

Cheltenham Borough Council
Council – 15 December 2014

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

Accountable member	Council
Accountable officer	Chief Executive, Andrew North
Accountable scrutiny committee	Not applicable
Ward(s) affected	
Significant Decision	No
Executive summary	<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. Before an authority can review its scheme of allowances it must first have considered a report from an Independent Remuneration Panel (IRP). A full review was carried out by the IRP in 2010 and its recommendations were approved by Council in December that year for implementation in 2011/12.</p> <p>The IRP have been convened at several points since then to consider specific issues. The most recent time was in February 2014 to consider the changes to the Members ICT support so that the necessary preparations could be put in place before the elections in May 2014. They offered some guidance at that point but did not make any recommendations to Council.</p> <p>The IRP have now completed another full 4 yearly review in November 2014 in preparation for the budget setting 2015/16 and their findings and recommendations are set out in this report.</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 will remain in place.</p>
Recommendations	<p>I therefore recommend that:</p> <p>Council considers the recommendations set out in the attached IRP report and summarised in section 5 and determines whether to adopt them.</p> <p>Council authorises the Chief Executive 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>

<p>Financial implications</p>	<p>In the budget 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 and SRAs for the Leader and Cabinet Members were reduced by 5% as a budget saving.</p> <p>The financial implications of the IRP proposal are set out in section 7.</p> <p>Contact officer: Mark Sheldon, Director of Resources, mark.sheldon@cheltenham.gov.uk, 01242 264123</p>
<p>Legal implications</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 of 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>Contact officer: John Teasdale, One Legal john.teasdale@tewkesbury.gov.uk, Tel: 01684 272699</p>
<p>HR implications (including learning and organisational development)</p>	<p>Any changes to the current Members Scheme of Allowance will need to be built into the ERP System in time for April payroll processing.</p> <p>Contact officer: Julie McCarthy , HR Operations Manager julie.mccarthy@cheltenham.gov.uk, 01242 26 4355</p>

Key risks	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.
Corporate and community plan Implications	None
Environmental and climate change implications	None

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 (SRAs) paid in respect of identified roles and responsibilities and travel and dependent carers payments. The scheme was last reviewed in December 2010 following the full review by the IRP panel and the revised scheme agreed by Council in December that year.
- 1.4 In the budget 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 and SRAs for the Leader and Cabinet Members were reduced by 5% as a budget saving. Consequently there was no need for the panel to meet in 2011. This freeze is still in operation and the IRP were made fully aware of the latest budget situation within the council.
- 1.5 The panel met in 2012 to consider the new scrutiny arrangements effective from May 2012, Members ICT support and the new standards regime. The panel met on 27 February 2012 and concluded their recommendations in one meeting. Their recommendations were agreed by Council.
- 1.6 The panel met twice on 21 October 2014 and 6 November 2014 as part of their review and considered a wide range of evidence and some face to face meetings with Members.
- 1.7 The next full review required by legislation will commence in October 2018 reporting to Council in December 2018.

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 current scheme recommended by the IRP is that the basic allowance should be increased annually by the increase in the median full-time salary for the South West, a figure published by the Office for National Statistics in November each year. For November 2014, this % increase is 1%. The recommendations from the IRP for 2015/16 and the rationale for them are set out in the IRP report and summarised here:

- 1) **That the Basic Allowance payable to all Councillors is increased by X% and an additional amount of £100 per annum be incorporated to cover the essentials necessary to carry out the role as detailed in the report.**
- 2) **That the special responsibility allowance currently payable to the Leader of the Council should be increased by X%.**
- 3) **That the SRA for the role of Group Leader should only be payable where a political group has 4 Members or more.**
- 4) **That the level of knowledge and experience necessary for the chair of Audit Committee be increased with a corresponding increase to the SRA for 2014/15 from £454 to £681.**
N.B this figure would then be eligible for the X% increase across all SRAs
- 5) **That the level of all SRAs be increased by X%.**
- 6) **That the allowances for Mayor and Deputy Mayor are increased by X%**
- 7) **That all other aspects of the Members Allowance Scheme remain unchanged.**
- 8) **The next full review required by legislation will start in September 2018 reporting to Council in December 2018 with an intervening review each September as detailed in the scheme.**

5.2 If the panel's recommendations are accepted the new allowances will be as follows:

ROLE	Current allowance	Recommendations from the IRP from April 2015 if X = 1% and including £100 on basic allowance
Basic	£5,066	£5217
Leader	£16,428	£16592
Cabinet Member	£12,930	£13059
Chair of Planning Committee	£3,025	£3055
Vice-Chair of Planning Committee	£1,512	£1527
Chair of Licensing Committee	£1,361	£1375
Chair of Overview and Scrutiny Committee	£2,722	£2749
Vice-chair of O&S Committee	£1,361	£1375
Chair of Audit Committee	£454	£687 *additional increase takes into account IRP recommendation 4) before applying the 1%
Chair of Standards Committee	£302	£305
Group Leaders (x2)	£605	£611
Chair of Council)	£454	£458
Mayor (duties of civic head)	£6049	£6110
Mayor (clothing and other expenses)	£500	No change
Deputy Mayor (duties of deputy civic head)	£1210	£1222
Deputy Mayor (clothing and other expenses)	£100	No change

6. Financial implications

6.1 The financial implications of the proposals from the IRP are set out in the table below.

	Existing cost	Revised cost	Additional cost
Basic allowances	£202640	£208680	£6040
SRAs	£106409	£107699	£1290
Civic Allowances up to	£7859	£7932	£73
Total member allowances	£316,908 **	£324311 **	£7403

** Total Member allowances include Mayor and Deputy Mayor's Allowances

7. Performance management – monitoring and review

7.1 The Members Allowance Scheme will be monitored by Democratic Services and any issues arising will be raised with IRP when necessary.

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Appendices	1. Risk Assessment 2. IRP Report
Background information	1. Part 6 CBC Constitution – Members' Scheme of Allowances

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
	If some provision is not made for increasing the basic allowance then new councillors may not be attracted to stand for the role or existing members may step down.	Andrew North		3	2	6		IRP to be informed if this is the case so that they can consider as part of their regular reviews.		Democratic Services Manager	
	If Members are not financially supported to use their own ICT/communications equipment they may not be able to carry out their council role effectively or may be put off from standing.			3	2	6		Include provision in the basic allowance			
	If Members Allowances are increased during a continuing climate of cuts there may be a public perception that Councillor are not playing their part in Bridging the Gap	Andrew North		2	4	8		Emphasise in the report that Members have had a freeze in their allowances for 5 years and provide comparisons with other indexes.		Democratic Services Manager	