long-term basis. Though

there would be a short-term decline, the LGPS planned their investments for the long term so they can pay pensions when they are due to be paid. There had been no indication that there is any problem with LGPS going forward.

- vi. The Head of Finance stated she would like her thanks noted to former Deputy Head of Finance Jody Etherington for the work done on these accounts.
- vii. Regarding Pg. 50 recommendation 2.3 of the agenda:

“Delegate to the Chair of the meeting, in consultation with the Opposition Spokes, to approve any amendments to the Statement of Accounts arising from the remaining audit procedures, provided that these do not have a material impact on the Council’s usable reserves or result in any changes to the auditor’s opinion.”

It was confirmed that the Chair of the meeting would consult with the Opposition Spokes as well as the Independent Spokes. Would like to ask the Members if they had any objections to her deferring to her colleagues Cllr Davies, Cllr Hauk and Cllr Porrer. Members had to no objection to this.

- viii. In response to an enquiry about the Councils financial reserves, and how inflation had affected these numbers, stated that it was true that the numbers have less buying power than they did a year ago. They act as the Council’s contingency fund. When the prudent minimum balance of reserves is set, a risk-based calculation is done. This was based on the expenditure budget. The expenditure budget had been inflated, as is done every year. When risks of varying expenditure and probabilities are calculated, this was based on inflated amounts.
- ix. Stated that with the Medium-Term Financial Strategy approved in October there was a slight increase in the prudent minimum balance to reflect current level of uncertainty and increased level of risk. Stated that another aspect of reserves is that we hold cash, that backs those reserves, and is invested. That although we cannot make up for inflation rates of ten plus percent, with investment interest rates being at approximately 3-4 percent, Officers were doing everything they could to maintain the value of the cash that backs up the reserves.

Resolved (by 5 votes to 0 – unanimous of those able to vote) to:

- i. Receive the Audit Results Report presented by EY.
- ii. Approve the Statement of Accounts for the year ended 31 March 2022, subject to any remaining amendments per recommendation iii.
- iii. Delegate to the Chair of the meeting, in consultation with the Opposition Spokes, to approve any amendments to the Statement of Accounts

arising from the remaining audit procedures, provided that these do not have a material impact on the Council's usable reserves or result in any changes to the auditor's opinion.

- iv. The Chair of the meeting being authorised to sign the Letter of Representation and the Statement of Accounts for the financial year ended 31 March 2022 on behalf of the Council.

The meeting ended at 11.15 am

CHAIR

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CAMBRIDGE CITY COUNCIL

Officer Record of Decision

| | |
|--|--|
| What decision(s) has been taken: | To implement the National Joint Council for local government services (NJC) Pay Award for 2022-23 for employees on Bands 1-11 and on Cambridge Live terms and conditions. |
| Who made the decision: | Head of Human Resources |
| Date decision made: | 2 November 2022 |
| Matter for Decision /Wards affected | Decision delegated from Civic Affairs Committee |
| Reason(s) for the decision including any background papers considered | <p>To implement the nationally agreed pay award for staff on Bands 1-11 following receipt of notification by circular from the National Joint Council for local government services (NJC) dated 1 November 2022. The award is for a flat rate of £1925 on each pay point and is backdated to 1 April 2022.</p> <p>The award also includes the addition of 1 day of annual leave, effective from 1 April 2023. This will increase the annual leave entitlement from 24 to 25 days and after 5 years of service, from 29 to 30 days.</p> <p>Council in February 2020 agreed to introduce a pay award mechanism with effect from 1 April 2020 for staff on Cambridge Live terms and conditions of employment, based on comparison to the NJC pay award. Authority is delegated to the Head of Human Resources to implement any future pay awards, following consultation with the Chief Executive and Executive Councillor for Finance and Resources.</p> <p>The pay award will also apply to five staff who remain on Cambridge Live terms and conditions. The flat rate of £1925 will be applied to the relevant pay points. These posts are expected to move on to Cambridge City Council terms and conditions by 1 April 2023 when the additional leave will apply.</p> |

Any alternative options considered and rejected: The pay award for staff on pay Bands 1-11 is determined by national level collective bargaining between the national employers and trade unions. Once agreed at a national level the City Council implements the pay award in accordance with the terms of staff contracts of employment.

Council in February 2020 agreed to introduce a pay award mechanism with effect from 1 April 2020 for staff on Cambridge Live terms and conditions of employment.

Conflicts of interest and dispensations granted by the Chief Executive: None

Other Comments: This decision is taken in accordance with the delegated authority from Civic Affairs Committee to the Head of Human Resources, as follows:

To implement any award of a joint negotiating body so far as it concerns rates of salary, wages, car allowances or other allowances payable to officers and other employees of the Council except where the terms thereof involve the exercise of a discretion by the Council provided that when any action is taken in pursuance of this paragraph members are advised by the Head of Human Resources and a record of that advice be made available to the public.

Council in February 2020 agreed to introduce a pay award mechanism with effect from 1 April 2020 for staff on Cambridge Live terms and conditions of employment, based on comparison to the NJC pay award. Authority is delegated to the Head of Human Resources to implement any future pay awards, following consultation with the Chief Executive and Executive Councillor for Finance and Resources.

Reference: 22/Officerdecision/Civ2

Contact for further information: Deborah Simpson, Head of Human Resources

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National Joint Council for local government services

Employers' Secretary
Naomi Cooke

Trade Union Secretaries
Rachel Harrison, GMB

Mike Short, UNISON

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l.government@unison.co.uk

**To: Chief Executives in England, Wales and N Ireland
(copies for HR and Finance Directors)
Members of the National Joint Council**

1 November 2022

Dear Chief Executive,

LOCAL GOVERNMENT SERVICES PAY AGREEMENT 2022-23

Employers are encouraged to implement this pay award as swiftly as possible.

Pay

Agreement has been reached on rates of pay applicable from **1 April 2022**. The new pay rates are attached at **Annex 1**.

The new rates for allowances, uprated by 4.04 per cent, are set out at **Annex 2**.

The NJC has agreed that from **1 April 2023**, Spinal Column Point (SCP) 1 will be permanently deleted from the NJC pay spine.

Annual Leave

The NJC has agreed that from **1 April 2023**, all employees covered by this National Agreement, regardless of their current leave entitlement or length of service, will receive a permanent increase of one day (pro rata for part-timers) to their annual leave entitlement. This may require, in some organisations, that a local agreement has to be reached in order for the extra day to be applied. The NJC's full expectation is that the additional day's leave will be applied for all NJC staff, regardless of existing local arrangements.

The National Agreement Part 2 Para 7.2 will, with effect from **1 April 2023**, be amended to read as follows:

7.2 Annual Leave

With effect from 1 April 2023, the minimum paid annual leave entitlement is twenty-three days with a further three days after five years of continuous service. The

entitlement as expressed applies to five day working patterns. For alternative working patterns an equivalent leave entitlement should be calculated.

7.3 *The annual leave entitlement of employees leaving or joining an authority is proportionate to their completed service during the leave year.*

7.4 Extra Statutory Holidays

Employees shall have an entitlement to two extra statutory days holiday, the timing of which shall be determined by the authority in consultation with the recognised Trade Unions with a view to reaching agreement or added to annual leave by local agreement.

Joint work

The NJC has also agreed to enter into discussions on homeworking policies, mental health support and maternity etc leave.

Backpay for employees who have left employment since 1 April 2022

If requested by an ex-employee to do so, we recommend that employers should pay any monies due to that employee from 1 April 2022 to the employee's last day of employment.

When salary arrears are paid to ex-employees who were in the LGPS, the employer must inform its local LGPS fund. Employers will need to amend the CARE and final pay figures (if the ex-employee has pre-April 2014 LGPS membership) accordingly. Further detail is provided in [section 15 of the HR guide](#) which is available on the [employer resources section](#) of www.lgpsregs.org

Yours sincerely,

*Naomi
Cooke*

Naomi Cooke

R. Harrison

Rachel Harrison

M. R. Short

Mike Short

| SCP | 01-Apr-21 | | 01-Apr-22 | |
|-----|-----------|----------|-----------|----------|
| | per annum | per hour | per annum | per hour |
| 1 | £18,333 | £9.50 | £20,258 | £10.50 |
| 2 | £18,516 | £9.60 | £20,441 | £10.60 |
| 3 | £18,887 | £9.79 | £20,812 | £10.79 |
| 4 | £19,264 | £9.99 | £21,189 | £10.98 |
| 5 | £19,650 | £10.19 | £21,575 | £11.18 |
| 6 | £20,043 | £10.39 | £21,968 | £11.39 |
| 7 | £20,444 | £10.60 | £22,369 | £11.59 |
| 8 | £20,852 | £10.81 | £22,777 | £11.81 |
| 9 | £21,269 | £11.02 | £23,194 | £12.02 |
| 10 | £21,695 | £11.25 | £23,620 | £12.24 |
| 11 | £22,129 | £11.47 | £24,054 | £12.47 |
| 12 | £22,571 | £11.70 | £24,496 | £12.70 |
| 13 | £23,023 | £11.93 | £24,948 | £12.93 |
| 14 | £23,484 | £12.17 | £25,409 | £13.17 |
| 15 | £23,953 | £12.42 | £25,878 | £13.41 |
| 16 | £24,432 | £12.66 | £26,357 | £13.66 |
| 17 | £24,920 | £12.92 | £26,845 | £13.91 |
| 18 | £25,419 | £13.18 | £27,344 | £14.17 |
| 19 | £25,927 | £13.44 | £27,852 | £14.44 |
| 20 | £26,446 | £13.71 | £28,371 | £14.71 |
| 21 | £26,975 | £13.98 | £28,900 | £14.98 |
| 22 | £27,514 | £14.26 | £29,439 | £15.26 |
| 23 | £28,226 | £14.63 | £30,151 | £15.63 |
| 24 | £29,174 | £15.12 | £31,099 | £16.12 |
| 25 | £30,095 | £15.60 | £32,020 | £16.60 |
| 26 | £30,984 | £16.06 | £32,909 | £17.06 |
| 27 | £31,895 | £16.53 | £33,820 | £17.53 |
| 28 | £32,798 | £17.00 | £34,723 | £18.00 |
| 29 | £33,486 | £17.36 | £35,411 | £18.35 |
| 30 | £34,373 | £17.82 | £36,298 | £18.81 |
| 31 | £35,336 | £18.32 | £37,261 | £19.31 |
| 32 | £36,371 | £18.85 | £38,296 | £19.85 |
| 33 | £37,568 | £19.47 | £39,493 | £20.47 |
| 34 | £38,553 | £19.98 | £40,478 | £20.98 |
| 35 | £39,571 | £20.51 | £41,496 | £21.51 |
| 36 | £40,578 | £21.03 | £42,503 | £22.03 |
| 37 | £41,591 | £21.56 | £43,516 | £22.56 |
| 38 | £42,614 | £22.09 | £44,539 | £23.09 |
| 39 | £43,570 | £22.58 | £45,495 | £23.58 |
| 40 | £44,624 | £23.13 | £46,549 | £24.13 |
| 41 | £45,648 | £23.66 | £47,573 | £24.66 |
| 42 | £46,662 | £24.19 | £48,587 | £25.18 |
| 43 | £47,665 | £24.71 | £49,590 | £25.70 |

NB: hourly rate calculated by dividing annual salary by 52.143 weeks (which is 365 days divided by 7) and then divided by 37 hours (the standard working week)

Part 3 Paragraph 2.6(e) Sleeping-in Duty Payment:

1 April 2022
£39.24

**RATES OF PROTECTED ALLOWANCES AT 1 APRIL 2022
(FORMER APT&C AGREEMENT (PURPLE BOOK))**

Paragraph 28(3) Nursery Staffs in Educational Establishments - Special Educational Needs Allowance

1 April 2022
£1,401

Paragraph 28(14) Laboratory / Workshop Technicians

City and Guilds Science Laboratory Technician's Certificate Allowance:

1 April 2022
£228

City and Guilds Laboratory Technician's Advanced Certificate Allowance:

1 April 2022
£165

Paragraph 32 London Weighting and Fringe Area Allowances £ Per Annum

Inner Fringe Area:

1 April 2022
£951

Outer Fringe Area:

1 April 2022
£663

Paragraph 35 Standby Duty Allowance - Social Workers (1)(a)(i) Allowance - Per Session

1 April 2022
£31.58

FORMER MANUAL WORKER AGREEMENT (WHITE BOOK)

Section 1 Paragraph 3 London and Fringe Area Allowances £ Per Annum

Inner Fringe Area:

1 April 2022

£951

Outer Fringe Area:

1 April 2022

£663

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CAMBRIDGE CITY COUNCIL

Officer Record of Decision

| | |
|--|--|
| What decision(s) has been taken: | To implement the Joint Negotiating Committee for Chief Officers of Local Authorities Pay Award for 2022-23. |
| Who made the decision: | Chief Executive |
| Date decision made: | 2 November 2022 |
| Matter for Decision /Wards affected | Decision delegated from Civic Affairs Committee |
| Reason(s) for the decision including any background papers considered | <p>To implement the nationally agreed pay award for chief officers following receipt of notification by circular from the Joint Negotiating Committee for Chief Officers of Local Authorities dated 1 November 2022. The award is for a flat rate of £1925 on each pay point and is backdated to 1 April 2022.</p> |
| Any alternative options considered and rejected: | <p>The pay award for the chief officer level posts (Directors and Heads of Service on HOS grade) is determined by national level collective bargaining between the national employers and trade unions. Once agreed at a national level the City Council implements the pay award in accordance with the terms of staff contracts of employment.</p> |
| Conflicts of interest and dispensations granted by the Chief Executive: | <p>The Chief Executive is exercising this decision as the Head of Human Resources has a personal interest in this pay award.</p> |
| Other Comments: | <p>This decision is taken in accordance with the delegated authority from Civic Affairs Committee to the Head of Human Resources, as follows:</p> <p>To implement any award of a joint negotiating body so far as it concerns rates of salary, wages, car allowances or other allowances payable to officers and other employees of the Council except where the terms thereof involve the exercise of a</p> |

discretion by the Council provided that when any action is taken in pursuance of this paragraph members are advised by the Head of Human Resources and a record of that advice be made available to the public.

Reference: 22/Officerdecision/Civ1

Contact for further information: Robert Pollock, Chief Executive

Joint Negotiating Committee for Chief Officers of Local Authorities

**To: Chief Executives in England and Wales (N Ireland for information)
(copies for the Finance Director and HR Director)
Regional Directors
Members of the Joint Negotiating Committee**

1 November 2022

Dear Chief Executive,

CHIEF OFFICERS' PAY AGREEMENT 2022

Agreement has now been reached on the pay award applicable from **1 April 2022** (covering the period 1 April 2022 to 31 March 2023).

The individual basic salaries¹ of all officers within scope of the JNC for Chief Officers of Local Authorities should be increased by £1,925 with effect from 1 April 2022 (NB: this increase applies to individual salaries as well as pay points, if applicable).

Employers are encouraged to implement this pay award as swiftly as possible.

Backpay for employees who have left employment since 1 April 2022

If requested by an ex-employee to do so, we recommend that employers should pay any monies due to that employee from 1 April 2022 to the employee's last day of employment.

When salary arrears are paid to ex-employees who were in the LGPS, the employer must inform its local LGPS fund. Employers will need to amend the CARE and final pay figures (if the ex-employee has pre-April 2014 LGPS membership) accordingly. Further detail is provided in [section 15 of the HR guide](#) which is available on the [employer resources section](#) of www.lgpsregs.org

Yours faithfully,

Naomi Cooke
Naomi Cooke

George Georgiou
George Georgiou

cc Ruth Levin, UNISON

¹ Basic salary should exclude other separately identified payments such as Returning Officer fees etc.

| | |
|--|---|
| Employers' Secretary: Naomi Cooke Local Government Association 18 Smith Square London SW1P 3HZ info@local.gov.uk | Officers' Secretary: George Georgiou GMB Mary Turner House 22 Stephenson Way London NW1 2HD info@gmb.org.uk |
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Cambridge City Council

Record of Officer Delegated Decision

To implement the Joint Negotiating Committee for Chief Executives of Local Authorities Pay Award for 2022-23.

Decision taken: 29 November 2022

Decision of: Head of Human Resources

Reference: 22/Officerdecision/Civ3

Date of decision: 29 November 2022

Matter for Decision: Decision delegated from Civic Affairs Committee

Any alternative options considered and rejected: The pay award for the chief executive level posts is determined by national level collective bargaining between the national employers and trade unions. Once agreed at a national level the City Council implements the pay award in accordance with the terms of staff contracts of employment.

Reason for the decision including any background papers considered: To implement the nationally agreed pay award for chief executives following receipt of notification by circular from the Joint Negotiating Committee for Chief Executives of Local Authorities dated 28 November 2022. The award is for a flat rate of £1925 on each pay point and is backdated to 1 April 2022.

Conflict of interest and dispensation granted by Chief Executive: The Head of Human Resources is exercising this delegation, the Chief Executive has a personal interest. The matter is delegated to the Head of Human Resources.

Comments: [Document 221129 - Officer Delegated Decision - Implementation of the Joint Negotiating Committee for Chief Executives of Local Au - Cambridge Council](#)

This decision is taken in accordance with the delegated authority from Civic Affairs Committee to the Head of Human Resources, as follows:

To implement any award of a joint negotiating body so far as it concerns rates of salary, wages, car allowances or other allowances payable to officers and other employees of the Council except where the terms thereof involve the exercise of a

discretion by the Council provided that when any action is taken in pursuance of this paragraph members are advised by the Head of Human Resources and a record of that advice be made available to the public.

Contact for further information: Deborah Simpson, Head of Human Resources

Joint Negotiating Committee for Chief Executives of Local Authorities

**To: Chief Executives in England and Wales (N Ireland for information)
(copies for the Finance Director and HR Director)
Regional Directors
Members of the Joint Negotiating Committee**

28 November 2022

Dear Chief Executive,

CHIEF EXECUTIVES' PAY AGREEMENT 2022

Employers are encouraged to implement this pay award as swiftly as possible.

Agreement has now been reached on the pay award applicable from **1 April 2022**.

The individual basic salaries¹ of all officers within scope of the JNC for Chief Executives of Local Authorities should be increased by £1,925 with effect from 1 April 2022.

This pay agreement covers the period 1 April 2022 to 31 March 2023.

Backpay for employees who have left employment since 1 April 2022

If requested by an ex-employee to do so, we recommend that employers should pay any monies due to that employee from 1 April 2022 to the employee's last day of employment.

When salary arrears are paid to ex-employees who were in the LGPS, the employer must inform its local LGPS fund. Employers will need to amend the CARE and final pay figures (if the ex-employee has pre-April 2014 LGPS membership) accordingly. Further detail is provided in [section 15 of the HR guide](#) which is available on the [employer resources section](#) of www.lgpsregs.org

Yours faithfully,

Naomi Cooke

Ian Miller

Joint Secretaries

¹ Basic salary should exclude other separately identified payments such as Returning Officer fees etc.

| | |
|--|---|
| Employers' Secretary: Naomi Cooke Local Government Association 18 Smith Square London SW1P 3HZ info@local.gov.uk | Officers' Secretary: Ian Miller Hon Secretary ALACE alacehonsec@yahoo.co.uk |
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Cambridge City Council

Record of Officer Urgent Decision

Cambridgeshire and Peterborough Combined Authority - Special Responsibility Allowance - Cllr Anna Smith, Deputy-Mayor fulfilling Mayoral duties while CPCA Mayor Dr. Nick Johnson takes leave of absence.

Decision taken: To agree the special responsibility allowance of an additional £5554 pro rata(=approx. £1,600 for period) applied to the Combined Authority Board Member and Deputy-Mayor Cllr Anna Smith, whilst covering the duties of Mayor Dr. Nik Johnson of the Cambridgeshire and Peterborough Combined Authority. This can be reviewed by Civic Affairs on 8th Feb in light of the ongoing work of Cllr A Smith in this role, and will be reviewed if the cover goes beyond 1 March 2023.

Decision of: Chief Executive

Reference: 22/OfficerUrgent/Civ/04

Date of decision: 21 December 2022

Matter for Decision: To agree a new special responsibility allowance for Cllr A Smith who is undertaking the duties of the Combined Authority Mayor whilst the Mayor Dr Nik Johnson is taking a period of absence due to ongoing medical treatment.

Any alternative options considered and rejected: None

Reason for the decision including any background papers considered: Cllr A Smith took on the role of Deputy Mayor of the Combined Authority on 18 November 2022. The Council made the decision in relation to the allowance following a recommendation from the Independent Remuneration Panel. It was important for the decision to be taken before Christmas so that Cllr Smith could plan her affairs accordingly. A briefing paper considered by the Panel, and its recommendation is available [Document 221221 - Officer Urgent Decision - Special Responsibility Allowance - Cllr Anna Smith Combined Authority Mayor - Cambridge Council](#). The Panel interviewed Cllr Smith prior to making its recommendation. The special responsibility allowance will be funded from underspends in the democratic services budget for 2022/23.

Conflict of interest and dispensation granted by Chief Executive: None.

Comments: None.

Contact for further information: Robert Pollock, Chief Executive.

Robert.Pollock@cambridge.gov.uk

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DRAFT PAY POLICY STATEMENT 2023/24

To:

Civic Affairs Committee 8/02/2023

Report by:

Deborah Simpson, Head of Human Resources

Tel: 01223 - 458101 Email: deborah.simpson@cambridge.gov.uk

Wards affected:

All

1. Introduction

- 1.1 This report asks Civic Affairs Committee to consider a draft Pay Policy Statement for 2023/24, attached as Appendix 1 and the Council's senior pay arrangements, as set out in the report, for consideration at Full Council on 2 March 2023.
- 1.2 A pay policy statement is required under the Localism Act which requires the Council to have considered, approved and published a pay policy statement for each financial year. This must be approved by Full Council and be in place by 31st March each year.
- 1.3 The pay policy statement covers posts designated 'chief officer'. For Cambridge City Council this includes the chief executive, directors and heads of service. The areas to be covered in the statement are: salary, expenses, bonuses, performance-related pay, severance payments, how election fees are paid and the pay policy on re-engagement of ex-employees. The Localism Act also requires the statement to define the lowest paid employees and the ratio to the highest earning employee.

2. Recommendations

The Civic Affairs Committee is asked to:

- 2.1 Consider and recommend to Council the draft Pay Policy Statement 2023/2024 attached as Appendix 1.
- 2.2 To consider and recommend to Council the pay proposals for chief executive, director and assistant director level pay bands following the 2022 review of senior officer salaries and as they relate to the senior management review.
- 2.3 To recommend to Council to delegate authority to the Head of Human Resources to update the Pay Policy Statement 2023/24 following consideration and approval of the proposed changes to the pay bands for the roles of Chief Executive, Director and Assistant Director.

3. Background

National Pay Awards

- 3.1 Pay awards are nationally determined in accordance with the Joint Negotiating Committee (JNC) for Chief Executives, the Joint Negotiating Committee (JNC) for Chief Officers and the National Joint Council for Local Government Services (NJC) for staff on Bands 1-11. Pay awards for all groups were agreed with effect from April 2022. The national pay negotiations with effect from April 2023 have not yet commenced.

Senior Officer Pay Review

- 3.2 The Council has an agreement that senior officer pay scales will be reviewed every three years in line with the current market median level pay, this includes chief executive, director and heads of service salaries. The review looks at the relative pay position of the Council's pay bands when compared to other councils.
- 3.3 The last review was undertaken in 2019 and the outcome reported in the 2020 Pay Policy Statement. No changes to the pay bands were made at that time. The next three year review and a separate review of the senior management structure and associated salary levels, were scheduled for 2022. National pay awards have been applied during this time.

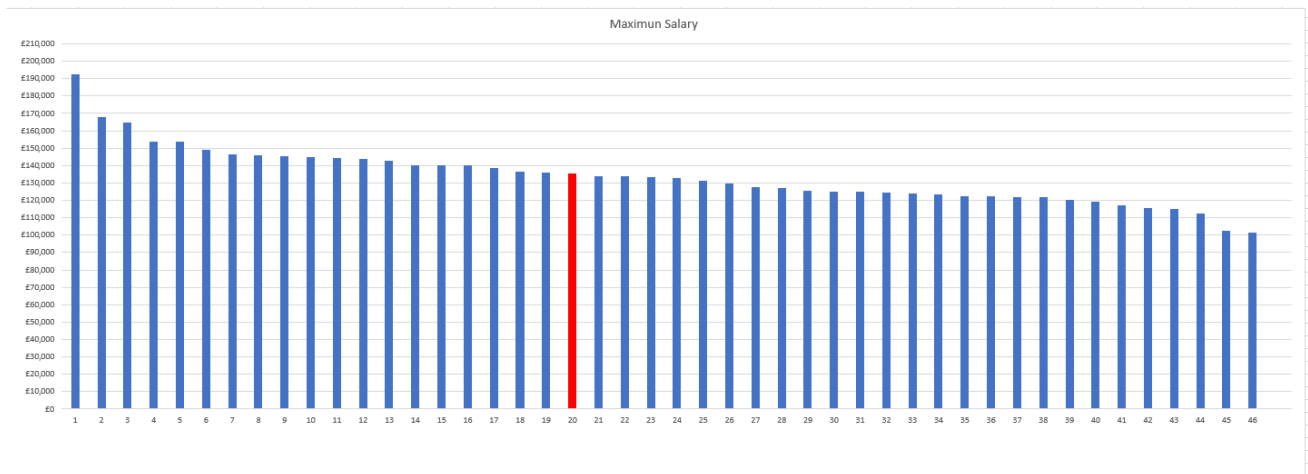
- 3.4 The Council is undertaking an ambitious transformation programme, Our Cambridge, which includes a review of the senior management structure. The Chief Executive published a consultation paper on proposals for a revised senior management structure on 10 November 2022 and following the conclusion of the consultation period on 10 December 2022 presented revised proposals to Strategy and Resources Scrutiny Committee on 30 January and will recommend final proposals to Full Council on 2 March 2023.
- 3.5 This senior management structure review includes proposed changes to the pay structure for existing heads of service roles to be replaced with a proposed role of Assistant Director. Proposals are set out below for a new pay structure for assistant director level posts.
- 3.6 In order to compare senior management salary levels for the 2022 review, data has been obtained relating to the salary levels of chief executive, director, assistant director (where shown) and heads of service levels posts in a representative sample of 46 district and borough councils from the six English regions.
- 3.7 Cambridge and the Greater Cambridge area is a high cost of living and housing area. It is a difficult area to recruit and retain across the public sector and pay and location are factors in attracting to posts at this level. Comparing to the market median may no longer be an appropriate pay strategy.
- 3.8 Analysis of this data indicates Cambridge City Council should review the salary levels all senior posts. Comparisons and proposals are set out below for revised pay levels for these posts with changes to the minimum and maximum salary levels.
- 3.9 Proposals are also set out for the new assistant director level roles which will replace the existing head of service posts and would apply to appointments at assistant director.

Chief Executive salary comparisons and proposals

- 3.10 A comparison has been made using published data on maximum salary levels for district and borough council chief executive level posts based on 2022 pay levels prior the national settlement. At this time the maximum pay point on the chief executive pay scale was £135,592. All of the data is prior to the settlement of the 2022 pay award. Following the national settlement the maximum pay point is now £137,517.

The maximum salary for the chief executive pay band at Cambridge City was ranked 20 out of 46 and 14 of 22 when looking at comparators in the East of England region.

The table below shows the position of Cambridge in the ranking of the sample of 46 councils.



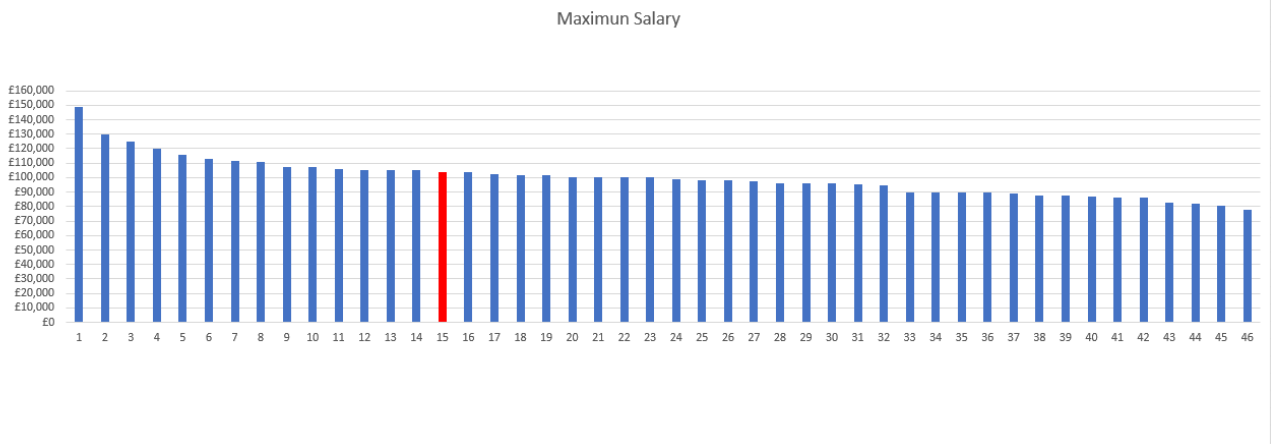
- 3.11 It is proposed to delete one point from the bottom of the pay band for the chief executive pay scale and add one new point to the top. This would increase the maximum of the chief executive pay scale to £142,617 (based on the updated 2022 national pay award salary level of £137,517), an increase of £5,100, 3.71% on this pay point. The current difference between pay points on this pay scale is approximately £5,100. This increase would take effect ahead of any national pay award in 2023.
- 3.12 This would put the maximum chief executive pay on par with the maximum for East Cambridgeshire, but lower than Huntingdonshire, Fenland, Oxford, and all Suffolk districts. It would put Cambridge approximately 14th out of the 46 councils sampled. It should be noted that the proposed increase is to the pay band, not the current pay of the chief executive.

Director salary comparisons and proposals

- 3.13 A comparison has been made using published data on maximum salary levels for district and borough council director level posts based on 2022 pay levels. At this time the maximum pay point on the director pay scale was £103,745. All of the data is prior to the settlement of the 2022 pay award. Following the national settlement the maximum pay point is now £105,670.

The maximum salary for the director pay band at Cambridge City was ranked 15 out of 46 and when looking at comparators in the East of England region was 9 of 22.

The table below shows the position of Cambridge in the ranking of 46 councils.



- 3.14 It is proposed to delete one point from the bottom of the pay band for the director pay scale and add one new point to the top. This would increase the maximum of the director pay scale to £109,334 (based on the updated 2022 national pay award salary level of £105,670), an increase of £3,664, 3.47% on this pay point. The current difference between pay points on this pay scale is approximately £3,664. This increase would take effect ahead of any national pay award in 2023. As a result, maximum director pay would likely increase in the ranking to around 11 out of 46 – the beginning of the upper quartile.
- 3.15 It should be noted that posts of director are currently subject to review under the senior management review and it is proposed to have three posts at this level. There are currently two. The costs of implementing the new senior management structure have been based on average salaries and are accounted for in the senior management review costing proposals.

Head of Service/Assistant Director salary comparisons and proposals

- 3.16 A comparison has been made using published data on maximum salary levels for district and borough council heads of service, and where

available assistant director level posts, based on 2022 pay levels. At this time the maximum pay point on the head of service pay scale was £79,326. All of the data is prior to the settlement of the 2022 pay award. Following the national settlement the maximum pay point is now £81,251.

The maximum salary for the head of service pay band at Cambridge City was ranked 20 out of 46 and when looking at comparators in the East of England region was 10 of 22. Over 80% of existing staff are at the top of the head of service pay band.

The table below shows the position of Cambridge in the ranking of 46 councils for head of service level posts.



- 3.17 It is proposed to delete two points from the bottom of the pay band for the head of service pay scale and to add four points to the top of the scale to create a new six-point scale. This would increase the maximum of the assistant director pay scale to £91,450 (based on the updated 2022 national pay award levels). The difference between pay points on the pay scale is approximately £2,500. This revised scale would take effect ahead of any national pay award in 2023 and would apply to new posts. As a result, the assistant director maximum would likely increase in the ranking to around 6 out of 46.
- 3.18 The pay band of assistant director will replace the current pay band of head of service. There are currently 13 posts on this grade. It should be noted that posts of head of service are currently subject to review under the senior management review. These proposals would reduce the number of posts in this new assistant director pay band from 13 to 7.
- 3.19 There will be two levels within the pay band, Level 1 and Level 2 with a BAR after the third point. Progression within Level 1 and Level 2 will be

subject to performance review. Appointment to Level 2 will be at the discretion of the Chief Executive and will be for Assistant Director roles which report directly to the Chief Executive and are part of the Council's appointed Leadership Team. There are proposed posts of Assistant Director which will report to a Director and are not part of the Council's appointed Leadership Team. The table below outlines the differences in these responsibilities.

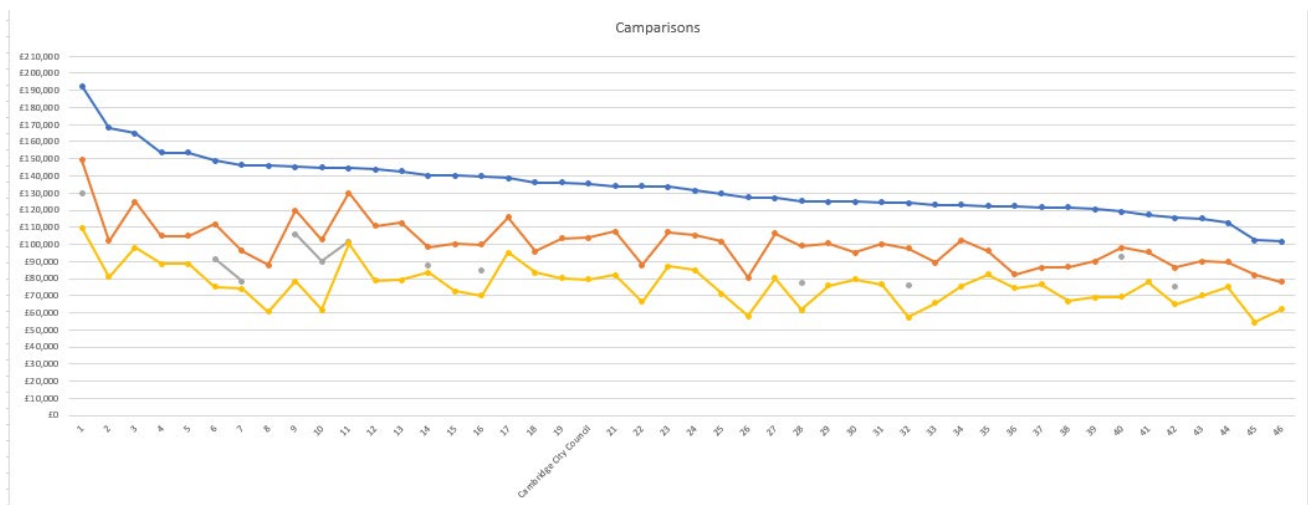
| Assistant Director (Level 2) | Assistant Director (Level 1) |
|--|---|
| Deputises for Chief Executive on relevant area / specifics | Deputises for Director and other corporate leaders as required to ensure directorate responsibilities are discharged |
| Member of Leadership Team | Invited to attend Leadership Team |
| Responsible for strategy, delivery, operational management and budget of more than two clusters of council business | Responsible for strategy, delivery, operational management and budget of one or two clusters of council business |
| Develop, influence and deliver corporate objectives and accountable for cross cutting work and driving corporate performance | Supports Director and other corporate leaders to develop and deliver corporate objectives, cross cutting work and corporate performance |
| Provides and delivers a clear vision and leadership for strategic clusters | Provides and delivers a clear vision and leadership for clusters of council business |
| Leads a cluster of services with over xxx staff or a budget of xxx | Leads a cluster of services with over xxx staff, and budget up to xxx |
| Provides professional guidance and knowledge on area of expertise (may require qualification) | |
| Line Manager for relevant operational / specific expertise functions | |
| Member liaison and support | |

3.20 The costs of implementing the new senior management structure have been based on average salaries and are accounted for in the senior management review costing proposals.

Overview of Pay Comparisons

3.21 The table below shows the pay comparison across the 46 districts and boroughs for maximum salaries for chief executive (top line), director (middle line) and head of service (bottom line) level posts. The spot salaries are where there is data for additional assistant director level roles.

The chart is organized by chief executive salary level and Cambridge City Council is marked at position 20.



4. 2022 Pay Review Proposals

- 4.1 The three year pay review has been undertaken for 2022 by the Head of Human Resources, using pay benchmarking data obtained from published pay information from 46 district and borough councils.
- 4.2 The current benchmarking of senior salaries suggests the pay levels for chief executive and director pay bands should be increased at the maximum salary level in line with our comparator authorities if we wish to remain competitive in the job market to both attract and retain people in a high cost of living area.
- 4.3 As a result of analysing the benchmarking pay comparison data it is recommended that there is an increase in minimum and maximum pay for the pay band for the posts of chief executive and director. It is proposed to do this by removing the bottom point of the four-point scale and adding a new point at the top, to retain the four-point scale and incremental progression based on performance review.
- 4.4 The proposals to have revised Assistant Director roles and delete current head of service level roles are set out the Chief Executive's Senior Management Review. The proposed pay points for the new six-point Assistant Director scale are shown below with a BAR to progression beyond the third point from level 1 to level 2. The new pay band structure would replace the current head of service grade for these new roles,

extended to set a salary to recruit and retain posts at the Assistant Director Level 1 and Level 2.

A table showing the proposals in relation to the current pay points is shown below:

| Post | Existing point | Point 1 | Point 2 | Point 3 | Point 4 | Point 5 | Point 6 |
|--|--------------------|--------------------|----------------------|---------------------------|---|---------------------------|---------------------------|
| Chief Executive | £122,172 Delete | £127,280 | £132,379 | £137,517 | £142,617 New | - | - |
| Director | £94,684 Delete | £98,348 | £102,006 | £105,670 | £109,334 New | - | - |
| Head of Service (Replace with new Band) | £73,931 Delete | £76,382 Delete | £78,798 See below | £81,251 See Below | - | - | - |
| Proposed Assistant Director (Level 1 and 2 with bar) | - | £78,798 Level 1 | £81,251 Level 1 | £83,689 New Level 1 | £86,200 New Progression subject to Bar Level 2 | £88,786 New Level 2 | £91,450 New Level 2 |

4.5 The proposed pay ranges would change from and to:

- Chief Executive – from £122,172 - £137,517 to **£127,280 - £142,617**.
- Director – from £94,684 - £105,670 to **£98,348 - £109,334**.
- Head of Service – from £73,931- £81,251 – deleted
- Assistant Director – from **£78,798 - £91,450** (Level 1 and Level 2, BAR at £86,200)

4.6 The next three year review of senior management pay is scheduled for 2025 but it is recommended this is kept under review following the full implementation of the proposed senior management structure.

5. Implications

a) Financial Implications

The Council has made budget provision in the Medium-Term Financial Strategy for 3.0% pay inflation in 2023/24.

Any costs associated with the changes to pay points for Assistant Director, Director and Chief Executive pay scales in 2023 will be met from the senior management review.

b) Staffing Implications

This report relates to the pay, terms and conditions of staff.

c) Equality and Poverty Implications

An equality impact assessment has not been undertaken for this report. Equality information by grade is reported annually to the Equalities Panel and is available on the Council's website.

An equality impact assessment has been undertaken for the Senior Management Review.

d) Net Zero Carbon, Climate Change and Environmental Implications

The proposals in this report have no climate change impact.

e) Procurement Implications

The Living Wage Policy as it relates to contractors is included in the Pay Policy Statement.

f) Community Safety Implications

This report relates to the pay, terms and conditions of staff and does not impact directly on community safety matters.

6. Consultation and communication considerations

6.1 The Chief Executive, Directors, Head of Legal Practice, Head of Finance, Payroll Manager and Democratic Services Manager have been consulted on this report and the attached draft Pay Policy Statement.

6.2 The Leader of the Council, Executive Councillor for Finance, Resources and Transformation, Group Leaders, Chief Executive and trade unions, Unison and GMB have been consulted or briefed on the outcomes of the senior pay review.

Senior Officers have been updated on this report and the senior pay review.

6.3 This pay policy statement once approved by Full Council will be published on the Council's website. The Pay Policy Statement will be updated following any agreed national pay award changes which affect the council's pay scales.

7. Background papers

Background papers used in the preparation of this report:

- Pay Policy Statement 2022/23
- City Council Pay scales
- Benchmarking data
- Senior Management Review – 10 November 2022

8. Appendices

Appendix 1- Pay Policy Statement 2023/24.

9. Inspection of papers

To inspect the background papers or if you have a query on the report please contact: Deborah Simpson, Head of Human Resources, tel: 01223 - 458101, email: deborah.simpson@cambridge.gov.uk.

Pay Policy Statement 2023/24

Scope

This pay policy statement covers the posts of the chief executive, directors and heads of service.

The Council is an accredited Real Living Wage Employer, and this statement incorporates the Council's policy on the Real Living Wage. This statement also incorporates the Cambridge Weighting which is paid as a pay supplement to bring the minimum council pay rate to £11.00 per hour with effect from 1 April 2023.

The Council has a number of apprenticeship opportunities and there is a statement relating to apprenticeships.

Salary

The salary scales for the chief executive, directors and heads of service, following the nationally agreed pay award with effect from 1 April 2022 are shown below.

Progression through the pay band (a four-point scale) is subject to a range of criteria that are currently assessed via the annual performance review.

| Post | Point 1 | Point 2 | Point 3 | Point 4 |
|-----------------|----------|----------|----------|----------|
| Chief Executive | £122,172 | £127,280 | £132,379 | £137,517 |
| Director | £94,684 | £98,348 | £102,006 | £105,670 |
| Head of Service | £73,931 | £76,382 | £78,798 | £81,251 |

Review of Salary levels

The Council has an agreement that senior officer pay scales will be reviewed every three years in line with the current market median level pay, this includes chief executive, director and heads of service salaries. The review looks at the relative pay position of the Council's pay bands when compared to other councils.

The last review was undertaken in 2019 and the outcome reported in the 2020 Pay Policy Statement. No changes to the pay bands were made at that time. The next three year review and a separate review of the senior management structure and associated salary levels, were scheduled for 2022. National pay awards have been applied during this time.

The Council is undertaking an ambitious transformation programme, Our Cambridge, which includes a review of the senior management structure. The Chief Executive will present final proposals to Strategy and Resources Scrutiny Committee on 30 January and Full Council on 2 March 2023.

This senior management structure review includes proposed changes to the pay structure for existing heads of service roles, to be replaced with proposed roles and a pay structure for Assistant Director posts.

The 2022 pay review includes proposals to change the pay bands and salary ranges for Chief Executive and Director posts.

The table below shows the proposed new pay band structure, subject to Council approval.

| Post | Existing Point | Point 1 | Point 2 | Point 3 | Point 4 | Point 5 | Point 6 |
|---|-----------------------|------------------------|------------------------|-------------------------------|---|-------------------------------|-------------------------------|
| Chief Executive | £122,172 Delete | £127,280 | £132,379 | £137,517 | £142,617 New | - | - |
| Director | £94,684 Delete | £98,348 | £102,006 | £105,670 | £109,334 New | - | - |
| Head of Service (Replace with new Band) | £73,931 Delete | £76,382 Delete | £78,798 See below | £81,251 See Below | - | - | - |
| Proposed Assistant Director (Level 1 and 2 with bar) | - | £78,798 Level 1 | £81,251 Level 1 | £83,689 New Level 1 | £86,200 New Progression subject to Bar Level 2 | £88,786 New Level 2 | £91,450 New Level 2 |

Pay Awards

Pay awards are nationally determined in accordance with the Joint Negotiating Committee (JNC) for Chief Executives and the Joint Negotiating Committee (JNC) for Chief Officers.

This pay policy has been updated to include the pay awards with effect from April 2022.

Pay points within the senior management grades are subject to any nationally agreed pay awards with effect from 1 April 2023 and would increase in line with any nationally agreed award.

Terms and Conditions of Employment

The terms and conditions of employment for the chief executive, directors and heads of service/assistant directors within the scope of this pay policy statement are determined in accordance with collective agreements, negotiated from time to time, by the JNC for Chief Executives and the JNC for Chief Officers, as set out in the Scheme of Conditions of Service. These are supplemented by local collective agreements reached with trade unions recognised by the Council and by the rules of the Council.

Remuneration on Recruitment

Recruitment to the posts of chief executive and director is undertaken by a committee of Councillors appointed by Council. In the case of the chief executive, the appointment is made by Full Council, following a recommendation from the Employment (Senior Officer) Committee. Recruitment to posts of director is subject to notification to Executive Councillors before a job offer can be made. The salary on recruitment will be within the salary range for these posts at that time.

Recruitment to posts of head of service/assistant director will be undertaken by the chief executive or a director. The salary on recruitment will be within the salary range for these posts at that time.

There are occasions when the salary determined by the grading for a post results in an inability to successfully recruit to or retain staff in particular posts or specific occupational areas due to fluctuations in the labour market supply. These recruitment and retention problems can affect ability to deliver services. In such cases it may be appropriate to pay a market supplement in addition to the salary where there is evidence to justify that market factors are the “material reason” for the post attracting a higher rate of pay than other posts graded similarly. Any additional market supplement will be made in accordance with the Market Pay Policy.

It is anticipated that the proposed changes to pay bands as a result of the 2022 pay review will bring the salary levels in line with current market salary levels.

There may be occasions when due to recruitment and retention difficulties within a specific service area or role, it may be more appropriate to use a recruitment and retention package approach than a market supplement. Such an approach offers a fixed lump sum payment for new appointments or to the staff in identified roles at a given date. The payment is tied to a defined retention period and must be repaid in full if the person leaves the employment of the Council within the designated period. The aim of this approach is to recruit new staff and retain existing staff where there is evidence of both types of difficulty and a market supplement approach is assessed as less effective.

Rules governing the recruitment of the chief executive, directors and heads of service are set out in the council's constitution in section; Part 4i, Officer Employment Procedure Rules.

Bonuses

There are no bonus arrangements payable to the chief executive, directors or heads of service/assistant directors.

Performance Related Pay

Performance and progression through the pay band is assessed annually in line with the Council's performance review schemes. The performance review for directors is undertaken by the Chief Executive and for the Chief Executive by the Leader.

In line with the proposed changes to the senior management structure, for heads of service/assistant directors the performance review will be undertaken by the line manager, whether the chief executive or relevant director.

There is no performance related pay scheme outside of the performance review scheme, which determines the salary point of an officer, within the salary scale set out above.

Salaries over £100,000

The posts of chief executive and director have salary ranges which include pay points of over £100,000.

Publication of salary data

Salary data for the chief executive, directors and heads of service/assistant director is published on the council's website, in Open Data, Transparency in local government, senior salaries.

This pay policy statement once approved by Full Council will be published on the Councils website.

Expenses

The expenses which may be payable to the chief executive, a director or head of service/assistant director include:

- car/bicycle/motorcycle allowances at HMRC rates
- re-imbusement of travel and subsistence
- one professional subscription per annum
- payments under the eye-sight tests scheme
- relocation assistance in accordance with the Relocation Scheme

Severance Payments

Severance payments are made in accordance with the council's employment policies and are the same for all staff.

Employees with more than two years' service will be entitled to redundancy pay in line with local government guidelines and statutory provisions.

Redundant employees may receive the following elements in their final pay:

- Normal pay up to the agreed leaving date
- Where applicable, payment in lieu of outstanding notice
- Severance payment (where entitled).

Under the council's redundancy scheme a weeks pay will be calculated on the basis of actual weekly pay. Cambridge City Council will not apply the statutory weeks pay definition.

Once an employee is in receipt of early payment of pension benefits, if their total pay and pension benefits together (if reemployed by another employer covered by the Local Government Modification order) exceeds their salary as at the leaving date, the difference may be claimed back from pension payments.

An employee will lose their entitlement to redundancy pay if they take up a post with another body covered by the Redundancy Payments (Local Government) (Modification) (Amendment) Orders within 4 weeks of the

date of the redundancy and the offer of the new job has been made before the end of the original contract.

Any proposals with a salary or severance package with a total value over £100k will be reported by the Employment (Senior Officer) Committee to Full Council for decision.

The chief executive, monitoring officer and chief finance officer can only be dismissed by the Full Council. All other directors and heads of service can only be dismissed in accordance with the Councils constitution, Part 4i, Officer Employment Procedure Rules.

Pension and Pension Enhancements

The employees within the scope of this pay policy are entitled to and receive pension contributions under the Local Government Pension Scheme (LGPS). This is a contributory scheme and they currently contribute between 9.9% and 11.4% of their pensionable pay to the scheme.

The employer contribution rate is currently 17.6% i.e., the council contributes 17.6% of pensionable pay to the pension of a member of staff within the pension scheme. The rate of 17.6% is the same for all staff. The rate is reviewed every 3 years following a valuation of the fund by the appointed actuaries.

The Council's discretions on enhancement of pension are set out in the Pensions Discretion Statement 2022. This policy was approved by the Civic Affairs Committee on 21 September 2022. The policy is reviewed every 3 years and/or in line with changes to the Local Government Pension Scheme (LGPS) as advised by the Local Government Pensions Committee (LGPC) and the Administering Authority (Cambridgeshire County Council).

The next review of the Pensions Discretion Statement is scheduled to take place in 2025.

Pay Ratios, Real Living Wage, Cambridge Weighting and Apprenticeships

Set out below are the Council's pay arrangements with regard to the Real Living Wage, the Cambridge Weighting, apprenticeships, and the highest paid council staff.

The table below shows a number of pay ratios.

The Council does not have a policy on maintaining or reaching a specific pay ratio between the lowest and highest paid staff.

- **Apprentices**

The Council has engaged a number of apprentices in apprenticeship roles where these roles provide development opportunities and do not replace existing posts. They are outside of the Real Living Wage and Cambridge Weighting policies and where we pay apprentices in line with the National Living Wage/Minimum Wage Rates in their first year of apprenticeship.

The current lowest rate for an apprentice is £9.45 and this pay rate has been used in the ratios.

The Council also offer apprenticeships to current employees who are paid in accordance with their existing pay arrangements during the apprenticeship.

- **Lowest paid staff**

The lowest paid staff within the Council's pay structure are on Band 1. We have chosen staff employed on Band 1 as our definition of the 'lowest paid' for the purposes of this policy. The lowest pay point is £20,441 (£10.60 per hour) (April 2022).

Cambridge City Council is an accredited Real Living Wage employer and also pays a Cambridge Weighting supplement. This means that the minimum pay level for staff is £10.90 per hour, equivalent to £21,028.

The terms and conditions of employment for Band 1 staff are in accordance with collective agreements, negotiated from time to time, by the National Joint Council for Local Government Services, as set out in the Scheme of Conditions of Service (commonly known as the Green Book). These are supplemented by local collective agreements reached with trade unions recognised by the Council and by the rules of the Council.

Pay policies which apply to Band 1 employees include:

- car/bicycle/motorcycle mileage at HMRC rates
- re-imbusement for travel and subsistence
- overtime/enhanced rates
- standby and callout arrangements
- one professional subscription per annum
- payments under the eye-sight tests scheme

- Travel scheme (where applicable)

- **Median average of employees**

The median average salary is £35,411 (December 2022).

- **Real Living Wage**

The Council is accredited with the Living Wage Foundation which means it has adopted a Real Living Wage policy for staff, agency workers and contractors engaged through the Council's Procurement processes.

The implementation date for Real Living Wage increase is usually November for staff engaged on city council terms and conditions of employment, following the annual announcement. With effect from October 2022 the Real Living Wage has increased to £10.90 per hour.

The Council will pay the Real Living Wage rate for staff engaged on city council pay rates by way of a supplement to pay rates.

The Council will pay the minimum of the relevant Real Living Wage rate to agency workers after 4 weeks of their engagement with the City Council.

The Council will require contractors engaged through the Council's procurement processes to pay at least the Real Living Wage to all their staff who work on the Council's premises (or land maintained by the Council) for two or more hours on any day of the week for eight or more consecutive weeks. The only contracts that will be excluded from the requirement to pay the Real Living Wage are:

- contracts where it would be unlawful to require the payment of the Real Living Wage
- contracts where, following evaluation, it is considered inappropriate to impose the requirement.

- **Cambridge Weighting**

The Council pays a Cambridge Weighting to employees on city council terms and conditions of employment and related agency workers earning less than the approved rate per hour. The weighting is paid in addition to salary, the Real Living Wage supplement, to bring the hourly rate to an equivalent of £10.00 per hour (£19,294) and with effect from 1 April 2023 £11.00 per hour (£21,222). For agency workers the weighting applies in addition to current hourly rates and the Real Living Wage arrangements. The weighting is

variable, depending upon the current hourly rate and the Real Living Wage supplement payable at that time.

- **Chief Executive**

The highest paid officer of the council is the chief executive. The highest pay point on this scale is currently £137,517 (April 2022).

- **Pay Ratios**

| | Annual Salary | Ratio to Chief Executive salary/Highest pay point | Explanation |
|---|----------------------|--|---|
| Apprentice rate of £9.45 | £18,238 | 1:7.54 | Chief Executive pay scale highest pay point and lowest apprenticeship rate |
| Real Living Wage Rate of £10.90 (October 2022) | £21,028 | 1:6.54 | Chief Executive pay scale highest pay point and real Living Wage rate of £10.90 |
| Lowest council pay scale point (£10.60) | £20,441 | 1:6.73 | Chief Executive pay scale highest pay point and lowest council pay scale point |
| Cambridge Weighting – minimum £10.00 and £11.00* | £19,294 £21,222* | 1:7.13 1:6.48* | Chief Executive pay scale highest pay point and £10.00 hour/£11.00* Cambridge Weighting |
| Median Average salary | £35,411 | 1:3.88 | Chief Executive pay scale highest pay point and current median average salary |
| Chief Executive Highest pay point | £137,517 | - | Chief Executive’s pay band highest pay point |

- Increasing to £11.00 with effect from 1 April 2023.

Election Fees

The Returning Officer is the person who has the overall responsibility for the conduct of elections. The Returning Officer is an officer of the Council who is appointed under the Representation of the People Act 1983. Although appointed by the Council the role of the Returning Officer is one of a personal nature and distinct and separate from their duties as an employee of the Council. Elections fees are paid for these additional duties and they are paid separately to salary.

The role of Chief Executive is the council's Returning Officer.

The fees for Parliamentary, Police & Crime Commissioner, Euro Elections and national referenda are set by the Government. The fees for County Council elections are set by the County Council. The fees for the Combined Authority Mayoral election are set by the Combined Authority. The fees for Parliamentary and European Elections are pensionable.

Fees for district elections are set locally (mindful of neighbour district council fees) and were last set by the Civic Affairs Committee in April 2010 as £373 per contested ward and £55 per uncontested ward. Fees for district elections are pensionable.

These fees will be reviewed taking into account information from Government which is currently in the process of reviewing fees at the national level.

Other officers, including senior officers within the scope of this policy, may receive additional payment for specific election duties.

Tax Avoidance and IR35

The Council takes tax avoidance seriously and will seek to appoint individuals to vacant positions using the recruitment procedures on the basis of contracts of employment and apply direct tax and National Insurance deductions from pay through the operation of PAYE.

Where consultants are recruited the Council will seek to avoid contractual arrangements which could be perceived as being primarily designed to reduce significantly the rate of tax paid by that person, such as paying the individual through a company effectively, controlled by him or her.

These principles will be embedded in contract clauses and guidance for managers when employing consultants.

In addition workers employed directly by the Council will be assessed to establish whether they fall within scope of the IR35 legislation using the HMRC employment status tool. Workers that fall within scope will have Income Tax and National Insurance contributions deducted and paid over to HMRC.

The Council will continue to advice employment agencies for each role, whether the role has been assessed to be within scope of IR35, or not.

Re-engagement of ex City Council staff within the scope of this policy

All permanent or fixed term posts are advertised in accordance with the council's recruitment policies and appointment is made on merit.

Interim management appointments are made in accordance with the council's procurement policies and the provisions for contract for services.

The council will not engage an ex-city council member of staff within the scope of this policy outside of these arrangements.

February 2022



EXTERNAL AUDITOR'S ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2022

To:

Civic Affairs Committee 08/02/2023

Report by:

Neil Krajewski, Deputy Head of Finance

Tel: 01223 - 458130 Email: neil.krajewski@cambridge.gov.uk

Wards affected:

All

1. Introduction

- 1.1 The attached Auditor's Annual Report from EY (Appendix 1) summarises the key issues arising from the external audit of the 2021-22 Statement of Accounts.
- 1.2 The Local Audit and Accountability Act 2014 requires the Auditor's Annual Report to be considered by a committee of the Council. For this Council, the relevant committee is the Civic Affairs Committee.

2. Recommendations

- 2.1 To note the contents of the Auditor's Annual Report for the year ended 31 March 2022.

3. Background

- 3.1 The Committee received EY's Audit Results Report at its meeting on 3 November 2022. At the time of issuing the report, there were a number of areas of outstanding audit work to complete before the Statement of Accounts could be signed off. Authority was therefore delegated to the Chair, in consultation with the Opposition Spokes, to approve any further amendments to the Statement of Accounts (provided that these did not have a material impact on the Council's usable reserves or result in any changes to the auditor's opinion).

- 3.2 Audit work was completed following the meeting and the Statement of Accounts 2021/22 was authorised for issue by the Head of Finance and Chair of the Civic Affairs Committee on 30 November 2022. The audit opinion, which was unqualified, was issued on the same date.
- 3.3 The audited Statement of Accounts was published on the Council's website on 30 November 2022, in line with the statutory deadline. The Council was amongst only 12% of local authorities to publish their Statement of Accounts on time this year.
- 3.4 The requirement for the external auditors to produce an Annual Report is set out in the Code of Audit Practice issued by the National Audit Office. The 2021/22 report is attached at Appendix 1, and a representative from EY will be present at the meeting to answer any questions.
- 3.5 Page 16 of the annual report explains that the final audit fee for 2021/22 has not yet been confirmed and will be discussed with officers in due course. Any additional fee to be charged will need to be agreed by PSAA Ltd, in their role as appointing body. The report does now confirm the final audit fee in respect of 2020/21, for which the PSAA determination process has been completed.

4. Implications

a) Financial Implications

See paragraph 3.5.

b) Staffing Implications

None.

c) Equality and Poverty Implications

None.

d) Net Zero Carbon, Climate Change and Environmental Implications

None.

e) Procurement Implications

None.

f) Community Safety Implications

None.

5. Consultation and communication considerations

The Auditor's Annual Report has been published on the Council's website as required by legislation.

6. Background papers

No background papers were used in the preparation of this report.

7. Appendices

Appendix 1 – Auditor’s Annual Report 2021-22

8. Inspection of papers

To inspect the background papers or if you have a query on the report please contact Neil Krajewski, Deputy Head of Finance, tel: 01223 - 458130, email: neil.krajewski@cambridge.gov.uk.

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Cambridge City Council
Auditor's Annual Report

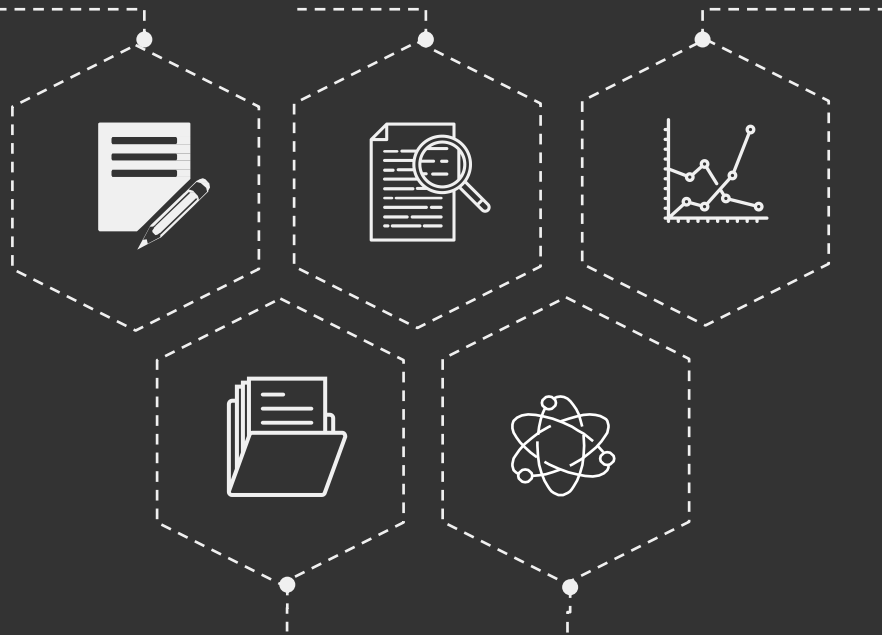
Year ended 31 March 2022

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Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated July 2021)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Civic Affairs Committee and management of Cambridge City Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to Civic Affairs Committee and management of Cambridge City Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than Civic Affairs Committee and management of Cambridge City Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



Introduction

Purpose

The purpose of the auditor's annual report is to bring together all of the auditor's work over the year. A core element of the report is the commentary on value for money (VFM) arrangements, which aims to draw to the attention of the Council, or the wider public, relevant issues, recommendations arising from the audit and follow-up of recommendations issued previously, along with the auditor's view as to whether they have been implemented satisfactorily.

Responsibilities of the appointed auditor

We have undertaken our 2021/22 audit work in accordance with the Audit Plan that we issued on 22 June 2022. We have complied with the National Audit Office's (NAO) 2020 Code of Audit Practice, other guidance issued by the NAO and International Standards on Auditing (UK).

As auditors we are responsible for:

Expressing an opinion on:

- The 2021/22 financial statements;

Conclusions relating to going concern; and

The consistency of other information published with the financial statements, including the narrative statement.

Reporting by exception:

- If the governance statement does not comply with relevant guidance or is not consistent with our understanding of the Council;
- If we identify a significant weakness in the Council's arrangements in place to secure economy, efficiency and effectiveness in its use of resources; and
- Any significant matters that are in the public interest.

Responsibilities of the Council

The Council is responsible for preparing and publishing its financial statements, narrative statement and annual governance statement. It is also responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.



Introduction (continued)

2012/22 Conclusions

| | |
|--|---|
| Financial statements | Unqualified - the financial statements give a true and fair view of the financial position of the Council as at 31 March 2022 and of its expenditure and income for the year then ended. We issued our auditor's report on 30 November 2022. |
| Going concern | We have concluded that the Head of Finance and Section 151 Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. |
| Consistency of the other information published with the financial statement | Financial information in the narrative statement and published with the financial statements was consistent with the audited accounts. |
| Value for money (VFM) | We had no matters to report by exception on the Council's VFM arrangements. We have included our VFM commentary in Section 03 and Appendix A. |
| Consistency of the annual governance statement | We were satisfied that the annual governance statement was consistent with our understanding of the Council. |
| Public interest report and other auditor powers | We had no reason to use our auditor powers. |
| Whole of government accounts | We have not yet performed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts consolidation pack submission. The guidance for 2021/22 is yet to be issued. We will liaise with the Council to complete this work if and when required. |
| Certificate | We have not yet issued our certificate for 2021/22 as we have not yet performed the procedures required by the National Audit Office on the Whole of Government Accounts submission. The guidance for 2021/22 is delayed and has not yet been issued. |



Audit of the financial statements

Key findings

The Narrative Statement and Accounts is an important tool for the Council to show how it has used public money and how it can demonstrate its financial management and financial health.

On 30 November 2022, we issued an unqualified opinion on the financial statements. We reported our interim detailed findings to the Civic Affairs Committee on the 3 November 2022 and issued a final Audit Results Report on the 28 November 2022. We outline below the key issues identified as part of our audit, reported against the significant risks and other areas of audit focus we included in our Audit Plan. We did not report any internal control recommendations or areas for improvement in the control environment in the Audit Results Report.

Significant risk

Conclusion

Risk of fraud in revenue and expenditure recognition

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. In the public sector, this requirement is modified by Practice Note 10 issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

We had no matters to report.

PARSONS
Misstatements due to fraud or error
inappropriate capitalisation of
revenue expenditure including
Revenue Expenditure Funded from
Capital Under Statute
(REFCUS)

On every audit engagement, we expect at least one of the identified significant risks to have an element of management override. Where this element has been identified, we must be specific about the risk (management bias, management optimism, etc.) and ensure we design our procedures to address this risk.

Our work did not identify any material weaknesses in the design of controls or evidence of material misstatements, whether due to fraud or error, related to the inappropriate capitalisation of revenue expenditure. Our work did not identify any instances of inappropriate judgements being applied. Our work did not identify any other transactions during our audit which appeared unusual or outside the Council's normal course of business.

Valuation of Investment
Properties

The Council's Investment Property portfolio is a material balance (£161 million at 31 March 2022) disclosed on the Council's balance sheet. There is a significant level of judgement around assumptions within these valuations, especially where these assumptions rely on market data or income based measures, given difficulties in estimating future income.

In 2021/22, the Council have engaged with a new valuation specialist, Bruton Knowles, to undertake the valuation of Investment Properties. As a result there is an increased risk that the valuer may not have sufficient knowledge of the specifics of the Council's asset base in order to reach a reasonable estimate for the valuation of the asset portfolio.

Our work did not identify any issues with the valuation of Investment Properties.



Audit of the financial statements

Key findings

| Significant risk | Conclusion |
|---------------------------------------|--|
| Valuation of Other Land and Buildings | <p>The Council's Other Land and Buildings portfolio is a material balance (£146 million at 31 March 2022) disclosed on the Council's balance sheet. In addition, the Council holds other assets valued using market information. In 2021/22, the Council have engaged with a new valuation specialist, Bruton Knowles, to undertake the valuation of Other Land and Buildings. As a result there was an increased risk that the valuer may not have sufficient knowledge of the specifics of the Council's asset base in order to reach a reasonable estimate for the valuation of the asset portfolio.</p> <p>We identified an adjustment of £1.454 million to Public Convenience assets as a result of our procedures which was reflected within the authorised financial statements. We had no other matters to report.</p> |
| Change in Payroll System | <p>The Council implemented a new payroll system during the financial year. No issues were identified in respect of the new payroll system.</p> |
| Accounting for Infrastructure Assets | <p>Some local authorities are not writing out the gross cost and accumulated depreciation on infrastructure assets when a major part/component has been replaced or decommissioned as required by the CIPFA Code of Audit Practice.</p> <p>As a result of our procedures Management adjusted for the de-recognition of a historic balance on Infrastructure Assets of £1.192 million, which were partly-depreciated but for which the Council do not hold sufficient accounting records over to be able to identify and demonstrate the continued existence of the underlying assets.</p> <p>The Council were able to evidence compliance with the CIPFA Code of Audit Practice requirements in respect of Infrastructure Assets, subject to the above amendment having been made to the revised financial statements.</p> |

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We did not identify any risks of significant weaknesses in the Council's VFM arrangements for 2021/22.

Page 73
Our VFM commentary highlights relevant issues for the Council and the wider public.

We have no matters to report by exception in the audit report.

Scope

We are required to report on whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. We have complied with the guidance issued to auditors in respect of their work on value for money arrangements (VFM) in the 2020 Code of Audit Practice (2020 Code) and Auditor Guidance Note 3 (AGN 03). We presented our VFM risk assessment to the Civic Affairs Committee meeting on the 3 November 2022, which was based on a combination of our cumulative audit knowledge and experience, our review of Council committee reports, meetings with the relevant finance officers and evaluation of associated documentation through our regular engagement with Council management and the finance team.

Reporting

We completed our risk assessment procedures in October 2022 and did not identify any significant weaknesses in the Council's VFM arrangements. We have also not identified any significant risks during the course of our audit. As a result, we had no matters to report by exception in the audit report on the financial statements.

Our commentary for 2021/22 is set out over pages 8 to 9. The commentary on these pages summarises our conclusions over the arrangements at the Council in relation to our reporting criteria (see below) throughout 2021/22. Appendix A includes the detailed arrangements and processes underpinning the reporting criteria. These were reported in our 2020/21 Annual Auditors Report and have been updated for 2021/22.

In accordance with the NAO's 2020 Code, we are required to report a commentary against three specified reporting criteria:

| Reporting criteria | Risks of significant weaknesses in arrangements identified? | Actual significant weaknesses in arrangements identified? |
|--|---|---|
| Financial sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services | No significant risks identified | No significant weaknesses identified |
| Governance: How the Council ensures that it makes informed decisions and properly manages its risks | No significant risks identified | No significant weaknesses identified |
| Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services | No significant risks identified | No significant weaknesses identified |



Value for Money (continued)

Financial Sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services

During 2021/22 the Council have continued to manage the impact of Covid on finances, as well as additional challenges towards the end of the financial year such as the war on Ukraine and supporting the arrival of refugee guests impacted by the conflict, and the cost-of-living crisis linked to inflation. The direct financial impact of the pandemic has lessened from previous years, as the immediate business response to Covid has slowed, however the Council have still felt financial pressures as a result of lower activity at live events & car parking income.

The final outturn on the General Fund for the year was a surplus of £8.9 million, compared to the budgeted deficit of £5.4 million. This predominantly related to costs that were budgeted for but which ultimately were not incurred, or additional income receipts from central government. There was a net underspend on services of £3.5 million, which is spread across a number of individual services as set out in the table above. This was caused by a variety of reasons, including difficulty recruiting staff to vacant posts, and higher than budgeted interest income from investments with joint ventures (due to higher than anticipated borrowing requirements). A further £2.1 million of planned General Fund costs were underspent due to slippages or delays in the Capital Programme, and these costs will therefore carry forward into future financial years budgets.

During the year, the Council have continued to revisit and monitor financial plans to ensure they have sufficient resources to deliver services. The Council recognise the challenges ahead in meeting their identified base savings requirements of £7.499 million over the 5 year period to 2026/27 and produce relevant models for assessing the gaps as part of their Medium Term Financial Strategy. This scenario assessment has a downside savings requirement of £9.660 million over the same period.

At the 31 March 2022, the Council held a General Fund Reserve balance of £25.5 million and had further Earmarked General Fund reserves of £23.4 million, which provides a strong level of resources if future savings are not identified or achieved in each of the 5 financial years of the Medium Term Financial Strategy, to allow the Council to continue to deliver services.

The Council should continue its scenario assessment of the savings requirement and continue to identify relevant schemes to achieve the annual savings requirements to minimise the use of reserves where possible.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2021/22 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.



Value for Money (continued)

Governance: How the Council ensures that it makes informed decisions and properly manages its risks

The Council have continued to manage governance considerations in response to the pandemic, including in partnership working and joint delivery of services with other local authorities. The Council reviewed the Budget Setting Report in February 2021, with the Medium Term Financial Strategy updated during the year. Both documents were taken to the Strategy and Resources Scrutiny Committee before final approval at Full Council, which ensures that all Members are kept well informed of the process.

The Council's Annual Governance Statement sets out the core governance arrangements for the year, including an Action Plan, which demonstrates how the Council's Code of Governance reflects the seven principles of good governance. The Head of Internal Audit concluded that for the 2021/22 financial year, reasonable assurance may be awarded over the adequacy and effectiveness of the Council's overall internal control environment.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2021/22 to enable it to make informed decisions and properly manage its risks.

Improving economy, efficiency and effectiveness: How the Council uses information about its costs and performance to improve the way it manages and delivers its services

During the year the Council have launched the 'Our Cambridge' transformation program, which aims to deliver a more efficient approach to customer focused service delivery.

The 'Corporate Plan' for 2022 to 2027 has also been introduced in the year, which sets four key priorities in respect of climate, poverty, housing, and equality.

Performance reporting is maintained against these key criteria, with regular reporting on performance and finances taken to the relevant Scrutiny committees throughout the year to continuously monitor performance. The Council also produced a separate Annual Report which shows progress against the Corporate Plan and publishes an accompanying series of Key Performance Indicators linked to this. This performance information is available to the public, but also allows for key information to be considered as part of decision making on service delivery.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2021/22 to enable it to use information about its costs and performance to improve the way it manages and delivers services.

Appendices

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Appendix A - Summary of arrangements

Financial Sustainability

Reporting Sub-Criteria

Findings

How the body ensures that it identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds these into them

The Council produce the Budget Setting Report in February prior to the start of the financial year. The Medium Term Financial Strategy is then updated during the year. Senior Leadership and the Executive are involved throughout the Budget setting process, ensuring that priorities are considered and relevant financial pressures taken into account. The Medium Term Financial Strategy and Budget are taken to Strategy and Resources Scrutiny Committee before approval at Full Council.

How the body plans to bridge its funding gaps and identifies achievable savings

The five-year funding gap is re-assessed each year through the Medium Term Financial Strategy, subject to uncertainties such as the Local Government finance settlement, with sensitivity analysis performed as part of this process. In previous years the Council has undertaken a series of service reviews to achieve the required level of savings and provide the necessary headroom to fund it's priorities. Due to the potential for further significant savings to be required in response to the as yet unknown timing and impacts of the Fair Funding Review and the Review of Business Rates, the Council has embarked on a Transformation and Recovery Programme aimed at re-designing services, whilst also acknowledging the impacts of Covid-19 on service user requirements.

The Medium Term Financial Strategy considers a worst case scenario for savings requirements. Based on the latest updates to the Medium Term Financial Strategy in October 2021, the Council was looking to utilise £0.8 million of reserves in 2021/22 to achieve a balanced budget. The final outturn position was an increase of £9.0 million of the General Fund reserves.

How the body plans finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

The budget setting process allows for the consideration of budget changes service by service, based on how the changes support the Council's priorities and impact service delivery. Each budget proposal is supported by narrative which explains the context of the proposal and its impact. Capital proposals are supported by a summary business case. The Council have identified additional pressures in 2021/22 in respect of Covid-19, which amounted to £1.5 million in the Medium Term Financial Strategy. The Council have taken mitigating actions to reduce the pressure, including the delay of capital projects. The Council are conscious that there will be an element of unavoidable spending and build headroom in the savings requirements to take account of this fact.

How the body ensures that its financial plan is consistent with other plans such as workforce, capital, investment, and other operational planning which may include working with other local public bodies as part of a wider system

The Council have a number of joint arrangements in place with other local councils to achieve effectiveness and efficiency of service delivery. Finances are planned through the Medium Term Financial Strategy and budget setting processes. The Council's Corporate Plan is presented and approved alongside the budget, the Treasury Management Strategy and the Capital Strategy in February each year. This sets out the wider objectives of the Council in respect of service delivery.

Appendix A - Summary of arrangements

Financial Sustainability

Reporting Sub-Criteria

How the body identifies and manages risks to financial resilience, e.g. unplanned changes in demand, including challenge of the assumptions underlying its plans

Findings

Budget holders and Heads of Service are responsible for delivering services within allocated budgets, and Heads of Service review financial and performance monitoring reports. Throughout the year, the Senior Leadership Team receive financial reports which identify and explain significant forecast outturn variances and summarise the impact on the overall financial position. Where concerns are identified these are actioned to ensure that the final outturn is consistent with the financial sustainability plans set out in the Medium Term Financial Strategy (October 2021). The Medium Term Financial Strategy sets out risks and uncertainties that could impact the Council's financial position.

Appendix A - Summary of arrangements (continued)

Governance

Reporting Sub-Criteria

Findings

How the body monitors and assesses risk and how the body gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud

The Council maintains risk registers covering corporate, service, shared service and project risks. These are reviewed by Senior Management, the Shared Services Board and programme and project boards as appropriate. Internal Audit undertakes a programme of annual risk-based reviews and provides assurance to the Civic Affairs Committee. The Civic Affairs Committee also receives an Annual Report on the anti-fraud work of Internal Audit and the fraud team within the Revenues and Benefits Service.

How the body approaches and carries out its annual budget setting process

The Council produce the Budget Setting Report in February prior to the start of the financial year. The Medium Term Financial Strategy is then updated during the year. Senior Leadership and the Executive are involved throughout the Budget setting process, ensuring that priorities are considered and relevant financial pressures taken into account. The Medium Term Financial Strategy and Budget are taken to Strategy and Resources Scrutiny Committee before approval at Full Council.

How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed

The Council operates a modern, cloud-based financial management system. This enables budget holders to review their budgets on screen and regularly update their forecast spend. Budget holders are supported and challenged in this by Service Accountants. Internal Audit review aspects of the system of financial control on a rolling basis and report their findings to the Civic Affairs Committee as part of their annual Internal Audit reporting programme.

How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee

Decision making processes and delegations are set out within the Council's Constitution and Financial Regulations for all Committees, together with the decision making processes that are delegated to Council Officers. Where formal decisions are required they are pre-scrutinised by the appropriate Scrutiny Committee in advance of presentation to Full Council. This ensures that the necessary information is provided and that recommendations can be challenged before decisions are made.

How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)

The Council maintains appropriate Registers of Gifts and Hospitality, and guidance is provided on the Council's intranet. Any matters, for example from whistle-blowing processes or complaints, are investigated in accordance with agreed processes and/or referred to Internal Audit or the Monitoring Officer, as appropriate. Councillors are required to complete and update the Council's Registers of Interest which are available on the Council's public website.

Appendix A - Summary of arrangements (continued)

Improving economy, efficiency and effectiveness

| Reporting Sub-Criteria | Findings |
|--|---|
| How financial and performance information has been used to assess performance to identify areas for improvement | Regular reporting of performance and financial information is undertaken. As part of this, the Council consider the delivery of services and the Council priorities and previous performance. The Council, Executive & Scrutiny Committees receive a variety of performance and financial based reports throughout the year to continuously monitor performance. The Annual Report and Annual Governance Statement set out the review of performance for the year. |
| How the body evaluates the services it provides to assess performance and identify areas for improvement | The Corporate Plan sets out key performance indicators for the Council's objectives, and provision of services are assessed against these objectives. The nature of monitoring therefore is dependent on the nature of the service provided and the key performance indicators monitored. The Narrative Report sets out a review of achievements against the Corporate Plan. |
| <p>P as o o o</p> How the body ensures it delivers its role within significant partnerships, engages with stakeholders it has identified, monitors performance against expectations, and ensures action is taken where necessary to improve | The Council ensures that it is represented on partnership bodies by relevant senior managers or members, as required. Regular reports are brought to the relevant Scrutiny Committee for review, for example on shared services and work with the Combined Authority. Other key partnerships include the Greater Cambridge Partnership, where the Council have a nominated member who sits on the Executive Board for key decision making at the partnership. |
| How the body ensures that commissioning and procuring services is done in accordance with relevant legislation, professional standards and internal policies, and how the body assesses whether it is realising the expected benefits | The Council has a procurement team which provides advice and support to officers undertaking procurement activities. The team also maintain procurement guidance and templates, the contract register and a separate procurement system. Internal Audit also review procurement as part of their Internal Audit programme of work. In accordance with the Constitution, significant procurements must be approved by the Executive Councillor following scrutiny at the relevant committee. The Monitoring Officer has overall responsibility for ensuring the Council complies with relevant laws and regulations. |

Appendix B - Fees

Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Council, and its members and senior management and its affiliates, including all services provided by us and our network to the Council, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 1 April 2022 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by Ernst & Young

The next page includes a summary of the fees that you have paid to us in the year ended 31 March 2022 in line with the disclosures set out in FRC Ethical Standard and in statute. Full details of the services that we have provided are shown below. We highlight in the table below the most significant services that may be reasonably considered to bear upon our integrity, objectivity and independence.

| Description of service | Related independence threat | Safeguards adopted and reasons considered to be effective |
|--|--|---|
| Housing Benefit Claim Certification - Agreed upon Procedures on behalf of the Department for Work & Pensions (DWP) | <p>The Housing Benefit Claim contains the amounts the Council paid out to claimants and the amount it received from the DWP in terms of subsidy. These amounts are shown within the Council's financial statements.</p> <p>There is no perceived threat as we audited the Council's financial statements in advance of the claim certification procedures and gained sufficient audit evidence for audit opinion purposes.</p> | None required |

As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

We confirm we have not undertaken any non-audit work except for the stated Agreed Upon Procedures in relation to the Housing Benefit grant certification.

Appendix B - Fees

Relationships, services and related threats and safeguards

Audit Fees

Our fee for 2021/22 is in line with the audit fee reported in our Final Audit Results Report dated 28 November 2022.

| Description | Final Fee 2021/22 £'s | Scale Fee 2021/22 £'s | Final Fee 2020/21 £'s |
|---|--------------------------|--------------------------|--------------------------|
| Initial Scale Fee - Code work | 40,024 | 40,024 | 40,024 |
| Fee Variation | TBC (Note 2) | - | 52,422 (Note 1) |
| Revised Scale Fee | TBC | 40,024 | 92,446 |
| Agreed Upon Procedures - Housing Benefit Subsidy (Certification Assurance Work) | 16,800 (Note 3) | - | 13,800 |

Note 1 - PSAA Ltd determined the 2020/21 Fee Variation on 4 January 2023.

Note 2 - For 2021/22, we have re-assessed the scale fee again to take into account the same recurring risk factors as in 2019/20 and 2020/21, which includes procedures performed to address the risk profile of the Council and additional work to address increase in Regulatory standards and the financial reporting impact of Covid-19, as we set out in our Audit Results Report. The additional fee for 2021/22 is yet to be fully discussed with management and then remains subject to determination by PSAA Ltd.

Note 3 - This is the planned fee for the certification work, based on the error level found in the 2020/21 agreed upon procedures.

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ED None

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STATEMENT OF ACCOUNTS 2022-23 – ACCOUNTING POLICIES AND SIGNIFICANT AREAS OF JUDGEMENT

To:

Civic Affairs Committee 08/02/2022

Report by:

Neil Krajewski, Deputy Head of Finance

Tel: 01223 - 458130 Email: neil.krajewski@cambridge.gov.uk

Wards affected:

All

1. Introduction

- 1.1 The Council is required to produce a Statement of Accounts on an annual basis in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom ('the Code'). This report sets out the significant areas of accounting judgement and sources of estimation uncertainty which are likely to arise in relation to the 2022-23 accounts.
- 1.2 There are no significant changes to accounting policy proposed this year. Furthermore, section 6 briefly sets out accounting policy changes relating to future years.

2. Recommendations

- 2.1 To note that there are no significant changes to accounting policies anticipated for the 2022-23 Statement of Accounts.
- 2.2 To note and approve the proposed critical judgements and major sources of estimation uncertainty in respect of the 2022-23 Statement of Accounts.
- 2.3 To note the progress made in streamlining the 2021-22 accounts and to request further feedback from Civic Affairs Committee members on the

current format of the Statement of Accounts, and suggestions for improvement.

3. Background

- 3.1 The Code is updated on an annual basis to reflect changes to accounting standards and practice. Having reviewed the 2022-23 Code, there are no changes which will have a significant impact on the Council's accounting policies or its Statement of Accounts.
- 3.2 The previous year's draft accounts were published on 31 July 2022 and the final audited accounts were published on 30 November 2022. This meant that both the key statutory deadlines were met. For the 2022/23 accounts the deadline for publishing the draft accounts is 31 May 2023. Local authorities are required to publish their audited accounts by 30 September 2023.
- 3.3 This authority made excellent progress in 2021/22 as part of an ongoing project to streamline the financial statements to make them more accessible for stakeholders and easier to compile. Meeting the revised deadline for publication of the draft accounts this year will be challenging but plans are in place to ensure the revised deadline can be achieved. Members of this Committee are encouraged to provide further feedback on the format and content of the previous year's accounts so this can be considered when preparing this year's statements.
- 3.4 It is uncertain to what extent external audit firms will be able to achieve the revised deadline for completing their audits of local authority financial statements. The increasing complexity of local authority accounting combined with continuing resourcing difficulties impacting the audit sector meant that only 12% of authorities were able to publish their audited 2021/22 accounts by 30 November 2022, a 3% improvement on the previous year. The current situation is being closely monitored by Public Sector Audit Appointments, the appointing body, and the Department of Levelling Up, Housing and Communities (DLUHC). The committee will be informed if any changes are made to the statutory timetable for the current and future financial years.
- 3.5 As part of the closedown-planning process, this report aims to give the Civic Affairs Committee early sight of the critical judgements and major sources of estimation uncertainty likely to feature in the 2022-23 Statement of Accounts. It is expected that many of these areas will also

be areas of focus for the external auditors when they present their Audit Plan to the Committee.

- 3.4 A further briefing on the Statement of Accounts will be arranged for members of the Civic Affairs Committee at the time of the draft accounts being published.

4. Critical Judgements in Applying Accounting Policies

- 4.1 In applying its accounting policies, the Council is required to make certain judgements about complex transactions or those involving uncertainty about future events. Where such judgements are significant, they must be disclosed within the accounts. One such judgement has been identified to date in relation to 2022-23 (as consistent with the prior year), and this is set out below.

Funding Uncertainty

- 4.2 The government published the provisional local government finance settlement in December 2022. The announcement combined details of funding levels for 2023-24 with an indication of the approach that would be taken for 2024-25. This represented an improvement on recent years when settlements have only covered a single financial year. There remain long-term uncertainties about the funding of local government. These uncertainties are complicated further by challenges arising from the current economic environment, particularly inflation (especially wage inflation) and a sustained period of higher interest rates.
- 4.3 Officers could instruct the Council's valuers to make specific assumptions regarding future service levels to inform the valuation of land and buildings owned by the Council which are used to provide Council services. Anticipated reductions in service levels may contribute to a reduction in the valuation of assets for accounting purposes. This is because local authorities value their assets with reference to their existing use value which is determined with reference to the service potential associated with those assets. At the current time officers have not provided any specific directions regarding future service levels. This reflects both uncertainty about future funding and ongoing work within the Council as part of its 'Our Cambridge' transformation programme to review how services operate and the assets the Council will need to retain to support future service provision.

4.4 The decision not to make specific assumptions about future service provision to inform the valuation of assets is consistent with previous years and remains reasonable and consistent with the Council's Medium Term Financial Strategy and its Corporate Plan. Nevertheless, officers believe that it is instructive to users of the accounts to identify and disclose the approach taken as a critical accounting judgment. This disclosure complements the disclosures relating to estimation uncertainty referred to below.

5. Major Sources of Estimation Uncertainty

5.1 The preparation of the Statement of Accounts requires a range of judgements, estimates and assumptions to be made which affect the figures within the accounts. Where there is a significant risk that such estimates may change materially in the following year, these must be disclosed within the accounts, along with the key methodology and assumptions adopted, and the sensitivity of the estimates to changes in these assumptions.

5.2 The following areas of significant estimation uncertainty have been identified for disclosure in the 2022-23 accounts:

Pensions Liability

5.3 Estimation of the net liability to pay pensions depends on several complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Council with expert advice about the assumptions to be applied. The net pension liability as at 31 March 2022 was £103.961 million, subject to the following sensitivities to underlying assumptions:

- Decreasing the real discount rate by 0.1% would have increased the liability by £7.7 million.
- An increase in member life expectancy of 1 year would have increased the liability by £15.9 million.
- Increasing the CPI assumption by 0.1% would have increased the liability by £7 million.

5.4 The underlying assumptions and therefore the value of the liability will be reassessed by the actuaries as at 31 March 2023. Whilst changes to the

assumptions do not immediately impact usable reserves, any longer-term increase in the liability would likely lead to an increase in the level of employer contributions to be charged to the General Fund and HRA in future years.

Property, Plant and Equipment

- 5.5 Assets are depreciated over useful lives that are dependent upon assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. If the Council did not sustain its current spending on repairs and maintenance the useful lives currently assigned to assets may be reduced.
- 5.6 If the useful life of assets is reduced depreciation increases and the carrying value of the assets fall. The total charge for depreciation in 2022-23 is currently forecast at £16.835 million, and it is estimated that a reduction in useful lives of one year would increase this charge by £0.564 million. Of this, £0.186 million would fall as a charge to the HRA, with the remaining £0.378 million impact on General Fund assets being reversed out to unusable reserves under statutory requirements for capital financing. The arrangements relating to depreciation in the HRA operate differently as depreciation is reversed out to the Major Repairs Reserve which is then available to fund the cost of HRA capital works.
- 5.7 In addition, the Council is required to value its operational properties (land and buildings) at 'current value'. For non-specialised assets such as office buildings, this is taken to be the value of the property in its existing use (e.g. disregarding any redevelopment potential). For specialised assets such as swimming pools, a depreciated replacement cost approach is used. Council dwellings are valued based upon an existing use value for social housing, which applies a discount factor to reflect the fact that they are let on protected tenancies at lower than market rents.
- 5.8 Any valuation requires certain assumptions and estimates to be made, and therefore there is an inherent risk that valuations may change materially in subsequent years. This risk is mitigated through the appointment of independent external property valuers, who are engaged to value properties in accordance with the requirements of the Code, and the Royal Institute of Chartered Surveyors (RICS) Valuation Global Standards.

5.9 The frequency of valuations depends upon the type of value of each property, as follows:-

| Property type | Total value (land and buildings) | Valuation frequency |
|------------------------------|---|---|
| Operational – non-specialist | £3 million or greater | Annually |
| | Less than £3 million | 5-yearly |
| Operational - specialist | £1 million or greater | 5-yearly, with indexation in the intervening years |
| | Less than £1 million | 5-yearly |
| Council dwellings | All | Annually, on a beacon basis, with full valuation, including physical inspection, of beacon properties on a rolling 5-yearly cycle |
| Surplus assets | All | Annually |
| Assets held for sale | All | Annually |

5.10 In addition to the above programme of planned valuations, the external valuers also carry out an annual ‘materiality review’ to identify any risks of material movements in the value of properties not scheduled for review in any given year. Where any such risks are identified, an additional valuation is conducted.

5.11 Council dwellings are valued using a beacon approach, whereby properties are grouped into similar ‘archetypes’ based upon type, size, age and location. Within each archetype a representative property is chosen for valuation, and the value derived is then applied to the whole archetype.

5.12 Following a competitive tender process, the Council appointed new external valuers for its non-dwelling properties for the 2021-22 accounts (Bruton Knowles). The 2021-22 audit was completed with only minimal queries being raised about the methodologies used by Bruton Knowles. Bruton Knowles will complete the valuation of non-dwelling properties for the 2022-23 accounts and initial discussions about this year’s work programme have already taken place. No significant issues have been identified. Wilks, Head and Eve will continue to be responsible for the valuation of council dwellings and early engagement with their team is scheduled to commence shortly.

5.13 The total value of council dwellings as at 31 March 2022 was £726.43 million, and the total value of other operational properties was £144.35 million.

Business Rate Appeals

5.14 Since the introduction of the Business Rates Retention Scheme from 1 April 2013, local authorities are liable for successful appeals against business rates charged to businesses, both in the current financial year and earlier years, in proportion to their local share of business rates income. The Council's General Fund share of business rates income is 40%.

5.15 A provision is therefore recognised for the best estimate of the amount that will be repayable following successful rating valuation appeals. The provision is calculated using an estimate of the likely remaining average reduction in rateable values over the life of the 2017 Valuation Office Agency (VOA) ratings list, plus an estimate of the amounts which will be required to settle appeals still outstanding on the 2010 ratings list. The estimates are based upon historical experience, and the Council has employed relevant experts to assist with this process. However, it remains possible that appeals may be settled at amounts which differ from these estimates.

5.16 The Valuation Office Agency has recently completed a revaluation of properties registered for business rates and this will determine business rates payable with effect from 1 April 2023. The need for any provision relating to appeals in respect of the 2023 rating list will be considered as part of work to produce the 2023/24 accounts.

5.17 The Council's share of the provision is currently forecast to be £4.67 million as at 31 March 2023, although this will be reassessed at year-end.

Fair Value Measurements

5.18 The Code requires many of the Council's assets to be held on the balance sheet at fair value, which is the price that an independent market participant would pay for the asset as at the balance sheet date.

5.19 Where possible, fair value is measured based upon quoted prices for identical assets in an active market (known as level 1 inputs). However,

where such prices are not available, other valuation techniques must be used. These can be based upon observable (level 2) or unobservable (level 3) inputs.

- 5.20 Wherever level 1 inputs are not available for material assets or liabilities, the Council employs relevant experts to identify the most appropriate valuation techniques and to undertake valuations as required.
- 5.21 The most significant assets held by the Council and valued using level 2 or level 3 inputs are its investment properties. The table below provides more information regarding the approach taken to value these assets:-

| Asset | Value (31 March 2022) | Valuation Approach |
|---|------------------------------|--|
| Investment properties (including investment properties held for sale) | £161.3m | Valuation undertaken by external property valuers using a range of observable and unobservable inputs (level 3), such as expected yields, market rents and land values. Approaches adopted include the investment method (capitalising rental values using expected yields) and the comparable method (using recent market transactions of similar properties with appropriate adjustments). |

- 5.22 Investment properties with a value of £500,000 or greater are valued annually, whilst smaller properties are valued on a rolling 5-yearly basis. As with operational properties, an annual ‘materiality review’ is conducted by the valuers to identify any risks of material movement in the value of properties not subject to revaluation in any given year.

6. Future Developments

- 6.1 This section provides an update on upcoming developments impacting the Council’s accounts including the latest position in relation to matters brought to the committee’s attention in previous years.

IFRS 16 Leases

- 6.2 It had originally been anticipated that a change in the approach to accounting for leased assets would be implemented from 1 April 2022. Following consultation with local authorities, HM Treasury, local authority auditors and other stakeholders CIPFA determined in April 2022 that the

implementation date would be put back to 1 April 2024. Authorities are permitted to voluntarily adopt from 2022/23 if they wish to do so.

- 6.3 Early work has been undertaken to assess the likely impact of implementing the new standard. However, since no material benefits associated with early implementation have been identified, officers do not propose to implement the standard until 2024/25 when it becomes mandatory.

MRP Consultation

- 6.4 It was reported to this Committee in February 2022 that the government was undertaking a consultation on changes to the Statutory Guidance on Minimum Revenue Provision (MRP). During the consultation the government made changes to its original proposals to address concern expressed by local authorities about the impact the proposed changes would have on authorities which had made loans to Council-owned subsidiaries, joint ventures and third parties.
- 6.5 The Council has made loans to a range of organisations. The original MRP proposals could have significantly impacted on the viability of future loans and meant the Council needed to charge MRP on existing loans. The revised proposals reduce the likelihood that MRP will be required in relation to Council loans providing there is no expectation that the Council will experience a loss in respect of the loans it has made. Existing budgeting and accounting arrangements already require the Council to be vigilant about the risk of loans not being recoverable. Therefore, the expected changes to MRP guidance, as referred to in the most recent consultation documentation, are not expected to impact the Council's financial statements or its Medium Term Financial Strategy.
- 6.6 Originally, it was expected that changes to the statutory guidance would be effective from 2023/24. It is now anticipated that the changes will be effective from 2024/25.

Pooled Funds

- 6.7 The government also consulted recently on the future of an existing statutory override relating to the accounting treatment applied to local authorities' investments in pooled funds. Currently, the Council is required to transfer the difference between the fair value of its investments in pooled funds, as determined by financial markets at the balance sheet date, and their book value, i.e. the original cost of the

investment, to an unusable reserve. This means that local authorities' usable reserve balances are not impacted by changes in market sentiment which can lead to volatility in the value of pooled funds.

- 6.8 The current override was scheduled to end on 31 March 2023. After considering responses to the consultation the government announced in December 2022 that the override would remain in place for a further two years until 31 March 2025.

7. Implications

a) Financial Implications

As set out throughout this report.

b) Staffing Implications

None.

c) Equality and Poverty Implications

None.

d) Net Zero Carbon, Climate Change and Environmental Implications

None.

e) Procurement Implications

None.

f) Community Safety Implications

None.

8. Consultation and communication considerations

The draft Statement of Accounts are due to be published on the Council's website by 31 May 2023, and will be subject to a public inspection period in accordance with the Accounts and Audit Regulations 2015 (as amended).

9. Background papers

Statement of Accounts 2021-22

10. Inspection of papers

To inspect the background papers or if you have a query on the report please contact Neil Krajewski, Deputy Head of Finance, tel: 01223 - 458130, email neil.krajewski@cambridge.gov.uk



Item

Appointment of Deputy Electoral Registration Officer

To:

Civic Affairs Committee 8 February 2023

Report by:

Robert Pollock, Chief Executive and Electoral Registration Officer

Tel: 01223 457003 Email: robert.pollock@cambridge.gov.uk

Wards affected:

n/a

1. Introduction / Executive Summary

- 1.1. The Committee are asked to agree the appointment of a Deputy Electoral Registration Officer (ERO), with full powers, for the Cambridge City Council area.
- 1.2. Electoral Commission guidance recommends the appointment of a Deputy ERO to carry out the functions of the ERO and be available to act in their absence. The Elections Act 2022 places further obligations on the ERO, which it would be more practical for a deputy to undertake.
- 1.3. The guidance further recommends that, “Any deputies appointed should have the skills and knowledge required to carry out the functions that they have been assigned.”

2. Recommendations

- 2.1. That the Committee delegates to the ERO the power to appoint one or more deputies and to revoke or vary such appointments as necessary.
- 2.2. That the committee notes that if recommendation 2.1 is agreed, the ERO would be minded to appoint the Electoral Services Manager as Deputy ERO for Cambridge.

3. Background

- 3.1. Under Section 8(2) of the Representation of the People Act 1983, the Council must appoint a senior officer to the position of ERO. This position is responsible for maintaining and publishing the register of electors for the area. The Chief Executive is the appointed ERO for Cambridge.
- 3.2. Under Section 52(2) of the Representation of the People Act 1983, the Council may approve the appointment of Deputy EROs to perform and exercise any of the duties and powers of the ERO.
- 3.3. In Cambridge, the Council have delegated these powers to the Civic Affairs Committee.
- 3.4. Unlike Returning Officers, the ERO cannot appoint a deputy themselves, unless the power to do so has been delegated to them.
- 3.5. Examples of the statutory functions currently placed on the ERO that would, in practice, be better undertaken by a Deputy are:
 - Conducting a registration hearing, following a registration review and an objection to the removal of an elector from the register of electors, and
 - Signing a temporary voter authority certificate (free voter ID), issued to an elector within six days of an election.
- 3.6. In accordance with Electoral Commission guidance, and to ensure that there is an officer available to discharge these functions, it would be sensible to arrange for the ERO to be able to delegate their powers and duties. This would ensure that if it became necessary to hold a hearing or sign a temporary voter authority certificate, it could be dealt with efficiently and effectively without unreasonable delay.

4. Implications

a) Financial Implications

There are no financial implications. The Deputy ERO would not receive any additional payment.

b) Staffing Implications

None. The appointment of a Deputy ERO would be associated with an already designated post and would not require further recruitment.

c) Equality and Poverty Implications

None.

d) Environmental Implications

The decision has no environmental implications.

e) Procurement Implications

None.

f) Community Safety Implications

None.

5. Consultation and communication considerations

As this is a statutory appointment, no specific consultation has been undertaken in relation to this report.

6. Background papers

No background papers were used in the preparation of this report.

7. Appendices

There are no appendices.

8. Inspection of papers and contact

If you have a query on the report please contact Vicky Jenner, Electoral Services Manager, tel: 01223 457057, email:

vicky.jenner@cambridge.gov.uk.

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Item

Leave Policy for Councillors

To:

Civic Affairs Committee 08/02/2023

Report by:

Gary Clift, Democratic Services Manager

Tel: 01223 - 457011 Email: gary.clift@cambridge.gov.uk

Wards affected:

All

1. Introduction / Executive Summary

- 1.1 This report presents a new Leave Policy for Councillors following the passing of a Motion at Council on 21 October 2021 to support its introduction amongst other measures.

2. Recommendations

- 2.1 To approve the Leave Policy for Councillors (appended).
- 2.2 To agree that infant feeding by a Councillor be it breast-fed or bottle-fed is permitted at council meetings.

3. Background

- 3.1 Council unanimously approved on 21 October 2021 the following Motion:
“This council notes the following.

1. The community has a right to be represented by a diversity of councillors and residents should have a diversity of councillors for whom to vote.

2. Analysis, by the Fawcett Society, of the 2019 Local Election results found that only 35% of councillors in England are women, up 1% since 2018. Of the seats up for election in 2018, 38% went to women, up just 3 percentage points on 2014 when these seats were last contested.
3. Only 15% of councillors nationally are under 45 years of age.
4. As of October 2020, 27 councils have passed the LGA Labour Group's Parental Leave policy, and an additional 9 councils have their own parental leave policy.
5. Cambridge does not have a formal parental leave policy for councillors.
6. The role of a councillor should be open to all, regardless of background, and introducing a parental leave policy and other family friendly policies is a step towards encouraging a wider range of people to become councillors, and is also a step to encourage existing councillors who may wish to start a family to remain as councillors;
7. Parental leave must apply to parents regardless of their gender, and should cover adoption leave to support those parents who choose to adopt.
8. Parental leave is only part of the picture and other family friendly policies such as support for carers, remote/hybrid meetings, and becoming a breastfeeding-friendly council would further ensure a greater diversity of councillors. And also that family friendly policies are in themselves only a small part of the wider need for policies which encourage truly diverse representation.

This Council resolves the following.

1. To adapt to suit a Cambridge context the parental leave policy drafted by the LGA Labour Group's Women's Task Force and to bring the recommendations to Civic Affairs as part of the next round of discussions on councillor remuneration.
2. To ensure that councillors with children and other caring commitments are supported as appropriate.
3. To acknowledge this is only one part of the picture, and to commit to investigating other inclusive policies and bringing those recommendations forward in the future.

4. To write to the Secretary of State for Levelling Up, Housing and Communities to urge him to introduce legislation to allow councils to adopt remote and hybrid meetings where they deem it appropriate to do so.

5. Further to this council's resolution at Civic Affairs on 9th October 2019 (19/41/Civ), that this council shall continue to apply pressure via the Local Government Association and any other appropriate routes to allow for proxy voting for local government for those on parental leave, which is not currently permissible, despite already being available to MPs in parliament.

<https://local.gov.uk/parental-leave-policy-councils>

- 3.2 Leave Policies for councillors are not widely implemented, but the picture is changing with over 50 councils now with some form of policy in place.
- 3.3 The proposed policy is based upon the model Local Government Association Labour Group Women's Taskforce with reference to policies in place at Watford (Lib Dem), Staffordshire County Council (Conservative) and Brighton and Hove (Green) to illustrate such a policy is being supported regardless of ruling political group.
- 3.4 As well as agreeing a Leave Policy for Councillors, the council should approve the right of a councillor to feed an infant whilst participating in council meetings. This fits with no.2 of the approved Motion to Council copied above.
- 3.5 Both officers and councillors will continue to review how inclusive policies can be adopted in keeping with the spirit and purpose of the approved Council Motion.

4. Implications

(a) Financial Implications

(b) Staffing Implications

(c) Equality and Poverty Implications

Other than those already stated in the draft policy appended (1.4 refers).

(d) Net Zero Carbon, Climate Change and Environmental Implications

(e) Procurement Implications

(f) Community Safety Implications

None unless stated above.

5. Consultation and communication considerations

The Independent Remuneration Panel were consulted on the content of this report and support the proposals.

6. Background papers

Watford, Staffordshire and Brighton Councils Policies available on each Council's website.

Local Government Association Labour Group Parental Policy and associated material see: [Parental leave for Councillors – Frequently Asked Questions | Local Government Association](#)

7. Appendices

Draft policy attached.

Leave Policy for Councillors

Introduction

- 1.1 This Policy sets out councillor entitlement to permitted leave.
- 1.2 The objective of the policy is to give some key guiding principles which are given their widest possible application to ensure that councillors are able to take appropriate leave and that reasonable and adequate arrangements are in place to provide cover for portfolio-holders and others in receipt of Special Responsibility Allowances (SRA) during any period of leave taken.
- 1.3 Permitted leave includes, but is not limited to, maternity, paternity, shared parental adoption, bereavement, carers, compassionate and long-term sick leave. For the purposes of the policy the term 'permitted leave' shall be used to cover all instances and describes a period of up to 6 months. The legislative framework in relation to councillor attendance at Council meetings is not affected by this policy and absence of 6 months or more remains as set out in section 85 of the Local Government Act 1972 (see 5.1 and 5.2 below).
- 1.4 Having a policy that entitles councillors to take permitted leave will contribute towards increasing the diversity of experience, age and background of local authority councillors. It will also assist with retaining experienced councillors and making public office more accessible to individuals who might otherwise feel excluded from it.
- 1.5 There is at present no legal right to permitted leave in this policy for people in elected public office. This applies to MPs as well as councillors and has been the subject of lengthy debate. This policy can therefore only currently be implemented on a voluntary basis. By adopting it, Cambridge City Councillors agree that it should be applied to support councillors equally regardless of being from one political party or none.

Permitted Leave Periods

- 2.1 A councillor due to give birth or adopting a child, may take up to 6 months leave following or starting around the time of birth/adoption/caring responsibilities. Any parent can take up to six months either concurrently or staggered, within one year of birth/adoption/caring. This provision also applies to any councillor

whose child is not carried to term or is stillborn. The same principles will apply to parents who suffer the bereavement of a child.

- 2.2 Other permitted leave may also be taken for a period of up to six months.

Notification of leave, and of return

- 3.1 The period of leave should be agreed between the councillor requesting leave and their group leader and Chief Executive (or Chief Executive if an Independent Councillor). The group leader or councillor should notify the Chief Executive of cover arrangements. The councillor should keep the group leader and Chief Executive informed of their intentions, giving normally at least one month's notice of their intended return date, including whether the period of absence should be extended to cover a longer period of time than first anticipated.
- 3.2 Permitted leave will be reflected in attendance records as 'absent with reason'.

Communication by councillor while on leave

- 4.1 It is for the individual councillor to decide whether/to what extent to continue to respond to correspondence or arrange for a councillor colleague to cover. While councillors would normally put an 'out of office' automated message on their council email, the main expectation is that they are clear how long they intend to be absent and the extent to which they will engage as well as who shall be contacted in their absence.

Leave of 6 months or more

- 5.1 Absence of six months or more fall outside this Policy. Section 85 of the Local Government Act 1972 provides that any councillor failing to attend any meetings of the authority for 6 consecutive months shall automatically cease to be a councillor unless their reason for not attending was due to a reason approved by the authority (at a Full Council meeting) before the expiry of that period.
- 5.2 Written application must be made to the Chief Executive for a leave period of six months or more. The application should be made taking into account the calendar of Full Council meetings at which the application must be considered.

Councillor Allowances

- 6.1 Taking permitted leave will not trigger any change to the councillor's basic or special responsibility allowances.
- 6.2 Where a replacement is appointed to cover the period of absence that councillor shall receive an SRA on a pro rata basis for the period of the temporary appointment.
- 6.3 Allowances cease on either resigning as a councillor or if not re-elected if the election is during the period of permitted leave.

February 2023

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