

Cheltenham Borough Council

Council – 12 December 2016

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

Accountable member	Council
Accountable officer	Democratic Services Manager, Rosalind Reeves
Accountable scrutiny committee	Not applicable
Ward(s) affected	Not applicable
Significant Decision	No
Executive summary	<p>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 2014 and so the next full review is not due until 2018.</p> <p>The IRP were convened in November this year as some changes to the scheme were necessary following an internal audit review by Audit Cotswold. At the same time they also reviewed any increases to the Basic Allowance and Special Responsibility Allowances to be applied for 2017/2018 and reviewed the method of indexation used.</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> <ol style="list-style-type: none">1. Council considers the following recommendations set out in the attached IRP report and determines whether to adopt them;<ol style="list-style-type: none">ii) That the Basic Allowance payable to all Councillors is increased by 1% from April 2017 in line with the proposed increase to staff.iii) That the level of all SRAs be increased by 1%.iv) That the allowances for Mayor and Deputy Mayor are increased by 1%v) That the revised Members Allowance Scheme as set out in Appendix 1 of the IRP report be adopted including the change to future indexation2. Council notes 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.

3. Council authorises the Democratic Services Manager to implement any necessary changes to the scheme of allowances and make any necessary changes to Council's constitution.

Financial implications	<p>The financial implications of the IRP proposal are set out in section 5 of the report.</p> <p>The Medium Term Financial Strategy 2016/17 to 2019/10, approved by Cabinet on 11th October 2016, includes a 1% increase in the 2016/17 budget for members' allowances, including special responsibility allowances and mayor and deputy mayor allowances. There is therefore budget provision for this proposed increase included in the 2017/18 budget, subject to approval by Council as part of the budget setting meeting in February 2017.</p> <p>Contact officer: Sarah Didcote, Deputy Section 151 Officer, sarah.didcote@cheltenham.gov.uk, 01242 264125</p>
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Legal implications	<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>
HR implications (including learning and organisational development)	<p>If the proposed changes are accepted the Democratic Services Manager will need to instruct GOSS HR to update payroll data on Agresso.</p> <p>Contact officer: Julie McCarthy, Human Resources Manager julie.mccarthy@cheltenham.gov.uk, 01242 26 4355</p>
Key risks	<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>
Corporate and community plan Implications	<p>None</p>
Environmental and climate change implications	<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 (SRAs) paid in respect of identified roles and responsibilities and travel and dependent carers payments. The scheme was last reviewed in December 2014 following the full review by the IRP panel and the revised scheme agreed by Council in December that year.
- 1.4** In 2015 the recommendation from the IRP was for a 1.5% increase in the Basic Allowance and SRAs in accordance with the method of indexation they had adopted linked to the % increase in the median gross weekly earnings for the South West. Council considered this recommendation as part of the budget report on 12 February 2016 and decided that they would award a 1% increase to be in line with the salary increase given to staff. They also wished to apply this increase to all SRAs and the civic allowances.
- 1.5** The IRP were convened in November this year as some changes to the scheme were necessary following an internal audit review by Audit Cotswold. At the same time they also reviewed any increases to the Basic Allowance and Special Responsibility Allowances to be applied for 2017/2018 and reviewed the method of indexation used.
- 1.6** 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.

5. The recommendations

- 5.1** With the change proposed to the method of indexation, the proposed increases to the Basic Allowance and SRAs are linked to the proposed increases in staff salaries rather than being linked to the median full-time salary for the South West, a figure published by the Office for

National Statistics in November each year. The recommendations from the IRP for 2017/18 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 1% from April 2017 in line with the proposed increase to staff.**
- 2) That the level of all SRAs be increased by 1%.**
- 3) That the allowances for Mayor and Deputy Mayor are increased by 1%**
- 4) That the revised Members Allowance Scheme as set out in Appendix 1 of the IRP report be adopted including the change to future indexation**
- 5) 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 2017 with a 1% increase
Basic	5268	5321
Leader	16592	16758
Cabinet Member	13059	13190
Chair of Planning Committee	3055	3086
Vice-Chair of Planning Committee	1527	1542
Chair of Licensing Committee	1375	1388
Chair of Overview and Scrutiny Committee	2749	2777
Vice-chair of O&S Committee	1375	1388
Chair of Audit Committee	688	695
Chair of Standards Committee	305	308
Group Leaders (x2)	611	617
Chair of Council)	459	463
Mayor (duties of civic head)	6676	6743
Includes the clothing and other expenses	(500)	

Deputy Mayor (duties of deputy civic head)	1335	1349
Includes the clothing and other expenses	(100)	

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	210727	212834	2107
SRAs	107702	108779	1077
Civic Allowances up to	8011	8091	80
Total member allowances	326440	329705	3264

** 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	<ol style="list-style-type: none"> 1. Risk Assessment 2. IRP Report
Background information	<ol style="list-style-type: none"> 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 and SRAs then new councillors may not be attracted to stand for the role or existing members may step down.	DSM		3	2	6		The views of existing Councillors should continue to be fed back to the IRP and they should be made aware of any difficulties in attracting future councillors.		Democratic Services Manager	
	If Members Allowances are increased during a continuing climate of financial cuts there may be a public or staff perception that Councillors are playing their part in helping to bridge any budget gaps.	DSM		2	4	8		Provide a full briefing to IRP of the financial climate nationally and within the council as part of their review. Review the indexation method used to align more closely to local government pay increases.		Democratic Services Manager	