

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

**An Independent Review of Members'
Allowances**

November 2018

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Oxford City Council

Report of the Independent Remuneration Panel

November 2018

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 on 31 March 2019 and will run from 1st April 2019 until 31st March 2023.
2. In preparing this report, the Independent Remuneration Panel ("the Panel") has considered all aspects of Oxford City Council's scheme of allowances ("the Scheme"), 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 the responses of the councillors who had put forward their views, the economic and financial climate within which the Council operates and the desire to encourage a wide range of citizens to participate in local democracy as well as information provided by the Council on the governance arrangements of the Council. The Panel also considered the statutory framework for Councillors' allowances, including the relevant statutory instruments and the statutory guidance issued by the Department for Communities and Local Government¹. The Panel considered a range of qualitative and quantitative evidence as well as benchmarking data (see paragraphs 15-16 below).
4. In taking into account the views of those Councillors who had responded, 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 Scheme 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:
 - Each Councillor should be reimbursed, on application, the £35 cost (assuming payment by the Councillor by direct debit) of the data protection registration fee. Otherwise we do not recommend a rise in the basic allowance above the indexation rate of 1.25%. This Basic Allowance will continue to cover subsistence, travel, broadband and

¹ Guidance on members' allowances for local authorities in England ODPM April 2017

incidental costs and be paid to all 48 Councillors for their general duties as described in the paper “The role of the Councillor”;

- The Scheme should continue to make provision for indexation of Councillors’ allowances for the maximum four years in line with the percentage rate of uplift contained in the local pay agreement for staff;
- That a fund should be created to allow Councillors who have limited means and are in receipt of working age benefits to claim for travel expenses incurred within the city whilst on Council business;
- That the “maximum of two special responsibility allowances per Councillor” rule be retained;
- The carer’s allowances for children and adults on the basis of cost incurred, to a maximum of £1000/Councillor per year, should be retained;
- That adjustments should be made to those positions that attract a Special Responsibility Allowance (“SRA”) to reflect current demands and reduce the SRA attached to the office of Chair of a Planning Committee to 0.5 x basic allowance;
- The penalty for non-performance linked to Special Responsibility Allowances and attendance at Council should be applied consistently. There should be an audit at a fixed point in the municipal year, say after the first six months with any deductions to be applied to allowances payable to a Councillor during the following municipal year; and
- That travel outside Oxford should only be claimed for within the current 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, the Council must have regard to the views of the Panel.

The Panel

8. The Panel met on 30th October 2018 to carry out a review of the Oxford City Council Members’ Allowances Scheme. The Panel comprised representatives appointed by the Head of Law and Governance (in accordance with the delegated authority from Council on 14th July 2014 to do so) from the voluntary, public and business sectors. The members of the IRP were:-

- Prisca Bradley – Director, Hedges Law
 - Professor Alistair Fitt –Vice-Chancellor, Oxford Brookes University
 - Kathy Shaw – Chief Executive, Oxfordshire Community and Voluntary Action
9. Also present, to support the Panel, were Anita Bradley (Head of Law and Governance), Andrew Brown (Committee and Member Services Manager) and Emma Griffiths (Lawyer) each of whom work within the Council’s Law and Governance Service.

Terms of reference

10. The Panel 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 section 99 provides for the payment of allowances to Councillors and the Local Authorities (Members’ Allowances) England Regulations 2003 (as amended) require that before any new scheme of members’ allowances is agreed the Oxford City Council is required to take into account the advice of an independent remuneration panel on the levels and types of allowances to be paid under that scheme.
12. An independent remuneration panel must produce a report making recommendations regarding:
- a) the responsibilities or duties in respect of which, special responsibility, travelling and subsistence and co-optees’ allowances should be available;
 - b) the amount of such allowance and of basic allowance;
 - c) whether dependants’ carers’ allowance should be payable to members of an authority, and the amount of such an allowance;
 - d) whether payment of allowances may be backdated following an amendment; and
 - e) 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 an index applying for four years before it is reviewed.
13. The Council’s current Scheme was approved in December 2014, commenced on 1 April 2015 and expires on 31 March 2019. The Panel had to review the current Scheme and consider what, if any, adjustments were needed and to recommend an allowances scheme for the financial year 2019/20 and beyond.
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 Councillors. We received written representations from a number of Councillors.

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

- The Local Government Association census of Local Authority Councillors 2013 (Local Government Pay and Workforce research);
- The reports of the Panel to the Council in November 2014 and November 2017;
- The Oxford City Council's current Members' Allowances Scheme;
- The Oxford City Council end of year allowances notice for 2017/18
- A paper on the Role of a Councillor;
- Details of the current portfolio responsibilities;
- A discussion paper that set out a summary of the key points for the Panel to consider;
- 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; and
- The allowances schemes operated by comparator authorities: Cambridge City Council, Exeter City Council and Norwich City Council.

Our Review of the Members' Allowances Scheme and proposed amendments

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. In making our proposals we particularly took into account the comments of the Councillors who provided representations to us.

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 four years).
19. The Panel considered the current Members' Allowances Scheme which was introduced in 2015. That scheme provides for a basic allowance of £5,016 and for Councillors' basic allowances to be linked to the same percentage of whatever the local pay settlement is for local government employees for annual adjustments and will vary accordingly.
20. The Panel wishes to ensure that the allowance is set in a way to encourage citizens from as broad 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. Councillors 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 new scheme should not increase the level of the basic allowance other than to allow for indexation of Councillors' allowances in line with the local staff pay deal for annual adjustment, for the following four years. Under the current employee three year pay deal ending in March 2021 the annual adjustment is 1.25% or £500, whichever is higher. The members' allowances scheme indexation should be based on the percentage uplift only and should not include the £500 minimum value. From April 2019 the basic allowance would be £5,079.

Special Responsibility Allowances (SRAs)

23. The Panel understands that SRAs are paid to Councillors with special responsibilities and that these are currently calculated as multiples of the basic allowance. The Panel considered the method of calculation, 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 recognition of the role performed/expected and responsibility assumed in each case.
24. 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.

25. 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.

26. The Panel agrees the following:

Whilst some Councillors have multiple roles each Councillors should only receive a maximum of two SRAs, in addition to their basic allowance. The lowest SRAs will not be applied if an individual Councillor is eligible to receive more than two. This rule will not include the receipt of the Civic Office Holders' Allowances which will remain payable in addition.

Where a Councillor 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 basis according to the number of days she or he has such responsibilities. We wish to ensure that Councillors are only paid allowances for the period of time during which they hold the relevant office or responsibilities for which allowances are paid.

- (i) Leader – the Panel recognises that the Leader should receive the largest SRA on the basis that they are responsible for the council's executive decision making arrangements and the overall leadership and recommends that the Leader of the Council is eligible for a multiple of 3 x the Basic Allowance (£15,237).
- (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 (£5,079).
- (iii) Non-Statutory Deputy Leader - the Panel considers that SRA for the Non-Statutory Deputy Leader should be the equivalent of 1 x the Basic Allowance (£5,079)
- (iv) Lord Mayor - the Panel considers that the Lord Mayor should continue to receive 1 x the Basic Allowance (£5,079)
- (v) Deputy Lord Mayor and Sheriff - should each receive 0.25 x the Basic Allowance (£1,270)
- (vi) Board Member with particular responsibilities given by the leader (including leader and deputy if they hold particular responsibilities) - 1.5 x the Basic Allowance (£7,619)

- (vii) Board Member without particular responsibilities – 0.5 x the Basic Allowance (£2,540)
- (viii) Chair of Scrutiny Committee – 1 x the Basic Allowance (£5,079)
- (ix) Chair of Audit and Governance Committee – the Panels considers that the role should continue to be eligible for 0.25 of the Basic Allowance (£1,270)
- (x) Chair of a Planning Committee – The Panel heard from Councillors who have experience of the role that the workload arising from the office of chair of a planning committee is not onerous and so it considers that the SRA for the performance of the role should be reduced to 0.5 x the Basic Allowance (£2,540)
- (xi) Chair of Scrutiny Standing Panel - 0.25 x Basic Allowance (1,270) (Maximum of 2 Standing Panel SRAs available. Panel must meet at least 5 times to qualify. If more Standing Panels are set up at the beginning of the municipal year then 0.5 x basic allowance (£2,508) to be divided between the Panels
- (xii) Opposition Group Leader – the Panel considers that there should be 1x the Basic Allowance available (£5,079) to be divided equally among opposition leaders

Co-opted Members

27. 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

28. The current Members' Allowances Scheme provides that no travel allowance will be paid for journeys inside the City of Oxford boundary. Travel allowances are only 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
- Any other events agreed by the Head of Law and Governance.

29. Any claims relating to events taking place outside the Oxford city boundary have to be agreed in advance and be in line with the staff rates for travel allowances. Best use has to be made at all times of travel concessions arranged by the Committee and Members Services Team.
30. Reimbursement for travel outside the UK is not allowed with the exception of pre-arranged events for the Lord Mayor which will be limited to two trips per year for the Lord Mayor, or representative, and consort. Any travel must be by standard class only.
31. Any additional requests from the civic office holders are dealt with by the Head of Law and Governance. Any agreement would be subject to the availability of a budget to pay for the travel.
32. The Panel understands that members of the City Executive Board sometimes make overseas visits but that those visits fall outside the scope of the allowances scheme and are funded by a service budget as agreed with a Service Head as appropriate.
33. The Panel understands that it is intended that a tea will still be provided for Councillors attending meetings of full Council.
34. The Panel explored the impact that the level of the basic allowance and the fact that no travel allowance will be paid to Councillors in respect of travel within the city boundary, particularly on those who may have limited means. The Panel wishes to recommend that a scheme be established to make it possible for Councillors on working age benefits (not including Child Benefit) to apply to the Committee and Member Services Manager for reimbursement of travel expenses incurred within the city boundary and on council business on production of receipts. We would recommend a small fund be established for this purpose.

Maternity or adoption leave

35. The Panel previously recommended (in November 2017) and the Council agreed that where a Councillor in receipt of an SRA wishes to take a leave of absence from their special responsibilities due to maternity or adoption leave they will continue to receive half of the SRA to which they were entitled for a period of up to six months provided they had been in receipt of the SRA for at least three months prior to taking maternity or adoption leave.
36. We understand from the advice we have received that the allowances regulations and associated guidance (although perhaps due for a refresh to reflect the realities of modern Council life and family responsibilities) set the parameters within which a Scheme must operate. They provide for a local authority to pay an SRA to such Councillors as have special responsibilities.
37. In making our recommendation to retain the part payment of an SRA during adoption or maternity leave we do so recognising that if another Councillor

has been appointed to undertake that role which attracts the SRA a Councillor on maternity or adoption leave will not be undertaking that original role for the duration of their leave under this element of the Scheme and the membership of the City Executive Board could not exceed the maximum number of ten Councillors (Section 9C(5) Local Government Act 2000).

38. However it is considered by the Panel that any Councillor on maternity or adoption leave will undoubtedly be assisting or passing on their knowledge to the Councillor undertaking the role or those assisting them and in that instance recognition under the Scheme is appropriate. An SRA reduced to half of the original payment reflects the fact that they are not undertaking the original role.
39. This aspect of the scheme has been utilised once since its introduction and the Panel would like to recommend that the scheme be continued.

Child and other Dependant Carers' Allowances

40. The Panel recognise that payment for care of various sorts is essential to allow Councillors to perform their duties.
41. The Panel recommends that the current arrangements be retained so that Councillors can claim for the actual costs incurred by them in making arrangements for the care of children or other dependants to attend:
 - Full Council
 - The City Executive 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
 - Any other events agreed by the Head of Law and Governance
42. The Panel would like to recommend the retention of the scheme that allows Councillors to claim the actual cost of this care as long as the carer has been paid at least the Oxford Living Wage and invoices/receipts are provided. We received a representation that the requirement that receipts are provided showing that carers have been paid the Oxford Living Wage has presented something of a barrier to this scheme being more widely utilised. Only one such claim has been successful to date and a small number of claims have been refused. We recommend that Council considers allowing members to make "top-up" payments to the care provider to the level of the Oxford Living Wage in such circumstances and to submit evidence of this.
43. The Panel recognises that the maximum that any Councillor can claim for carers' allowances in any year is £1,000 and that in special circumstances

this level may be increased by the Head of Law and Governance after consultation with the Committee and Members' Services Manager.

Reasonable adjustments

44. The current scheme was recently amended to allow for a Councillor to be able to apply to the Head of Law and Governance for a maximum of £1,000 per year (1st April to 31st March) to allow for reasonable adjustments to be made to meet their needs should they have a temporary or permanent disability. The Monitoring Officer has the discretion to increase the amount available to each qualifying Councillor appropriate to their requirements if necessary. The Panel understands that the current scheme has been used by three Councillors and we recommend that this element of the scheme should be retained.

Incidental Expenses

45. The Panel heard that a data protection fee of £35 is payable to the Information Commissioner's Office (ICO) (assuming payment by the Councillor by direct debit) in line with the Data Protection Act 2018 and the Data Protection (Charges and Information) Regulations 2018 which require every individual Councillor who processes personal information in respect of their Council duties to pay a data protection fee to the Information Commissioner's Office. We would like to recommend that Councillors should be reimbursed this cost and that a fund of approximately £1,500 be set up to cover the claims which should be made to the Committee and Member Services Manager.

Deductions to allowances

46. The Panel still considers that the proposed allowances scheme provides adequate recompense for the time and expertise that Councillors apply in the performance of their roles. Whilst 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 the council and also within their Special Responsibilities for which allowances are paid. 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 Panel would like to recommend the retention of the scheme of deductions to allowances.
47. The current scheme stipulates that deductions will be applied to allowances in the following circumstances:-

A 15% reduction from the payment of future allowances for Councillors who:

- Fail to attend at least four full Council meetings in any municipal year except when a serious medical condition is the reason;
- Fail to attend the induction training for newly elected Councillors or
- Attend fewer than two thirds of the scheduled meetings required within a special responsibility.

A 10% reduction from the payment of future basic allowance for Councillors who:

- Fail to attend the planning training held every two years;
- Fail to attend the annual code of conduct training; or
- Are nominated to a licensing committee and fail to attend the annual licensing training.

48. The Panel recommends the Council to clarify how the reductions scheme should be applied covering, for example, how meeting attendance connected with an SRA should be calculated (e.g. should it include Shareholder meetings for members of the City Executive Board), over what time period and how long any of the reductions made should remain in place for. We would recommend that any deductions should remain in place for the duration of the following municipal year. We recommend that an audit is carried out at a fixed point in the municipal year (say after the first six months) of attendance to establish whether any deductions should be applied.

49. The Panel also wishes to retain the 15% reduction in allowances for Councillors not attending compulsory training, as defined by the Head of Law and governance, each year.

Other recommendations

50. 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 Councillor 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 no longer a Councillor, those allowances should be repaid.
- (c) All claims for repayment 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.

- (d) 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

- 51. 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.
- 52. 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 Councillors can claim.
- 53. 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 from 1st April 2019 until 31st March 2023.