

Targeted Review of Members' Allowances: Cheshire East Council

Report of the Independent Review Panel: February 2023

Introduction

In October 2022, Cheshire East Members' Allowances Independent Review Panel (IRP) was requested by the Council to carry out a targeted review of four aspects of the Members' Allowances Scheme, namely:

- The allowances paid to the Mayor and Deputy Mayor.
- The special responsibility allowance paid to the Chair of the Scrutiny Committee.
- Payment of allowances to Members taking parental leave.
- The criterion to be used for uprating Members' allowances in 2022-23.

The Panel consists of the Chair, Steve Leach (Emeritus Professor of Local Government, De Montfort University), Mandy Ramsden (former local government officer and local resident and Jacquie Grinham (former CEO of Cheshire North Citizens Advice Bureau).

The work of the Panel was carried out in two stages. It was clear from the briefing document that the Panel was expected to carry out consultation with council members in undertaking its task and to take account of this consultation process in reaching its conclusions. The Panel was in full agreement that this was an essential part of the exercise. However due to a range of pressing problems facing the Council, which emerged late in 2022, it became necessary to delay the consultation process until February 2023.

Stage One

It was agreed that the Panel should in December 2022 consider the four issues identified on the basis of the content of its 2021 report, its 2022 note on parental leave payments and briefings from Cheshire East Democratic Services. The Panel held two virtual meetings on November 25th and December 12th respectively and submitted an interim report to the council on December 14th.

Stage Two

It then held two further virtual meetings on February 10th and 20th respectively, when it interviewed the group leaders of the Labour and Conservative groups, the deputy leader of the Liberal Democrat group, the current Mayor and the Head of Civic Affairs. Written representations were also received from eleven Councillors.

The Panel took into account all this evidence in revisiting the conclusions and recommendations in its interim report, making changes where appropriate.

During the consultation process, the Panel's attention was drawn to certain aspects of the members' allowances scheme about which Councillors had concerns. Whilst it would not have been appropriate for the Panel to make recommendations on these issues, as they were outside the scope of its brief, it felt that it would be helpful to note them in this report, with a view to ensuring that they were considered in depth when the Panel was next asked to carry out a comprehensive review of Cheshire East's allowances system. These issues are referred to in paragraph 5 below.

The Panel is grateful to all the Councillors who took the trouble to respond to the consultation process, either by interview or written representation; to Diane Moulson for setting up and facilitating the Panel's meetings and servicing its information requirements so efficiently; and to Brian Reed and Martin Smith for their helpful contributions at different stages of the process.

1 Mayoral and Deputy Mayoral allowances

1.1 Technically, mayoral allowances are not part of the Council's Members' Allowances Scheme per se. But IRPs are often asked to make recommendations on this topic, as was the case with Cheshire East IRP in 2020-21. Having received no representations regarding the allowances then paid to the Mayor and the Deputy Mayor, the Panel could see no justification for recommending changes to the status quo (Mayoral allowance £14,000; Deputy Mayoral allowance £5,600).

1.2 The Panel was told that there were two key aspects to the mayor's role: a public relations element involving attendance at various events throughout the authority area; and the challenging job of chairing meetings of the Council. The former role involves considerable expenditure over the course of the year on items such as purchasing one's own and one's partner's clothing for events; donations to charity; contributions to collections; raffle tickets/flag days/poppy appeals; sending flowers; mayoral hospitality; and purchasing tickets for events.

1.3 In Cheshire East's CipFA comparator group of authorities, the mayoral allowance paid varies from £6,000 (Trafford) to £15,012 (Warrington). Cheshire East's Mayor's figure is £3,000 above the average for the group and the Deputy Mayor's £2,800 above the average for the group. However, these variations do not in themselves constitute a case for reductions. The expectations attached to the mayoral role vary significantly between different authorities and indeed the role is often interpreted differently between incumbents of the office in the same authority.

1.4 The Panel was clear from the evidence presented to it (not least from a sight of the mayoral diary) that the mayoral role was being carried conscientiously and effectively by the current incumbent, as had been the case with previous mayors, two of whose activities had been restricted by the Covid pandemic. It felt that in an authority as large and diverse as Cheshire East, the demands on a mayor's time may well be greater than in a more compact authority such as Trafford or Warrington. No consultation respondent made the case for any reduction in the

current level of the mayoral and deputy mayoral allowances, a view which was endorsed by the Panel.

1.5 Its recommendation is that these allowances remain at their current levels, but be subjected to the same uprating subsequently agreed by the Council on Members' allowances.

2 The Chair of the Scrutiny Committee

2.1 It is important to recall that the Panel's recommendations on the scrutiny function in its 2021 report were not fully accepted by the Council. The Panel recommended that an opposition spokesperson should be identified on each of the six service committees, and each should receive an SRA of £4,200. This recommendation was rejected.

2.2 In its 2021 report (see paras 2.14-2.17), the Panel emphasised its view of the importance of the scrutiny function, in contributing to the democratic viability of a council, no less so in one such as Cheshire East which operates a committee system as in one operating the leader and cabinet model. It accepted the view that, in the former, much of the scrutiny function (including 'holding the administration to account') would take place within the service committees. Moreover, it was clear that in other authorities which operated a committee system (include Brighton and Hove and Nottinghamshire), SRAs for opposition spokespersons on scrutiny committees had been introduced to strengthen the effectiveness of the scrutiny function. The Panel's view about the desirability of introducing this measure remains unchanged.

2.3 One or two respondents questioned whether there was a need for a scrutiny committee at all in Cheshire East. The Panel was clear that there was such a need. The external scrutiny function with regard to health and crime and disorder issues (and others of a council's choosing, such as flood prevention) has become increasingly important over the past decade and is crucial for a council which wishes to play a proactive 'community governance' role. That, in itself, justifies the existence of a scrutiny committee.

2.4 The Panel sensed a degree of confusion among members over the role and purpose of the Scrutiny Committee. This perception is supported by the critical comments regarding the organisation of the scrutiny function highlighted in the peer review. The Panel was informed that scrutiny takes place within the six service committees (there are quarterly reports to Corporate Policy Committee and all service committees on performance, finance and risk), but the respondents provided no clear evidence that the joint administration was being held to account in these settings, which is one of the key functions of scrutiny. Compared with other authorities, including those which operate a committee system, scrutiny is significantly under-resourced in Cheshire East in terms of member allowances, the sole allowance paid being that of the Chair of the Scrutiny Committee. This was a source of considerable concern to the Panel.

2.5 Its initial conclusion during Stage One of the review was to increase the Scrutiny Chair's SRA to £10,000. However, none of those respondents who expressed a view about the topic advocated any increase and the Panel's limited level of knowledge about the operation of this Committee was such that it would have found it hard to justify an increase, in these circumstances.

2.6 Its recommendation is that the SRA for the Chair of Scrutiny should remain at £7,650. But the Panel is clear that it would wish to revisit the whole issue of scrutiny in Cheshire East in its next review (see para 5 below).

3 Parental Leave Payments

3.1 The Panel was asked to produce a short report on this matter in 2019/20, when its attention was drawn to a Labour Party advisory document which recommended that any member taking parental leave and hence absent from the council for a period of six months to a year should continue to receive the basic allowance and also receive any SRA payment attached to a position of responsibility held before parental leave commenced for a period of (at least) six months. Since the Panel produced its report, at least two authorities (Stockport, Gloucester City) have adopted both those recommendations.

3.2 All the Councillors who responded to this issue were of the view that the basic allowance should continue to be paid over the whole period of parental leave. This view is consistent with that of the Panel.

3.3 With regard to whether or not a member taking parental leave should continue to receive an SRA for a position they could not at the time fill, one group held the view that SRAs should continue to be paid in these circumstances; other party groups and several individual Councillors were opposed to the continuation of such payments.

3.4 The argument made by the party group which supported the continuation of SRA payments was that to do so would facilitate the attraction and retention of younger Councillors and those on lower incomes, who might otherwise not come forward or stay on as Councillors. The Panel has always been supportive of the case for seeking to improve the diversity of council membership on the criteria of age, sex, and ethnic background. However, in these particular circumstances, it would find it hard to justify a 'dual payment' system of this nature. In the absence of the position holder, a replacement councillor would need to be identified, to chair the committee concerned (or whatever). It would be difficult, in the Panel's view, to justify paying two identical SRAs for the same position, one for someone actually carrying out the responsibilities involved, and the other to the parental leave absentee. It thinks it likely that public opinion would be critical of such a move. No officer in a local authority would expect this kind of privileged treatment.

3.5 The Panel's recommendation is therefore that the basic allowance should continue to be paid during a period of parental leave, but that the payment of any SRAs should be discontinued and transferred to the Councillor who is carrying out the role involved.

4 Uprating of allowances 2022-23.

4.1 In its 2021 report, the Panel recommended that the criterion which should be used for the annual uprating of members' allowances was the NJC officer pay award for that year. This choice of criterion has been widely recommended and adopted since 2010. In normal circumstances, this would continue to be the Panel's recommendation. However, the officer pay award which has just been agreed for 2022-23 involves a flat rate payment of £1,925 to all council employees, rather than the usual percentage increase.

4.2 There are three ways in which parity with the NJC award could be achieved.

- The award of the above flat rate increase to all Councillors. In Cheshire East, to do so would result in an increase in the basic allowance of 19%, which would be hard to justify, given that it is well above the rate of inflation for the year.
- The application of the median (mid- point) figure for the officers pay award increases, which vary considerably between grades. To do so would result in a members allowances uplift of 7%.
- The application of the 4.04% increase specified in the pay award for a wide range of officers' allowances (such as travel and subsistence).

4.3 The Panel's view was that realistically, the choice was between the 7% and 4.04% figures. The Panel was provided with an ADSO paper which argued that, although these types of allowances do not equate with members allowances per se, it was still viable to interpret the 4.04% figure as 'in line with the officers pay award', thus retaining the link between the award and a proposed increase in members allowances.

4.4 The ADSO paper identified an emerging view amongst its membership that this was an appropriate percentage increase to apply to members allowances. The IRP which covers all the 32 London boroughs has recently recommended this level of increase. Many other authorities have adopted a similar position.

4.5 The responses to this issue in the consultation process in Cheshire East were varied. Some thought a relatively modest increase would be appropriate. One respondent was in favour of an inflation-linked increase. Several were of the view that there should be no increase in members allowances in 2022-23.

4.6 Although the Panel was sympathetic to the idea of a 7% increase, which would be closer to the current rate of inflation than the 4.04% figure, it sensed that such a recommendation would prove unacceptable to the Council. It wished to put forward a recommendation that stood a reasonable chance of being accepted.

4.7 Its recommendation is therefore that members allowances 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. This is in line with the recommendation made by other IRP's in an increasing numbers of authorities. In relation to SRAs its recommendation is that a 4.04% increase should be applied, again backdated as appropriate.

4.8 The Panel is of the view that although this does not equate to a cost- of- living increase, it represents a reasonable response in a difficult time, when many families are experiencing considerable financial hardship.

4.9 The Panel did consider whether the 4.04% figure should be applied to all members allowances, or only to the basic allowance and not SRAs. It concluded that in the interests of consistency and fairness, it should be applied to both categories.

4.10 The overall cost to the Council would be in the region of £52,661, which is higher than the 2% figure included in the draft budget. However, as the sums involved are relatively small, the Panel does not see why this should pose a problem.

5 Issues for future Consideration

The following issues were raised with Panel and are felt to justify detailed consideration in the next comprehensive members allowances review:

- The case for differential SRA payments among committee chairs.

There were references to the legal responsibilities of the Children and Families Committee and the above average workload of the Highways and Transport Committee, both of which, it was argued, merited enhanced SRAs for the Chair.

- A reconsideration of the criterion for the annual uprating of members allowances.

In the light of the importance of seeking to attract a greater diversity of Councillors and the fact that the real value of the basic allowance had diminished significantly over the past few years, the possible use of a cost-of-living criterion is worth exploring.

- Given the uncertainties attached to the scrutiny role and the concerns regarding the effectiveness of the scrutiny function, the Panel would wish to explore this issue in depth at the next review.

- The balance between the basic allowance and special responsibility allowances.

In an authority such as Cheshire East which operates a committee system, the formal responsibility for decision making rests with the committee as a collectivity and not with the Chair, whose role is basically different from a

cabinet member in the cabinet and leader model, who does enjoy formal decision-making responsibilities. The implications of this distinction for members allowances are worth exploring. Some authorities have already made adjustments in favour of the basic allowance, in these circumstances.

- The Panel was informed that the Council was considering the introduction of ‘councillor observers’ on the ASDVs operated by the Council. If this idea is implemented, the case for an allowance for such positions should be considered.
- The justification for the provision that members can claim only one SRA, in circumstances where they hold two posts to which SRAs are attached should be reconsidered.
{In relation to this issue it should be noted that in 2016 the (then) IRP recommended the following in relation to SRA’s :-
“(8) The stipulation that only one SRA can be claimed by any one councillor should be discontinued, and replaced by a maximum of two.”
At that time the Authority did not accept the panel’s recommendation and decided to continue to only allow 1 SRA per member.}

6.0 SUMMARY OF RECOMMENDATIONS

- The Mayoral Allowance should remain at £14,000 and that of the Deputy Mayor at £5,600. Both should be subject to a 2022/23 annual uprating on the same basis as members’ allowances.
- The SRA of the Chair of the Scrutiny Committee should remain at £7,650 (subject to the 4.04% uplift.)
- Any Councillor taking parental leave should continue to receive the basic allowance, but not any SRA attached to a position of responsibility he or she held prior to going on leave. This SRA should be transferred to the Councillor now carrying out the role.
- Members’ basic allowance should be increased by a flat rate of £500 and SRAs increased by 4.04% for the year 2022-23 and paid retrospectively.
- The Panel has highlighted a number of issues raised by Councillors, but outside the scope of the brief for this limited review, which it would wish to consider in depth at its next review.