

OXFORD CITY COUNCIL

REPORT OF THE INDEPENDENT REMUNERATION PANEL ON MEMBERS' ALLOWANCES

This report has two appendices, as follows:-

- *Annex 1 – Decisions of Council in January 2009 on a report of the independent remuneration panel*
- *Annex 2 - Draft members' allowances scheme based upon the adoption of the recommendations in this report*

1. Purpose of independent remuneration panels

1.1 The law requires local authorities to appoint and maintain independent remuneration panels for members' allowances and requires local authorities to have regard to their advice in deciding upon their members' allowances schemes. The law permits the following allowance categories to be paid:-

- Basic allowances
- Special responsibility allowances
- Co-optees' allowances
- Travel and subsistence allowances
- Child care and dependant carers allowances
- Allowance schemes for parish councils
- The pensionability of members' remuneration

2. Membership of the Panel

2.1 The Council's current Independent Remuneration Panel consists of:-

- Professor Roger Ainsworth (Master, St Catherine's College)
- David Doughty (Oxford Economic Partnership)
- John Hoy (Chief Executive, Blenheim Palace)

2.2 The Panel has not met in person. It has conducted its business by e-mail with each other. It has been assisted in its work by William Reed (Democratic Services Manager, Oxford City Council).

3. Background

3.1 The Panel last reported to Council in January 2009. Council decided as set out in Annex 1 to this report. The Council's present allowances scheme runs until the end of the financial year 2010/11 (in other words it does not cover the period from 2011/12 onwards).

3.2 The Panel has been advised of the following:-

- a) That at its July 2010 meeting (minute 29(d)) Council adopted a Motion that all allowances in the allowances scheme should be frozen at least until the end of the 2011/12 financial year.
- b) That at the February 2011 meeting of Council, Council would consider a report on changes in democratic decision-making arrangements that, if agreed, would result in a different committee/decision-making structure.¹
- c) That Council staff are currently being consulted on the freezing of incremental salary progression for the two years 2011/12 and 2012/13.
- d) That the Council's consultation budget provides for a reduction in mileage allowances for members.

4. The Panel's observations

4.1 **Task** - The Panel sees its task as:-

- a) Reviewing the Council's present allowances scheme to see what, if any, adjustments are needed.
- b) Recommending an allowances scheme for the financial year 2011/12 and beyond, taking into account :-
 - The present financial circumstances facing local authorities, and
 - Possible Council decisions on its decision-making structure.

4.2 **Basic allowance** - The Panel considers it prudent that Council has agreed a Motion to freeze all member allowances at least until the end of the 2011/12 financial year. In the light of this and the possible two year freeze in staff salary progression the Panel recommends that members' allowances should be and remain frozen in 2011/12 and in 2012/13 and that any increase thereafter be linked to whatever the national pay settlement is for local government employees.²

4.3 **Special responsibility allowance** - Turning to the possible change in the Council's decision-making structure the Panel recommends that that structure, if agreed, should attract special responsibility allowances for committee responsibilities as follows:-

¹ (Note from Democratic Services Manager - report now scheduled for the April 2011 meeting.)

² (Note from Democratic Services Manager – before making or amending an allowances scheme a local authority needs to have regard to recommendations made to it by an independent remuneration panel. In other words, the Council decision of July 2010 to freeze allowances was not in itself sufficient to enable that action to be taken.)

- Chairs of scrutiny committees (but not of Scrutiny panels) – ½ x basic allowance.
- Chair of Audit and Governance Committee – ½ x basic allowance.
- Chairs of area planning committees – ½ x basic allowance.

The Panel recommends that chairs of licensing committees, the Standards Committee, the Appointments Committee, the Disciplinary Committee and the proposed Planning Review Committee be not paid a special responsibility allowance.

However, if Council does not agree to changes in its decision-making structure, or until that change is implemented, the chairs of area committees and of the Strategic Development Control Committee should continue to receive ½ x basic allowance, as should the chairs of the scrutiny committees and the Audit and Governance Committee. The chairs of the other committees referred to earlier in this paragraph should not receive a special responsibility allowance.

4.4 The Panel recommends that members with particular responsibilities be paid special responsibility allowances as in the present scheme. The Panel feels that, if anything, the work of these key members with particular responsibilities will become more onerous in the present financial situation. So, the Leader, Deputy Leader, Board members and Opposition Group Leaders would be paid as in the present scheme (albeit that the amounts would be frozen in 2011/12 and 2012/13 – see paragraph 4.2).

4.5 Co-optees allowance

The Panel was advised that in 2009 Council agreed, on a recommendation of the Panel, that no allowances be paid to co-opted members (including independent members of the Standards Committee) as the Panel's view was that serving as a co-opted member of a committee should be seen as a public service and should not therefore attract an allowance. The Panel continues to hold that view and is recommending accordingly

4.6 **Meal and carer allowances** - On meal allowances, the Panel notes that the rates are set locally and that variations are discretionary. It also notes that the rates in the present scheme are above the rates paid to staff. The Panel has been advised that the staff rates are likely to be increased in April 2011. The Panel recommends that meal allowances be reduced to current staff levels and thereafter be varied as staff meal allowances are varied.

The Panel observes on childcare allowances that a number of local authorities base the allowance on the minimum wage for adults (at present £5.93 per hour) whereas the Council's scheme sets the allowance at a maximum of £7.50 per hour. On dependent care allowances the Panel observes that a number of local authorities base their allowance on the rate charged by the social services authority for social / medical care of adults. For Oxfordshire that rate appears to be £17.77 per hour whereas the scheme sets the allowance at a maximum of £15 per hour.

The Panel is recommending no change in childcare or dependent care allowances.

4.7 Travel allowances - On travel allowances, the Panel has been advised that the Council's draft budget provides for a reduction in mileage allowances for members. The present mileage allowance in the scheme is the Inland Revenue 'below tax liability' rate and is:-

- 40p per mile car allowance
- 24p per mile motorbike allowance
- 20p per mile bicycle allowance

In contrast, present staff car travel allowance varies according to the engine size of the vehicle and is currently 46.9p per mile for engine size of 451-999cc, 52.2p per mile for engine size of 1000-1199cc and 65.0p per mile for engine size of 1200-1450cc. However, the Panel understands that the Council's consultation budget contains a proposal to reduce staff travel allowances down to Inland Revenue rates.

The Panel understands that the Council is likely not to pay to councillors in mileage allowances under the scheme the full budget allocation (based upon claims made so far). The budget could be underspent by about £1,000. In these circumstances (ie the basis of the mileage allowance and the mileage expenditure thus far compared with the budget) the Panel is not making proposals to change the basis of the members' travel allowance scheme.

4.8 Miscellaneous points - The Panel wishes to make some miscellaneous recommendations as follows:-

- 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.³
- 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) All members of Council should be entitled to membership of the Local Government Pension Scheme and that they should indicate to the appropriate officer if they wished to join, and that their basic allowance and special responsibility allowance be regarded as amounts in respect of which such pensions are payable.
- d) That the Council should contact each of the parish councils in Oxford to see if they did or were minded to pay allowances to their members, and if they did or

³ (Note from Democratic Services Manager – Regulations require such a provision to be part of local authority Members' Allowances Schemes. An example of where two allowances might be capable of being received is where a councillor was a member of two authorities and joint committee arrangements applied and that member served upon that joint committee.)

were minded to do so, then to arrange for the establishment of a Parish Remuneration Panel.

- e) That claims for payment of dependent carer allowances and travel and subsistence allowances must be made within two months of the date on which the entitlement occurred.

4.9 Finally, whilst the Panel did not see it within its remit to make a recommendation on the linkage of basic allowance payment to the requirement to attend certain training, it did wish to observe that such a training and regular refresher training requirement was only right and proper to enable members adequately to perform their roles.

5. Recommendations

- 5.1 That members' basic allowances (and thus members' special responsibility allowances) be and remain frozen in 2011/12 and in 2012/13 and that thereafter the members' basic allowance is indexed to the national pay settlement for local government staff employees.**
- 5.2 That no special responsibility allowance be paid to the chairs of licensing committees, the Standards Committee, the Appointments Committee, the Disciplinary Committee or, if established, the Planning Appeals Committee but that a special responsibility allowance be paid to the chairs of all area committees (for as long as they continue to exist), the scrutiny committees, the Audit and Governance Committee and the proposed area planning committees.**
- 5.3 That special responsibility allowances be paid (as at present) to members with special responsibilities as set out in paragraph 27.3 of the Members' Allowances Scheme.**
- 5.4 That no allowance be paid to co-opted members or to the independent members of the Standards Committee.**
- 5.5 That meal allowances be reduced to the rates paid to staff and that any variation thereafter be indexed to changes in locally agreed rates (noting that there is likely to be a variation in rates in April 2011).**
- 5.6 That carers allowances remain at July 2010 rates for the life of this Scheme (see recommendation 5.10 below).**
- 5.7 That travel allowances be as set out in paragraph 27.10 of the Members' Allowances Scheme, be frozen for 2011/12 and 2012/13 and any variation thereafter be indexed to changes in Inland Revenue rates.**
- 5.8 That Council should adopt each of the miscellaneous recommendations in paragraph 4.8 of this report.**
- 5.9 To commend to Council the linking of members' basic allowances to the requirement to attend certain training.⁴**

⁴ (Note from Democratic Services Manager – see paragraph 27.2 of the Scheme.)

5.10 That the Panel considered that with the indexing of allowances in the scheme, it did not need to meet again until Autumn of 2014.⁵

⁵ *(Note from Democratic Services Manager – members’ allowances schemes can remain in force without review for up to four years provided the amounts contained within them are indexed in some way. Each category of allowance is recommended for indexing in the Panel’s report.)*

Extract from the minutes of the Council meeting held on 19th January 2009:-

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Council had before it the following:-

- (a) A report of the Independent Panel on Members' Remuneration;
- (b) A suggested draft resolution on the matter prepared by the Head of Legal and Democratic Services.

The Leader proposed two amendments to the draft resolution, namely:-

- (i) In the third line of resolution (2)(b)(i) to replace the words "any of the following types of training" with the words "the required training sessions for:-"
- (b) To add a part (iii) to resolution (2)(b) as follows:-

“(iii) The arrangements in respect of training and allowances described in (i) and (ii) above to be reviewed with the basic allowance review in the context of the Budget for 2010/11”

Councillor Dhall seconded by Councillor Young proposed the deletion in paragraph 5.4.1 of the report of the Independent Panel on Members' Remuneration of the car travel allowance. The proposed deletion was voted upon but was not agreed by Council.

Council then voted upon and agreed the following resolution:-

Resolved:-

- (1) (a) To agree that the Members' Allowances Scheme basic allowance base should remain at £4,500 as agreed at Council on 26th June 2006 (minute 31) and which took effect from 1st July 2006, noting that Council at that time also agreed that the basic allowance be uprated in line with officer pay increases;
 - (b) To note that with uprating the basic allowance for 2008/09 now amounted to £4,714;
 - (c) That for 2009/10 the basic allowance should remain at £4,714 and not be increased in line with any officer pay increases, this decision to be reviewed in the context of the Budget for 2010/11;
- (2) That no change be made to any other element of the Members' Allowances Scheme save as follows:-

- (a) The allowances for travel be paid at and linked to the rates recommended by the Inland Revenue;
- (b)(i) That a 15% reduction in the basic allowance payable in that financial year would be made in respect of each member who failed to attend the required training sessions for:-

- Induction training for members newly elected or re-elected
- Planning and development control training
- Licensing training for any member appointed to a licensing committee
- Members' Code of Conduct and associated training,

Provided that the member had been invited to attend such training within one month of the Annual Meeting of Council;

- (ii) Where training was repeated later in the financial year and attended by a member subject to the reduction in the basic allowance referred to in (i) above, then the full monthly payment of basic allowance would be resumed in the next payment month following the training and in each month thereafter until the end of the financial year;

- (iii) The arrangements in respect of training and allowances described in (i) and (ii) above to be reviewed with the basic allowance review in the context of the Budget for 2010/11;

- (3) To record that for travel to or from Oxford on official business, including to or from another country, the efficiency of getting to a destination should be balanced against sustainability;
- (4) That the amended Scheme be published as the law required and the Constitution amended accordingly;
- (5)(a) To thank the members of the Remuneration Panel for their work;
- (b) That a Remuneration Panel be invited to meet again in the Autumn of 2010 to review the Scheme and make recommendations for the 2011/12 financial year and beyond.

27 Councillors' allowances

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27.1 Basic allowance

Each councillor gets a basic allowance of £4,714.

27.2 Basic allowance reduction

- (a) A 15 per cent reduction in the basic allowance payable in the financial year will be made in respect of any member who fails to attend required training sessions for: -

Induction training for members newly elected or re-elected

Planning and development control training

Licensing training for any member appointed to a licensing committee

Members' code of conduct and associated training.

- (b) Where training is repeated later in the financial year and attended by a member subject to the reduction in the basic allowance, then the full monthly payment of basic allowance will be resumed in the next payment month following the training and in each month thereafter until the end of the financial year.

27.3 Special responsibility allowances

Some councillors get special responsibility allowances.

Special responsibility	Allowance	Cash amount
Leader	2½ x basic allowance	£11,785
Deputy leader	½ x basic allowance	£2,357
Board member with particular responsibilities given	1½ x basic allowance	£7,071

by the leader (including leader and deputy if they hold particular responsibilities)			
Board member without particular responsibilities	½ x basic allowance		£2,357
Chair of scrutiny committee, area committee (for as long as they exist), strategic development control committee (for as long as it exists), area planning committee (when and if established) and audit and governance committee	½ x basic allowance		£2,357
Leader of an opposition group (with at least two members)	Basic allowance	X $\frac{\text{no of councillors in group}}{\text{total no of councillors in all opposition groups}}$	£4,714 divided among opposition leaders

No one can have more than two special responsibility allowances. If a councillor has more than two special responsibilities, they will get the allowances for the two special responsibilities that pay the most.

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.

27.4 Co-optees allowance

No allowance shall be paid to co-opted members or to the independent members of the standards committee.

27.5 Choosing not to be paid a basic or special responsibility allowance

If a councillor does not want to be paid a basic or special responsibility allowance, they should write to the chief executive.

27.6 Councillors who are suspended

A basic allowance will not be paid to a councillor who is suspended from full council. A special responsibility allowance will not be paid to a councillor who is suspended from holding the special responsibility.

27.7 Allowances paid in advance

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 shall be required to be repaid.

27.8 Claiming for meals, travel and care

Councillors can claim for meals, travel and care when they attend:

- full council
- the board
- any council committee or subcommittee
- the housing advisory panel
- any outside bodies the council has appointed them to
- tenant forums
- tenants and residents association meetings
- conferences and seminars agreed by a director
- meetings with directors or officers agreed by the head of law and governance
- any other events agreed by the head of law and governance.

27.9 Allowances for meals

Councillors can claim the same allowances for meals as officers

Meal	Amount	Length of meeting
Breakfast	£6.23	More than four hours before 11am
Lunch	£8.60	More than four hours, including 12pm to 2pm
Afternoon tea	£3.40	More than four hours, including 3pm to 6pm
Evening meal	£10.65	More than four hours and ending after 7pm

27.10 Allowances for travel

Allowances for travel are shown in the table

Method of travel	Amount
Bus or train	Cost of fare
Bike	20p per mile
Motorbike	24p per mile
Car	40p per mile
Electric or similar vehicle used by someone with a disability	£1.20 per meeting

27.11 Travel from outside the UK

If a councillor is coming from outside the UK to attend a meeting and wants to claim for the travel, they must book their travel through the democratic services manager (unless they can get a cheaper rate themselves).

Councillors should try to avoid having to travel from outside the UK.

27.12 Care for children and other dependants

Councillors can claim the actual cost of childcare up to a maximum of £7.50 per hour (or part of an hour).

Councillors can claim the actual cost of care for adult dependants up to a maximum of £15 per hour (or part of an hour).

27.13 IT budget for councillors

The council has a budget to pay for IT for councillors. In 2010-11, this is £21,486.

Councillors can claim back from the budget the cost of printer cartridges and half the monthly cost of broadband if they send in the receipt or bill.

The budget can also pay for laptops and laser printers. Councillors who use these must use them only for council work and must return them when they stop being councillors.

27.14 Local government pension scheme

All members of Council are entitled to membership of the local government pension scheme. Members should tell the head of law and governance if they wish to join the scheme. The members basic and any special responsibility allowance shall be regarded as amounts in respect of which a pension is payable.

27.15 How to claim allowances

Councillors do not have to put in claims for their basic and special responsibility allowances. These are paid automatically, in 12 instalments on the last Thursday of each month.

Councillors need to put in claims for care, meals and travel. These must be sent to the democratic services manager. Claims for care, meals and travel will only be paid if they are made within two months of the meeting (unless the chief executive agrees there is a good reason for the delay). Councillors are paid on the last Thursday of each month for any claims they have got in by the fifth of the month.

When councillors claim for train fares, taxis or car parking, they must provide the ticket or receipt. They should try to provide the tickets for bus fares.

27.16 Indexing of allowances in the scheme

Councillors basic allowance is linked to whatever the national pay settlement is for local government employees and will vary accordingly.

Councillors travel allowances are linked to whatever the inland revenue rate is and will vary as that rate is varied.

Councillors meal allowances are linked to and will vary with the staff rates.

Carers allowances are fixed for the life of this scheme.

February 2011

(NOTE: Council agreed this scheme at its meeting on 21st February 2011. Council decided that basic (and thus special responsibility) allowances be frozen at least until the end of the 2012/13 financial year, and that travel allowances be similarly frozen – minute xx refers).

