

**Cheltenham Borough Council**  
**Council – 13 December 2010**

**Recommendations of the Independent Remuneration Panel (IRP)  
regarding Members' Scheme of Allowances**

<b>Accountable member</b>	<b>Council</b>
<b>Accountable officer</b>	<b>Assistant Chief Executive, Jane Griffiths</b>
<b>Accountable scrutiny committee</b>	<b>Not applicable</b>
<b>Ward(s) affected</b>	
<b>Significant Decision</b>	
<b>Executive summary</b>	<p>The council's current scheme of Members' allowances, (08-09), was adopted in December 2007. The law requires that members' schemes of allowances are reviewed annually unless they are linked to some form of automatic indexation in which case they must be reviewed at least once in every four years.</p> <p>Before an authority can review its scheme of allowances it must first have considered a report from an Independent Remuneration Panel (IRP). The Cheltenham Borough Council IRP was established in January 2007 and, having gathered and considered a wide range of information, produced a report of its recommendations which was agreed by Council in March 2007. In order to align the annual reviews with the budget setting process, the panel met again in November 2007 to review the scheme and their recommendations for 2208/09 were made to Council in December 2007. This process was repeated in 2008. The panel did not meet in 2009 following a motion passed by Council confirming its intention to freeze members' allowances in the budget for 2010/11.</p> <p>This year the panel have convened to carry out the full review required every four years. The IRP were made fully aware of the budget situation within the council and have taken this into account when making their recommendations.</p> <p>The Council is required to consider the recommendations and, if acceptable, to resolve to adopt them. If the Council rejects the recommendations then the current scheme agreed by Council in December 2008 will remain in place.</p>
<b>Recommendations</b>	<p><b>I therefore recommend that:</b></p> <p><b>Council considers the recommendations set out in the attached IRP report and summarised in part 5 below, and determines whether to adopt them.</b></p>

**Council authorises the Assistant Chief Executive Council to implement any necessary changes to the scheme of allowances and authorises the Borough Solicitor and Monitoring Officer to make any necessary changes to Council's constitution.**

<p><b>Financial implications</b></p>	<p>At the budget setting meeting on 12<sup>th</sup> February 2010, Council agreed to freeze all member allowances for 5 years from 2010/11. There is, therefore, no budgetary provision for the proposed increase of £1,135 for the calculated allowances for the Chair and Vice-Chair of Planning Committee.</p> <p>Members will be required to support a growth bid in setting the budget for 2011/12 in order for budgetary provision to be made available for these proposed increases.</p> <p><b>Contact officer: Paul Jones, paul.jones@cheltenham.gov.uk, 01242 775154</b></p>
<p><b>Legal implications</b></p>	<p>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:</p> <p>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.</p> <p>Schemes of allowances must be reviewed by an Independent Remuneration Panel (IRP) annually and no less than once every four years where they are index linked. Reg 19 stipulates that before an authority can amend or revoke its scheme it must have first considered a report from its IRP and have regard to its recommendations, although the authority is not bound to follow them.</p> <p>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.</p> <p>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.</p> <p>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</p> <p><b>Contact officer: Peter Lewis, peter.lewis@tewkesbury.gov.uk, 01684 272012</b></p>

<b>HR implications (including learning and organisational development)</b>	<p>In the current economic climate any variations to the current member allowance scheme will need to be handled sensitively. Effective communications with employees and the recognised trade unions will be needed to clarify and help ensure understanding of why the increase is needed, and how it has been arrived at.</p> <p><b>Contact officer: Julie McCarthy ,</b>  <b>julie.mccarthy@cheltenham.gov.uk, 01242 26 4355</b></p>
<b>Key risks</b>	<p>The determination of allowances is a sensitive subject both from the perspective of Councillors themselves and the public who elect them. In view of this it is important that any scheme adopted is objectively reasonable and based upon some logical and fair mechanism</p>
<b>Corporate and community plan Implications</b>	<p>None</p>
<b>Environmental and climate change implications</b>	<p>None</p>

## **1. Background**

- 1.1 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.
- 1.2 When reviewing its scheme a council may not adopt a new scheme or re-adopt an old scheme without first having considered the recommendations of an Independent Remuneration Panel established for that purpose.
- 1.3 The existing scheme of members' allowances in place at Cheltenham Borough Council was adopted in March 2007 and provides for basic allowances for all elected members, special responsibility allowances paid in respect of identified roles and responsibilities and travel and dependent carers payments. The scheme was last reviewed in December 2008 following a review by the IRP panel and the revised scheme agreed by Council in December that year.
- 1.4 The panel did not meet in 2009 following a motion by Council resolving to freeze their allowances in the budget for 2010/11. In the budget subsequently agreed by Council in February 2010, Members' and Mayoral allowances were frozen for a period of 5 years in the Medium Term Financial Strategy up to and including 2014/15.
- 1.5 The regulations require that schemes should be reviewed annually, or, where some indexed formula is used, at least once every 4 years. For Cheltenham the scheme adopted in 2006 stipulated that the panel should meet annually to review any increases in basic allowances and SRA's. However the IRP now have the confidence in their scheme to recommend that indexation can be applied in the intervening years where appropriate. This is referred to in section 7 of their report.
- 1.6 Two meetings of the IRP took place in November 2010 for the purpose of the full 4 year review.

## **2. Rationale for recommendations**

These are set out in the IRP report.

## **3. Alternative options considered**

- 3.1 The review undertaken by the IRP constitutes a thorough and reasoned analysis of the allowance rates applicable to Councillors and those co-opted to serve the council. In reaching its conclusions it has taken advice and gathered a range of information and considered a range of options which are detailed in their report.

## **4. Consultation and feedback**

- 4.1 Detailed in the IRP report in Appendix 2.

## **5. The recommendations**

- 5.1 The recommendations and the rationale for them are set out in the IRP report but I summarise them here:
  1. That the Basic Allowance payable to all Councillors should not be increased.

2. That the special responsibility allowance currently payable to the Leader of the Council should not be increased
3. That there are no inflationary increases to any SRAs for 2011/12.
4. That the basis for the calculation of the SRA for a Cabinet Member should remain unchanged and that there should be no inflationary increases for 2011/12.
5. That the calculated allowance for the Chair of Planning Committee is split between the chair and vice-chair on a 2/3:1/3 basis and hence that the allowance for Chair of Planning is revised to £3025 for 2011/12 and the Vice-Chair of Planning to £1512.
6. That the SRA for the Chair of Staff and Support Services is removed from the scheme.
7. That the SRAs for the Chair of Standards Committee and to Independent Members remain unchanged and are reviewed once the new Standards Regime is known.
8. That the basis of all other SRAs remain unchanged.
9. That there are no increases to the allowances for Mayor and Deputy Mayor.
10. That when Members are travelling outside the borough on council business the mileage claimed should be home to their destination and the same for their return journey
11. That a member should not be expected to pay for a laptop or VPN link for council use from their basic allowance and a budget should be set aside for this within ICT to ensure that all members have the tools they need to carry out their role effectively.
12. The Democratic Services Manager will consult with the Chair of IRP in September each year, to review the need for the panel to meet.

- If there are no significant issues to review, then the panel recommends to Council that allowances should be increased by the % increase in the median gross weekly earnings for the South West published in the Annual Survey of Hours and Earnings in November each year.

- If there are significant issues then the panel will meet and makes its recommendations to Council in December of the same year.

The next full review required by legislation will commence in September 2014 reporting to Council in December 2014. .

## 5.2 If the panels recommendations are accepted the new allowances will be as follows:

ROLE	Current allowance	Proposed from April 2011
Basic	£5,066	No change
Leader	£17,293	No change
Cabinet Member	£13,610	tba
Chair of Planning Committee	£2,268	£3,025
Vice-Chair of Planning	£1,134	£1,512

<b>Committee</b>		
<b>Chair of Licensing Committee</b>	<b>£1,361</b>	<b>No change</b>
<b>Chair of Overview and Scrutiny Committee (x3)</b>	<b>£1,361</b>	<b>No change</b>
<b>Chair of Audit Committee</b>	<b>£454</b>	<b>No change</b>
<b>Chair of Staff and Support Services Committee</b>	<b>£302</b>	<b>£0</b>
<b>Chair of Standards Committee</b>	<b>£907</b>	<b>No change</b>
<b>Group Leaders (x2)</b>	<b>£605</b>	<b>No change</b>
<b>Independent members of Standards Committee (x5)</b>	<b>£295</b>	<b>No change</b>
<b>Chair of Council)</b>	<b>£454</b>	<b>No change</b>
<b>Mayor (duties of civic head)</b>	<b>£6049</b>	<b>No change</b>
<b>Mayor (clothing and other expenses)</b>	<b>£500</b>	<b>No change</b>
<b>Deputy Mayor (duties of deputy civic head)</b>	<b>£1210</b>	<b>No change</b>
<b>Deputy Mayor (clothing and other expenses)</b>	<b>£100</b>	<b>No change</b>
<b>TOTAL</b>	<b>£323143</b>	<b>£324278</b>
<b>N.B totals are based on roles and frequencies excluding any double payments of SRAs. Figures for allowances actually paid may be affected by by-elections, decisions by members in previous years not to accept increases etc</b>	<b>Basic Allowance and SRAs £315284</b>  <b>Mayoral Allowances £7859</b>	<b>ie + £1135</b>  <b>(excluding the £302 for the Chair of SSSC which is currently not paid due to only 1 SRA being paid per member)</b>

## 6. Performance management –monitoring and review

- 6.1 The IRP are recommending that they meet to carry out a light touch review in 2011 reporting to Council in December 2011.

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<b>Appendices</b>	<ol style="list-style-type: none"><li>1. Risk Assessment</li><li>2. IRP Report</li></ol>
<b>Background information</b>	<ol style="list-style-type: none"><li>1. Part 6 CBC Constitution – Members’ Scheme of Allowances</li></ol>

The risk				Original risk score (impact x likelihood)			Managing risk				
Risk ref.	Risk description	Risk Owner	Date raised	I	L	Score	Control	Action	Deadline	Responsible officer	Transferred to risk register
	New councillors are not attracted to the role if the basic allowance is frozen and doesn't keep pace with inflation			3	2	6		IRP to be informed of any evidence that this is the case so that they can decide whether an annual review is necessary		Democratic Services Manager	
	Poor public perception if allowances are increased during current economic climate and cuts			2	4	8		Refer to this in the IRP report		Jane Griffiths	
	IRP will be out of touch with national developments if they do not meet annually			3	2	6		Encourage IRP to review national developments at the start of every new review and keep in touch via email		Democratic Services Manager	