

Cheltenham Borough Council
Council – 09 October 2006
Establishment of Independent Remuneration Panel (IRP)
Report of the Borough Solicitor

- 1. Executive Summary and recommendation**
- 1.1** The council's current scheme of Member's allowances is due to expire in 2007 before which time a review of the scheme must be undertaken. The law requires that such a review must include the commissioning of a report prepared by an Independent Remuneration Panel, (IRP), established for this purpose.
- 1.2** Cheltenham BC doesn't have an IRP in place and must establish one in order that it might fulfil its legal obligations before any changes to the existing scheme can be considered and implemented. Having looked at the practice in other local authorities I have identified two distinct approaches to the establishment and support of IRP's, those being firstly, panels containing a 'professional member', usually the chair, or supported by an individual with specialist knowledge of the process, and secondly, those consisting of an entirely lay membership relying for their support on officers of the authority.
- 1.3** The advantages arising from specialist support for the panel are twofold; firstly, due to the experience of the specialist, the panel is likely to be better informed as to the nature of allowances prevalent amongst other similar councils. Secondly, It is thought that the inclusion of a 'professional member' expedites the process of producing the report itself due to their knowledge of the areas giving rise to particular difficulty in the formulation of reports.
- 1.4** I therefore recommend that:
 - 1.4.1** Council instructs the Monitoring Officer to establish, at the earliest opportunity, an Independent Remuneration Panel.
 - 1.4.2** Council resolves that the Independent Remuneration Panel shall have a membership of five at least one of whom should have specialist knowledge of schemes of allowances in UK local authorities and who shall chair the panel. The lay members should have some connection with the community of Cheltenham.
 - 1.4.3** Council delegates to the Monitoring Officer the power to advertise for, select and appoint panel members on this occasion and in future as and when the need for the appointment of new panel members arises. The exercise of this delegation to be in consultation with the Chair of the Staff & Support Services Committee.
 - 1.4.4** Council resolves to allocate sufficient funding to enable the payment to IRP members of an expenses allowance of £200 to cover their costs incurred in the preparation of a report on the members' allowances scheme.

1.4.5 Additionally Council resolves to allocate sufficient funding to cover the fee charged by the 'professional chair' of the IRP for their services provided in connection with this review up to a maximum of £2000.

1.5 Summary of implications

1.5.1 Financial

A potential total budget of £3,000 will be required to fund the cost of the review panel (£2,000 chairman's allowance and £1,000 for 5 members). This cost can be met from within the existing budget for Members allowances in 2006/07

There is the potential for the panel to recommend to Council an increase in Members allowances. Currently, no budgetary provision exists to fund this scenario. Given the timing of the potential recommendations, the Cabinet may wish to recommend that Council set aside a provisional sum to fund a potential increase in allowances in the budget proposals for 2007/08.
(M.Sheldon)

1.5.2 Legal

The Local Authorities (Members' Allowances) England Regulations 2003 SI 2003/1021 set out a framework for the creation implementation and amendment of schemes of allowances for Members and Co-optees of local authorities. The main provisions are as follows:

Reg 10 imposes the requirement that local authorities make a scheme for payment of basic allowances. Where the authority intends to pay allowances in respect other matters such as special responsibilities or co-optees then these should be included within the scheme.

Schemes of allowances must be reviewed by an Independent Remuneration Panel (IRP) no less than once every four years and Reg 19 stipulates that before an authority can amend or revoke its scheme it must request a report from its IRP and have regard to its recommendations, although the authority is not bound to follow them.

R.20(1) requires authorities to establish an IRP either itself or in collaboration with other authorities. The IRP must consist of at least three members who are not members of the authority in respect of which they are making recommendations nor disqualified from being or becoming a member of an authority

Under R.20(3) Authorities are empowered to pay the expenses incurred by the IRP in carrying out its functions and this includes such expenses or allowances as the authority shall determine

R.16 and 22 impose a number of requirements as to the publication of the newly adopted scheme and the recommendations received from the IRP considered at the time of formulating and adopting the scheme. The publicity requirements are intended to publicise the scheme adopted and highlight any differences between it and the one recommended by the IRP. (Q.Baker)

1.5.3 Human Resources None arising from this report.

2. Introduction

- 2.1** The Local Authorities (Members' Allowances) England Regulations 2003 sets out the framework within which local authorities can establish and amend schemes providing for the payment of allowances to Elected and Co-opted members of their councils. In particular the regulations provide that schemes which are linked to an index to determine annual increases in allowances must be reviewed at least once in every four years. Any review of a scheme must include the commissioning of a report from an Independent Remuneration Panel (IRP). Cheltenham currently has no IRP in place and as the time for reviewing its scheme is fast approaching it is necessary for the council to establish an IRP.

3. Background

- 3.1** The existing scheme of members' allowances in place at Cheltenham Borough Council was adopted in December 2003 and provides for basic allowances for all elected members, special responsibility allowances paid in respect of identified posts and responsibilities and travel and subsistence payments.
- 3.2** The scheme provides for payments of allowances to be increased annually in line with the rate of any increase in officer's salaries. The regulations require that schemes should be reviewed annually or at least once every 4 years where some indexed formula is used, and as we are approaching that point in time it is advisable to ensure the necessary processes for review are in place.

Independent Remuneration Panels

- 3.3** The primary requirement in this regard is the establishment of an Independent Remuneration Panel (IRP) which can be commissioned to produce recommendations as to an appropriate scheme for Cheltenham Borough Council. An IRP must have at least three members none of whom may be members of Cheltenham BC nor disqualified from holding office. I suggest that a panel of five members is the optimum size to enable it to work effectively and yet have sufficient numbers to function should any member be unable to participate in any meetings.

Allowances for Panel Members

- 3.4** Having considered the practise of other District Councils it appears that many choose to pay their panel members an allowance for the time they are engaged in producing reports. The amounts paid vary with some being paid in relation to the actual attendance and others being a fixed sum to cover expenses. In the interests of ease of administration I would suggest the single payment is the most sensible option. I would suggest a payment of £200 to cover expenses. Experience in the context of the Standards Committee has emphasised the difficulty in recruiting non-elected members to take part in this type of activity and I would suggest that the provision of a payment in respect of expenses is an appropriate indication of the authority's appreciation of the valuable contribution made by non-members.

'Professional' IRP Members

- 3.5** The time taken by IRPs to work on and produce draft reports varies significantly although on average between 4 and 10 meetings of the IRP is a reasonable estimate in the case of a full review such as is required on this occasion. Differences in the time taken are due to a variety of factors although it is clear that the knowledge and expertise of the panel members and their familiarity with the framework can have a significant impact on the time taken. Knowledge of the framework and experience of the schemes implemented in other authorities can also add value to the process in terms of facilitating bench marking thereby enhancing consistency of approach amongst authorities.
- 3.6** For these reasons some authorities choose to employ the services of a professional IRP chair. This is a person who is or has been a member of a number of IRP's and has experience of reviewing schemes for a number of authorities and in some cases they have some relevant qualification such as academic research in the field. I have identified three potential professionals who have provided me with an indication of the likely costs involved which are unlikely to exceed £2000 in the case of a straightforward review. I recommend that a professional chair be utilised on this occasion in order to provide support to the lay members of the IRP and ensure that the recommendations are well informed and authoritative.

Appointment of Panel

- 3.7** There is no panel currently in existence and the responsibility for appointing it lies with Full Council in the absence of any delegation. In order to facilitate the appointment and maintenance of the panel I suggest that Full Council delegate to the Monitoring Officer the function of selection and appointment of the panel members both on this occasion and for the future.
- 3.8** The rationale for this delegation is that of operational practicality. In addition the exercise of such delegation can be regulated by it being conditional upon consultation with the Chair of SSSC. As for the process of selection itself this will be similar to the process of appointing to a vacancy for an independent member of the Standards Committee with advertisements being placed in the Echo and other places such as the website. Applications will be judged against a fixed set of criteria which shall include the following;
- Links with the community of Cheltenham;
 - Knowledge and understanding of the system of local government in Cheltenham;
 - Having no connection with any elected Member of Cheltenham Borough Council.

Background Papers

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Accountability	Full Council