

WEST OXFORDSHIRE DISTRICT COUNCIL
COUNCIL: WEDNESDAY, 21 JANUARY 2015
SCHEME OF MEMBERS' ALLOWANCES FOR 2015/2016
REPORT OF THE HEAD OF DEMOCRATIC SERVICES

(Contact: Keith Butler, Tel: (01993) 861521)

I. PURPOSE

To consider the report and recommendations of the Independent Remuneration Panel and agree a scheme of allowances for Members to be effective for the financial year 2015/2016.

2. RECOMMENDATIONS

- (a) That the Council considers the report and recommendations from the Independent Remuneration Panel as set out in the [Appendix](#) to this report, and specified in paragraph 3.4 below; and
- (b) That the Strategic Director be authorised to amend the scheme of allowances as formally set out in Part 6 of the Council's Constitution to reflect any changes made as a result of (a) above.

3. BACKGROUND

- 3.1. The report of the Independent Remuneration Panel is attached as an Appendix to this report. It is anticipated that Members of the Panel will be present at the Council meeting, and that its Chairman will be able to answer questions on any points of clarification required.
- 3.2. As required by the legislation, public notice of the report and its main recommendations has been given, and the report is available for inspection by members of the public both at the Council's Offices and via the Council's website (at www.westoxon.gov.uk/councillors). Copies may be provided on payment of the charge previously agreed by the Council (£1.75 plus VAT).
- 3.3. The scheme has to apply with effect from the beginning of the financial year 2015/2016.
- 3.4. The recommendations from the Panel are that:
 - (i) there should be an increase in the basic allowance for 2015/2016 from £4,350 to £4,446 pa;
 - (ii) the special responsibility allowance payable to the Leader of Opposition Political Groups should be increased to one half of the basic allowance (i.e. £2223 per annum if the recommended increase to the basic allowance is approved; and £2175 if the basic allowance was to remain at £4350), irrespective of the number of members in the Political Group;
 - (iii) subsistence allowances should continue to be payable at the same rate as for staff and may therefore be increased with effect from April or otherwise during the financial year; and
 - (iv) no other changes are made to the allowances scheme for 2015/2016.
- 3.5. The recommended increase in the basic allowance is 2.2% rounded up to the nearest pound, and is in line with the salary increase which will apply for the majority of staff in the period covered.
- 3.6. The Panel's report has also highlighted issues which it intends to consider prior to the financial year 2016/17.

4. ALTERNATIVES/OPTIONS

- 4.1. As stated above, the Council has to take the recommendations of the Independent Panel into account in determining a scheme, but it can make different decisions as it sees fit, subject to any detailed requirements of the Allowances Regulations.
- 4.2. The one exception to paragraph 4.1 is in relation to the eligibility of members to remain in the Local Government Pension Scheme (LGPS). In this case the Council may only include “*someone who has first been recommended by the independent remuneration panel*”. The Panel is fully aware of the cessation of councillor eligibility to be members of the LGPS (as explained more fully in section 5 below) but by virtue of its recommendation not to change the scheme other than in relation to the basic allowance, the situation is that those councillors who remain in the scheme will continue to do so until the end of their current term of office, unless they should decide to withdraw at an earlier date.

5. FINANCIAL IMPLICATIONS

- 5.1. Assuming the Panel’s recommendations are agreed the total projected cost of Members’ allowances in 2015/2016 is £333,800, based on a Cabinet comprising the Leader, Deputy Leader and four others.
- 5.2. In 2014 the Government made Regulations withdrawing the option for Councillors to join LGPS. Under the regulations, the entitlement to remain a member ceases at the end of the term of office of any councillor already in the scheme. In West Oxfordshire there were 18 Councillor members of the Scheme at the time the changes were introduced. The term of office of eight of those ended in May 2014, meaning that 10 Councillors remain in the scheme. Of those, five have a term of office ending in May 2015 and five in May 2016. Accordingly, the Council’s pension contributions have reduced in 2014/15 and will reduce further in 2015/16 before ending entirely in May 2016. The decrease in the number of Opposition Political Groups from three to two also meant a small saving of £1,100 in the current financial year.
- 5.3. In bottom line terms, the Members Allowances of £333,800, plus the projected overhead costs of National Insurance (£8,800) and pension contributions (£7,300), gives a total budget requirement of £349,900 and this sum is currently within the 2015/2016 draft budget.

6. REASONS

The recommendations contained in this report are put forward to meet the statutory duties placed on the Council (a) to approve a scheme of allowances for the next financial year; and (b) in doing so, to have regard to the recommendations of an Independent Remuneration Panel.

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Date: 18 December 2014

Background Papers:
None.

The Recommendations of West Oxfordshire District Council's Independent Remuneration Panel of Members' Allowances for the Financial Year 2015/2016

Introduction

West Oxfordshire District Council is required under *The Local Authorities (Members Allowances) (England) Regulations 2003 (SI 1021)* to appoint and maintain a Panel to advise on an annual basis the level of allowances payable to District Councillors. This Panel is independent of the Council and representative of the communities within the area that the local authority serves. The Council, before the beginning of each year must publish a scheme for the payment of a basic allowance for councillors and shall also make provision for a special responsibility allowance, dependants' carers' allowance, travelling and subsistence, and payments to co-opted members. Before the Council makes or amends the scheme they shall have regard to the recommendations made in relation to it by the Independent Remuneration Panel.

West Oxfordshire District Council first commissioned a Panel in 2001, and the current Panel is made up of four members, Susan Corrigan, Robert Lawrence, Carol Reynolds and Michael Ryan (Chair). The Panel is grateful for the assistance given by Keith Butler, Head of Democratic Services, and Simon Wright, Principal Committee Officer, in enabling the undertaking of this review.

A number of previous Panel reports and other information can be found at www.westoxon.gov.uk/about-the-council/councillors-meetings/allowances-for-district-councillors/.

The Panel met on 17 October and 12 December 2014.

Preface to the Review Findings.

The Panel noted that again in January of this year the Council had decided to make no increase in any of the allowances paid, contrary to the recommendations of the Panel, and as a result the Basic Allowance for Councillors has remained unchanged at £4350 since 2009/10.

Whilst recognising the difficult financial times that have existed, it has been the Panel's view during this period that small annual increases in the Basic Allowance was preferable to a period of no change followed by a larger adjustment to realign the allowance to previous values that had been established to take account of the time, commitment, and incidental costs of being a Councillor.

As in previous years the Panel felt it would assist their deliberations to seek the views of the Council Leader and Council Members in general, either in person or by written submission, to see whether there had been any movement in the views of members of the Council over those expressed in previous recent exchanges. It was grateful for the replies it received and to the Councillors who met with the panel to discuss the issues.

The responses again reflected a diversity of opinion over whether the allowances should be raised or not, whether they should rise in line with public sector pay rises, and even whether they should be tied to staff grades within the Local Authority.

There were some concerns raised that the level of these allowances should not deter anyone from seeking to become a Councillor for financial reasons, but as in previous years the Panel did not find any evidence that the level of the Basic Allowance was acting as a barrier to the recruitment or retention of Councillors.

Back in 2011 the Panel looked at data supplied by the South East Employers Organisation to compare the levels of allowances set by the various District and Borough Councils within the region. It found that of the forty allowances recorded the Basic Allowance for West Oxfordshire was approximately midway between the highest and the lowest, but that in

respect of Special Responsibility Allowances the levels paid were generally higher than average, and in particular that those for the Leader and Cabinet were within the top five percentile of those reported.

A similar review this year has shown that the level of the West Oxfordshire Basic Allowance has lost some ground to other Councils but remains close to the overall average, and that the Special Responsibility Allowances remain closer to the higher allowances currently paid.

One final issue that was considered was the effect of the Government's decision to remove the eligibility of Councillors to belong to the Local Government Pension Scheme once their current term of office expires. This decision will mean that no West Oxfordshire Councillors will remain in the Scheme after May 2016.

Review Considerations and Recommendations for 2015/16

Basic Allowance

The Panel continues to believe there should be a modest increase in the Basic Allowance for the reasons given in the preface. This allowance has remained unchanged since 2009, and we note that some Local Authority employees had a small increase of 1% in 2013/14 and that there will be a 2.2% increase for most staff in the period from January 2015 to March 2016, which is to cover the period 1 April 2014 to 31 March 2016.

In these circumstances, the Panel recommends that the Basic Allowance be raised by 2.2%. With rounding to the nearest pound this would increase the allowance from £4,350 to £4,446 with effect from April 2015.

Special Responsibility Allowances

As mentioned in the preface, the level of Special Responsibility Allowances given to certain Council Members remains in the top percentile of allowances given to members of other District and Borough Councils in this region. Notwithstanding this fact these allowances have lost value in this period of restraint and there is the added factor of loss of pension entitlement to consider.

The Panel has decided not to recommend an increase for the coming year, but has agreed to carry out an in depth review of SRAs during the Review next year in order to determine whether the allowances as currently set adequately reflect the added time and responsibility for these Members.

The Panel continues to recommend that the restrictions for (i) members of the Cabinet to receive only one SRA; and (ii) those other members entitled to receive more than one SRA being limited to a maximum of £10875, should remain in place.

The Panel has considered the perceived added responsibility placed on the leaders of opposition groups, and will include these particular positions in its review next year. The Panel has previously given the view that the allowance for Group Leaders does not fully reflect the role and responsibility, and for the coming year recommends (i) that the allowance should be linked to the Basic Allowance at the rate of 0.5, leading to a rate of £2223 if the recommendation of the Panel in relation to the Basic Allowance is accepted; and (ii) that the previous system whereby the allowance for a Group Leader is increased according to the number of members in their Group be discontinued.

The Panel does not recommend any other changes to SRAs. If approved, this recommendation would also mean that the SRA for a Councillor appointed to the Board of Cottsway Housing would continue to be set at 60% of the remuneration of other Cottsway Board members, which in the current financial year leads to a rate of £2160.

Travel, Subsistence and other Expenses

The Panel continues to recommend in relation to travel that the mileage rate is that as set by the Inland Revenue's non-profit making rate, which is currently 45p per mile. All other allowable travel claims to remain as currently set.

Claims for subsistence should remain as applicable to the Council's Authority staff.

Dependant Carers' Allowance.

The Panel believes these are currently in line with similar allowances in other Councils and recommends no change for the coming year.

Co-opted Members' Allowances.

The Panel is of the opinion that there should be no changes to their level of allowance or payments.

In Conclusion

It was suggested to the Panel that there could be merit in the future in recommending the indexation of allowances, which is permissible under the Regulations for a period of up to four years. The Panel will give full consideration to this possibility during its next review.

The Panel wishes to acknowledge with thanks the time given to attend the Panel Meeting by the Leader of the Council, Barry Norton, the Leader of the Labour Group, Duncan Enright, and Councillor Peter Handley. The Panel is also grateful for the written responses received during the Review.

M. Ryan
Panel Chair

December 2014

SUMMARY OF RECOMMENDATIONS AND SCHEDULE OF CURRENT AND RECOMMENDED BASIC AND SPECIAL RESPONSIBILITY ALLOWANCES

Recommendations

The Panel recommends: (i) the payment of basic and special responsibility allowances as set out in the Table below; (ii) that no other changes are made to the Council's Scheme of Allowances, meaning that mileage for approved duties will remain at the Inland Revenue non-profit rate, currently 45p per mile; subsistence will remain at the rate for Council Staff; no change in relation to allowances for Dependant Carers and co-optees; and that councillors who are currently members of the Local Government Pension Scheme shall be eligible to remain in the Scheme until the end of their term of office.

Table of Basic and Special Responsibility Allowances

POSITION	CURRENT	PROPOSED	TOTAL (inc BASIC)
Basic Allowance (all members)	£4,350	£4,446	£4,446
Leader of Council	£19,575	£19,575	£24,021
Deputy Leader	£13,050	£13,050	£17,496
Cabinet Member	£10,875	£10,875	£15,321
Chairman of Council	£4,350	£4,350	£8,796
Chairmen of O&S Committees	£4,350	£4,350	£8,796
Chairmen of Area Planning Sub-Committees	£5,450	£5,450	£9,896
Chairman of HR Committee	£1,100	£1,100	£5,546
Chairman of Development Control Committee	£1,100	£1,100	£5,546
Chairman of Licensing Committee	£1,100	£1,100	£5,546
Chairman of Audit & GP Committee	£1,100	£1,100	£5,546
Chairman of Misc. Licensing Committee	£500	£500	£4,946
Opposition Group Leader	£1,100 *	£2,223 **	£6,669
Councillor appointed to the Board of Cottsway Housing	£2,160	£2,160 ***	£6,606

* currently there are two opposition groups, none of which has more than five members. The SRA increases when there are six, 11, 16 etc members in the Group concerned.

** this sum is recommended for all Opposition Group Leaders, irrespective of the size of the Group

*** the actual recommended amount is 60% of that paid by Cottsway to other Board Members, which is currently £3,600 pa. It is not currently known whether this will change in 2015/16.