



**CHELtenham**  
BOROUGH COUNCIL

**Report and Recommendations of the  
Independent Remuneration Panel on Members'**

**Allowances**

**Annual Review**

**November 2010**

# 1. Introduction

## 1.1 Membership

The Cheltenham Borough Council (CBC) Independent Remuneration Panel was established pursuant to the provisions of the Local Authorities (Members' Allowances) (England) Regulations 2003. The panel members were appointed by the Borough Solicitor and Monitoring Officer in December 2006 under delegated authority from Council. The current panel membership is:

Mr Paul Johnstone (Chairman)	Director of Operations, RR Donnelley Global Document Solutions Panel Previous Member for Tewkesbury BC IRP
Mr Quentin Tallon (Vice Chair)	Cheltenham TUC and Panel Member for Gloucestershire CC IRP
Mrs Patricia Dundas	Gloucestershire Hospitals
Mrs Joyce Williams	Retired Public Servant

## 1.2 Terms of Reference

The Panel's original terms of reference as set by the Borough Solicitor and Monitoring Officer were;

To make recommendations to full council on the appropriate level and nature of allowances payable to Borough Council Councillors in Cheltenham under the scheme of allowances for implementation from 1 April 2007 which

- a) conform to the requirements of the Local Authorities (Members' Allowances) (England) Regulations 2003
- b) recognise the duties and levels of responsibility which fall upon them
- c) are clear, unambiguous, easy to administer, explain and justify to the local community.

## 1.3 History of the panel to date

The recommendations of this independent remuneration panel regarding members scheme of allowances were agreed by Council on the 26<sup>th</sup> of March 2007. One of their recommendations was that *"this panel is reconvened every year to review whether there should be an increase in councillors' basic and SRA for the following financial year. This meeting should be timetabled so that any amendments recommended by council can be fed into the budget preparations."*

The first annual review took place in November 2007 and the panel reported to Council on 10 December 2007 recommending a 2.9% increase in the basic allowance and all SRAs. These recommendations were accepted by Council.

The second annual review took place in November 2008 and the panel reported to Council on 17 December 2008 recommending a 3.59% increase in the basic allowance and all SRAs. Council reduced this to 2.45% in line with the potential staff settlement and also resolved that the SRA for Planning Chair should be split between the Chair and Vice-Chair on a 2:1 basis.

In October 2009 Council passed a resolution that given the economic climate and the budgetary situation faced by the council, it would not amend its scheme of allowances in the year 2010/11 and therefore there would be no requirement for the independent remuneration panel to meet. Budget Council in February 2010 agreed to freeze Members' Allowances and all Mayoral allowances for the next 5 years up to and including 2014/15 in the Medium Term Financial Strategy.

Under the regulations for Members' Allowances, the Council is obliged to review its scheme every four years and hence the need for the panel to meet this year and make recommendations for the Members' Allowance scheme 2011/12.

## **2. The Review**

### **2.1 Scope of the Review**

The review was to cover all aspects of the scheme resulting in any recommendations for change to the following:

- The basic allowance including the amount of any reduction due to the voluntary nature of the Councillors' role
- The payment of Special Responsibility Allowances (SRA) which are currently paid in the council's existing scheme to:
  - The Leader of the Council
  - Cabinet Members
  - Chair of Planning Committee
  - Chair of Licensing Committee
  - Chairmen of Overview and Scrutiny Committees
  - Group Leaders
  - Chair of Staff and Support Services Committee
  - Chair of Audit Committee
  - Chair and independent members of the Standards Committee)
  - Co-opted Members
- The Mayoral allowance (although this falls outside of the current Members Allowance scheme we were asked to look at it as part of our original review in 2006).
- Travel allowances
- Subsistence allowances
- Dependent carers allowances
- Pensions
- Suspension of allowances

### **2.2 Support for the review**

We were assisted by Rosalind Reeves, Democratic Services Manager and we thank her for her support to the panel in carrying out this review.

### **2.3 Evidence reviewed**

There were two meetings of the panel on 8 November and 23 November 2010 and all members of the panel were present.

To assist us with our annual review we considered a variety of information namely;

- The current scheme as set out in the constitution
- The IRP report to Council in December 2008
- Analysis of 2009/10 Members' Allowance returns for the South West
- The results of a Members' survey which all Cheltenham Borough Council members and independent members were invited to complete (12 responses were received)
- Results of interviews with members and officers on specific issues
- Results of the public budget consultation
- An update report from the Democratic Services Manager
- Alternative indexes relating to the annual increases
- Results of a survey of Cabinet Members requested following our first meeting.

## **2.4 The Financial Context**

*43% of the members who responded to our survey thought the panel should take the budgetary situation into account.*

At the start of the review the panel debated how the current financial climate should affect our recommendations. We considered the argument that the IRP should base their recommendations on what they consider is an appropriate allowance for the role and then it should be for Council to make any adjustments for the budgetary situation.

We were also aware that nationally a number of IRPs were concerned that an ongoing freeze of Members' Allowances may discourage new candidates from coming forward. We did not see any evidence that this was the case in Cheltenham during the recent borough elections.

We also took into account the fact that Council had agreed to freeze Members' and Mayoral Allowances for five years as part of the 2010/11 budget debate in the Medium Term Financial Strategy. We felt as a panel we could not ignore this very strong statement.

Having reviewed all the relevant factors, we decided that given the level of national financial constraints, our recommendations would not be credible if we did not take the current budget situation into account. We also agreed that a key focus of our review should be to ensure that all the relative factors used in calculations were still relevant to the various roles.

## **3. Members' Allowances Scheme**

### **3.1 Basic Allowance**

#### **The calculation**

This allowance is payable to all Councillors of the Council. In determining the basic allowance we adopted a formula approach related pro rata to an equivalent salary for a 37 hour week. We opted to base the calculation on a salary figure of £20,000 per annum. At the time of writing our report in March 2007, this figure was similar to the Median Gross annual earnings in the South West for 2006 (£22,042 at that time).

Therefore the calculation to work out the Basic Allowance at that time was:

$$15/37 \times £20,000 \times 67\% \times 46/52 = £4805$$

hours per week x equivalent annual salary x (100% - voluntary element reduction) x working weeks per year/weeks per year

Our recommendation to Council in subsequent years was that this basic allowance should be increased by the percentage increase in the median salary for the South West, a figure published by the Office for National Statistics each year. If Council chose not to implement this increase, or only a part of it, in any year, then there would be no catch up in subsequent years.

The basis of the government statistics changed in 2007 but in the 2009 Annual Survey of

Hours and Earnings (ASHE), the median gross weekly earnings in the South West were £453.8 per week. i.e. £23,597 per annum. If the increases to the Basic Allowance had been kept in line with the increase in this figure since 2006, the allowance would now be set at £5224. Currently it is £5066, hence the allowance has fallen behind.

The 2010 survey results are due to be published in December 2010.

### **Indexation**

*79% of the Members who responded to our survey felt the current index was the right one.*

In this review, we looked at alternative indexes to the percentage increase in the median salary including the local government pay settlement, the % increase in the LGA Member daily rate and inflation measures. We did not feel the local government pay settlement was the most appropriate measure as councillors are not local government employees. The LGA daily rate is a national average and we now understand that the LGA announced their intention in November this year to discontinue the publication of this figure.

For simplicity we would recommend that the allowance is increased each year by the % increase in the median gross weekly earnings for the South West published in the Annual Survey of Hours and Earnings each year.

### **Average no of hours and working weeks per year**

In this review we had no evidence from the survey of councillors which caused us to change the 15 hours per week for the average number of hours spent by a councillor in performing their basic role. The panel also considered it was appropriate to base the calculation on 46 weeks out of 52.

### **Voluntary deduction**

*57% of the Members who responded to our survey supported this deduction.*

We were specifically requested by a member to make a comment on the 33% voluntary service deduction. We were advised that this is still a standard practice across many authorities and the figure varies between 25 and 50%. Consequently we agreed that the 33% deduction should remain in place. The gross Basic Allowance without this deduction would be **£7,561** whereas with this reduction it is set currently at **£5,066**.

Under normal financial circumstances the panel would be recommending a percentage increase in line with the index used but taking into account the current financial climate, our recommendation is that there should be no increase in the basic allowance for 2011/12.

### **Recommendation 1:**

**That the Basic Allowance payable to all Councillors should not be increased.**

## **3.2 Special Responsibility Allowances (SRAs)**

Our recommendations for the payment of SRAs were also based on a formula approach.

### **3.2.1 Leader of the Council**

Using the same methodology as that when calculating the Basic Allowance we considered that due to the responsibilities that fall on the Leader we would equate the role of Leader to a senior officer in Local Government. We selected an annual salary of £45,739.20 per annum as reflecting typical earnings for a role in the public or private sector with a similar level of responsibility at the time of writing the March 2007 report.

We considered that a typical Leader of the Council would need to dedicate at least the equivalent to 2 working days to carry out the role effectively. This is over and above the 15 hours spent carrying out their basic Councillor role.

Therefore, the calculation was

$$15/37 \times \text{£}45,739.20 \times 46/52 = \text{£}16,403.35$$

hours per week x equivalent annual salary x working weeks per year/weeks per year

When reviewing the SRA's in November 2007 we recommended that the Leader's SRA should be increased by the same percentage as the basic allowance. We see no reason to change this approach and hence we are recommending that there should be no increase to the Leader's SRA for 2011/12.

### **Recommendation 2:**

**That the special responsibility allowance currently payable to the Leader of the Council should not be increased.**

### **3.2.2 Calculation of other Special Responsibility Allowances (SRAs)**

Payments for all other SRA's were based on a formula linked to the basic allowance but took into account the role description, the level of knowledge required to perform the role, the level of responsibility and risk that comes with the role and the hours required to perform the role.

Therefore if this same formula is reapplied and the basis allowance not increased then no SRA's will receive an inflationary increase in 2011/12.

### **Recommendation 3:**

**That there are no inflationary increases to the SRAs for 2011/12.**

Our focus from this point was to review the current SRAs and determine if there were any changes or anomalies that needed correcting.

### **Cabinet Member**

When reviewing the results of the South West regional allowances survey 2009/10, it was evident that the SRA set for the Cabinet Member and Leader in the council's scheme was significantly higher than other councils in the region. We decided that this was worthy of investigation and so requested the Democratic Services Manager to carry out a survey with Cabinet Members to determine the average time they spent on Cabinet business. A single page questionnaire was circulated via e-mail.

We had a response from the Leader and 4 Cabinet Members. We wish to express our disappointment that despite reminders and follow-ups, two Cabinet Members opted not to respond.

From those who did respond, there was a wide range given for the time spent by a Cabinet Member on Cabinet business ranging from 11.5 hours to 39 hours per week. This is in addition to the time spent as a 'basic' councillor which is covered by the basic allowance. Consequently there is no evidence to suggest that the average of 15 hours per week for a Cabinet Member needs adjustment.

We also reviewed the level of knowledge and experience required to carry out the role effectively and the level of responsibility and risk in the decisions that a Cabinet Member is

required to make. Again we feel that the levels we set in 2006 of a high level of knowledge and experience and a very high level of responsibility and risk are appropriate for a Cabinet Member.

From our first review in 2006, we set out to build a model for determining allowances that can be used to evaluate any role. If necessary we may need to review that model and amend the basis of any calculations where necessary. In the case of the Cabinet member and Leader, although we acknowledge the differences with other authorities, we have reviewed our model and have seen no evidence that would cause us to change it for these roles.

It was brought to our attention that Council is to consider a report on the new Leadership Model to be adopted which designates a role for the Deputy Leader. Should this result in an increase of responsibilities for the Deputy Leader and/or a decrease in some of the responsibilities for the Leader, this could be a matter for consideration at our next review.

#### **Recommendation 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.**

#### **Planning Chair and Vice Chair**

In 2007 we were asked to consider payment of an SRA to the Vice-Chair of Planning. At the time we were doing a light touch review and decided that consideration of the matter should be left to our next full review. We understand that Council agreed to split the allowance for the Chair of Planning Committee on a 2/3:1/3 between the chair and vice-chair and this has been in place since 2009 making the current SRAs, £2268 and £1134 respectively. Without the split, the chair would receive £3403.

We reviewed the results of interviews carried out by the Democratic Services Manager with the current Chair and Vice-Chair of Planning Committee, a previous chair and the Assistant Director Built Environment.

We reviewed the criteria for setting the allowance for the chair. From the evidence we received we felt that the level of responsibility and risk associated with the chair should be increased from a 3(High) to a 4 (Very High), this would be on a par with a Cabinet Member. This would increase the current allowance from £3403 to **£4537**.

We were satisfied that the Vice-Chair of Planning does have extra responsibilities in addition to attending chair's briefings and having sufficient knowledge and experience to chair a meeting in the absence of the chair. They are also formally consulted regarding decisions of what matters should go to committee and an effective vice-chair will also be attending meetings with officers and keeping up to speed on planning issues.

Looking at the results of the survey to the South West, we observed that around 50% of authorities did pay an allowance to their Vice-Chair of Planning and of those an amount equal to 50% of the chairs allowance was most common.

We were concerned that if we decided to pay an allowance to the Vice-Chair of Planning, this could set precedents for other committees. We were satisfied that Planning Committee was a special case. The members we interviewed or who responded to our survey did not think precedents would be an issue..

When it came to setting an allowance for the vice-chair, we found this quite difficult as to some extent the vice-chair was 'sharing' some of the responsibilities of the chair. Therefore we decided that as Council had proposed the 2/3:1/3 split, this split should become a permanent part of the scheme. Thus the revised allowance of £4537 would be split on a 2/3:1/3 basis, making the chair's allowance **£3025** and the vice-chair's allowance **£1512**.

**Recommendation 5:**

**That the level of responsibility for the Chair of Planning be increased to a 4 and that the resulting allowance is split between the chair and vice-chair on a 2/3:1/3 basis.**

**That the allowance for Chair of Planning is revised to £3025 for 2011/12 and the Vice-Chair of Planning to £1512.**

**3.2.3 Staff and Support Services Committee**

We understand that this committee has been disbanded and replaced by working groups and sub committees and therefore the allowance for the chair should be discontinued. In practice the chair of this committee was always the Leader of the Council and as members are limited to receiving one SRA, this allowance was never effectively paid. Hence there is no financial saving in deleting this SRA.

**Recommendation 6:**

**That the SRA for the Chair of Staff and Support Services is removed from the scheme.**

**3.2.4 Chair and Independent Members of the Standards Committee**

We understand that the introduction of the local filter arrangements in 2008 have not caused a significant increase in workload for the members of the Standards Committee. In addition we were advised that the new coalition government has advised the abolition of the national body Standards for England which may result in further changes to the role of local Standards Committees. We concluded that no change was required to the current scheme and that the role should be reviewed once the outcomes of the changes to the standards regime had been implemented.

**Recommendation 7:**

**That the SRAs for the Chair of Standards Committee and to Independent Members are reviewed once the new Standards Regime is known.**

**3.2.5 Chair of Council, Licensing, Group Leaders, Audit Committee, Chair of Overview and Scrutiny Committees**

We had no specific issues to deal with here. We were satisfied that the vice-chair of Licensing Committee did not fall into the same category as the Planning Committee and therefore should not receive an SRA.

Similarly although vice chairs of other committees did attend briefings and were sometimes called upon to deputise at a meeting, we did not feel this was sufficient to warrant an SRA.

We were asked to consider the situation where a chair receiving an SRA was absent for several meetings and therefore the vice-chair was playing a much more significant role. We do not feel it is for the allowance scheme to define how this situation should be dealt with financially. It should be down to the individual member to make a judgement on whether he is able to fully carry out his responsibilities as a chair and if not to take appropriate action. We consider that this is an issue which should be taken up with the relevant Group Leader/s when it occurs. Committee themselves also have the option to elect a new chair if the original appointment was made by the committee.



Regarding the allowance for Group Leader, we did note a large range in allowances paid to group leaders in the South West survey, some calculating the allowance based on the number of members in the party. When we originally set the SRA for a Group Leader we focused on the meetings that the Group Leader was expected to attend in their role and the degree of consultation with Group leaders as a body. We feel that the management of their group, which will increase with the number of members in the group, is more of a political role outside the scope of the SRA. Therefore we see no reason to change the basis of this allowance.

### **3.2.6 Co-optees**

No change required

### **3.2.7 Consideration of any new SRAs**

We were asked to consider whether there was a case for a SRA payment to chairs of panels and working groups. We understand that there are a wide range of working groups which members are asked to participate in, sometimes on a voluntary basis and sometimes due to the nature of their role. These working groups can be on a temporary or sometimes permanent basis. We believe that all members should play an active role in such groups and be willing to put themselves forward as a member or as a chair. This should be considered part of their basic councillor role and therefore no additional SRA should be paid. We would only consider payment of an SRA if there was evidence that taking the chair of a panel or group required significant additional responsibilities for the chair, significant work outside the meeting and required specific skills or knowledge.

### **3.3 Mayor's and Deputy Mayor allowance**

Although not an SRA when considering the Mayoral allowances we considered it appropriate to split the allowance into 2 parts. The first part reflects the role of the Mayor as Civic Head and the second part is a sum of £500 as a contribution to the amount the mayor has to spend on clothing, donations and raffle tickets etc when representing the Council at events.

We were also advised that the results of the public budget consultation carried out in the summer 2010 indicated that a significant proportion of those who responded to the survey, thought that this was an area that should be stopped or reduced. We understand that the survey was only an indication from some of the population in Cheltenham and not a proper statistical analysis, however we did not feel we could ignore the strength of public opinion from those who responded given that the survey had been initiated by the council.

The panel considers that the basis of the calculation we used when setting these allowances does reflect the considerable amount of work that the Mayor does for the town during their year of office and the support given to that role by the Deputy Mayor.

Taking all this into account this result and the decision made by Council to freeze the Mayoral allowance, we propose no increase to the allowances for the Mayor and Deputy Mayor.

### **Recommendation 8:**

**That there are no increases to the allowances for Mayor and Deputy Mayor.**

### **3.4 Travel Allowances**

We noted that mileage rates are automatically pegged to the staff rate for essential car usage of 1000cc so receive increases automatically when the staff rate changes. There is no allowance paid for Members' travel within the borough as this included in the basic allowance.

We were requested to review an issue raised by a member concerning travel outside the

borough on council business. When claiming mileage for such a journey the scheme currently requires members to deduct the first 5 miles of any journey. We feel it is appropriate for members to cover mileage within the borough from their basic allowance for ward business and travelling to the municipal offices etc. However if they are required to travel outside the borough on approved duties, we recommend that members should be able to claim the mileage from home to the destination where they are carrying out council business and the same for the return journey.

The IRP would also encourage members to use more sustainable travel where ever possible, particularly train travel for longer distances.

#### **Recommendation 9:**

**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**

#### **3.5 Subsistence Allowances**

No change from our position that these should not be paid and no members raised this in the survey.

#### **3.6 Dependent Carers' Allowance**

There have been very few claims since this was introduced but the panel still feels this is an important part of the scheme. Claims can be made on the basis of receipts for costs of carers incurred and family members are excluded. We feel no changes are necessary.

#### **3.7 Pension**

As a panel we feel this is an issue which should be addressed nationally and until there are any new national guidelines there is no need for change. There have been no comments from members in the survey relating to pensions.

### **4. Transparency and demonstration of achievements**

In our March 2007 report we made a number of additional comments regarding the need for a structured development plan for members and greater transparency in their achievements. We noted that a full member induction program was arranged following the elections in May 2010 when 6 new councillors were elected. It was well supported by new members and received good feedback.

We understand that the responsibility for member development has now been transferred to the Learning and Development Manager in Human Resources. Members are being encouraged to manage their own development through the Learning Gateway. We hope that members will continue to take the opportunities provided to develop their skills in their various roles. We as a panel think this is very important but it is not our role to make any provisions in the scheme to require members to attend. .

### **5. Clawback of allowances**

*100% of the members who responded to our survey did support the clawback for non attendance but some felt there should be an element of discretion and some were concerned that it was only voluntary.*

One of the IRP's recommendations was that any member who does not attend at least two thirds of the total number of scheduled meetings of Council or of Cabinet or of committees of which he/she is a member should be invited to pay back an appropriate percentage of his/her basic allowance up to a maximum of 25% of the basic allowance.

We understand that member attendance records have continued to be monitored and reported to Group Leaders. Any issues arising have been addressed and overall there is a good level of attendance across all committee meetings.

We still feel that good attendance is an essential role of any councillor and we were very encouraged to hear that Members' attendance at Council and committee meetings will be available for the public to view on the Council's website following the implication of the new Modern.gov system in October 2010.

Therefore we recommend no change to the existing clause in the scheme.

## **6. ICT Provision**

ICT provision is essential for members in carrying out their role effectively and forms a key part of communication with the public, members and officers. New Councillors have always been offered a council laptop and these laptops are returned when they leave office. There is also a provision for members to access the Council network from home using a Virtual Private Network, VPN. Many members opt to use their own PC at home but can then only access web outlook due to security constraints imposed by central government.

We understand that there are currently no spare laptops if an additional councillor was to request one and that there is no budget for new members laptops or replacing existing ones, either in ICT or in the budgets held by Democratic Services. There is also a charge associated with VPN of an initial outlay of £400 and thereafter £200 per annum and again there is no budget for this.

We were asked to consider whether we thought ICT provision should be covered within the basic members' allowance. We feel that members should be responsible for providing their broadband connectivity, paper, printing cartridges etc but the Council should provide members with essential ICT equipment such as a laptop and if required the VPN link. A budget should be set aside for this.

### **Recommendation 10:**

**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.**

## **7. Date of next review**

Legislation requires that the next full review commencing in September 2014 and reports to council in December of that year.

Although our scheme originally recommended that the panel should meet annually, we would like to amend this in view of the current economic climate and our satisfaction with the method of indexing that is now tried and tested. We are also aware that the review incurs a significant amount of work for officers in supporting the review and producing appropriate reports.

Consequently we would recommend that in September of each intervening year, the Democratic Services Manager liaises with the Chair of the IRP to decide if there are any issues which require the panel to meet. These will be focused on any changes in roles and responsibilities and could include for example consideration of the Deputy Leader role or the roles of the Standards Committee members. If there is no need for the panel to meet, then there will be a recommendation made to Council that the Basic Allowance and all SRAs are increased in line with the index. It will then be up to Council to decide whether to accept the increase or otherwise.

**Recommendation 11:**

**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 start in September 2014 reporting to Council in December 2014.**

On that basis we commend our recommendations to Council.

Paul Johnstone (Chair)

Quentin Tallon (Vice Chair)

Patricia Dundas

Joyce Williams