

CHESHIRE EAST COUNCIL

Governance and Constitution Committee

Date of Meeting: 25 March 2010
Report of: Democratic Services Manager
Subject/Title: Independent Remuneration Panel: Mid-Year Review of Members' Allowances Scheme

1.0 Report Summary

- 1.1 The report contains the recommendations of the Independent Remuneration Panel in respect of the Cheshire East Council Scheme of Members' Allowances 2009/10 following a mid-year review held on 8th January 2010.
- 1.2 The recommendations of the Panel seek amendments to be made to the current Scheme and propose the adoption of a draft Guide to Members' Allowances.

2.0 Recommendation

- 2.1 Governance and Constitution Committee is invited to recommend to Council that
 - (1) (a) save as below, no increase be applied to the 2009/2010 rates fixed by the Cheshire East Council Scheme of Members' Allowances for 2010/2011 with effect from 1 April 2010;
 - (b) the position be reviewed following agreement of the Local Government Employers pay award to Local Government employees for 2010/2011;
 - (c) the following statements be incorporated into the Scheme:
 - (i) the rate applicable to Subsistence claims made in respect of attendance at the Local Government Association (LGA) Annual Conference to be the rate applied to London and abroad, irrespective of where in the UK the event is held;
 - (ii) where a dedicated Broadband/telephone line is provided by the Council for the carrying out of Council duties, the associated line rental cost to be reclaimable from the Members' Allowances Scheme by elected Members billed directly for this service;

(iii) the right to Basic Allowance, Special Responsibility Allowance and Travel and Subsistence Allowance may be withdrawn by the Council while a Councillor is suspended or partially suspended from his/her responsibilities or duties as a member of the Council as a result of a breach of the Members' Code of Conduct in accordance with Part III of the Local Government Act 2000 or Regulations made under that Part; and

(2) subject to (1) above, the Guide to Members' Allowances 2010/2011 be approved and adopted with effect from 1 April 2010.

3.0 Reasons for Recommendations

3.1 While the Scheme is working well, the Independent Remuneration Panel considers that additional clarification and guidance is required to achieve a consistent approach, assist Members in making claims for reimbursement in accordance with the Scheme, and meet the requirements of the Internal Auditor.

4.0 Wards Affected

4.1 N/A

5.0 Local Ward Members

5.1 N/A

6.0 Policy Implications

6.1 The Guide to Members' Allowances is not a formal policy, but will enhance understanding of the Scheme's operation and assist with its administration.

7.0 Financial Implications

7.1 The Independent Remuneration Panel had previously recommended that the Scheme should rise in line with the Retail Price Index (RPI). In light of changing economic conditions, the Panel has reconsidered this position and is recommending that no increase be applied to the Scheme at this time pending the outcome of the Local Government Employers Pay Award for 2010/2011.

7.2 The changes proposed to the Scheme would not incur any additional cost to the budget.

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. The report contains the advice from 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. The Guide to Members' Allowances will ensure consistency of approach in dealing with claims made under the Scheme thereby protecting the interests of individual Members and the Council.

10.0 Background

- 10.1 On 14 July 2008, the Governance and Constitution Committee considered a report which set out recommendations with regard to the adoption of a Scheme of Members' Allowances for Cheshire East Council during its shadow year, based on the advice of Cheshire County Council's Independent Remuneration Panel. The Committee recommended the Scheme to Council on 30 July 2008; the scheme was subsequently adopted.
- 10.2 A new Independent Remuneration Panel was constituted later that year to make recommendations in respect of the Scheme of Members' Allowances which would apply to Cheshire East Council from Vesting Day (1 April 2009). Having met on a number of occasions, the Panel submitted its report initially to the Governance and Constitution Committee on 9 March 2009. The Panel's recommendations, together with an addendum (which included a requirement to review the Scheme's operation in late autumn), were approved by Council on 2 April 2009.
- 10.3 On 30 September 2009 the Governance and Constitution Committee resolved to reconvene the Independent Remuneration Panel for the purpose of -
- (i) Reviewing the Members' Allowances Scheme; and
 - (ii) Considering an additional paper relating to associated allowances.

11.0 Mid-Year Review of Members' Allowances Scheme

11.1 The Independent Remuneration Panel (hereafter referred to as 'the Panel') met on 8 January 2010 to carry out the mid-year review. To inform the Panel's discussions, the Political Group Leaders had been invited to submit comments on the operation of the Members' Allowances Scheme (hereafter referred to as 'the Scheme'). In the absence of any representations, the Panel was satisfied that a fundamental review was not required at this time.

11.2 The mid-year review focused on four areas:

- (i) consideration of the Index which should be applied to the Scheme for 2010/2011;
- (ii) proposed additions to the Scheme;
- (iii) matters of interpretation pertaining to Members' Claims, and
- (iv) a draft Guide to Members' Allowances.

12.0 Index

12.1 In its report to Council on 1 April 2009, the Panel had recommended that the Retail Price Index (RPI) should be applied to the 2008/2009 Scheme to uplift allowances for 2009/2010. Whilst Council had approved the recommendation, no reference had been included in the Scheme to identify the uplift mechanism, a position which needed to be addressed.

12.2 The Panel was not required to recommend the same index year on year and having considered a number of alternative indices concluded that, given the general uncertainty which existed in relation to public sector pay awards, no increase should be applied to the Scheme of Members Allowances for 2010/2011 but that the position be reviewed following agreement of the Local Government Employers (LGE) pay award for Local Government employees 2010.2011.

13.0 Proposed Additions/Changes

13.1 Including the above, four additions/changes were proposed to the Scheme with effect from 1 April 2010 -

- (i) Identification of the mechanism by which the Members' Allowances Scheme would be uplifted for 2010/2011 (as per paragraphs 12.1 and 12.2 above);
- (ii) In recognition of the costs associated with the event, the rate of subsistence applicable to the Local Government Association (LGA) Annual Conference to be that applied to London and abroad, irrespective of where in the UK the event was held;

- (iii) A paragraph to be added to the effect that where a dedicated Broadband/telephone line is provided by the Council for the carrying out of Council duties, the associated line rental cost to be reclaimable from the Members' Allowances Scheme by elected Members billed directly for this service on submission of a bill; and
- (iv) In accordance with Part III of the Local Government Act 2000 or Regulations made under that Part, the insertion of the following paragraph relating to the suspension of allowances -

“The right to Basic Allowance, Special Responsibility Allowance and Travel and Subsistence Allowance may be withdrawn by the Council while a Councillor is suspended or partially suspended from his/her responsibilities or duties as a member of the Council as a result of a breach of the Members' Code of Conduct in accordance with Part III of the Local Government Act 2000 or Regulations made under that Part.”

- 13.2 A draft Scheme of Members Allowances for 2010/2011, based on the above recommendations, is attached at **Appendix 1**.

14.0 Matters of Interpretation

- 14.1 To ensure consistency of approach, a number of questions were put to the Panel in order to reach agreement on how claims would be administered and the Panel's responses are reported in paragraph 15.1.

15.0 Draft Guide to Members' Allowances

- 15.1 A draft Guide to Members' Allowances was submitted to the Panel, which had been drawn up to assist Members in making claims for reimbursement and assist Officers in its administration. To satisfy internal audit requirements and make the claiming of allowances more consistent, the following operational changes were proposed which would be included in the Guide.

- (i) Claims for Allowance reimbursement would be required to be submitted to Democratic Services for processing no later than three months after the performance of the duty. Members requiring reimbursement of expenses which had not been submitted within this time would have the right of appeal to the Borough Solicitor in order to seek reimbursement of late submissions.
- (ii) Where a Member was acting in an official capacity i.e. on behalf of or at the request of the Council, Travel Allowance would be paid i.e. where a Member was required to attend a meeting to give evidence or had registered an intention to speak. Where attendance was voluntary, no allowance would be claimable.

- (iii) Co-opted (Independent/Parish) members of the Standards Committee would be entitled to claim an allowance of £30 for any meeting they were required to attend by the Chairman of the Standards Committee, whereas only claims for subsistence would be paid where the cost of attendance at an event had been met by the Council.
- (iv) Members to supply a business case supported by the Group Leader to justify the cost of travel over and above standard rail fare, irrespective of the mode of transport used.
- (v) Where IT consumables were replaced for urgent use, the cost to be reclaimed on submission of a receipt.

15.2 The draft Guide is attached at **Appendix 2**.

16.0 Conclusion

16.1 The Panel was satisfied that the changes recommended above together with the adoption of the Guide to Members' Allowances from 1 April 2010 would satisfy the requirements of the Internal Auditor and provide a consistency of approach for the claiming of Members' Allowances.

17.0 Access to Information

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

Name: Diane Moulson
Designation: Senior Member Development Officer
Tel No: 01270 686476
Email: diane.moulson@cheshireeast.gov.uk