

To: COUNCIL

Date: July 14th 2014

Item No:

Report of: Head of Law & Governance

Title of Report: Councillors' Allowances – Appointment of Independent Remuneration Panel

Summary and Recommendations

Purpose of report: To explain the background to the Members' Allowances Scheme and to seek authorisation for the appointment of an Independent Remuneration Panel to draft a new Allowances Scheme. The Panel will recommend the proposed Scheme to Council in the autumn.

Report Approved by:

Finance: Nigel Kennedy

Legal: Jeremy Thomas

Policy Framework: Efficient, Effective Council
Strong, Active Communities

Recommendations: To:-

- (a) authorise the Head of Law & Governance to appoint an Independent Remuneration Panel to consider and formulate a new Members' Allowances Scheme; and
- (b) agree to pause the indexation of the members' basic allowances available from the year 13/14 onwards, pending the report of the Independent Remuneration Panel. The 13/14 increase and the 14/15 increase in allowances will not be implemented in the meantime.

Introduction

1. The Council approved the Members' Allowances Scheme in February 2011. The scheme expires in March 2015 and a replacement scheme

must be adopted by the Council having regard to the advice of an Independent Remuneration Panel (IRP) on the levels and types of allowances to be paid under that scheme.

Members' Allowances Scheme

2. The Local Government Act 2000 and the Local Authorities (Members' Allowances) Regulations 2003 require that the Council must appoint and maintain an Independent Remuneration Panel (IRP) for members' allowances. The Regulations require the Council to have regard to the advice of the IRP in deciding upon its members' allowances scheme. Any scheme can remain in place without review for up to four years provided the amounts contained in the scheme are indexed in some way. A members' allowances scheme, once introduced, cannot be altered unless the Council has considered the advice of an IRP on the proposed changes.
3. The law permits the following allowances categories to be paid:-
 - Basic allowances
 - Special responsibility allowances
 - Co-optees' allowances
 - Travel and subsistence allowances
 - Child care and dependant carers' allowances
4. The Local Authorities (Members' Allowances) Regulations 2003 permit Councils to determine whether adjustments to allowances should be made by reference to an index and, if so, to decide upon the index and the length of its application (up to a maximum of 4 years).
5. The current scheme allows for members' basic allowances to be frozen until March 2013 and then linked to whatever the national pay settlement is for local government employees and so can vary accordingly. The national pay award was 1% for 2013/14 and no agreement has been reached for 2014/15. The increase was not applied to the members' basic allowance and it is recommended that it be put on hold pending consideration of an IRP report. The scheme cannot be changed by a resolution of Council other than following consideration of an IRP report.
6. To allow this to happen it is proposed that Council should now confirm the pause on indexation in relation to the 2013/14 and 2014/15 rise in allowances under the current scheme and to request the IRP to reconsider this at the same time as proposing a new scheme for 2015/16 onwards.
7. Subject to consideration of the advice of the IRP in the autumn, the Council could implement indexation based on the local pay deal with effect from April 2014 (or indeed anything else).

Independent Remuneration Panel

8. An IRP has to be appointed to consider the current allowances scheme and to advise the Council on the arrangements and details of a future scheme. The current Members' Allowances Scheme was introduced on the advice of a Panel consisting of Professor Roger Ainsworth (Master, St Catherine's College), David Doughty (Oxford Economic Partnership) and John Hoy (Blenheim Palace).
9. A new IRP needs to be appointed and will have the task of reviewing the current allowances scheme and adjustments to the current scheme as detailed earlier. Officers advise a panel of three members and approaches will be made to representatives of:-
 - Oxfordshire Council for Voluntary Action;
 - A public sector body such as one of the universities; and
 - The business community.
10. The IRP will be assisted by officers and will receive comparative information to inform its deliberations. Sources of information that will be used to inform a new scheme will, for example, include the current scheme, the Council's governance arrangement structure chart, the terms of reference of Committees, the frequency of meetings and executive portfolios and membership of committees. The IRP would probably also expect to receive comparative information such as that for South East employers, neighbouring authorities and CIPFA benchmarking authorities as well as information about previous panels' recommendations and rationale. The IRP will in addition be able to hold discussions with Peter Sloman (Chief Executive), Jeremy Thomas (Monitoring Officer) and other key officers and to seek representations from the Council's political groups/parties.

Financial Implications

11. At this point there are no financial implications in connection with recommendations. The financial effect of any increase awarded by the Independent Remuneration Panel will be reported back to Council at a later date.

Legal Implications

12. The legal implications of the Members' Allowances Scheme are set out in the body of the report.

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Background papers: None

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