

Constitution Committee

Date of Meeting: 5 October 2020

Report Title: Independent Remuneration Panel: Review of Members' Allowances Scheme

Senior Officer: Brian Reed, Head of Democratic Services and Governance

1. Report Summary

- 1.1 Following the appointment of the Independent Remuneration Panel in 2019, the Panel was asked to review the indexation arrangements for Cheshire East Council's Scheme of Members' Allowances.
- 1.2 The report sets out the Panel's views in respect of those arrangements in paragraph 5.4 and notes the current position regarding the 2020 NJC officer pay award.
- 1.3 The report also seeks to confirm what arrangements should be put in place to plan for yearly increases to the budget over the period the index would be in place.

2. Recommendation to Council: That

- 2.1 The current indexation criterion, equivalence with the NJC officers pay award, should apply from 1 April 2020 for a period of four years or until such time as any new Members' Allowances Scheme is approved by Council;
- 2.2 The NJC officer pay award for 2020, be applied to the Scheme and backdated to 1 April 2020; and
- 2.3 Annual increases in the Members' allowances budget, be built into the Council's budget-setting process.

3. Reasons for Recommendations

- 3.1 In accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003, the indexation arrangements applicable to a scheme of allowances must be reviewed when the period of indexation expires.

4. Other Options Considered

- 4.1 Not to apply an index to the scheme of allowances.
- 4.2 Retain the present arrangements in respect of budget forecasting.

5. Report of the Independent Remuneration Panel on Indexation Arrangements

- 5.1 In accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003, the Council is required to have a scheme of allowances in place, which may make provision for an annual adjustment of allowances (aka indexation). In such circumstances, the scheme only needs to be reviewed at the point the indexation arrangements come to an end.
- 5.2 In 2016, the Independent Remuneration Panel (the Panel) recommended to Council, that the NJC officers' pay award be adopted as the index for Cheshire East's scheme, to apply for the maximum period of four years ending in 2020. Council approved the Panel's recommendation.
- 5.3 In October 2019, the Panel was invited to consider whether the indexation arrangements should continue beyond 2020 and if so, whether the NJC pay award should be retained as the preferred index or an alternative be proposed.
- 5.4 Having considered the matter, the Panel is of the view that the current indexation criterion, equivalence with the NJC officers pay award, should continue for the foreseeable future.

6. NJC Officer Pay Award 2020/2021

- 6.1 The National Joint Council for Local Government Services has offered employees a 2.75% pay rise for 2020/2021, which has been accepted.
- 6.2 The Committee is invited to recommend to Council that the NJC officer pay award for 2020/2021, be applied to Cheshire East Council's Scheme of Members Allowances', to be backdated to 1 April 2020.

7. Implications of the Recommendations

7.1 Legal Implications

7.1.1 The recommendations proposed in the report are in line with the Local Authorities (Members' Allowances) (England) Regulations 2003.

7.2 Finance Implications

7.2.1 Adoption of an index would commit the Council to an annual increase to the Members' Allowances budget for a period of four years (the maximum allowed), if an increase in officer pay is proposed year on year and Council decides to implement each year's increase. The cost for 2020/21 based on an increase of 2.75% is £37,400 which can be met from an in-year underspend on Members Allowances due to a seat remaining vacant as the election has been delayed by COVID-19. Future years increases will be in-line with officers pay and will be factored into ongoing annual calculations of Pay and Pensions in the MTFS.

7.3 Equality Implications

7.3.1 None identified

7.4 Human Resources Implications

7.4.1 None identified

7.5 Risk Management Implications

7.5.1 None identified

7.6 Rural Communities Implications

7.6.1 There are no direct implications for rural communities.

7.7 Implications for Children & Young People/Cared for Children

7.7.1 There are no direct implications for children and young people.

7.8 Public Health Implications

7.8.1 There are no direct implications for public health.

7.9 Climate Change Implications

7.9.1 None identified.

8. Ward Members Affected

8.1 The implications in this report are borough wide.

9. Access to Information

9.1 Local Authorities (Members' Allowances) (England) Regulation 2003.

10. Contact Information

10.1 Questions relating to this report should be directed to the following officer:

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