

CHESHIRE EAST MEMBERS' ALLOWANCES

Report of the Independent Review Panel, March 2021

1.0 Background.

- 1.1 In November 2020, Cheshire East Council resolved to move from a Cabinet and Leader model of decision-making to a Committee System, the new structure to be introduced at the start of the 2021-22 municipal year. This major change, involving the creation of many new positions of responsibility necessitated a review of members' allowances in the authority. The Independent Review Panel (IRP) was asked in November 2020 to develop recommendations for a new scheme which responded to these changes.
- 1.2 The Panel comprises the chair, Steve Leach (Emeritus Professor of Local Government, De Montfort University), Mandy Ramsden (resident and former local government officer) and Jacquie Grinham (former CEO of Cheshire North Citizens Advice Bureau). Its previous report was accepted by the Council (with a few minor amendments) in 2016. Some of the analysis and conclusions in that report remain relevant to the current exercise, but in other cases a major re-assessment of the scheme is clearly required.
- 1.3 The Panel was provided with several background papers which detailed the thinking behind the new decision-making structure and with the reports of IRPs which had dealt with parallel situations in other authorities (including Brighton and Hove, Nottinghamshire, Reading and the London Borough of Sutton) which had moved from a cabinet and leader model to a committee structure. All councillors were invited to make representations to the Panel in writing, 17 of whom did so. Opportunities of virtual meetings with the Panel were offered to all five leaders of the parties represented on the council, four of whom took advantage of this opportunity. The Panel is grateful to Diane Moulson and Brian Reed for their much-appreciated support and for the many informal discussions which took place with them.

2.0 Analysis and Recommendations.

- 2.1. The Panel discussed the principles which it felt should underpin its analysis and recommendations. They have all been commonly identified by panels elsewhere and are listed below: -
 - the allowances scheme should facilitate a greater diversity of council membership, including under-represented groups such as younger people, those in full-time work and ethnic minorities.
 - it should take account of allowances schemes in comparable authorities.
 - it should acknowledge that not all of the time commitment of members should be deemed eligible for remuneration. 50% is the figure typically recommended.
 - it should facilitate the democratic viability of the council, by giving due weight to the roles of opposition parties and of the scrutiny function.

- it should facilitate as wide as possible a sharing of positions of responsibility; hence only one special responsibility allowance (SRA) should be claimable by any one councillor.
- the proportion of members qualifying for SRAs should ideally not be greater than one third (this is government guidance)
- SRAs should be provided as a response to the level of responsibility involved in a particular post, not the time committed to it.

2.2. The comments from councillors in their submissions to the Panel were typically wide-ranging and varied. There was a good deal of support expressed for some of the principles listed above, particularly those relating to diversity of council membership, the wide sharing of positions of responsibility and retaining the link between officer and member pay increases. Comments listed below were made by two or more members, and hence may be assumed to enjoy a degree of support.

- the allowances budget should be frozen at its current level.
- SRAs should be paid to vice -chairs of the six new committees and possibly more widely.
- The basic allowance should be increased, if there is scope to do so in a 'no net increase' situation.
- the work of a committee chair is likely to be more time-consuming than a cabinet member.

2.3 The Panel was notified at an early stage that leading members did not wish to see a net increase in the overall members' allowances budget for 2020-21 to be introduced in 2021-22, the first year of operation of the new system. It was happy to accept this constraint, subject to the application of the existing criterion for updating allowances (the NJC Officers' settlement imposed by the government). The Panel itself would not have been minded to recommend any significant increase in the allowances budget, partly in light of the impact of the Covid pandemic on unemployment and poverty levels, but also because the average allowances per member is already higher than that of many of its CIPFA comparators. However, it notes that the Council decided not to apply the recommended criterion for updating members' allowance – the NJC officers' pay settlement of 2.75% – in 2020. The Panel would have no objection if the Council decided to apply this increase retrospectively; it was after all the Panel's recommendation.

2.4 The move from a cabinet and leader structure to a committee system has two important consequences for members' allowances. First, because decision-making responsibilities cease to be dominated by a small number of individuals (the cabinet) and move to a committee system in which all members of the various committees share responsibility for decisions, there would be a logic in shifting the balance between the basic allowance and the total level of allowances paid to members of the cabinet in favour of the former. Second, even though it is normal practice in a committee system for the process of decision-making to be led by the chair, who will have held preparatory meetings with the officers concerned (and probably members of his or her own party group who sit on the committee), the formal responsibility for the decisions made rests with the collective body – the committee. If something goes wrong, or legal action is taken in response to a decision, it is the committee which will be held responsible, not the chair or vice-chair. In the

cabinet and leader model it is the cabinet members, collectively or individually, (depending on the allocation of responsibilities) who would be held responsible for subsequent problems, legal or otherwise.

- 2.5 In addition, given that the new structure includes only one scrutiny committee (presumably on the assumption that most scrutiny will take place within the committees themselves), members of committees will have a dual role – to make decisions and to scrutinise them. Previously, they had carried out the latter role in the four scrutiny committees operated by the council but had played no part in the decisions taken within the cabinet. As their role as local representatives and advocates will certainly not diminish, the likelihood is that they will become even busier than they have been in the past.

The Basic Allowance

- 2.6 In these circumstances, the Panel's initial view was that the Basic Allowance should be increased, and the SRAs payable to committee chairs should be decreased, compared with those previously paid to cabinet members. But it soon became apparent that there was a problem with this plan. Given the Panel's acceptance of the dominant 'no net increase in members' allowances' view, if it had recommended that the basic allowance be increased even by a modest 5%, then the cuts that would have been required in the total SRA budget would have been of the order of £50,000. In addition, because in Cheshire East there is now a joint Labour/Independent administration, the Panel had been informed that in the six new service committees, whichever party holds the chair, the vice-chair would be held by the other party. In these circumstances both chair and vice chair have a vital role to play in managing the business of the committee, and it would become imperative to allocate an SRA to the vice-chair as well as the chair. If the basic allowance were to be increased by 5%, this would result in a decrease in the chair's SRA (compared with the SRA previously paid to cabinet members) of a level that could not be justified.
- 2.7 The Panel noted that the basic allowance in Cheshire East currently stands at £12,351. This figure is 22% higher than the average (£10,080) for the CIPFA group of authorities which are used as comparators. This disparity enabled the Panel to conclude that the basic allowance in Cheshire East was a relatively generous one, and as a result, the case in principle for an increase (see 2.2 above) should not be implemented. Its view was that the current level of the basic allowance was such as to contribute to the aim of increasing the diversity of those motivated to stand for election and that to raise the allowance by 5% would not be likely to make a significant difference to this desirable outcome. **The Panel's recommendation is that the basic allowance should remain at £12,351 (unless the council decides to apply the 2.75% uprating retrospectively, in which case it would become £12,690).**

Leader and Deputy Leader of the Council

- 2.8 The Panel felt that it was appropriate to retain the current SRA allocated to the Leader of the Council. Although in a committee system leaders have less power than in an authority which operates the cabinet and leader model, (they can no longer appoint cabinet members, allocate portfolios to them nor allocate decision-making responsibilities to them or to themselves) the significance of and demands on the role of leader of a large unitary authority have increased over the past decade. This is particularly true of the role's external dimensions - working with central government agencies and local partners. Leading the Council's response to the Covid Pandemic has been an additional responsibility. **The Panel's recommendation is that the Leader's SRA should remain at £28,371.**
- 2.9 The role of deputy leader is often more problematical for allowances panels. The normal pattern is for their SRAs to be pitched between £2,000 and £5,000 above those of other members of the cabinet (or of committee chairs in an authority which has adopted that model). The problem is that the responsibilities enjoyed by the deputy leader depend crucially on the leader's propensity (or otherwise) to delegate, which is not always easy for a panel to ascertain. However, in a joint administration like that of Cheshire East, there is no doubt that the role of the deputy leader, who is from a different party to that of the leader, is a 'real job'. It is not a case of what the leader delegates; agreement must be negotiated over a wide range of issues facing the council. **It would be appropriate in these circumstances to retain the SRA currently paid to the deputy leader at £17,128. This is the Panel's recommendation.**

Opposition Group Leaders and Group Whips

- 2.10 The SRA of the main opposition group leader is currently set at £7,650. This figure is below the average (£9,090) in Cheshire East's CIPFA group of comparator authorities, although allowances for this position vary widely. The Panel was of the opinion that in the light of this disparity and in the interests of 'facilitating the democratic viability of the council, by giving due weight to the role of the opposition' (see 2.1 above), there was a case for increasing this SRA, not least because of the crucial role the main opposition plays in a hung authority with a shared administration (or coalition), which is arguably more demanding and potentially influential than in a majority-control situation. **The Panel recommends an SRA of £10,000 for the leader of the largest opposition party and £5,000 for the deputy. The deputy group leaders of the two parties forming the administration should also receive an SRA of £5,000 apiece, as was the practice previously. The leader of any smaller opposition group with a membership of four or more should also receive an SRA of £5,000.**
- 2.11 The net increase in the allowances budget for opposition leaders and their deputies can largely be financed by discontinuing the SRAs paid to the administration whip (now two of them presumably), the deputy whip, and the whips attached to the opposition parties. The practice of allocating SRAs to these positions, which focus predominantly on the internal management and discipline of party groups, has largely died out. Of the 16 authorities in

Cheshire East's CIPFA family, only three (including Cheshire East) pay allowances for these positions. Their retention was justified to the Panel on the grounds that they play an important co-ordination and business management role in a 'no overall control situation' and that their workload is likely to increase in 2021, after the council moves to an unfamiliar committee system. The Panel does not doubt that this is the case. However, if it were to allocate SRAs for all these whip positions, this would necessitate reductions in other allowances that the Panel has recommended and increase the number of SRAs to well above the 33% guidelines. In these circumstances, it regards this activity as one of the many significant but lower order responsibilities which the majority of councillors exercise, which their basic allowance should be seen as covering. It would be impossible (and undesirable) to devise an allowances scheme which allocated SRAs for all such additional responsibilities.

Chairs of the new Committees

- 2.12 By not recommending an increase in the basic allowance, the Panel was able to consider reallocating the total SRA allowance paid to cabinet members (£113,488) to the new service committees. The Panel was informed of the importance to be attached to the Finance sub-committee in the new arrangements and that it was seen as being of equal status to the six service committees. The Panel concluded that it would be appropriate for it to be treated in the same way as the service committees, as far as the allocation of allowances was concerned. Thus, one seventh of the above sum (£16,213) should be allocated to each committee
- 2.13 But in recognition of the importance of the role of vice chair of a decision-making committee, in a situation where a joint administration operates (see 2.4 above), the Panel was clear that some of this allocation should go to the vice-chairs. **Its view was that the most appropriate division of this sum would be SRAs of £12,000 for the chair and £4,200 for the vice-chair, which is the Panel's recommendation.** This division would mean that the chair of each committee would be receiving around £2,000 less than the SRA received by cabinet members, but the Panel was clear that this reduction was justified in the light of the reduction in individual responsibility involved (see 2.4 above).

The Scrutiny function

- 2.14 It is likely that members of the opposition will play a leading role in scrutiny, both on the scrutiny committee and in the six service committees and Finance sub-committee which have been established. This role is crucial to the effective working of democracy in the council; it is right that decisions or proposed decisions should be robustly challenged, if there are substantive grounds for doing so. In these circumstances the Panel considered that it was right to allocate SRAs to the role of opposition spokesperson on each service committee and Finance Sub-Committee. This practice has been introduced in Nottinghamshire and Brighton when these authorities switched from a leader and cabinet model to a committee system.

- 2.15 The Panel recognised that the role of opposition spokespersons on the new committees had not been specified in the proposed structure. However, it was aware that there was a tradition of shadow cabinets in Cheshire East, in which it presumes that members are appointed to focus on the topics identified in the cabinet portfolios. Assuming this to be the case, one might reasonably anticipate that, in the new structure, main opposition group members would be similarly appointed to shadow the topics covered by the new committees and Finance Sub-Committee. They would be the logical incumbents of the 'opposition spokespersons' roles which should encompass access to officers for information on scrutiny topics which they wish to raise, to facilitate a well-informed and constructive approach to scrutiny. Given the small size of the other opposition groups, it would not be feasible to include them in the system of opposition spokespersons.
- 2.16 The Panel was informed that the brief of the Scrutiny Committee in the new structure will be limited to its statutory requirements, focusing on external scrutiny of health and policing issues (amongst others) and that meetings were expected to be held no more than quarterly. The scrutiny of internal policies and decisions was planned to take place within the six new committees and Finance Sub-Committee. In these circumstances, the Panel's view was that the SRA allocated to the chair of the Scrutiny Committee should be no higher than that currently paid to the chairs of the Strategic Planning Board and the Licensing Committee, namely £7,650. The existing allowances budget in Cheshire East for Overview and Scrutiny Chairs is £30,600, which leaves £22,950 available for the seven opposition spokespersons. The Panel's view was that an SRA of £4,200 – equivalent to that paid to the vice chairs of the committees – should be allocated to these positions, which would increase the overall scrutiny allowances budget to £37,000. However, this increase is supportive of the principle of 'giving due weight to the roles of opposition members and scrutiny to facilitate democratic viability' (see 2.1 above); and the likelihood is that at least two of these positions will be filled by opposition members who hold other positions with higher SRAs attached to them, in which case there would be no net budgetary increase.
- 2.17 **The Panel's recommendation is that the Chair of the Scrutiny Committee should be allocated an SRA of £7,650 and the seven opposition spokespersons on the new service committees and Finance Sub-Committee SRAs of £4,200.**

Regulatory and other Committees

- 2.18 In the light of the 'no net increase in the allowances budget' provision and the sparsity of members' comments regarding the existing committees, the Panel could see little reason to do other than recommend that the existing SRAs allocated to the chairs of these committees should be retained. It noted that the Constitution Committee does not appear in the new structure. The Panel's view is that the sum which will be saved should be used to remedy an anomaly that became apparent in its 2016 review. In that review, it learned that most of the business of the Licensing Committee was carried out in its two sub-committees, which is where panels were established to undertake the detailed and time-consuming work on specific licensing issues (for example, taxi licensing). The Panel was informed that, at present, the Chair of the

Licensing Committee also chairs both sub-committees and the panels dealing with specific licensing issues. If this were not the case, the Panel would have been minded to recommend SRAs for the chairs of the two sub-committees. In the current circumstances, this would be inappropriate but, if they were to change, the Panel should be notified with a view to reconsidering its recommendation. **The Panel's recommendation is that the Licensing Committee Chair's SRA of £7,650 is retained.**

- 2.19 **Otherwise, it is recommended that the SRAs for the chairs of Audit and Governance, the Strategic Planning Board, the Southern and Northern Planning Committees should remain at £7,650. The SRAs for the chairs of minor committees such as Appointments Committee and the Public Rights of Way Sub-Committee should be set at £4,200.**
- 2.20 No allowances are currently allocated to the chairs of other committees and boards included in the committee structure diagram, such as the Corporate Parenting Committee, the Health and Wellbeing Board and the Tatton Park Board. In the absence of any representations that allowances should be paid for these roles, the Panel makes no recommendations to introduce them. The expectation would be that their chairs would be likely to be the chair or vice chair of the parent committee to which these boards are attached, or not necessarily positions held by an elected members. If, during the course of the next year, there is seen to be a case for introducing SRAs for any of these positions, the Panel would be happy to review its recommendation. The same readiness to review is applicable to certain elements in the new structure (Decisions Review Committee, ASDV Shareholders Committee and the Shared Services Committee) regarding which again no representations were received by the Panel, and the probability is that their chairs will be members already receiving an SRA elsewhere in the new committee structure.
- 2.21 The Panel considered the case for the allocation of SRAs for vice-chairs of the existing committees, in the light of the existence of a joint administration. Its view was that to do so would result in both of the problems identified in relation to the retention of SRAs for the various whip positions, namely the need to make reductions in other allowances, and the unacceptable increase in the total number of SRAs. It also felt that a joint administration should not have any impact on these committees in relation to a Vice-Chairs role given their less political and quasi-judicial nature.

Other Allowances

Car Mileage

- 2.22 Although a couple of members felt that the current car mileage allowance was too high, if the Panel were to depart from the existing basis on which travel and subsistence allowances are paid in Cheshire East, it would require the authority to opt out of the allowances schemes which have been adopted by the vast majority of local authorities, namely the HMRC approved tax-free mileage rates and the LGA-recommended travel and subsistence rates (both of which are also applied to officer travel and subsistence entitlements). The Panel's view is that, in the light of all the other changes which will be

introduced in May, **it would be sensible to retain the familiar existing schedule of these allowances.**

Dependants' Carers' Allowance

- 2.23 The Dependants' Carers' Allowance is a potentially important contribution to encouraging a greater diversity of council membership, particularly for those with young families or who are caring for vulnerable elderly relatives. The current scheme in Cheshire East is to be commended. Instead of setting maximum hourly rates (as many authorities do), it specifies a maximum annual total amount (£6,410) which may be claimed, subject to the production of receipts. The flexibility involved in this approach and its potential contribution to council diversity is recognized by the Panel, **who recommend that it should be continued on this basis. It was felt, however, that members' knowledge of the scheme was patchy, a situation which should be remedied by the Council.**

Annual increase

- 2.24 **The criterion for the annual updating of members' allowances should continue to be NJC officers pay award, for as long as the upper percentage limit on this award is specified by the government.** This choice avoids the sense of unfairness which would be likely to occur if there was a difference in the levels of increase awarded to these two groups. If and when this central specification ceases, the choice of updating criteria should be reviewed.

Co-optees

- 2.25 For co-opted members on boards and committees who have been appointed as a result of their expertise in the subject area concerned, it is common practice for allowances to be paid, although the allowances vary considerably. In some authorities, co-optees are paid an annual allowance, which is set between £575 and £1,283 per annum, in the schemes accessed. In others (including Cheshire East) they are paid a meetings allowance. The sums involved are in the broad range of £25 - £200.
- 2.26 The Panel considered that a meetings allowance was the better option, in that it overcame the problem of variation in the number of meetings per year any co-optee actually attended. The allowance paid in Cheshire East is well below the average. **The Panel was impressed by the schemes in operation in Shropshire and Central Bedfordshire, both of which make payments of £75 for a meeting lasting up to four hours and £150 for a meeting lasting between four and eight hours. The panel recommends that this should be the practice in Cheshire East.**

Broadband reimbursements

- 2.27 Of the 15 authorities in Cheshire East's CIPFA family, only five (including Cheshire East) reimburse members' broadband costs as part of a separate 'technology allowance.' Only two of Cheshire East's neighbouring authorities do so. The Panel's experience elsewhere is that the payment of separate

allowances of this nature has become a minority phenomenon. **It recommends that the payment of a broadband allowance should be discontinued in Cheshire East**, where the basic allowance has been set at a relatively high level, which can reasonably be expected to incorporate members IT requirements. The Council may choose to continue to give help and advice and (where appropriate) small grants to purchase equipment to members who are unfamiliar with the IT world.

Civic Allowances

- 2.28 The allowances set for the Mayor (who operates as chair of the council) and the Deputy Mayor are categorised as civic allowances, separate from the members allowances scheme itself, however members' allowances panels are often asked to comment on them. The current levels of SRA - £14,000 and £5,600 respectively - are significantly higher than the average for Cheshire East's comparator authorities but having received no arguments as to why these allowances should be reduced, **the Panel's view is that they should be retained at their present levels.**

ASDVs

- 2.29 The Panel understands that there is a provision relevant to the payment of directors of the Council's range of ASDVs in the Local Authorities (Companies) Order 1995. This Order sets out a legal requirement, the effect of which is **that payments to Directors of ASDVs should not exceed the amount paid in respect of the nearest equivalent role that commands an SRA and that furthermore, if the Director is paid for that equivalent role, that other payment should be deducted. This is the guideline currently applied in Cheshire East and the Panel sees no reason to question it.**

3.0 Review of Recommendations

- 3.1 The Panel became aware in the course of its work that there was, understandably, an element of uncertainty as to how the new structure would work out in practice. Normally it would not expect to be reconvened until 2025, but if the Council so wished, it would be happy to meet in 2022 or 2023, to review its recommendations in the light of the Council's experience of the new arrangements.

4.0 Parental Leave (see attached appendix)

5.0 Summary of Recommendations

5.1 The Basic Allowance should remain at £12,351

5.2 Special Responsibility Allowances (SRAs) should be set as follows:

Leader of the Council	£28,371
Deputy Leader of the Council	£17,128
Leader of the main opposition group	£10,000
Deputy Leader of the main opposition group	£5,000

Deputy Group Leaders of the parties in the Joint administration	£5,000
Leader of any other group with 4+ members	£5,000
Chairs of the 6 new service committees and Finance Sub-Committee	£12,000
Vice Chairs of the above	£4,200
Opposition spokespersons on the six service committees and Finance SC	£4,200
Chair of the Scrutiny Committee	£7,650
Chair of the Strategic Planning Board	£7,650
Chairs of the two Area Planning Committees	£7,650
Chair of the Licensing Committee	£7,650
Chair of Audit and Governance Committee	£7,650
Chair of Appointments Committee	£4,200
Chair of Public Rights of Way SC	£4,200

- 5.3 The current scheme of allowances for travel and subsistence should be retained.
- 5.4 The current Dependants' Allowances' scheme should be retained and given more publicity, especially for new members and candidates.
- 5.5 The criterion for the annual updating of members allowances should continue to be the NJC officers pay award, for as long as this is specified by the government.
- 5.6 The Panel would have no objection if the Council chose to apply the 2.75% NJC award of 2020-21 in the coming financial year (2021-22) having chosen not to do so last year. If so, this updating should be applied uniformly, to all the recommended allowances.
- 5.7 Meeting allowances for co-opted members on council committees, boards or panels should be set at £75 for meetings of less than 4 hours and £150 for meetings of between 4 and 8 hours, unless there are good reasons for the council not to make such payments.
- 5.8 The civic allowances paid to the Mayor and Deputy Mayor should remain at £14,000 and £5,600 respectively
- 5.9 The current guidelines regarding the relationship between payments to directors of ASDVs and SRAs allocated to them for council responsibilities should be retained.
- 5.10 The reimbursement of broadband costs in Cheshire East should be discontinued and assumed to be covered by the Basic Allowance. However, the Council may choose to continue to provide help and advice and where appropriate small grants to purchase equipment to members who need it.

- 5.11 The Panel meet again in 2022 or 2023, to review its recommendations in the light of the council's experience of the new arrangements**
- 5.12 See appendix for recommendations re Parental Leave**

Appendix

Parental Leave for Councillors

A Notice of Motion was submitted to Council in February 2019, regarding a proposal to adopt a Parental Leave Policy for Councillors. The Panel understands that the policy will be developed as the new Committee arrangements become embedded within the organisation.

The Panel was invited, as part of its review, to consider those financial aspects of the draft policy which would fall within the Scheme of Members' Allowances.

The Panel wholeheartedly supports the premise on which the report is based; and considers that all members should continue to receive their basic allowance in full, whilst on maternity, paternity, shared parenting, or adoption leave. The Panel also supports the provisions in the policy regarding 'resigning from office and election' i.e. that all allowances would cease from the effective resignation date.

With regard to special responsibility allowances (SRAs), the Panel **agrees that when a replacement is appointed to cover the period of absence of a councillor on leave, they should receive an SRA on a pro rata basis for the period of the temporary appointment.**

However, the Panel does not support the recommendation that members entitled to an SRA should continue to receive their allowance in full, in the case of maternity, paternity, shared parenting or adoption leave as it would increase the total expenditure on members' allowances, in a way in which the public might find it hard to understand. The SRA is a 'rate for the job' and if the councillor on leave is not at the time responsible for carrying out that job, the justification for continued payment is tenuous.