

CHESHIRE EAST COUNCIL

Constitution Committee

Date of Meeting: 27th January 2011
Report of: Democratic Services Manager
Subject/Title: Report of the Independent Remuneration Panel: Mid Year Review of Scheme of Members' Allowances

1.0 Report Summary

- 1.1 The report gives details of the outcome of the Independent Remuneration Panel's 2010 review of Cheshire East Council's Scheme of Members' Allowances.

2.0 Recommendation

- 2.1 The Constitution Committee is invited to consider the Independent Remuneration Panel's findings summarised in paragraph 13.1 and make recommendations thereon to Council for consideration, which should include the effective date of any changes.

3.0 Reasons for Recommendations

- 3.1 Before any changes can be made to the Scheme of Members' Allowances, Council must consider a report from its Independent Remuneration Panel.
- 3.2 In making its recommendations, the Independent Remuneration Panel wishes to ensure that the level of recompense for elected Members remains adequate and fair whilst being mindful of the financial constraints currently facing local government.

4.0 Wards Affected

- 4.1 All

5.0 Local Ward Members

- 5.1 All

6.0 Policy Implications

- 6.1 Any agreement to amend the Allowances currently payable to elected Members will require alteration(s) to be made to Cheshire East Council's Scheme of Members' Allowances.

7.0 Financial Implications

- 7.1 Having considered the options available to it, the Independent Remuneration Panel has recommended that no increase be applied to the Scheme of Members' Allowances for 2011/2012.
- 7.2 The recommendations in respect of the post of Vice-Chairman (Recommendation 4) and School Appeal Panel Members (Recommendation 10) would not incur any additional cost to the budget but would, if implemented, generate savings.

8.0 Legal Implications

- 8.1 The Council is empowered to pay a range of Allowances to its Members in respect of their roles and responsibilities but must, in accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003, appoint an Independent Remuneration Panel to offer advice and make recommendations on the Members' Allowances Scheme to Council. This report contains the advice of the Panel.

9.0 Risk Management

- 9.1 Consideration of the report enables the Council to comply with the requirements of the Local Authorities (Members' Allowances) (England) Regulations 2003.

10.0 Background

- 10.1 In accordance with its role and responsibilities, the Independent Remuneration Panel ('the Panel') has conducted a review of the current Scheme of Members' Allowances as adopted by Cheshire East Council on 22 April 2010.
- 10.2 To inform its review, the Panel commissioned an online survey of Councillors to establish how much time elected Members were spending when conducting Council business. The e-survey, which was launched on 2 November 2010, ran until 30 November 2010; the results from which were considered by the Panel during the course of its deliberations.
- 10.3 Panel members were also provided with comparator data pertaining to 17 Members' Allowances Schemes operated by authorities of a comparable size to Cheshire East Council, or located within the North West region. This provided the benchmark against which the Council's Scheme was measured.

11.0 Mini Review of Car Mileage Rates

- 11.1 Notwithstanding paragraph 10.2, the Panel was requested, in November 2010 to urgently consider one element of the Scheme in light of the Council's need to identify potential savings across the authority. The

proposal was that there should be one flat-rate mileage allowance of 40p per mile payable to Council Members whilst undertaking Council business.

- 11.2 An email survey of elected Members was conducted during the first week of November 2010. As the results of the consultation were inconclusive, the Panel submitted its report to Constitution Committee as outlined in the conclusion at paragraph 12.14. The Committee, at its meeting on 15 December 2010 resolved:

“That no recommendations be made to Council at the present time with regard to the level of allowances paid in respect of Member mileage and the matter be considered further when the Independent Remuneration Panel has concluded its 2010 review of the Member Allowances Scheme as a whole and reported thereon to the Council.”

12.0 Review of Scheme: Panel’s Conclusions

Uplift Mechanism

- 12.1 In January 2010, the Panel had given consideration to replacing the current uplift mechanism applicable to the Scheme, the Retail Price Index (RPI), with a more relevant indicator. As the outcome of the 2010/2011 National Joint Council (NJC) for Local Government Services Employees Pay Award was unknown at the time, the Panel agreed to defer its discussion. On 29 September 2010, the latest position was reported to the Panel; that no increase would be offered by the Employers in 2010/2011.
- 12.2 The Panel concluded that the Retail Price Index was no longer an appropriate mechanism but having given due consideration to the alternative options available, the Panel did not wish to recommend a replacement index, as to do so would give the impression that allowances would continue to rise year on year.
- 12.3 It was the view of the Panel that the Council’s Scheme of Members’ Allowances should remove reference to an annual uplift. Instead, the Panel should, on an annual basis, review the current allowances and recommend whether any adjustments were appropriate, having considered a variety of indicators including the National Joint Council Government Services annual settlement and data from the Office of National Statistics.

Recommendation 1:

That the Cheshire East Scheme of Members’ Allowances should make provision for the Independent Remuneration Panel to review, on an annual basis, the current Scheme’s allowances and recommend whether any adjustments were appropriate.

Basic Allowance

- 12.4 A summary of the responses received from the e-survey of Members was

analysed by the Panel, firstly in respect of Basic Allowance. Due to the variation in responses received from Councillors, the Panel was not able to establish a baseline measure which represented the time commitment expected for an average Member.

- 12.5 Data from the Office of National Statistics was also considered which indicated that the current level of allowance was commensurate with the 2010 Median Gross Annual Earnings for Full Time Employees. The Panel therefore recommended:

Recommendation 2:

That the level of Basic Allowance for 2011/2012 should not be increased and remain at the same level awarded in the Scheme of Members' Allowances for 2010/2011.

Other Allowances

- 12.6 The Panel then went on to consider the evidence provided in response to the e-survey together with information supplied as part of the comparison exercise referred to in paragraph 10.3. Following careful analysis of the data, the Panel concluded that Cheshire East's remuneration levels compared favourably with neighbouring authorities and that no significant variations, with one exception, had been identified.

Recommendation 3:

Excluding the role of Vice Chairman except as provided for in Recommendation 4 the level of remuneration in respect of Special Responsibility Allowances, Subsistence Allowances, Co-opted Member Allowance, Dependent Carer's Allowance, Broadband/Line Rental fees and Members' Surgery fees for 2011/2012 should not be increased and remain at the same level awarded in the Scheme of Members' Allowances for 2010/2011.

Special Responsibility Allowance: Vice-Chairman

- 12.7 Comparator data from the 17 neighbouring authority's Member Allowances Schemes had highlighted a significant absence of payments to Vice Chairmen of Committees in these other authorities. The Panel had requested further information regarding the reason(s) behind the decision to remove the posts from the respective Schemes.
- 12.8 Data obtained from 3 Councils who had adopted this rule, indicated that the role of the Vice Chairman was considered to be one of *supporting* and *assisting* the Chairman of a Committee. As such there was no significant level of *responsibility* attached to the role; a conclusion which had resulted in the posts being deleted. There were exceptions; quasi-judicial bodies such as Planning and Licensing Committees and Overview and Scrutiny Committees continued to be recognised due to the nature of their roles.

- 12.9 The Panel considered that the key factor to consider here was the level of responsibility associated with the role and it concurred with the supposition expressed by the 3 Councils; that the role of Vice Chairman was primarily one of support and assistance. However, where a Vice Chairman was required to take responsibility for chairing a meeting in the Chairman's absence, the Panel felt that they should be compensated.
- 12.10 Given the additional responsibilities that the quasi-judicial Committees carried (for example site inspections, which were not formal but were governed by an approved protocol), the Panel concluded that, due to the regular and high level of public contact required, there was sufficient justification for retaining these posts within the Scheme and recommended:

Recommendation 4:

That -

- a) Special Responsibility Allowances for the post of Vice Chairman except as provided for in (b), be removed from the Scheme of Members' Allowances from 2011/2012; and***
- b) A Special Responsibility Allowance of £1000 per annum be awarded, with an additional £200 payable for each meeting chaired up to a maximum of £2400 per annum, to the Vice Chairman of Strategic Planning Board, Southern Planning Committee, Northern Planning Committee and Licensing Committee.***

Special Responsibility Allowance: Constitution Committee and Audit and Governance Committee

- 12.11 At Annual Council on 13 May 2010, the Council changed the structure of its Committees by creating two new bodies from what had previously been the Governance and Constitution Committee. The new Committees were i) Audit and Governance Committee and ii) Constitution Committee. The Panel was invited to consider the question of Special Responsibility Allowances in respect of the roles of Chairman and/or Vice Chairman of the Committees.
- 12.12 Having considered the Terms of Reference for both bodies, the Panel considered that there was sufficient justification to include the role of Chairman within the Scheme.

Recommendation 5:

That -

- a) the role of Chairman of Constitution Committee and Chairman of Audit and Governance Committee be included in the***

Schedule of Special Responsibility Allowances appended to the 2011/2012 Scheme of Members' Allowances ;

b) A gearing equivalent to 0.65 of Basic Allowance be applied to the post; and

c) the position be kept under review.

Travel Allowances

12.13 As referred to in paragraph 11.2, elected Members were consulted on the following proposal; that the rate payable for car business mileage should be 40p per mile, irrespective of the engine capacity of the vehicle.

12.14 The feedback supplied by Members was shared with the Panel in December 2010 and whilst it was reluctant to reach a firm conclusion upon the appropriate level of mileage allowance for Councillors, solely to fulfil the authority's budgetary objectives, it concluded at the time that, having considered the responses received, it (the Panel) did not have any strong objection to the introduction of a flat mileage rate of 40 pence per mile in respect of travel by car on official Council business, provided there was a mechanism for dealing with exceptions such as disabled persons and other special situations where higher costs could be justified.

12.15 The e-survey and comparator data was examined in respect of all travel allowances in line with Constitution Committee's decision; the Panel concluding that -

Recommendation 6:

That the level of Travel Allowances for 2011/2012 should not be increased and should remain at the same level awarded in the Scheme of Members' Allowances for 2010/2011.

Potential additions to Special Responsibility Allowances Schedule

12.16 The Panel was invited to determine whether there were sufficient grounds for including the following bodies within the Schedule of Special Responsibility Allowances forming part of the Council's Scheme and if so, which roles on those bodies should attract such a payment.

Cheshire and Wirral Joint Health Scrutiny Committee

12.17 The Joint Health Committee was comprised of eighteen elected Members representing Cheshire East Council, Cheshire West and Chester Council and Wirral Borough Council with Chairmanship of the Committee being shared across the authorities. Enquiries had established that none of the partner authorities had paid or were looking to introduce a Special Responsibility Allowance, to recognise the role(s) of the Committee Members.

Recommendation 7:

That no Special Responsibility Allowance be allocated to the Chairman or Members of Cheshire and Wirral Joint Health Scrutiny Committee at this time, the position to be kept under review.

Cheshire Pension Fund Committee

- 12.18 To enable the Panel to consider whether the allocation of a Special Responsibility Allowance was warranted in respect of the position of Chairman, where that post was held by a Cheshire East Member, an extract from the Committee's Governance Policy Statement outlining its Terms of Reference and composition was submitted for consideration.
- 12.19 Although four Cheshire East Councillors sat on the Committee; the Senior Financial Advisor, Cheshire West and Chester Council confirmed that the Member's appointment was considered to be personal and tangential i.e. it had no direct connection to their Cheshire East roles and responsibilities. In light of the above and as no other authority represented on the Committee currently paid an allowance, the Panel considered that it was inappropriate to include the post within the Schedule of Special Responsibility Allowances.

Recommendation 8:

That no Special Responsibility Allowance be payable to Cheshire East Councillors appointed to the Cheshire Pension Fund Committee.

Local Area Partnerships

- 12.20 Local Area Partnerships (LAP's) sat under PACE (Partnerships for Action in Cheshire East) and the governance agreement for the Partnership was considered. The Panel commented that, whilst the LAPs were a valuable resource for the authority, its perception was that they were consultation bodies which acted as a conduit for the exchange of information between organisations but at present, did not have the power to make decisions and as such, did not carry any significant responsibility.
- 12.21 The Panel was of the opinion that the LAPs were not comparable with the Council's Committees and therefore should not be allocated a Special Responsibility Allowance at this time. The introduction of the Localism Bill would potentially bring about a shift in the LAP's responsibilities and it was agreed that the matter be kept under review.

Recommendation 9:

That no Special Responsibility Allowance be payable to Cheshire East Councillors appointed to the Borough's Local Area Partnerships at this time; the position to be kept under review.

Reimbursement of Lost Earnings: School Appeals Panel Members

- 12.22 Under Regulation 7 of the Appeals Regulations and in line with Sections 173 and 174 of the Local Government Act 1972, Panel Members were eligible to receive travel and subsistence allowances and could also be compensated for any loss of earnings or any individual expenses, including child minding costs that were necessarily incurred as a result of attending an Appeal Panel or associated training.
- 12.23 At its December meeting the Panel had indicated that it had no objection in principle to allowing School Appeal Panel Members to submit claims for lost earnings but requested further information on how this might be administered. Extracts from the Allowances Schemes operated by North Somerset Council, Lambeth Council and Nottinghamshire County Council were provided by way of illustration.
- 12.24 The Panel was minded to introduce a flat rate payment to Appeal Panel Members by way of compensation subject to the submission of proof of lost earnings from the Panel Member's employer. Having regard to the Median Hourly Earnings figure for Full-Time Employees (source: Office of National Statistics) as at April 2010, the Panel considered that a rate of £50 per half day session (defined as a four hour period) would be reasonable.

Recommendation 10:

That a flat rate payment of £50 per four hour session or part thereof be paid to School Appeal Panel Members attending appeal meetings or associated training on receipt of proof from their employer that a loss of income had been incurred as a direct result of the performance of their duties on the Panel.

Local Government Pension Scheme

- 12.25 In April 2009, Cheshire East Council's Independent Remuneration Panel had reviewed an interim Members' Allowances Scheme introduced for Cheshire East Shadow Council, endorsing a recommendation to admit eligible Members to the Local Government Pension Scheme (LGPS).
- 12.26 Paragraphs 11 (1)(a)(b) and 11(2) of the Local Authorities (Members' Allowances) (England) Regulations 2003 required Councils to set out in their Schemes whether Members of the authority were entitled to pensions in accordance with Section 7 of the Superannuation Act 1972. The Panel therefore recommended:

Recommendation 11:

That the following wording be inserted into the 2011/2012 Scheme of

Members' Allowances –

“The Council has introduced a Pension Scheme for Members as provided under Section 7 of the Superannuation Act 1972 and in accordance with the statutory regulations and guidance issued by the Local Government Pensions Committee and the Local Government Pension Scheme (LGPS). Under the Council’s Scheme, elected Members of Council are entitled to join the LGPS, providing they meet the eligibility criteria; contributions to be calculated on the Basic Allowance payable and any Special Responsibility Allowance whilst the Member is in receipt of such Allowances.”

13.0 Summary of Recommendations

13.1 That

- 1) The Cheshire East Scheme of Members' Allowances should make provision for the Independent Remuneration Panel to review, on an annual basis, the current Scheme's allowances and recommend whether any adjustments were appropriate;**
- 2) The level of Basic Allowance for 2011/2012 should not be increased and remain at the same level awarded in the Scheme of Members' Allowances for 2010/2011;**
- 3) Excluding the role of Vice Chairman except as provided for in Recommendation 4, the level of remuneration in respect of Special Responsibility Allowances, Subsistence Allowances, Co-opted Member Allowance, Dependent Carer's Allowance, Broadband/Line Rental fees and Members' Surgery fees for 2011/2012 should not be increased and remain at the same level awarded in the Scheme of Members' Allowances for 2010/2011;**
 - 4a) Special Responsibility Allowances for the post of Vice Chairman except as provided for in (v) below, be removed from the Scheme of Members' Allowances from 2011/2012;**
 - 4b) A Special Responsibility Allowance of £1000 per annum be awarded, with an additional £200 payable for each meeting chaired up to a maximum of £2400 per annum, to the Vice Chairman of Strategic Planning Board, Southern Planning Committee, Northern Planning Committee and Licensing Committee;**
 - 5a) The role of Chairman of Constitution Committee and Chairman of Audit and Governance Committee be included in the Schedule of Special Responsibility Allowances appended to the 2011/2012 Scheme of Members' Allowances ;**

5b&c) A gearing equivalent to 0.65 of Basic Allowance be applied to the post; the position to be kept under review;

- 6) The level of Travel Allowances for 2011/2012 should not be increased and remain at the same level awarded in the Scheme of Members' Allowances for 2010/2011;**
- 7) No Special Responsibility Allowance be allocated to the Chairman or Members of Cheshire and Wirral Joint Health Scrutiny Committee at this time; the position to be kept under review;**
- 8) No Special Responsibility Allowance be payable to Cheshire East Councillors appointed to the Cheshire Pension Fund Committee;**
- 9) No Special Responsibility Allowance be payable to Cheshire East Councillors appointed to the borough's Local Area Partnerships at this time; the position to be kept under review;**
- 10) A flat rate payment of £50 per four hour session or part thereof be paid to School Appeal Panel Members attending appeal meetings or associated training on receipt of proof from their employer that a loss of income had been incurred as a direct result of the performance of their duties on the Panel; and**
- 11) The following wording be inserted into the 2011/2012 Scheme of Members' Allowances –
"The Council has introduced a Pension Scheme for Members as provided under Section 7 of the Superannuation Act 1972 and in accordance with the statutory regulations and guidance issued by the Local Government Pensions Committee and the Local Government Pension Scheme (LGPS). Under the Council's Scheme, elected Members of Council are entitled to join the LGPS, providing they meet the eligibility criteria; contributions to be calculated on the Basic Allowance payable and any Special Responsibility Allowance whilst the Member is in receipt of such Allowances."**

14.0 Access to Information

- 14.1** The background papers relating to this report can be inspected by contacting the report writer:

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