

To: Council

Date: 1st December 2014

Report of: Head of Law and Governance

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

Summary and Recommendations

Purpose of report: To present the report and recommendations of the Council's Independent Remuneration Panel (IRP). The IRP's report contains proposals for the Oxford City Council Members' Allowances Scheme for four years from April 2015. It also outlines the IRP's recommendation in relation to the indexation that was available in the current Members' Allowances Scheme from 2013 but which was not applied.

Report Approved by: Head of Finance and Head of Law and Governance

Policy Framework: Not applicable

Recommendations: The Council is recommended to:

- (1) agree that Members' Basic Allowances (and therefore Members' Special Responsibility Allowances (SRAs)) from 2015/16 onwards are set at a level which compounds the 1% interest that has been available for the last two financial years, but with no backdating, making the Basic Allowance from April 2015 onwards £4,809;
- (2) agree that the new Members' Allowances Scheme should allow for indexation of Councillors' Allowances in accordance with the local staff pay deal for the following four years;
- (3) agree that the Basic Allowance will now cover subsistence, some travel, broadband and incidental costs which are currently claimed separately and that Councillors will no longer be able to claim for those other costs other than travel outside the City within a scheme of duties as set out in paragraphs 32-35 of the IRP's report;
- (4) agree that the 'maximum of two special responsibility allowances per councillor' rule be retained, but that SRAs for Civic Office Holders will not be included in this rule;
- (5) to agree to adjust the positions that attract a Special Responsibility Allowance (SRA) to reflect contemporary demands and to include the Civic Office Holders in line with the recommendations at paragraphs 28 (i) – (x)
- (6) to agree the following levels of SRA:-

Leader - 3 x Basic Allowance (£14,427)

Deputy Leader – 1 x Basic Allowance (£4,809)
 Lord Mayor – 1 x Basic Allowance (£4,809)
 Deputy Lord Mayor – 0.25 x Basic Allowance (£1,202)
 Sheriff - 0.25 x Basic Allowance (£1,202)
 Board Members with Particular Responsibilities – 1.5 x Basic Allowance (£7,213)
 Board Members without particular Responsibilities – 0.5 x Basic Allowance (£2,404)
 Chair of Audit & Governance Committee – 0.25 x Basic Allowance (£1,202)
 Chair of Planning Committee – 1 x Basic Allowance (£4,809)
 Chair of Scrutiny Committee – 1 x Basic Allowance (£4,809)
 Chair of Scrutiny Panel – 0.25 x Basic Allowance (£1,202) (Panel must meet at least 5 times to qualify. A maximum of 2 SRAs will be available (£2,404) to be shared by the Chairs of the qualifying Standing Panels)
 Opposition Group Leader – 1 x Basic Allowance (£4,809) to be shared between the Group Leaders equally.

- (7) agree that the carer's allowances for children and adults be on the basis of full cost recovery subject to a maximum of £1000 per councillor per year in line with paragraphs 37 – 39 of the IRP's report;
- (8) that a mechanism be put in place for dealing with special circumstances in relation to Dependent Carers' Allowances, namely that it be delegated to the Head of Law and Governance and the Committee and Members' Services Manager ;
- (9) agree that there will be no allowances paid to co-optees other than incidental expenses;
- (10) agree that where a member of Council is also a member of another Council, that member may not receive allowances from more than one Council in respect of the same duties;
- (11) agree that where allowances have been paid in advance for a period during which a Councillor is suspended from office or is no longer a Councillor, those allowances will be repaid;
- (12) agree to remove any reference in the Members' Allowances Scheme to the right for councillors to join the Local Government Pension Scheme;
- (13) agree that claims must be made on the forms provided and should be accompanied by receipts/invoices;
- (14) agree that claims will be paid in line with the payment schedule set by the Council's payroll team;
- (15) agree that a Councillor may elect to forego any part of their entitlement to an allowance under the scheme by providing written notice to the Monitoring Officer;
- (16) agree that there will be a 15% reduction from future allowances for Councillors who attend less than 2/3rds of the scheduled meetings required within a Special Responsibility;
- (17) give effect to the recommendations of the IRP in paragraphs 43 and 44 of the IRP Report that there should be a 15% reduction from the payment of future Basic Allowance for non-attendance at Council or the required training by a collective resolution and consequential adjustments to protocols within the constitution;

(18) authorise the Head of Law and Governance to draft the new Members' Allowances scheme in accordance with the above recommendations and to incorporate it into the Council's Constitution before 1st April 2015; and
(19) thank the Independent Remuneration Panel for its work.

Appendices

Appendix 1 – Report by the Oxford City Council Independent Remuneration Panel (November 2014)

Appendix 2 – Table outlining all of the Independent Remuneration Panel's recommendations with costings

Introduction

1. This report and its appendices outline the proposals of the Oxford City Council Independent Remuneration Panel (IRP) for the Members' Allowances Scheme for April 2015 onwards.
2. The Independent Remuneration Panel (IRP) was set up to carry out the statutory role of advising the Council on the amounts and other details of members' allowances.
3. The Council's current Members' Allowances Scheme was approved in February 2011 and expires in March 2015. An IRP had to be appointed to review the current allowances scheme and consider what, if any, adjustments are needed and to recommend an allowances scheme for the financial year 2015/16 and beyond. In addition the IRP was asked to consider indexation that had not been applied within the current scheme from 2013 onwards.
4. The Independent Remuneration Panel (IRP) met on 4th November 2014 to carry out a review of the Oxford City Council Members' Allowances Scheme. The IRP comprised of representatives appointed by the Head of Law and Governance (in accordance with the delegated authority from Council to do so) from the voluntary, public and business sectors. The members of the IRP were:-
 - Professor Alistair Fitt – Pro Vice-Chancellor, Oxford Brookes University
 - Kathy Shaw – Chief Executive, Oxfordshire Community and Voluntary Action
 - Vicky Hernandez – Director, Hedges Law
5. The Panel was particularly keen to see the promotion of a healthy and inclusive democracy by reducing financial disadvantage as a barrier to people from a wide range of backgrounds and a wide range of skills standing for election or serving as Councillors.

The Independent Remuneration Panel Report and Recommendations

6. The IRP has produced a report and recommendations, which is appended to this report.
7. The Panel's view is that the revised scheme of allowances must be: set at a level to encourage access by all; be fair and transparent and be affordable. The Panel would like to draw attention to the following aspects of their recommendations:
 - A proposed rise in the basic allowance to £4,809 per year. This figure has been reached by applying a 1% compounded increase for 2 years which represents the increase agreed by Council in the previous scheme that has not been applied. No backdating of this increase is recommended. This Basic Allowance will now cover subsistence, some travel, broadband and incidental costs currently claimed separately. Taking these things together it represents a very modest increase.
 - The Scheme should contain provision for indexation of Members' Allowances for the maximum of 4 years at the rate of the local pay agreements for staff.
 - That the 'maximum of two special responsibility allowances per councillor' rule be retained;
 - The carer's allowances for children and adults be on the basis of cost incurred to a maximum of £1000/councillor per year.
 - To remove the right for councillors to join the Local Government Pension scheme to reflect the change in the law;
 - That adjustments are made to those positions that attract a Special Responsibility Allowance to reflect contemporary demands and that Civic Office Holders be included in these;
 - An additional penalty for non-performance linked to Special Responsibility Allowances and attendance at Council be applied; and
 - That only travel outside the City can be claimed separately within a scheme of duties.

Cost of the Proposed Scheme

8. Appendix 2 to this report contains the calculated costs of the new scheme.
9. The IRP's recommended compounded indexation for the Basic Allowance results in a 2.02% increase for 2015/16. The additional cost of the Basic Allowances of the proposed scheme will be £4,560 in 2015/16. The IRP has recommended that in the future the Basic Allowance will include all subsistence, broadband costs, incidental costs and travel within the City. Taking these things together this means that there is only a modest increase in the Basic Allowance level.
10. It should be noted that the indexation in the current Members' Allowances Scheme is linked to the national pay agreement for staff. If the indexation within the current scheme had been applied since April 2013 the Basic Allowance for 2014/15 would be £4,866 (1% for 2013/14 and 2.2% for

2014/15). This is higher than the figure proposed by the IRP. The national settlement was announced after the deliberations of the IRP were concluded.

11. The recommendation is to forgo any back dating of increases allowed from 20 13/14 in the current scheme. This represents a saving of £10,400 during that period.
12. Based on the 2014/15 levels there would be an estimated £2,000 saving in incidental costs in 2015/16.
13. The SRA levels recommended by the IRP result in a 10.5% increase in cost of the SRAs from 2015/16 due the compounded increase of the Basic Allowance and the level of the SRAs increasing from 21 x Basic Allowance in 2014/15 to 22.75 x the Basic Allowance in 2015/16. The additional cost would be £10,411 in 2015/16. It should be noted that, when the level of the SRAs were set for the current Members' Allowances Scheme in 2011, the cost of the SRAs equated to 25.5 x the Basic Allowance, so the proposals by the IRP do in fact represent a reduction in SRA levels from 2011/12.
14. The out of pocket expenses of the Civic Office Holders are not at the moment included in the scheme. The IRP has recommended that the costs are brought within the scheme and if the SRAs are set at the levels suggested by the IRP there would be a 10% increase in cost in 2015/16 (£674).
15. The IRP has suggested that the subsistence allowance should be removed from the scheme. No claims would be allowed for meals since the Basic Allowance would be expected to include any compensation for meals. This would result in a 100% saving. Spend in this area is variable but the total budget allowed of £1,500 for 2014/15 would be deleted.
16. The IRP has recommended that there should be a limit on travel expenses generally so that only travel outside Oxford can be funded in certain circumstances (see paragraphs 32-35 of the IRP report). The IRP has also recommended that international travel should only be funded for the Lord Mayor and consort or nominee twice a year and linked to twinning. These payments should be bought within the scheme. Spend in this area is variable and it is estimated that these arrangements would result in a £1,000 reduction in budgets available (29% reduction).
17. It is suggested that any additional travel requests should be dealt with in advance by the Head of Law and Governance. Any agreement would then be subject to the availability of a budget to pay for the travel.
18. Spend on Dependent's Carers Allowances is variable. There is a budget of £1,000 available for the year 2014/15. No budgetary change is recommended if the IRP's recommendations were adopted.

19. The IRP was mindful that their recommendation of a total maximum amount that may be claimed in one year of a £1000 may be a barrier to a Councillor performing their duties. It suggested that a mechanism should be put in place for dealing with special circumstances. This should perhaps be dealt with by the Committee and Members' Services Manager and/or the Head of Law and Governance. The financial effects of any agreement should be dealt with at the time.
20. The current Members' Allowances Scheme does not allow for allowances to be paid to co-opted members. The IRP recommended that no allowance should be paid but that out of pocket expenses should be met. These incidental expenses can be met within current budgets.
21. Taking all of the above proposals into account the recommended scheme would result in an overall increase in cost of £10,900 when compared to the cost of the Members' Allowances Scheme in 2014/15.

Legal issues

22. The Council must consider the recommendations of an Independent Remuneration Panel before adopting a Members' Allowances Scheme.
23. The IRP has recommended that the level of allowances should be determined according to an index. It has recommended that the rate of increase that applies to the local pay deal for staff should be used. The maximum period for which an indexation can be applied is four years so if the new Members' Allowances Scheme does allow for indexation it will be subject to review in 2019.
24. The Panel expressed the view that it is important to ensure that Councillors respond well as members of council and also within their Special Responsibilities. The only mechanism objectively available between elections is that councillors attend Full Council meetings and the public meetings required within their Special Responsibility roles. For this reason the IRP has recommended that there should be 15% reductions from future allowances for councillors who attend less than 4 meetings of Council or attend less than 2/3rds of the scheduled meetings required within a Special Responsibility.
25. The Panel also recommended that there should be a 15% reduction in future allowances for any councillor not attending the compulsory training, as defined by the Head of Law and Governance each year.
26. There is an argument that the deductions from the Basic Allowance, for failing to attend at least 4 meetings of Council or the compulsory training, that have been proposed by the IRP are outwith the regulations. To deliver the expressed sentiments of the Panel and maintain the current practice the Council is invited to make a collective resolution that the 15% deduction from future payments of the Basic Allowances should apply in the circumstances recommended by the IRP and to include this and its

consequences in the existing protocols in the Constitution. The deduction from SRAs can be applied within the scheme.

Financial Issues

27. These are covered within the body of the report.

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Background papers: None

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