

Report to: Executive Board – 10th January, 2005

REPORT OF THE INDEPENDENT PANEL ON MEMBERS' ALLOWANCES

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| <p>Report of: Interim Legal and Democratic Services Business Manager</p> <p>Report Author: Jude Skipp</p> <p>Lead Member Responsible: Councillor Hollingsworth</p> <p>Overview and Scrutiny Committee Responsibility: Finance Scrutiny Committee</p> <p>Key Decision: No</p> | <p>WARDS AFFECTED ALL</p> |
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SUMMARY AND RECOMMENDATIONS

This report sets out the budgetary implications of the recommendations of the report of the Independent Remuneration Panel on Members' Allowances, attached as Appendix 1 to this report, and **RECOMMENDS** the Executive Board:-

- (1) To consider the recommendations contained in the Panel's report;
- (2) if minded to agree all the recommendations in the report, to:-
 - (a) include in the proposed budget for 2005/6 (for approval in February) an ongoing increase of £26,748 as detailed in para 3;
 - (b) increase the basic and special responsibility allowances by 2.95% for 2005/06 and for 2006/07 in line with officer pay increases, and to review the position again during the 2006/07 year;
 - (c) adopt the recommendations proposed by the Panel in 2003 regarding travel allowances, but should the Board decide to continue to use the principle that councillors be paid the same rate as officers, to agree:-
 - the rates set out in paragraph 2.2 of this report; and
 - that in future travel allowances be increased in line with officer increases;

- (d) to agree that in future subsistence allowances be increased in line with officer increases;
- (e) to note the decision of Council on 16th December, 2004, in relation to licensing responsibilities, and that as the payment of a 0.5 Special Responsibility Allowance to all members of the Licensing Committee should be met from balances there should be no further budgetary implications in 2005/06;
- (f) to agree that a 0.5 special responsibility allowance be paid to the Chair of the Strategic Development Control Committee, and to amend Schedule 1 to the Members' Allowances Scheme accordingly;
- (g) to note that the payment of the special responsibility allowance set out in (f) above will have no budgetary implications as the budget for Special Responsibility Allowances is not fully committed. Should the Board go against the Panel's advice in paragraph 3.5.2 of its report then to include in the proposed budget for 2005/6 an additional increase in the special responsibility allowances budget of £1,618;
- (h) to include in the proposed budget for 2005/6 an additional increase in the special responsibility allowances budget by the required amount should the Board go against the Panel's recommendation in paragraph 3.7 of its report (payment of a Special Responsibility Allowance to Vice-Chairs of Scrutiny Committees).

1. Background

The Independent Remuneration Panel on Members' Allowances has recently met following a resolution at Council on 17th November, 2003 (Council minute 101) "to invite the Independent Remuneration Panel to continue to meet annually and to consult with members, the Local Government Association and other local authorities". A copy of the Panel's report following its meeting on 25th November, 2004 is attached as Appendix 1 to this report.

2 Financial Implications of the Panel's Recommendations

2.1 Financial Help with Information Technology

In 2003 the Members' Services Officer met with the Strategic Director – Finance and Corporate Services and the then Legal and Democratic Services Business Manager, following requests by some councillors that financial help should be available towards the costs they incur in increased use of information technology. At that officer meeting it was agreed a bid of £20,000 should be made to fund a small "Members' Sundry Communications Budget".

I am advised that other local authorities have similar budgets from which the fund the provision of printer cartridges, paper etc.

2.2 Annual Incremental Increases of Allowances

If the Board is minded to agreed the Panel's recommendation to increase allowances annually to mirror the percentage increase paid to officers, this would require the budgets for basic allowances and special responsibility allowances to be increased by 2.95% for 2005/06 and 2006/07.

2.2 Travel and Subsistence Allowances

In its report the Panel are recommending that the Board reviews the decision made in 2003 and accept the recommendations the Panel made at that time (details are set out in paragraph 3.3.3. of the Panel's report).

The rates currently paid to councillors are:-

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| Cycle allowance | 20 p per mile |
| Car allowance – up to 999cc | 36.4 p per mile |
| - 1000 to 1199 cc | 40.2 p per mile |
| - over 1200 cc | 49.9 p per mile |
| Subsistence Allowances | |
| Breakfast | £5.39 |
| Lunch | £7.45 |
| Tea | £2.94 |
| Evening Meal | £9.22 |

The projections on this budget show, if the current trend continues, that it is likely to be slightly underspent.

The rates currently paid to staff are:-

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| Cycle allowance | 20 p per mile |
| Car allowance – up to 999cc | 37 p per mile |
| - 1000 to 1199 cc | 40.4 p per mile |
| - over 1200 cc | 50.5 p per mile |
| Subsistence Allowances | |
| Breakfast | £5.57 |
| Lunch | £7.70 |
| Tea | £3.04 |
| Evening Meal | £9.53 |

It is estimated that an annual increase of 2.5% would be sufficient to increase travel and subsistence allowances in line with officer increases.

With regard to the payment of car allowances, the Panel's recommendation that a flat rate of 40 p be paid, is in line with the maximum rate specified by the Inland Revenue. The advantage of this rate is that no NI contributions are paid. Currently councillors pay NI contribution on any element above 40 p, i.e. on the current maximum rate 49.9 p, NI contributions are paid on the 9.9 (49.9p – 40.0p).

2.4 Remuneration for Members of the Licensing Committee

The Panel's recommendation that members of the Licensing Committee should receive a 0.5 special responsibility allowance for the 2005/06 financial year, in addition to any other special responsibility they may receive, has already been considered by the Board and was agreed by Council on 16th December, 2004 (minute 92). Council also agreed that the estimated cost of this decision (£24,270) should be met from balances, so there are no further budgetary implications to be taken into account in 2005/06.

2.3 Payment of Additional Special Responsibility Allowances

There is budgetary provision in the special responsibility allowances budget to pay all the posts designated in Schedule 1 of the Members' Allowances Scheme. Some councillors hold more than one post of responsibility, and as currently no councillor may receive more than one special responsibility allowance the budget is not fully committed. There is, therefore, capacity within the budget to pay an allowance to the Chair of the Strategic Development Control Committee. Should the Board go against the Panel's advice in paragraph 3.6 of its report then the special responsibility allowances budget would need to be increased by £1,618.

If the Board decides to go against the Panel's recommendation in paragraph 3.7 of its report (Payment of a Special Responsibility Allowance to the Vice-Chairs of Scrutiny Committees), the budget would need to be increased. It is difficult to estimate the exact increase as there is no indication as to what percentage of a basic allowance should be paid. If it were to be 0.5 a further increase of £6,472 would be required.

3. Summary of the Implications of Adopting the Panel's Recommendations

The estimated cost of the Panel's recommendations in 2005/06 are:-

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| Members' Sundry Communications | £20,000 |
| 2.95% increase in basic allowances | £4,743 |
| 2.95% increase in SRA | £1,729 |
| Increase the travel and subsistence budget by 2.5% | £98 |
| Total | 26,748 |

However should the decision be to go against the Panel's recommendations regarding the payment of more than 1 SRA allowance to a councillor and the payment of an SRA to the Vice-Chairs of the Scrutiny Committees a further £8,090 would be required (assuming the Vice-Chairs' SRA was also 0.5).

THIS REPORT HAS BEEN SEEN AND APPROVED BY:

The Leader of the Council, the Interim Legal and Democratic Services Business Manager (William Reed) and Paul Sheppard, Finance and Asset Management

Background papers: None

OXFORD CITY COUNCIL

REPORT OF THE INDEPENDENT REMUNERATION PANEL ON
MEMBERS' ALLOWANCES

1. Introduction

- 1.1 The Independent Remuneration Panel on Members' Allowances last reported to Council on 17th November, 2003 (Council minute 101). At that time one of its resolutions was "to invite the Independent Remuneration Panel to continue to meet annually and to consult with members, the Local Government Association and other local authorities".
- 1.2 In the absence of clear guidance to the Panel regarding issues to consider, the City Council's Members' Services Office wrote to all members of Council asking if they had any specific issues they would like considered.

A number of responses were received and the following were identified for consideration by the Panel:-

- more administrative support for councillors – a Group Assistant and financial help with information technology, e.g. ink cartridges;
- allowance payments should be increased annually and be inflation-linked;
- members of the Licensing Committee should be properly remunerated;
- councillors should be permitted to receive more than one Special Responsibility Allowance;
- the Chair of the Strategic Development Control Committee and the Vice-Chairs of Scrutiny Committees should receive a Special Responsibility Allowance
- the Special Responsibility Allowance paid to the Leader of the Council should be reassessed.

- 1.3 The Remuneration Panel met on 25th November, 2004 to consider these issues.

2. The Independent Panel

- 2.1 Council is reminded that the Panel's membership is:-

- Professor Graham Upton, Vice-Chancellor, Oxford Brookes University – appointed as Chair
- Mr. Ken Brown – Oxford Chamber of Commerce

- Dr. Shaila Srinivasan – Oxfordshire Ethnic Minorities Enterprise Development Ltd

Two members of the Panel were present for its deliberations, Dr. Srinivasan having submitted her apologies.

- 2.2 The Democratic Service Manager (William Reed) and the Members' Services Officer (Jude Skipp) were present at the meeting to provide background information and answer the Panel's questions.

3. Recommendations

3.1 Provision of More Administrative Support for Councillors

The Panel felt that consideration of this issue was not in their remit and therefore made no recommendation.

3.2 Financial Help with Information Technology

3.2.1. The Panel acknowledged that the increased use of information technology could result in additional expenditure to councillors. In particular the increased expenditure resulted from telecommunications costs, paper and print cartridges when downloading documents sent electronically. These costs had not been taken into account previously when considering basic allowance payments.

3.2.2 The Panel **RECOMMENDS** Council to consider the establishment of a budget to specifically meet councillors' information technology costs.

3.3 Allowance Payments to be Increased Annually in Line with Inflation

3.3.1 With regard to Basic and Special Responsibility Allowances the Panel reiterated the assumption made in its previous report that these be increased annually to mirror the percentage increase paid to officers and **RECOMMENDS** Council accordingly.

3.3.2 With regard to travel allowances the Panel is disappointed that in 2003 the Council disregarded its recommendation that these be paid in line with those allowed by the Inland Revenue and instead agreed that councillors be paid the same rate as officers.

3.3.3 The Panel **RECOMMENDS** Council to review the payment of travel allowances and accept the

recommendations it made in 2003 that the following rates be paid:-

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| Bicycles | £1.20 per meeting |
| Electric or similar specialised vehicles | £1.20 per meeting |
| Motor cycles | 24 pence per mile flat rate |
| Motor vehicles | 40 pence per mile flat rate |

These figures are based on:-

- (a) the bicycle allowance being an average single bus fare to the City centre; and
- (b) the Inland Revenue specified flat rate for motor vehicles.

The Panel believes there are environmental grounds for paying an “attractive” bicycle allowance and that a per meeting rate is easier for councillors to calculate and claim;

3.3.4 However, should the Council continue to use the principle that councillors be paid the same rate as officers, then both travel and subsistence allowances be increased immediately to match those currently paid to staff, and in future be automatically increased in line with officer increases.

3.4.. **Remuneration for Members of the Licensing Committee**

3.4.1 William Reed briefed the Panel on the implications to local authorities of the Licensing Act 2003. The Panel was informed that the Licensing Committee proposed to establish five case-work sub-committees to consider licensing applications. From March 2005 in excess of 100 meetings had been scheduled for these sub-committees.

3.4.2 In the light of the impending increased workload for members of the Licensing Committee the Panel **RECOMMENDS** Council to pay members of the Committee a Special Responsibility Allowance of 0.5 x basic allowance for the 2005/06 financial year (April 2005 – March 2006) and that the work of the Committee be reviewed at the end of that year.

(Note: This recommendation was adopted by Council at its Special Meeting on 16th December, 2004.)

3.5. **Payment of More than One Special Responsibility Allowance**

3.5.1 The Panel believes that the payment of more than one Special Responsibility Allowance (SRA) could hinder councillor development.

3.5.2 The Panel saw no reason for the Council to change its current policy that no councillor shall receive payment of more than one Special Responsibility Allowance, **with the exception of members of the Licensing Committee who should receive an SRA as a member of that Committee, and one other if they hold a post of special responsibility as set out in the Council's Constitution (adopted by Council on 16th December 2004).**

3.6. **Payment of a Special Responsibility Allowance to the Chair of the Strategic Development Control Committee**

The Panel acknowledged that the role of the Chair of the Strategic Development Control Committee has changed since its original recommendation on posts attracting a SRA, and accordingly now **RECOMMENDS** Council that the Chair of the Strategic Development Control Committee should also receive an SRA of 0.5 x basic allowance.

3.7 **Payment of a Special Responsibility Allowance to the Vice-Chairs of Scrutiny Committees**

The Panel considered it did not have enough evidence of the work undertaken by the Vice-Chairs of Scrutiny Committees to be able to consider whether an SRA should be paid to them. The Panel therefore **RECOMMENDS** Council that no SRA be paid to the Vice-Chairs of Scrutiny Committees but that a report be submitted to its next meeting justifying the payment of such allowances.

3.8 **Reassessment of the Special Responsibility Allowance paid to the Leader of the Council**

The Panel considered that such a reassessment could only be carried out as part of a more fundamental review of the Allowances Scheme. The Panel therefore **RECOMMENDS** Council to consider asking it to undertake a thorough review of the allowances scheme in 2005.

3.9.1 Membership of the Panel

- 3.9.1 When the Panel was originally appointed in July 2001 it was agreed that Professor Upton would serve for 3 years, Dr. Srinivasan's predecessor for 4 years and Mr. Brown for 5 years. Professor Upton's three years have now expired and Dr. Srinivasan's will expire in July, 2005.
- 3.9.2 In the light of the recommendation contained in paragraph 3.9.1 above, and the fact that two new members are required before its meeting in 2005, the Panel would like the Council to consider whether the time is right to undertake a fundamental review of its membership. In making this recommendation the Panel considers that membership should continue to be at least one person from the public sector, one member from the voluntary sector and one member from the private sector.