

OPEN

Corporate Policy Committee

13 February 2024

Targeted Review of Members' Allowances

Report of: David Brown, Director of Governance and Compliance

Report Reference No: CP/69/23-24

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 (Appendix 1), in the context of the budget consultations on the Council's financial position.
- 2 To consider changing the way in which the uplift mechanism is applied to the Scheme of Members' Allowances.
- 3 To consider whether an uplift to allowances should be implemented for 2023/2024.

Executive Summary

- 4 In August 2023, the Independent Remuneration Panel ('the Panel') was asked to undertake a short, focused review of Members' Allowances, covering three specific issues: the allowances paid to the Leader and Deputy Leader of the Council respectively; the allowances paid to the Chairs and Vice Chairs of the six Service Committees (and the Finance Sub Committee); and a reconsideration of the case for allocating Special Responsibility Allowances (SRAs) to Opposition Spokespersons on these committees.
- 5 This report reviews the Panel's recommendations, within the context of the budget consultations on the Council's financial position.

- 6 The current uplift mechanism for Cheshire East's Scheme of Members' Allowances is the NJC officer pay award. This means that the annual pay award agreed for officers (if applicable), is also applied to Members' Allowances. This arrangement is in place until 2026.
- 7 The report proposes that where the annual NJC officer pay award is for a flat rate/percentage increase to salaries/other allowances respectively, the percentage increase applicable to other allowances would be regarded as the uplift in respect of Cheshire East's Scheme of Members' Allowances.
- 8 The report also considers whether the pay award for 2023/2024 should be implemented, in light of budget consultations on the Council's financial position.

RECOMMENDATIONS

Considering the recommendations of the Panel in light of budget consultations, Corporate Policy Committee is invited to recommend to Council that:

- 1 a) Constitution Working Group reviews the job descriptions for the Leader and Deputy Leader of the Council, Service Committee Chairs and Vice Chairs and Opposition Spokespersons.
 - b) The Working Group's recommendations in respect of these job descriptions to be submitted to the Independent Remuneration Panel.
 - c) The Independent Remuneration Panel consider and review these job descriptions and report back to Constitution Working Group; the Working Group to consider if the job descriptions should be referred onwards.
 - d) A full review of all member allowances by the new Independent Remuneration Panel be carried out after the actions set out in a) to c) have been completed.
 - e) The allowances scheme be amended, to allow for two special responsibility allowances to be claimed by any one Councillor.
2. That, where the annual NJC officer pay award is for a flat rate and percentage increase to salaries and other allowances respectively, the percentage increase applicable to other allowances will be regarded as that year's uplift in respect of Cheshire East's Scheme of Members' Allowances.

3. That no uplift to the Scheme of Members' Allowances be implemented in 2023/2024.

Background

8.1 Focused Review of Member Allowances: Outcome July 2023

8.1.1 On 19 July 2023, Council considered the recommendations of the Independent Remuneration Panel, following a targeted review of allowances. Council resolved that (Minute 26 refers):

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 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 appointment by Council on 16 October 2023.

8.1.2 Action points 1 through 7 have been implemented; action point 8 is discussed in paragraph 8.2.3 of this report. The appointment of a new Independent Remuneration Panel will be the subject of a separate report.

8.2 Review of Member Allowances

8.2.1 In August 2023, the outgoing Panel was asked to undertake a second focused review of Members' Allowances, covering three specific issues: 1) the allowances paid to the Leader and Deputy Leader of the Council respectively; 2) the allowances paid to the Chairs and Vice Chairs of the six Service Committees (and the Finance Sub Committee); and 3) reconsideration of the case for allocating special responsibility allowances (SRAs) to opposition spokespersons on these committees.

8.2.2 The review looked at both the responsibilities associated with the roles, as well as the allowances paid to them. Whilst being mindful of the Council's budget, the Panel was not aware of the Council's emerging financial position when it was conducting its review and, as a result the Panel's recommendations set out in its report (Appendix 1) are not reflective of the budgetary savings that are now being proposed. Therefore, the report needs to be considered within the context of the budget consultations on the Council's current financial position.

8.2.3 This is particularly relevant in respect of the full review referred to in paragraph 8.1.1(8). The purpose of a full review is to benchmark the Cheshire East scheme against other authorities to ensure that it remains relevant and fit for purpose. This requires extensive research to be carried out and is time/labour intensive. It would be difficult to justify any review at this juncture, given that the Council is seeking to reduce its administrative burden.

8.3 Panel Recommendations relating to Job Descriptions

8.3.1 In view of the above, Council may wish to consider whether to refresh job descriptions for the Leader/Deputy Leader, Service Chairs/Vice Chairs and Opposition Spokespersons. It is proposed that the Constitution Working Group be asked to review job descriptions for the above, for submission to the Independent Remuneration Panel; in turn the Panel to consider and review these job descriptions and report back to Constitution Working Group; the Working Group to consider if the job descriptions should be referred onwards. As any changes would need to be considered in the context of the Panel's next review, it is proposed that the review takes place as soon as possible after this piece of work has been concluded.

8.4 Panel recommendation in respect of the payment of more than one special responsibility allowance

8.4.1. In its report to Council dated February 2023, the Panel informed Cheshire East that Members had requested a review of the current restrictions on Councillors claiming no more than one special responsibility allowance. The Panel has considered this request as part of the August 2023 targeted review, and has recommended that the allowances scheme be amended, to allow any member to claim up to a maximum of two special responsibility allowances if they so wish. This reflects the same recommendation made by the Panel in 2016. The Panel's rationale is set out in paragraph 5.1 of the attached report.

8.4.2 The members' allowances budget provides sufficient funding for each special responsibility allowance. Unallocated special responsibility allowances have been allocated to offset other member support.

Criterion for Uprating Allowances

9.1 Application of current uprating (aka uplift) arrangements

9.1.1 With effect from 1 April 2022, the criterion which applies in respect of the annual uprating of the Cheshire East Scheme of Members' Allowances is the national NJC officer pay award. In practice, this means that when an annual pay award is agreed for officers, the same award is automatically applied to Cheshire East's Scheme of Members' Allowances. For example, if the officer pay award was for a 2% increase, the Members' Scheme of Allowances would also be uplifted by 2%.

- 9.1.2 This choice of criterion has been adopted by many authorities; at Cheshire East the arrangement is in place for four years (i.e., until 31 March 2026), when it is due to be reviewed by the Independent Remuneration Panel.
- 9.1.3 In 2022 and again in 2023, the NJC officer pay award has changed from being a percentage increase to salaries/other allowances to a flat-rate increase to salaries (in respect of Members' Allowances this would equate to the increase on basic), and a percentage increase for other allowances (in respect of Members' Allowances this would be special responsibility allowances, subsistence etc.).
- 9.1.4 This has presented local authorities with a challenge; applying the flat-rate pay award for officer salaries to basic allowance would be disproportionate and would cost significantly more than applying a percentage increase (as illustrated in paragraph 9.2.3), but not to do so would be a departure from the agreed criterion.
- 9.1.5 The Panel made reference to this in its 2022 report, stating that "*whilst the flat-rate did not equate with members allowances per se, it was viable to interpret the percentage increase as being 'in line with the officers pay award', thus retaining the link between the award and the scheme*".
- 9.1.6 As the Panel's reasoning was accepted by Council, it is suggested that the uprating arrangements should be amended so that, in the event of the NJC annual pay award taking the form of a flat-rate increase to salaries and a percentage increase to other allowances, it would be the percentage increase applicable to other allowances which would be regarded as the uplift, to be applied to basic and the other allowances set out in the scheme.

9.2 **Pay award for 2023/2024**

- 9.2.1 On 19 July 2023, Council considered the report of the Independent Remuneration Panel, which included the Panel's recommendations in regard to the 2022/2023 pay award. In respect of basic and special responsibility allowances, Council resolved that (Minute 26 refers)
- i) Basic allowance should be increased by a flat rate of £500 (from £12,351 to £12,851) and applied retrospectively for 2022-2023.

- ii) Special responsibility allowances (to include Mayor, Deputy Mayor and Scrutiny Chair) should be increased by 4.04% and applied retrospectively for 2022-2023.

9.2.2 The NJC officer pay award for 2023/2024 was not agreed until November 2023, but is again for a flat-rate increase of £1,925 to officer salaries (which would apply to Members' basic allowance) with a 3.88% uplift to other allowances.

9.2.3 Cheshire East Council is facing unprecedented financial challenges to its budget and the budget consultation includes a proposal to freeze Members' Allowances. Members will need to decide what, if any, uplift is applied for 2023/2024.

	Current	New	Increase
If a flat rate increase of £1,925 was applied to basic	£12,851	£14,776	£157,850
If a percentage increase of 3.88% was applied to basic (as set out in para 9.1.5)	£12,851	£13,349	£40,836
Indicative 3.88% increase to special responsibility allowance for a committee chair was applied	£12,485	£12,969	£3,388

Consultation and engagement

10.1 The Panel met at Westfields on 20 September 2023 when interviews were carried out with the Council Leader and Deputy Leader, the Chairs and Vice Chairs of two of the Service Committees and with the Deputy Leader of the Conservative Group. Comments were invited from Chairs and Vice Chairs of the other service committees, an opportunity to which three further Members responded.

10.2 Elected members, officers and the public have all been consulted on the budget.

Reasons for Recommendations

11 Before Council can consider making any changes to its Scheme of Members' Allowances, it must have regard to the recommendations of its Independent Remuneration Panel.

Other Options Considered

12 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

13 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

14 The Council may accept, amend or reject the recommendations of the Panel. However, any increase or additions to allowance(s) will result in a permanent increase to the allowances budget.

15 The allowances base budget currently provides for the payment of i) a basic allowance payable to 82 members; and ii) the list of special responsibility allowances set out in the scheme. Funding for other forms of member support or the addition of a new SRA is only possible due to a surplus on the budget, the principal contributor being the current SRA rule, which permits only the highest SRA to be paid where a member is entitled to more than one. Currently, nine posts are unpaid which has created a surplus of £58,877. If the SRA restriction was removed, further changes to the scheme would not be possible, unless an increase was made to the base budget.

16 Medium Term Financial Strategy 2023 2027, line 57- reduce cost of Democracy: consider freeze on Member allowances.

Policy

- 17 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

- 18 No equality and diversity implications have been identified.

Human Resources

- 19 No human resource implications have been identified.

Risk Management

- 20 No risk management implications have been identified.

Rural Communities

- 21 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)

- 22 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

- 23 No public health implications have been identified.

Climate Change

- 24 No climate change implications have been identified.

Access to Information

Contact Officer:	Brian Reed, Head of Democratic Services and Governance brian.reed@cheshireeast.gov.uk
Appendices:	Report of the Independent Remuneration Panel: November 2023
Background Papers:	<ul style="list-style-type: none">a) The Local Authorities (Members' Allowances) (England) Regulations 2003 (legislation.gov.uk)b) Independent Remuneration Panel: Targeted Review of Allowances Report February 2023. Councillors Expenses and Allowances (cheshireeast.gov.uk)c) Direct feedback from Elected Members and comments submitted to the IRP mailbox.