

**REPORT BY  
THE OXFORD CITY COUNCIL  
INDEPENDENT REMUNERATION  
PANEL**

**An Independent Review of Members'  
Allowances**

**November 2014**

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## **Oxford City Council**

### **Report of the Independent Remuneration Panel**

**4<sup>th</sup> November 2014**

#### **Executive Summary**

1. Oxford City Council's Independent Remuneration Panel was asked to prepare this report to recommend a new Members' Allowances Scheme to the Council. The new scheme is to be adopted when the current scheme expires in March 2015.
2. In preparing this report, the Independent Remuneration Panel has considered all aspects of Oxford City Council's scheme of allowances, including the structure of the scheme, the level of allowances paid and the circumstances in which allowances may be claimed.
3. The Panel considered a range of information prior to formulating their recommendations. This included information provided by the Council on the governance arrangements, the views of some of the councillors, the economic and financial climate within which the Council operates and the desire to encourage citizens to participate in local democracy. The Panel also considered the statutory framework for members' allowances, including the relevant statutory instruments and the statutory guidance issued by the Department for Communities and Local Government. The Panel considered a range of qualitative and quantitative evidence as well as benchmarking data.
4. In taking into account the views of councillors, as well as the prevailing financial climate, the Panel chose to adhere to the principle that there should be no significant increase in the overall budget for allowances.
5. 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. This Basic Allowance will now cover subsistence, 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.

## Introduction

6. This report presents the recommendations of the Independent Remuneration Panel to the Council for consideration and approval.
7. The Council is required to make a scheme of allowances for its councillors in accordance with the Local Authorities (Members' Allowances) (England) Regulation 2003. The process for making and reviewing such a scheme is regulated so that the public can have confidence in the independence, openness and accountability of the process involved. The process requires that the Council must establish an independent remuneration panel and, before making or amending its scheme of allowances, must have regard to the views of the Panel.

## The Panel

8. The Independent Remuneration Panel (IRP) met on 4<sup>th</sup> 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
9. Also present, to support the Panel, were Pat Jones (Committee and Member Services Manager) and Emma Griffiths (Supervising Lawyer) both of whom work within the Council's Law and Governance Service.

## Terms of reference

10. The IRP was appointed to undertake a review of and make recommendations to the Oxford City Council on its Members' Allowances Scheme.
11. The Local Government Act 2000 provides that before any new scheme of members' allowances is agreed the Oxford City Council is required to take into account the advice of an IRP on the levels and types of allowances to be paid under that scheme.
12. In law an IRP must produce a report making recommendations:
  - a) as to the responsibilities or duties in respect of which, special responsibility, travelling and subsistence and co-optees' allowance should be available;
  - b) as to the amount of such allowance and of basic allowance;
  - c) as to whether dependants' carers' allowance should be payable to members of an authority, and as to the amount of such an allowance;
  - d) as to whether payment of allowances may be backdated following an amendment; and
  - e) as to whether adjustments to the level of allowances may be determined according to an index, and if so which and how long that index should apply, subject to a maximum of four years before it is reviewed.
13. 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.
14. The Panel also agreed the following set of broad principles within which the review of allowances was undertaken:
  - In line with the statutory guidance, the Panel took into account the principle that an element of the role of councillor must be voluntary, but that should not mean that councillors should suffer significant financial loss as a result of undertaking the role;
  - Allowances should not be designed to enrich councillors, but neither should the level of allowances prohibit individuals from considering standing for election;
  - In line with the statutory guidance, the Panel sought to ensure that no more than 50% of councillors should be eligible to claim a Special Responsibility Allowance;
  - In light of the financial climate within which the Council operates, the overall budget for allowances should not increase significantly as a result of this review.

## Evidence Considered and Representations Received

15. Representations on the current scheme were sought from all Members currently in receipt of a Special Responsibility Allowance, each of the Group Leaders, all committee chairs and vice-chairs and from senior officers. We received written representations from a number of members and senior officers.

16. In addition to those representations we also received:-

- The CIPFA Benchmarking Club data on Members' Allowances and Comparator Data Key document;
- A *draft* report prepared on the results of a survey of the South East Employers Group on the allowances paid to their councillors as well as a guide to the report;
- The Local Government Association census of Local Authority Councillors 2013 (Local Government Pay and Workforce research);
- The report of the last IRP to the City Council in April 2011;
- The Oxford City Council's current Members' Allowances Scheme;
- An overview of the Council;
- Details of the Council's Priorities, Policies and Performance;
- Details of the Council's governance arrangements;
- Extracts from the Council's Constitution including details of the role of Councillors, the Executive Board and Portfolio Holders, Committees, the Lord Mayor and Deputy Lord Mayor and Officers including the Statutory Officers;
- Information on the Council's performance;
- Oxford City Council Committee List;
- Oxford City Executive Board – Guide for Members of the Public;
- A paper on the Responsibilities and Rights of Councillors;
- Information about the Council's committees and the committee structure including information on the membership of the Council's committees;
- A summary of the attendance of all Members at meetings during the last Municipal Year (2013-2014);
- The Council's Pay Policy Statement 2014 for its Officers; and
- The Allowances Schemes operated by the neighbouring authorities:- Cherwell District Council; Oxfordshire County Council; South Oxfordshire District Council; Vale of White Horse District Council and West Oxfordshire District Council.

## Our Review

17. We examined all of the allowances and expenses within the Council's current Members' Allowances Scheme. We also considered whether any new allowances should be introduced.

### ***Basic Allowance and Indexation***

18. 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).
19. The Panel considered the current Members' Allowances Scheme which was introduced in 2011. That scheme provides for a basic allowance of £4,714 and for members' basic allowances to be frozen until March 2013 and then be linked to whatever the national pay settlement is for local government employees. The scheme allowed for a 1% increase to be made to the allowances during the year 13/14. The 13/14 increase was not applied and has been put on hold pending consideration of the IRP's report. The 14/15 national pay settlement is still not agreed but the employers offer is 1%.
20. The Panel wishes to ensure that the allowance is set in a way to encourage citizens from abroad a variety of backgrounds as possible to consider standing for election. Councillors' roles are time consuming and inevitably for some will clash with work and personal responsibilities. They are expected to perform a "professional role" on the Council. It is unrealistic to assume that Councillors are able to perform their role without being properly recompensed for their time.
21. Some councillors are more able than others to absorb the financial, professional and personal effects the role demands but the Panel felt it important that the remuneration scheme was balanced so as not to present a financial barrier. After all, councillors are able to forgo their allowance should they choose.
22. The Panel noted that when compared with comparative data from other local authorities the allowances in the current scheme fall within the bottom 25%.
23. For those reasons the Panel would like to recommend that the Council adopts a new scheme, for 2015/16 onwards, which compounds the 1% indexation that has been available for the last two financial years, but with no backdating. The Basic Allowance from April 2015 would be £4,809.
24. The scheme should allow for indexation of councillors' allowances in line with the local staff pay deal for the following four years.

### ***Special Responsibility Allowances (SRAs)***

25. The Panel considered the levels of SRAs available and the roles for which they are paid. The Panel recognised that the payment of an SRA is not a reflection on performance but a recognition of the role performed/expected in each case.

26. In formulating recommendations about the special responsibility allowances within the new scheme, the Panel sought to examine the nature of the roles undertaken by councillors and determine the position of each role within a new structure of allowances. This approach was based on the principles that underpin every review of allowances; the need to consider the time commitment and the level of responsibility required of each role.

27. Factors taken into account included:

- The level of decision making responsibility associated with each role;
- Other responsibilities associated with each role (such as responsibility for chairing a committee);
- The time requirement of each role; and
- Any other specialist skills, knowledge or other factors needed to be able to carry out each role effectively.

28. The Panel agree the following:

Each member should only receive a maximum of two SRAs. The lowest SRAs will not be applied if an individual member is eligible to receive more than two. This rule will not include the receipt of the Civic Office Holders' Allowances.

Where a member does not have throughout the whole of the year such special responsibilities as entitle them to the SRA, the entitlement is to be on a pro-rata according to the number of days she or he has such responsibilities.

- (i) Leader – the Panel considers that the Leader of the Council's role has developed significantly and is now a local, regional and national "place-shaping" role independent of politics, reflecting the Council's aspirations for Oxford to be "a world class city for everyone".

The Panel recommends that the Leader of the Council is eligible for a multiple of 3 x the Basic Allowance (£14,427).

- (ii) Deputy Leader – The Panel considers that the Deputy Leader's SRA should be the equivalent of 1 x the Basic Allowance for the performance of the role (£4,809).

- (iii) Civic Office Holders – The current Members' Allowances Scheme does not provide for the payment of allowances for the Council's civic office holders. There is though a budget for covering out of pocket expenses incurred by the Lord Mayor, the Deputy Lord Mayor and the Sheriff and this is paid in the same way as an allowance.

The Panel wishes to recommend that the Members' Allowances Scheme should in the future make provision for the Lord Mayor to receive the equivalent of 1 x the Basic Allowance (£4,809) and 0.25 x the Basic Allowance each for the Deputy Lord Mayor and the Sheriff (£1,202).

- (iv) Board Members with particular responsibilities



The Panel recommends no change to this allowance of 1.5 x the Basic Allowance for Board Members with particular responsibilities (£7,213).

(v) Board Members without particular responsibilities

The Panel recommends no change to this allowance of 0.5 x the Basic Allowance for Board Members without particular responsibilities (£2,404).

(vi) Chair of Audit and Governance Committee

The Panel wishes to reflect the fact that the role of the Audit & Governance Committee has changed since the report of the last IRP was prepared. Since the Committee now has a less onerous workload the workload of the Chair of the Committee has also become less onerous. For this reason the Panel recommends an SRA of 0.25 x the Basic Allowance (£1,020).

(vii) Chair of Planning Committee

The Panel wishes to reflect that the Chair of a Planning Committee is more onerous and complex than when that considered within the 2011 scheme when 6 Chairs would be managing the business that 2 Chairs are now.

The Panel recommends that the SRA for the Chair of a Planning Committee should be 1 x the Basic Allowance (£4,809).

(viii) Chair of Scrutiny Committee

The Panel wishes to reflect that the Chair of Scrutiny has a broad role within a committee and the Council to deliver a work programme. It is now more onerous than that considered within the scheme when 2 Chairs would be managing the business that 1 Chair is now.

The Panel recommends that the SRA for the Chair of the Scrutiny Committee should be 1 x the Basic Allowance (£4,809).

(ix) Chair of Scrutiny Panel

The Panel recognises the substantive amount of work involved in chairing a Scrutiny Standing Panel and so would like to recommend that 0.25 x the Basic Allowance (£1,020) should be made available to a chair of a Scrutiny Standing Panel. This would bring it into line with the Chair of Audit and Governance. To qualify a Standing Panel must meet at least 5 times. A maximum of 2 SRAs will be available meaning that if there are more than 2 Scrutiny Standing Panels then the sum of 0.5 x the Basic Allowance (£2,404) will be shared between the Chairs of the qualifying Standing Panels.

(x) Opposition Group Leader

The existing Members' Allowances Scheme provides for an SRA of 1 x the Basic Allowance to be shared between the Opposition Group Leaders according to the size of each Party Group. The Panel recommends that the SRA of 1 x the Basic Allowance (£4,809) should in the future be shared equally between the Group Leaders regardless of the size of the groups. The Panel is of the view that the work involved in leading a group within the Council is not determined by how many members belong to that particular group.

***Co-opted Members***

29. The Panel recommends that no allowances should be paid for co-opted members of committees. Whilst no payment should be offered for the role the Panel does acknowledge that individuals who act as a co-optee on a committee should not be out of pocket for doing so. The Panel recommends that any co-optees should be eligible to receive their out of pocket expenses.

***Subsistence and Travel Allowances***

30. The current Members' Allowances Scheme allows for subsistence and travel allowances to be paid for various duties in line with the rates available to staff. The Panel recommend that no separate allowances will be available for meals and some limitations are provided for travel. It is the view of the Panel that an improved Basic Allowance compensates for these expenses.
31. The Panel understands that a tea will still be provided for Members attending meetings of full Council.
32. No travel allowance will be paid for journeys inside the City boundary. Travel Allowances will only be available for the following events, agreed in advance, which take place outside of the city boundary:-
- Conferences and seminars agreed by the Head of Law and Governance;
  - Meetings with directors or officers agreed by the Head of Law and Governance; and
  - Any other events agreed by the Head of Law and Governance.
33. Any claims relating to events taking place outside the Oxford city boundaries should be agreed in advance and be in line with the staff rates for travel allowances. Best use at all times should be made of travel concessions arranged by the Committee and Members' Services Team.
34. The Panel considers that travel outside the UK should not be allowed with the exception of Civic Office Holders' pre-arranged events and limited to 2 trips per year for the Lord Mayor, or representative, and consort.

35. It is suggested that any additional 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.

### ***Child and other Dependant Carers' Allowances***

36. The Panel recognise that payment for care of various sorts is essential to allow councillors to perform their duties. The current scheme should be more reflective of actual costs incurred.

37. The Panel recommend that this allowance may be claimed by Members in respect of actual costs incurred by them in making arrangements for the care of children or other dependants to attend the following:

- Full Council;
- The Board;
- Any Council committee or sub-committee;
- Any outside bodies the Council has appointed them to;
- Conferences and seminars agreed by the Head of Law and Governance;
- Meetings with directors or officers agreed by the Head of Law and Governance; and
- Any other events agreed by the Head of Law and Governance

38. Members may claim the actual cost of this care as long as invoices/receipts are provided. The maximum that any member can claim for Carers' Allowance in any year is £1,000.

39. The Panel was mindful of the total maximum amount that may be claimed in one year and wished to avoid that limit becoming a barrier to a Councillor performing their duties. It would like to suggest that a mechanism should be put in place for dealing with special circumstances, perhaps a panel of two members, the Committee and Members' Services Manager and one other officer.

### ***Incidental Expenses***

40. The Panel heard that the Council's IT Policy allows for Councillors to claim back the cost of printer paper and cartridges and half the monthly cost of broadband if they send in a receipt or bill.

41. The Panel considered that the basic allowance should be seen by all as covering thereasonable costs associated with holding the office of councillor and these costs fall within that definition. These claims should no longer be allowed.

### ***Deductions to allowances***

42. The Panel considers that the proposed allowances scheme provides adequate recompense for the time and expertise that Councillors apply in the

performance of their roles. Performance measures are not attached to these allowances. The Panel feel that is important, despite this, 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.

43. On this basis it is proposed that a 15% deduction is made from future allowances for councillors who:-

- i. Attend less than 4 meetings of Council; or
- ii. Attend less than 2/3rds of the scheduled meetings required within a Special responsibility.

44. The Panel wished to keep the 15% reduction in allowances for councillors not attending compulsory training, as defined by the Head of Law and governance, each year.

## **Other recommendations**

45. The Panel would like to make the following miscellaneous recommendations:-

- (a) Where a member of the 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. This is a requirement of the Regulations governing members' allowances.
- (b) 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 should be repaid.
- (c) The Panel heard that Councillors no longer have access to the Local Government Pension Scheme (LGPS). All references to the LGPS should be removed from the Members' Allowances Scheme since Councillors are no longer entitled to membership of the LGPS. The Panel note the Government's recent announcement that councillors will be excluded from joining the Local Government Pension Scheme from 1 April 2014, but that the membership of councillors who are currently in the scheme will be permitted until the end of the term of office that they are serving on 1 April 2014. The Panel understand this to mean the date of the next election. The Panel therefore recommend that councillors who are currently members of the scheme should continue to be eligible for membership in respect of both their basic allowance and special responsibility allowances, but that councillors who are not existing members of the scheme should not be eligible to join after 1 April 2014.
- (d) All claims must be made on the forms provided and should be accompanied by receipts/invoices as appropriate. Claims will be paid in line with the payment schedule set by the Council's payroll team.

- (e) 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.

## Conclusions

- 46. The Panel considered whether the current financial and economic climate should inform their recommendations. The Panel took the view that this was an important factor, and the public would quite rightly expect it to form part of the Panel's considerations, but that it had to be balanced against other factors, including the need to encourage democratic diversity and participation in local democracy.
- 47. We are making a series of recommendations on the Basic Allowance, the Special Responsibility Allowances (SRAs), the allowances paid to the Civic Office Holders and to some of the other expenses that members can claim.
- 48. In coming to these recommendations we have carefully considered all of the submissions and representations made to us and the additional evidence that was available. In accordance with our terms of reference, we have looked at every element of the Council's existing Members' Allowances Scheme and looked at the practice of the Council's neighbouring authorities. We believe that this is a fundamental review of the existing scheme and that the recommendations we have made will give the Council a sound and comprehensive scheme of allowances for the next four years.

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