

## **Corporate Policy Committee**

**15 June 2023**

### **Targeted Review of Members' Allowances**

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**Report of: David Brown, Director of Governance and Compliance**

**Report Reference No: CP/67/22-23**

**Ward(s) Affected: All**

#### **Purpose of Report**

- 1 To consider the recommendations of the Independent Remuneration Panel in respect of a targeted review of Members' Allowances undertaken in 2022.
- 2 For Council to invite the Panel to undertake a full review of allowances in 2023/2024.

#### **Executive Summary**

- 3 On 22 June 2021, the Independent Remuneration Panel ('the Panel') was asked by full Council to undertake a targeted review during 2023/2024 in respect of the following specific allowances i) civic (mayoral) payments, ii) scrutiny committee chair special responsibility allowance; iii) parental leave payments for Councillors.
- 4 Taking into account the NJC Officer pay award for 2022/2023, the Panel was also asked to consider whether there should be an uplift to allowances for 2022/2023. This report sets out the Panel's recommendations in both regards.
- 5 In respect of the issues raised in paragraph five of the Panel's report (Appendix 1), Council is asked to invite the Panel to carry out a full review of the scheme in 2023/2024.

## RECOMMENDATIONS

Taking into account the recommendations of the Panel, Corporate Policy Committee is invited to consider, and make a recommendation to Council on, whether:

1. Civic payments should remain at their current levels (Mayor £14,000 and Deputy Mayor £5,600)
2. From 2023, civic payments should be subjected to the same uprating which may be applied to members' allowances.
3. Special responsibility allowance (SRA) for the Chair of scrutiny committee should remain at £7,650.
4. In respect of the draft Parental Leave Policy for Councillors; basic allowance should continue to be paid to an elected Member during any period of parental leave.
5. In respect of the draft Parental Leave Policy for Councillors; special responsibility allowance payable to the elected Member during any period of parental leave should be discontinued and transferred to the Councillor who is undertaking the special responsibility in question.
6. Basic allowance should be increased by a flat rate of £500 and applied retrospectively for 2022-2023.
7. Special Responsibility Allowances (to include Mayor, Deputy Mayor and Scrutiny Chair) should be increased by 4.04% and applied retrospectively for 2022-2023.
8. A full review of the Members' Scheme of Allowances should be undertaken by the new Independent Remuneration Panel, following its appointed by Council on 16 October 2023.

### **Background**

- 6 On 22 June 2021, Council agreed a new Scheme of Members' Allowances, to reflect the change in Cheshire East's governance model from Leader/Cabinet to committee system.
- 7 As part of its decision at that meeting, Council agreed that the allowances set out below, should continue to be paid as per the Members' Scheme of Allowances for 2021/2022 (Minute 21 refers) but that this be reviewed in 2022/23; in light of the Council's experience of operating a committee system, the changing workload of the scrutiny committee, and changes to the Mayoralty Code of Practice.

Current payments are:

The Worshipful the Mayor civic allowance/payment	£14,000
The Deputy Mayor civic allowance/payment	£5,600
Scrutiny committee chair special responsibility allowance	£7,650

- 8 On 6 October 2022, Corporate Policy Committee considered a draft Parental Leave Policy for Councillors, which was recommended to Council for adoption. As the policy has implications for the payment of allowances, which may require a change to the scheme, the Panel was also asked to review any financial implications arising from the policy.
- 9 Cheshire East Council's Scheme of Members' Allowances is linked to the NJC officer pay award. Accordingly, if an increase in officer pay is agreed and implemented, the scheme is also uplifted, usually by the application of a percentage rate. In 2022-2023, the NJC award was for a flat rate of £1925 to be paid to officers, plus 4.04% across other allowances/expenses. Given the potential budgetary implications in seeking to align the officer award to the scheme, the Panel was asked to consider and compare other options.
- 10 During its review, the Panel considered comparator data from other local authorities in respect of the three allowances/payments, as well as feedback from elected Members and Group Leaders. Having considered the information before it, the Panel made the following recommendations, the rationale for which is set out in full in the Panel's report (Appendix 1).
- 10.1. **In respect of mayoral allowances (aka civic payments):** The Panel recommends that civic payments should remain at their current level but that, from 2023, civic payments should be subject to the same uprating arrangements which may apply to the Members' Scheme of Allowances.
- 10.2. **In respect of scrutiny chair's special responsibility allowances:** The Panel recommends that the SRA for the Chair of the scrutiny committee should remain at £7,650.
- 10.3. **In respect of parental leave payments (basic):** The Panel supports continuing the payment of basic allowance to an elected Member over the whole period of their parental leave.
- 10.4. **In respect of parental leave payments (special responsibility allowances):** The Panel recommends that, when taking parental leave, the payment of any SRA to the elected Member should be discontinued

and transferred to the Councillor who is carrying out the role on the Member's behalf.

- 10.5. **In respect of the uplift to allowances:** The Panel recommends that the basic allowance in Cheshire East be increased by a flat rate of £500 (an amount very close to 4.04%) for the year 2022-23 and applied retrospectively.
- 10.6. **In respect of the uplift to allowances (special responsibility allowances):** The Panel recommends that a 4.04% increase should be applied to special responsibility allowances, again backdated as appropriate. For clarification, this would include the mayoral civic payments and the scrutiny chair.
- 11 Paragraph five of the Panel's report sets out several issues which were raised by elected Members during its consultation that sat outside of the targeted review. The Panel has intimated that it would be open to considering the matters listed below, if invited to by Council.
- 11.1. **Differential SRA payments among committee chairs/the balance between the basic allowance and special responsibility allowances/responsibility vs workload:** When considering and making recommendations on special responsibility allowances, the responsibilities of the post are a key factor for the Panel, as well as ensuring parity between the same roles e.g., all service committee Chairs receive the same allowance. During the consultation, an argument was put forward that some posts could have additional responsibilities which might merit an enhanced payment e.g., a statutory role. Furthermore, prioritising responsibility over workload, did not allow any weight to be given to the amount of work each postholder was required to undertake to discharge their responsibilities or where a role was shared between individuals who currently received different allowances.
- 11.2. **Reconsideration of the indexation for uprating members allowances:** The uprating mechanism currently in place is the NJC officer award; in 2022/2023 the award had taken the form of a flat rate increase, which had budgetary implications for the authority. As the volatility of the economy would continue to be challenging, and it was possible that future NJC pay awards might also take the form of a flat rate increase, it would be in the Council's best interests to request that the Panel considers an alternative mechanism, which could be used as the default, should such circumstances arise again.

- 11.3. **Scrutiny function:** The way in which scrutiny was conducted at Cheshire East, had changed significantly under the committee system. Several views were expressed by elected Members during the consultation period about how effective the change had been; the Panel itself had previously advocated the introduction of an opposition spokesperson on each service committee and Finance Sub-Committee, a recommendation which had not been supported by Council.
- 12 In light of the above, it would be prudent for Council to request that the Panel conducts a further review of the scheme to consider the matters raised. However, the current Panel's term of office comes to an end in September 2023 and a recruitment process to re-appoint a new Panel will commence in June 2023, the new Panel to be in place by October 2023.
- 13 Should Council wish to invite the Panel to conduct another review, it could either:
- a) Invite the current Panel to conduct the review before its term of office concludes, its recommendations to be submitted to Corporate Policy Committee on 5 October 2023, or
  - b) Reappointment the Panel and task the new Panel to conduct the review, reporting back to Corporate Policy Committee on 18 January 2024.
- 14 The current Panel is familiar with the issues raised but the review would need to be time limited to meet reporting deadlines. A new Panel would bring a fresh perspective and would have more time to undertake the work. The current chairman of the Panel, Professor Steve Leach considers that, if a targeted review was required, then the current Panel would be best placed to do this. However, if a full review needed to be completed, then this would be best tasked to the new Panel.

### **Consultation and engagement**

- 15 The Panel met on four occasions between November 2022 and February 2023 to conduct the review. It considered comparator data from the authority's CiPFA nearest neighbours, together with information pertinent to the topics under consideration.
- 16 Elected Members were invited to make representations to the Panel via a dedicated mailbox. An invitation was also extended to the Group Leaders to speak with the Panel.

- 17 Eleven email responses were received on various subjects. Discussions also took place between the Panel and two Group Leaders, a Deputy Leader and with the Mayor and the Civic and Registration Manager on 10 and 20 February 2023. The information obtained from the representations and discussions helped shape the Panel's recommendations.

### **Reasons for Recommendations**

- 18 Before Council can consider making any changes to its Scheme of Members' Allowances, it must have regard to the recommendations of the Panel. By inviting the Panel to review the issues raised, Council will be able to make an informed decision, should it wish to make further changes to the scheme.

### **Other Options Considered**

- 19 The actions set out in the report are necessary to fulfil the requirements of the Local Authorities (Members' Allowances) (England) Regulations 2003.

### **Implications and Comments**

#### *Monitoring Officer/Legal*

- 20 The actions set out in the report are necessary to fulfil the requirements of the Local Authorities (Members' Allowances) (England) Regulations 2003.

#### *Section 151 Officer/Finance*

- 21 The Council may accept, amend or reject the recommendations of the Panel. However, any increase to allowance(s) will result in a permanent increase to the allowances budget. In addition, in preparation for an uplift to the scheme being accepted and backdated to the previous financial year 2022/2023, a virement has been made from the 2022/2023 budget to cover any increase.

#### *Policy*

- 22 The review has considered the draft Parental Leave Policy for Councillors, insofar as it relates to Members' allowances.
- 23 Open and enabling organisation: By fulfilling the requirements of the Local Authorities (Members' Allowances) (England) Regulations 2002 ensures that there is transparency in all aspects of council decision making.

#### *Equality, Diversity and Inclusion*

24 The draft Parental Leave Policy for Councillors states that the role of the Councillor should be open to all regardless of their background. Payments in respect of parental leave would support the aim of the policy which is to encourage a wider range of people to become Councillors and encourage existing Councillors who may want to start a family to remain as Councillors.

#### *Human Resources*

25 No human resource implications have been identified.

#### *Risk Management*

26 No risk management implications have been identified.

#### *Rural Communities*

27 No rural communities' implications have been identified.

#### *Children and Young People including Cared for Children, care leavers and Children with special educational needs and disabilities (SEND)*

28 In the context of the recommendations of this report, no direct implications for children and young people/cared for children have been identified.

#### *Public Health*

29 No public health implications have been identified.

#### *Climate Change*

30 No climate change implications have been identified.

<b>Access to Information</b>	
Contact Officer:	Brian Reed, Head of Democratic Services and Governance  brian.reed@cheshireeast.gov.uk
Appendices:	Report of the Independent Review Panel: February 2023
Background Papers:	a) <a href="#">The Local Authorities (Members' Allowances) (England) Regulations 2003 (legislation.gov.uk)</a>

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|  | <ul style="list-style-type: none"><li>b) Council Minutes: 22 July 2021<br/><a href="#">minute extract.pdf (cheshireeast.gov.uk)</a></li><li>c) Comparator data on mayoral, SRA and parental leave allowances from CIPFA nearest neighbour authorities</li><li>d) First Annual Review of Committee System:<br/>Council 27<sup>th</sup> April 2022<br/><a href="#">Minute Extract - Committee System Review.pdf (cheshireeast.gov.uk)</a></li><li>e) Forum Posts from the Association of Democratic Services Officers website relating to the application of the NJC award to other authorities scheme of allowances.</li><li>f) <u>Feedback from Elected Members submitted to the IRP mailbox</u></li></ul> |
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