

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

**An Independent Review of Members'  
Allowances**

**January 2023**

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## Oxford City Council

### Report of the Independent Remuneration Panel

#### 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 2023 and will run from 01 April 2023 until 31 March 2027.
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 its recommendations. This included the written responses of councillors who had put forward their views, the economic climate within which the Council operates and the desire to encourage a wide range of citizens to participate in local democracy; along with information provided by the Council on the Council's governance arrangements. The Panel considered a range of qualitative and quantitative evidence, as well as benchmarking data.
4. The Panel considered its recommendations within the context of The Local Authorities (Members' Allowances) (England) Regulations 2003.
5. In taking into account the views of councillors who submitted written representations, the current economic climate and the fact that the cost of living in Oxford is higher compared to other parts of the country, the Panel recommended that the baseline allowance in the context of cost per resident should be increased, while recognising councillors' allowances are not designed to act as a salary.
6. 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 particular attention to the following aspects of its recommendations:
  - To increase the basic allowance to align more closely with neighbouring and comparator councils.
  - To continue indexing the basic allowance to the local pay settlement for local government employees.
  - The extension of the maternity and adoption leave entitlement to include paternity and parental leave.
  - The removal of allowance provision for the role of 'Cabinet Member without particular responsibilities'.

- The inclusion of an allowance for co-optees and Independent Persons.
- To increase the total claim amount per Member per financial year for allowances for child and other dependants' care.

## **Introduction**

7. This report presents the recommendations of the Independent Remuneration Panel to the Council for consideration and approval.
8. The Council is required to make a scheme of allowances for its councillors in accordance with the Local Authorities (Members' Allowances) (England) Regulations 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**

9. The Panel met on 09 January 2023 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 03 October 2022) from the voluntary, public and business sectors. The members of the IRP were:-
  - Professor Alistair Fitt, Vice-Chancellor, Oxford Brookes University
  - Laura Price, Chief Executive, Oxfordshire Community and Voluntary Action
  - Lyn Davies, Director of Corporate Services and Company Secretary, OxLEP
10. Also present, to support the Panel, were Emma Griffiths (Team Leader Lawyer, Corporate and Information Governance), Alice Courtney (Committee & Member Services Manager (Interim Acting)) and Emma Lund (Committee & Member Services Officer) each of whom work within the Council's Law & Governance Service.

## Terms of reference

11. The Panel was appointed to review and make recommendations to Oxford City Council on its Members' Allowances Scheme. Given it is well-established, the current Scheme was used as a starting point for the replacement Scheme and the Panel considered any amendments that it wished to recommend based on the evidence and written representations it examined.
12. The Local Government Act 2000 provides for the payment of allowances to councillors and the Local Authorities (Members' Allowances) (England) Regulations 2003 require that before any scheme of Members' allowances is agreed Oxford City Council is required to take into account the recommendations of an Independent Remuneration Panel on the levels and types of allowances to be paid under that scheme.
13. An Independent Remuneration Panel must produce a report making recommendations regarding:
  - a) the responsibilities or duties in respect of which special responsibility, travelling or subsistence and co-optees' allowances should be available;
  - b) the amount of such allowance and the amount of basic allowance;
  - c) whether dependants' carers' allowance should be payable to members of an authority, and as to 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 four years before it is reviewed.
14. The Council's current Scheme was approved in January 2019, commenced on 01 April 2019 and expires on 31 March 2023. The Panel was appointed to review the current Scheme and consider what, if any, adjustments were required and to recommend an allowances scheme for the financial year 2023/24 to 2026/27.
15. In its deliberations, the Panel had regard to 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 light of the financial climate within which the Council operates, the overall budget for allowances should not increase to such a level as would significantly impact Council finances in a disproportionately negative way.

## **Evidence Considered and Representations Received**

16. Representations on the current Scheme were sought from all Members. Written responses were received from a number of councillors.
17. In addition to those representations, the following documentation was considered as evidence:
  - Overview of the roles and responsibilities of City Councillors
    - A paper on the role of a councillor
    - An overview of the Council's committee structure
    - Details of Cabinet portfolio responsibilities
  - Oxford City Council's Members' Allowances Scheme 2019-2023
  - Independent Remuneration Panel Reports to Council (January 2019, February 2018 and December 2014)
  - End of year allowances notice for 2021/22
  - Neighbouring councils' Members' Allowances Schemes: Oxfordshire County Council, Cherwell District Council, South Oxfordshire District Council, Vale of White Horse District Council and West Oxfordshire District Council
  - Comparator councils' Members' Allowances Schemes: Cambridge City Council, Exeter City Council and Norwich City Council
  - Local Government Association National Census of Local Authority Councillors 2022
  - South East Employers' Members' Allowances Survey 2022
  - A discussion paper which set out key points for Panel consideration

## **Our Review of the Members' Allowances Scheme and proposed amendments**

18. The Panel examined all of the allowances and expenses within the Council's current Members' Allowances Scheme and considered whether any changes were required. In making recommendations, particular consideration was given to the need to encourage diverse councillor representation and recognition of rising inflation nationally and the higher cost of living in Oxford compared to other parts of the country, whilst also recognising that Members' allowances were not designed to act as a salary. Written representations from Members were also taken into account when formulating recommendations.

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

19. The Panel considered the current Members' Allowances Scheme which was introduced in 2019. The Scheme provides for an annual basic allowance of £5,245. The Panel wishes to ensure that the basic allowance is set in a way to encourage citizens from a variety of backgrounds, which are as broad and diverse as possible, to consider standing for election. The role of a councillor is time consuming and inevitably, for some, will clash with work and personal

responsibilities. Councillors are expected to perform a 'professional role' on the Council and it is unrealistic to assume that councillors are able to perform their role without being fairly recompensed for their time. However, this needs to be balanced with the fact that councillor allowances are not designed to act as a salary; by virtue of their role, councillors perform a public service and as such that role is, at least in part, a voluntary one.

20. Consideration was further given to the Council's budget and the fact that the Council had finite resources – alongside the impact on services and service delivery that any significant increase to Members' allowances may have. During previous reviews of Members' allowances, it was noted that Members had been clear that they would not support a significant increase in allowances as they did not want negative public perception centred on allegations of greed and misuse of public funds.
21. However, when taking into account factors such as rising national inflation, the higher cost of living in Oxford compared to other parts of the country and the level of basic allowance at comparator councils, the Panel considered that the current level of basic allowance did not strike an appropriate balance between providing value for money for residents and enabling inclusive representation. This view was evident in Members' written representations and the Panel was concerned that the current level of basic allowance presented a possible barrier to individuals standing for election, with particular reference being made to those of working age and those on lower incomes.
22. Consideration was given to whether the basic allowance should be based on hours typically dedicated to Council business, with a percentage public service discount applied (e.g. to the rate of the Oxford Living Wage). The LGA Councillors' Census 2022 outlines that, of those who responded, on average councillors nationally spend 22.4 hours per week on council business. Only 37.5% (18 out of 48) of Oxford City Councillors responded to the 2022 LGA Census, therefore it is difficult to draw firm conclusions – but of those who responded, on average they spend 17.1 hours per week on council business; slightly less than nationally. The Panel determined that it did not have enough data to calculate a rough average of hours dedicated to Council business per week and also noted there was no system in place for councillors to formally record their hours. The implementation of such a system would likely be costly and resource intensive in terms of how such a system was moderated. The Panel therefore proposed that it would not be practical for the level of basic allowance to be based on hours dedicated to Council business.
23. The Panel reflected on the allowances paid at neighbouring councils and noted that Oxford City Council councillors received the second lowest annual basic allowance after West Oxfordshire District Council, which paid the highest cost per resident but was a smaller authority with a smaller population. It was agreed that any comparison with the level of allowance paid by Oxfordshire County Council was unhelpful as it was a higher tier of local government with different responsibilities and services, covering a

much larger geographical area with single-member wards. When considering comparator councils' allowances, Oxford City Councillors received the lowest annual basic allowance and the second lowest in terms of cost per resident, after Canterbury City Council.

24. The Panel agreed that the level of Oxford City Council's basic allowance was an obvious outlier in terms of the allowance being low. It determined that, given it was considered a similar type of city to Oxford, Cambridge City Council was a reasonable comparator from which to benchmark a recommended future level of basic allowance. If Oxford City Council's annual basic allowance were matched to Cambridge City Council's (£5,554), then the Council's cost per resident would be increased to £1.64. However, the Panel agreed that the cost per resident of the new Scheme should not increase beyond that of neighbouring councils, as local Oxfordshire context remained an important factor. The recommendation was therefore that Oxford City Council's basic allowance should be increased to match West Oxfordshire District Council's cost per resident of £1.62, which would bring Oxford City Council's allowances in line with the top of the Oxfordshire councils family in terms of cost per resident. This would result in an annual basic allowance of £5,471, representing an approximate 4.5% uplift in the basic allowance. The Panel was of the view that this level of increase struck an appropriate balance between the need to increase the level of basic allowance so it was not a barrier to diverse representation while also not putting excessive strain on Council finances.

***Recommendation 1: That the Council's basic allowance be increased to £5,471, representing a cost per resident of £1.62.***

25. The Local Authorities (Members' Allowances) (England) 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).
26. The Panel considered the current Members' Allowances Scheme which was introduced in 2019. The Scheme provides for a basic allowance of £5,245 and for councillors' basic allowances to be indexed to increase annually at the same rate as the percentage cost of living uplift in the local pay settlement for local government employees for that year.
27. In determining whether the local pay settlement for local employees remained the best index for annual adjustments to allowances, the Panel noted the current high level of inflation and that indexing allowances to the Consumer Price Index (CPI) would have an adverse impact on Council finances, including because inflation was unpredictable. It also agreed that it would not be appropriate to index allowances to inflationary rises as staff pay was not linked as such.
28. As a result, the Panel concluded that the local pay settlement remained the best index for annual adjustments to allowances as it was easier to plan for in terms of Council finances (compared to CPI which fluctuated) and it was

the subject of local negotiations. The Panel recommended that the basic allowance should be increased in line with Recommendation 1 above only for 2023/24 and then increase annually in line with the local pay settlement indexation for subsequent years.

***Recommendation 2: That the Council's basic allowance be indexed to the local pay settlement for local government employees from 2024/25 onwards following the initial recommended uplift to the basic allowance in 2023/24.***

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

29. The Panel understands that SRAs are paid to councillors with special responsibilities and that, in the current Scheme, they are calculated as multiples of the basic allowance. Members are currently able to receive up to two SRAs in addition to their basic allowance. The Panel noted that written submissions regarding SRAs were varied, with suggestions that they were about right versus suggestions that they do not reflect the time that Cabinet Members have to devote to their roles.
30. In formulating recommendations about the level of SRAs within the new Scheme, the Panel sought to examine the nature of and responsibility associated with the roles undertaken by Members. 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.
31. The Panel considered that it had not received sufficient evidence to suggest that the level of responsibility, time commitment and specialist skills or knowledge required for roles which currently qualified for receipt of a SRA had significantly changed since the current Scheme had come into effect. Therefore, in the absence of evidence to the contrary, it determined that no wholesale revision to SRAs was appropriate.
32. It was noted that two separate representations had been submitted regarding removing a Deputy Leader allowance, leaving just one. The Panel acknowledged that the provision of a second (non-statutory) Deputy Leader allowance was recommended by the previous Panel in November 2017 and subsequently agreed by Council, following an increase in workload of the Leader as a result of more extensive and complex partnership working involved in the local, regional and national role of Oxford. The Panel considered that the scale and complexity of partnership working that Oxford City Council was involved with had not reduced since the second (non-statutory) Deputy Leader SRA was introduced and as such there was no clear rationale for removing it.
33. The Panel questioned the scenario in which an SRA for 'Cabinet Member without particular responsibilities' would be eligible. It was noted that, while there was provision for such a SRA, it was not currently in use. The Panel was of the view that, given the Leader had made a full allocation of Cabinet

Members, as allowed by law, the SRA could not currently be utilised and thus the Panel could not see a compelling reason for the provision for this SRA to remain. It considered that this role may no longer be required in the current context and as such, the Panel recommended that this SRA be removed.

***Recommendation 3: That the Council removes provision for the 'Cabinet Member without particular responsibilities'.***

34. A written representation had been received relating to establishing provision for the 'Leader of an opposition group' allowance to be split between co-leaders. In deliberating this issue, the Panel agreed that there was nothing in the current Scheme prohibiting an Opposition Group Leader sharing their allowance with a co-leader once it had been paid and the Panel was content that Opposition Group Leaders were empowered to do so if they wished. However, for the avoidance of doubt, the Panel suggested that the wording in the current Scheme could be amended to state that the SRA for the 'Leader of an opposition group' will be divided equally among opposition groups. This would enable provision for the SRA allocation for one opposition group to be paid directly to two co-leaders if required.

***Recommendation 4: That the Council alters the wording associated with the 'Leader of an opposition group' SRA to state that the allocation will be 'divided equally among opposition groups'.***

35. In considering the current two SRA limit within the existing Scheme, the Panel did not receive any written representations suggesting this should be revised. It is acknowledged that undertaking a role that qualifies for a SRA requires a time commitment and a level of responsibility in recognition of which Members should be paid an allowance. In the absence of any representations, the Panel does not consider the current two SRA limit should be amended.

***Co-opted Members***

36. The Panel considered whether provision for allowances for co-optees and/or Independent Persons should be included in the replacement Scheme. The Panel determined that co-optees were often co-opted to fill a vital skills gap and were vital in broadening the diversity and facilitating wider representation of committees. As such, the Panel proposed that there should be provision for the payment of allowances to co-optees and Independent Persons as this would help encourage diversity and inclusivity of those individuals putting themselves forward for co-option.
37. The Panel agreed that expectations around meeting attendance and involvement in Council business related to the role of co-optees and Independent Persons would need to be considered and allowances only paid where those thresholds were met.

***Recommendation 5: That the Council sets and pays an allowance to co-optees and Independent Persons for attendance at meetings and involvement in Council business by virtue of their co-optee or Independent Person role.***

### ***Subsistence and Travel Allowances***

38. No written representations from Members were submitted in relation to travel and subsistence allowances. The Panel determined that the provisions set out in the current Scheme are sufficient therefore it has not made any recommendations in respect of this provision.
39. The Panel considered whether the allowances for travel within the new Scheme should incentivise the use of low emission vehicles and did not think this was appropriate, as low emission vehicles did not specifically refer to green or public transport. It was proposed that the Council should reference its own policies on modes of transport in respect of travel allowances and encourage public and green transport methods in accordance with its own environmental ambitions.

***Recommendation 6: That the Council references its own policies on modes of transport in respect of travel allowances to encourage green and public transport usage, but should not change the provision in the Scheme in respect of travel allowances.***

### ***Maternity or Adoption Leave***

40. In November 2017, the previous Panel recommended and the Council agreed that where a councillor in receipt on a 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 are 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.
41. The Panel was asked to consider whether the current maternity and adoption leave provisions should be retained in the new Scheme, whether any amendments were required to the existing provision, or whether the Council should be recommended to adopt the LGA's model parental leave policy and, if so, whether any adjustments were required to reflect the local context.
42. It was noted that no case had been made for change through the written representations received and the Panel agreed that the current provisions were comprehensive. In discussions the Panel proposed that, to ensure inclusivity, the entitlement of the current provision should be extended to include paternity and parental leave.

***Recommendation 7: That the Council extends the entitlement of the existing maternity and adoption leave provision to include paternity and parental leave.***

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

43. The Panel recognised that payment for care of various sorts was essential to allow Members to perform their duties and that current arrangements should be retained. However, it considered whether the maximum claim limit of £1,000 per year for Members to recoup costs incurred in making arrangements for the care of children and other dependants should be increased to reflect the increased cost of living and the fact that the £1,000 limit had not increased with inflation since it was introduced.
44. In considering potential increases to the £1,000 claim cap, the Panel noted that if the baseline in April 2015 when the cap took effect was £1,000, a suggested uplift to align with the increase in the Oxford Living Wage rate since April 2015 would seem reasonable. The Panel agreed that it would be good practice to increase the cap to take account of rising costs.
45. In April 2015, the Oxford Living Wage was £8.69 and from April 2023 it will be £11.35. This amounts to a 30.6% increase. If the same percentage increase is applied to the £1,000 cap, the resultant figure is £1,306. The Panel proposes that this amount continues to rise in line with the rate of increase in the Oxford Living Wage.

***Recommendation 8: That the Council increases the maximum amount that any Member can claim for carers' allowance in any one financial year to £1,306 for 2023/24.***

***Recommendation 9: That the Council increases the maximum amount that any Member can claim for carers' allowance in any one financial year in line with the rate of increase in the Oxford Living Wage.***

## **Reasonable Adjustments**

46. The Panel did not receive any written representations suggesting amendments to the current provisions for reasonable adjustments and as such the Panel agreed that the current provisions should be retained.

## **Allowance Reductions**

47. The Panel considered that the current provisions regarding allowance reductions offer an effective mechanism to ensure that Members attend meetings and compulsory training. It is noted that in practice such reductions are only enforceable by voluntary agreement of Council, but it is suggested that this provision be retained.
48. In considering whether consideration should be given to Members' personal circumstances before any reduction to allowances is applied, the Panel proposed that wording be included within the new Scheme to provide that this should be the case.

***Recommendation 10: That the Council includes the following provision with the section on allowance reductions – ‘Members’ personal circumstances, including health, will be taken into account by the Head of Law & Governance in consultation with the Committee & Member Services Manager before any allowance reduction is applied.’***

## **Conclusions**

49. The Panel considered whether the current economic climate should inform their recommendations. The Panel took the view that this was an important factor which the public would quite rightly expect to form part of its considerations, particularly in the current economic context. It was acknowledged that the rate of inflation is extremely high and cost of living pressures are mounting, in addition to the added expense of living in a city such as Oxford. However this had to be balanced against other factors, including the finite resources of the Council and the need to prioritise services for residents. A large degree of consideration was also given to the need to adopt a Scheme which encouraged diversity and inclusion of representation of individuals from a wide variety of backgrounds in order to strengthen local democracy.
50. The Panel has made a series of recommendations, notably on the basic allowance and indexation, with more minor recommendations relating to SRAs, co-optee allowances, parental leave and allowance reductions.
51. In coming to these recommendations the Panel carefully considered all of the submissions and representations submitted and the additional evidence that was available. In accordance with the terms of reference, the Panel has looked at each element of the Council’s existing Members’ Allowances Scheme and the levels of allowance paid at neighbouring and comparator councils. The Panel believes that this review of the existing Scheme and the recommendations made build on the existing, well-established Scheme and will give the Council a sound and comprehensive Scheme for the next four years from 01 April 2023 until 31 March 2027.

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