

Cheltenham Borough Council

Council – 11 December 2017

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

Accountable member	Council
Accountable officer	Chief Executive, Pat Pratley
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 there were some issues they had been requested to look at as part of this review. At the same time they also reviewed any increases to the Basic Allowance and Special Responsibility Allowances to be applied for 2018/2019 based on the revised method of indexation adopted by Council last year i.e the proposed % increase for staff.</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;ii) That the Basic Allowance payable to all Councillors is increased from April 2018 by a % equal to the proposed increase to staff relating to 2018/19.iii) That the level of all SRAs be increased by the same %.iv) That the allowances for Mayor and Deputy Mayor are increased by the same %v) That the SRA for the Licensing Committee Chair be split between the Chair and Vice-Chair on a 60/40 basis until a full evidence based review can be carried out as part of the next full

review in September 2018.

- vi) That when travelling to approved duties outside of the borough using public transport all travel costs incurred within the borough can be included subject to the requirement to use the most cost effective form of travel for all journeys.
- 2. Council notes the next full review required by legislation will start in September 2018 reporting to Council in December 2018.
- 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

The additional cost of the IRP proposal is set out in sections 4 and 5 of the report.

The Cabinet Budget Strategy report on 10th October 2017 outlined the budget modelling strategy for the interim 2018/19 council budget. This includes a 1% increase in employee costs to mirror the estimated local government pay award for 2018/19. This 1% increase will also be applied to the 2018/19 budget for members' allowances, including special responsibility allowances and mayor and deputy mayor allowances, at a total additional cost of £3,297 pa.

A further 1% has been set aside in the council's general balances as contingency, should the pay award and therefore the equivalent percentage increase in members' allowances be higher than estimated.

There is therefore budget provision for this proposed increase included in the 2018/19 budget, subject to approval by Council as part of the budget setting meeting in February 2018.

The actual increase in members allowances will be calculated by the Chief Financial Officer once the staff pay award for the next financial year is confirmed. There would be a minimal impact on the council's medium term financial strategy, should the actual increase in members allowances be higher than currently proposed.

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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: Peter Lewis, One Legal peter.lewis@cheltenham.gov.uk, Tel: 01684 272012</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 Business World.</p> <p>Contact officer: Carmel Togher ,HR Business Partner Carmel.togher@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>The Scheme will continue to encourage members to use public transport where possible.</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** When Council considered the IRP report as part of the budget report on 12 February 2016 they 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** In 2017, the IRP recommended that the scheme be changed to adopt Council's preferred method of indexation i.e. the increase should be in line with that given to staff rather than the % increase in the median gross weekly earning for the South West which had been adopted by the panel previously. This was agreed by Council and the Members Allowance Scheme in the Constitution was amended accordingly. All basic allowances, SRAs and Civic Allowances were increased by 1% from April 2017 in line with the increase given to staff.
- 1.6** The budget strategy that went to Cabinet in October did not make any specific reference to Members Allowances but for interim budget modelling, a 1% increase in staff pay was assumed with a contingency held in general balances for an amount equivalent to a further 1%. The IRP were convened in November this year to review some issues requested by Members and their recommendations are set out in their report.
- 1.7** The next full review required by legislation will commence in October 2018 reporting to Council in December 2018.

2. Increasing allowances in line with the staff settlement

- 2.1** Following the Council decision in 2016, section 9 of the Members Allowance Scheme in the Constitution was amended as follows:

"If there are no significant issues to review, the recommendation to Council should be that all allowances should be increased by the same % increase proposed for staff in the following financial year".
- 2.2** It is possible that the proposed pay settlement to staff may be a 2 year settlement so it might not be as straightforward as an across the board % increase for 2018/19. Also in previous years final agreement has not been reached until after the start of the next financial year and so staff have received appropriate back pay.
- 2.3** The IRP did not consider these options in detail so their recommendation as it stands is that Councillors would be treated exactly as staff. i.e.
 - if agreement on the staff settlement was delayed, the increase in allowance would be delayed and Members would receive any appropriate back pay once the settlement is finalised

if it was a 2 year settlement, then Members Allowances would mirror that and the increase in allowance for 2018/2019 would mirror the increase to staff in that year. The future allowances would then be reviewed anyway as part of the 2018 review.

- 2.4** The actual increase in members allowances will be calculated by the Chief Financial Officer once the staff pay award is confirmed. However, these scenarios are not expected to have a significant impact on the council's medium term financial strategy.

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 and rationale

- 5.1** The recommendations from the IRP for 2018/19 and the rationale for them are set out in the IRP report in Appendix 2 and summarised in the Executive Summary of this report.

5.2 If the panel's recommendations are accepted the estimated new allowances assuming a 1% increase for staff will be as follows:

ROLE	Current allowance £	Recommendations from the IRP from April 2018 with a 1% increase
Basic	5321	5374
Leader	16758	16926
Cabinet Member	13190	13322
Chair of Planning Committee	3086	3117
Vice-Chair of Planning Committee	1542	1558
Chair of Licensing Committee	1388	1402
Chair of Overview and Scrutiny Committee	2777	2804
Vice-chair of O&S Committee	1388	1402
Chair of Audit Committee	695	702
Chair of Standards Committee	308	311
Group Leaders (x2)	617	623
Chair of Council)	463	468
Mayor (duties of civic head) Includes the clothing and other expenses allowance	6743 (500)	6810
Deputy Mayor (duties of deputy civic head) Includes the clothing and other expenses allowance	1349 (100)	1362

6. Financial implications

- 6.1 The financial implications of the proposals based on a 1% staff settlement from the IRP are set out in the table below. These will increase accordingly if the staff settlement is higher.

	Existing cost	Revised cost	Additional cost
Basic allowances	212834	214962	2128
SRAs	108779	109867	1088
Civic Allowances up to	8091	8172	81
Total member allowances	329705	333002	3297

** 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	2014	3	2	6	Reduce	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. Review in 2018 as part of the 4 yearly review.	Nov 2018	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 not playing their part in helping to bridge any budget gaps.	DSM	2014	2	2	4	Accept	The basic allowance is now linked to the staff pay settlement and this is detailed in the report.	Dec 18	Democratic Services Manager		