



DISTRICT COUNCIL
NORTH OXFORDSHIRE

Report
of the Independent and Parish
Remuneration Panel
on the Review of Members' Allowances for the
2018/2019 Financial Year

For

Cherwell District Council

December 2017

CHERWELL DISTRICT COUNCIL

REPORT OF THE INDEPENDENT AND PARISH REMUNERATION PANEL

REVIEW OF MEMBERS' ALLOWANCES FOR THE 2018/2019 FINANCIAL YEAR

1.0 Introduction

- 1.1 After considering the recommendations of this Panel, Cherwell District Council introduced a revised Scheme of Members' Allowances from 1 April 2017 whereby an increase of 1.25% was applied to the basic allowance, all special responsibility allowances and co-optee and Independent Persons allowances. In addition the special responsibility allowance payable to the Accounts, Audit and Risk Committee Chairman was increased to that of the Budget Planning Chairman. No changes to travel and subsistence allowances were made. This Scheme has remained in force throughout the 2017/18 financial year.
- 1.2 This report has been prepared in accordance with the provisions of the Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended). It outlines the Panel's findings following a review of the District Council's current Allowance Scheme and its recommendations for 2018/19 in respect of:
- (a) the levels of basic and special responsibility allowances;
 - (b) the travelling, subsistence and dependent carers' allowances; and
 - (c) co-optees allowance.

2.0 The Independent Remuneration Panel

- 2.1 It was agreed by Council in November 2016 that the Panel should be increased in size from 5 to 7 members to ensure that sufficient members were available if required. Due to the passing of Mr Jim Flux MBE in February 2017, 3 new members were recruited to the Panel in November 2017.
- 2.2 The current membership of the Panel is:
- Ms Jeanette Baker
Mr Ray Everitt
Mrs Charlotte Green
Mr Andrew Hodges
Mr Stefan Robinson
Mr David Shelmerdine
Mr Christopher White
- 2.3 The Panel met on 7 December 2017 to consider and agree its recommendations for the 2018/19 financial year.

Mr Christopher White was appointed as Chairman of the Panel.

Mr David Shelmerdine sent his apologies.

Mr Christopher White declared an interest in Graven Hill Development Company.

2.4 Natasha Clark (Interim Democratic and Elections Manager) and Lesley Farrell (Democratic and Elections Officer) provided the Panel with administrative advice and support.

2.5 The Panel's findings are set out in this report, together with recommendations for consideration by Council.

3.0 Terms of Reference of the Panel

3.1 The Panel's terms of reference as originally agreed by the Council when it was first constituted (as amended by the 2003 Consolidating Regulations which relate to the determination of local schemes for travelling and subsistence allowances) are outlined in its reports dated 3 July 2001 and 4 July 2003.

3.2 The principal matters on which the Panel can make recommendations are:

- (a) the amount of basic allowance to be paid to all Members of the Council;
- (b) the elected member roles which should qualify, as they involve significant additional responsibilities, for Special Responsibility Allowance payments and the levels of those allowances;
- (c) the appropriateness, and the amounts to be paid in respect of the childcare and dependent carers' allowances;
- (d) the levels, and appropriateness, of travelling and subsistence allowances; and
- (e) the amount of the co-optees and independent persons (Standards) allowances to be paid.

4.0 The Panel's Adopted Approach

4.1 Since 2001, the Panel's approach has been that recommendations should be formulated appropriate to the circumstances of the Council, recognising that the roles of Executive and Non-Executive Members are now well-established.

4.2 The following underlying principles continue to form the fundamental basis of the Panel's review process:

- (a) the allowances should take account, as far as possible, of the amount of time taken by Members to fulfil their roles.

- (b) the scheme should ensure, as far as practical, that as wide a range of people as possible should be able to stand for election and that they should not be financially penalised in so doing. This, in turn, should increase the likelihood of an inclusive approach to Council services:
- (c) the levels of the allowances should not be treated as salary but rather as a level of 'compensation';
- (d) the original principle of the panel was that an element of Members' time in terms of their work as a Councillor should be treated as voluntary and therefore should not be remunerated – the principle of voluntary service were fully set out in paragraphs 9.4 and 9.5 of our July 2001 report; and it was agreed that this principle should continue.
- (e) the assumption that all Members will participate as fully as possible in Council business and play an active role in their Wards and that the importance of these mutually inclusive roles should be reflected in the level of the basic allowance
- (f) the reviewed scheme should take account of the payments included in the current scheme and any increases which might be recommended should be balanced against the interests of the Council Tax Payers in the District, although we accept that the Council must consider the political implications of the levels of the allowances open to it to pay
- (g) the reviewed scheme should continue to be subject to well informed periodic reviews.

5.0 The Work of the Panel

- 5.1 The Panel has previously determined the underlying principles on which the levels of Members allowances should be based, as outlined above.
- 5.2 The Panel's approach required an assessment of the amount of time Councillors commit to their duties and their associated workloads in the context of the identified special responsibilities for Lead Members and Committee Chairmen.
- 5.3 The conclusions drawn by the Panel are informed by comparative data drawn from the allowances paid by other local authorities and an analysis of the results of an 'Activity Questionnaire' that Members are requested to complete every year.
- 5.4 The purpose of the 'Activity Questionnaire' is to determine:
 - (a) the amount of time Members estimate they spend on Council

business during an average month;

- (b) Members views on the adequacy, or otherwise, of the current levels of Members' Allowances at the Council; and
- (c) whether Members would like to address the Panel in person.

5.5 As part of its review, the Panel considered the following information:

- (a) a copy of the Council's Members' Allowances Scheme for 2017/18;
- (b) a comparison between Cherwell District Council and South Northamptonshire Council Members Allowances.
- (c) comparative data from the Members' Allowances survey undertaken by the South East Employers Organisation which outlines the basic, special responsibility and other allowance payments made by Council's in the South East Region.
- (d) a summary of Members responses to the 'Activity Questionnaire'.
- (e) the general economic climate and level of national pay awards
- (f) the overall financial position of the Council.
- (g) the level of recent and anticipated pay awards for Council staff and management.
- (h) any recent changes in the roles, responsibilities and workload of specific member posts.
- (i) Any additional comments Members wished to make in respect of the current allowance scheme.

5.6 The Panel continues to place great importance on the information gathered by way of the 'Activity Questionnaire'. As previously, the activity questionnaire was circulated to all Members of the Council and a total of 17 completed questionnaires were returned, representing 35.4% of its membership.

5.7 The Panel were once again disappointed by the low return of questionnaires, particularly as the questionnaire had been sent in both hard copy and via an online survey in the hope this would increase the response rate, as this forms a large part of their decision making process and the Panel could only surmise that those who did not return the questionnaire or complete the online survey were happy with the current allowance scheme.

The Panel were very grateful to those Members who returned the questionnaire or completed the online survey.

5.8 The Panel proposes to repeat this exercise again next year as it firmly believes that the information requested is vital to its efforts in undertaking proper and meaningful reviews. The Panel hopes that next year will result in a greater number of

responses from Councillors.

- 5.9 The Panel noted that those Members who responded to the activity questionnaire continued to show a great variation in the estimates of the time they spend on their roles as Councillors, ranging from 5 to 100 hours per month.
- 5.10 The Panel noted that those Members who responded spent an average of 33 hours per month on council duties. This was less than the average response of 59 hours per month in the survey last year.
- 5.11 Other conclusions arising from the questionnaires were that:
- (a) three respondents explicitly stated that no changes should be made to the level of Members allowances and expenses for 2018/19.
 - (b) None of the respondents proposed an increase in the level of Members allowances and expenses for 2018/19.
 - (c) On a scale of 1 (very generous) to 4 (totally inadequate), three respondents rated the basic allowance as 1, four as 2, five as 3 and two as 4. There was no comment from the remainder of respondents.
 - (d) On the same scale of 1 to 4, three respondents rated the special responsibility allowance as 1, five as 2, two as 3 and three as 4. There was no comment from the remainder of respondents.
 - (e) On the same scale of 1 to 4, four respondents rated the level of travel and subsistence allowances as 1, six as 2 and two as 3. There was no comment from the remainder of respondents

Unfortunately, these numbers cannot be seen as representative due to the small number of questionnaire returns and not every return answering these specific questions.

6.0 Basic Allowance

- 6.1 The Panel was requested to review the current level of the Basic Allowance.
- 6.2 Since the Council moved to its Local Pay Formula, the Panel has used the annual pay settlement for staff as one of their main considerations for recommending adjustments to the levels of the basic and special responsibility allowances paid.
- 6.3 The Council and Unison entered into a collective agreement which set out the local pay award for 2017/2018 at 1.65%. The Joint Management Team/Shared Managers have a separate agreement and for 2017/2018 the pay award was also 1.65%.
- 6.4 At the time of the meeting of the Independent Remuneration Panel, pay

negotiations at Cherwell District Council had not yet commenced for 2018/2019.

- 6.5 The Panel noted that The National Employers, who negotiate pay on behalf of 350 local authorities in England, Wales and Northern Ireland, had offered a two-year pay increase from 1 April 2018. The majority of employees would receive a 2% increase on 1 April 2018 for 2018-2019 and a further 2% on 1 April 2019 for 2019-2020.
- 6.6 The Panel received comparative data from 74 local authorities and noted that the basic allowance payable to Cherwell District Council Members was below the majority of the basic allowance paid by neighbouring authorities in the South East region.
- 6.7 The Panel acknowledged that there had been a cost of living increase for staff in 2017/2018 and, notwithstanding that the level for Cherwell District Council employees for 2018/2019 was not known at the time of the meeting, was minded to recommend an increase of 2% to Members' Basic Allowance rounded either up or down, whichever is closest, to produce 12 equal payments. The reasoning for 2% was that whilst it was below inflation and CPI, this was the level The National Employers had offered as part of its negotiations for employees in the 350 local authorities it represents.
- 6.8 Furthermore, the increase of 1.25% to the Basic Allowance in 2017/2018 had been the first increase in Basic Allowance since 2009/2010 which had been recommended by the Panel and accepted by the majority of Cherwell District Council Members. The Basic Allowance had been reduced from £4155 to £4152 in 2014/2015 to give 12 equal payments. Over the past few years, Cherwell District Council had fallen towards the bottom of the scale in neighbouring authorities in the South East region. The Panel agreed that applying an increase to the Basic Allowance would benefit all Members, demonstrate their value and encourage a wider diversity of Councillors.
- 6.9 The Panel noted that whilst their recommended increase of 1.25% for 2017/2018 was agreed by Council, a number of Members chose not to take the increase.
- 6.10 The Panel agreed to recommend that the Co-optee and Independent Persons allowance also be increased by 2% rounded either up or down, whichever is closest, to 12 equal monthly payments.
- 6.11 The total cost of a 2% increase in the Basic Allowance for elected Members and Co-optee and Independent Persons Allowance would be £4284 p.a

7.0 Special Responsibility Allowances

- 7.1 The Panel agreed to recommend that all Special Responsibility Allowances (SRA) remain the same for 2018/2019 as an increase had been recommended for all Members through the Basic Allowance. The Panel considered that an additional increase could not be justified at this time as they had received no evidence of increased work or responsibility to any role in receipt of an SRA.

- 7.2 In November 2016 allowances were agreed for members who are Non-Executive Directors of Graven Hill Companies with an assumption that these would increase in line with members' allowances. As the allowance for Non-Executive Directors of Graven Hill Companies were in line with an equivalent special responsibility allowance, which vary depending on the appointment and as no increase was recommended for special responsibility allowances, no increase was recommended for Non-Executive Directors.

8.0 Travelling and Subsistence Allowances

- 8.1 The Panel was requested to review the current level of Travelling and Subsistence Allowances.
- 8.2 The Panel noted that all travel rates are set at the specified HM Revenues and Customs rates and consequently had no implications for the tax liabilities of Members. Travel rates for motorcycles and motor vehicles are paid regardless of the cc of motor cycle or motor vehicle concerned.
- 8.3 The Panel considered the use of electric vehicles and agreed that they were becoming more mainstream and should be encouraged and not penalised. The Panel agreed that the allowance for electric vehicles should mirror that of other motor vehicles at 45p per mile as recommended by HMRC.
- 8.4 In relation to Subsistence Allowances, the Panel previously agreed that allowances should be paid up to the maximum rates notified by the National Joint Council for Officers index linked to the Retail Prices Index (excluding mortgages).
- 8.5 However, the National Joint Council for Officers ceased to produce nationally agreed subsistence rate for local government staff in 1996. Since that time, subsistence rates have been a subject for local determination and the Council has based its rates on Local Government Association rates.
- 8.6 The Panel considered the travelling and subsistence allowances and agreed, that subject to the increase in the allowance for electric vehicles, there should be no increase in other travelling and subsistence allowances at this time.

9 Dependent Carers' and Childcare Allowance

- 9.1 The panel considered the dependent carers' and childcare allowances and agreed that they should remain at the same level.

10 Recommendations to Council

- 10.1 Based on the information provided to the Panel, it recommends that:

- (a) That the basic allowance be increased by 2% rounded either up or down, whichever is closest, to 12 equal payments

	Proposed level for 2018/2019	Current level 2017/2018
Basic Allowance	£4,284.00 p.a.	£4,200.00 p.a.

- (b) That the following rates should remain the same for the financial year 2018/19:

	Proposed level for 2018/2019	Current level 2017/2018
Leader of the Council	£7,296.00 p.a.	£7,296.00 p.a.
Executive Members Holding a Portfolio	£6,372.00 p.a.	£6,372.00 p.a.
Chairman of the Overview and Scrutiny Committee	£3,552.00 p.a.	£3,552.00 p.a.
Chairman of Budget Planning Committee	£3,552.00 p.a.	£3,552.00 p.a.
Chairman of the Planning Committee	£4,248.00 p.a.	£4,248.00 p.a.
Chairman of the Accounts, Audit and Risk Committee	£3,552.00 p.a.	£3,552.00 p.a.
Chairman of the Personnel Committee	£253 SRA plus £253 per full meeting to a capped limit of £1012pa	£253 SRA plus £253 per full meeting to a capped limit of £1012pa
Chairman of the Licensing Committee	£253 SRA plus £253 per full meeting to a capped limit of £1012pa	£253 SRA plus £253 per full meeting to a capped limit of £1012pa

Chairman of the Standards Committee	£253 SRA plus £253 per full meeting to a capped limit of £1012pa	£253 SRA plus £253 per meeting to a capped limit of £1012pa
Chairman of the Appeals Panel	£253 SRA plus £253 per full meeting to a capped limit of £1012pa	£253 SRA plus £253 per full meeting to a capped limit of £1012pa
Leader of the Opposition	£2,940.00 p.a.	£2,940.00 p.a.
Deputy Leader of the Council	£2,520.00 p.a.	£2, 520.00 p.a.

- (c) that the Co-optee and Independent Persons Allowance be increased by 2% and rounded either up or down whichever is closest, to 12 equal payments

Co-optee and Independent Person Allowance	£732.00 p.a.	£720.00 p.a.
---	--------------	--------------

- (d) that Dependent Carers' and Childcare Allowances remain the same:

Childcare	£10 per hour	£10 per hour
Dependent Relative Care	£20 per hour	£20 per hour

- (e) that subject to electric vehicles receiving the same level of allowance as other motor vehicles at 45p per mile, there should be no change to Travelling and Subsistence Allowances;

Bicycles	20p per mile
Motorcycles	24p per mile
Motor Vehicles	45p per mile

Electric or Similar Specialised Vehicles	45p per mile
--	--------------

Breakfast Allowance	£6.02 per meal
Lunch Allowance	£8.31 per meal
Evening Meal Allowance	£10.29 per meal

(f) Democratic Services should continue to book overnight accommodation.

11.0 Remuneration of Directors of Council Owned Companies

11.1 In November 2016 remuneration was agreed for members who were Directors of Graven Hill Companies. It was also agreed that any increase in member allowances would be reflected in remuneration for Directors of Council owned companies.

(a) the following rates which are comparable to that of the Chairman of Planning Committee remain the same:

	Proposed level for 2018/2019	Current level 2017/2018
Non-Executive Directors Graven Hill Village Holding Company Limited (HOLDCO)	£4248.00	£4248.00
Non-Executive Directors Graven Hill Village Development Company Limited (DEVCO)	£4248.00	£4248.00

(b) the following rates which are comparable to that of an Executive Lead Member, should remain the same:

	Proposed level for 2018/2019	Current level 2017/2018
Non-Executive Director appointed to both HOLDCO and DEVCO	£6372.00	£6372.00

Non-Executive Director of either HOLDCO or DEVCO who is also Chairman of the Board	£6372.00	£6372.00
--	----------	----------

- (c) the following rate which is comparable to that of an Executive Member holding portfolio who holds more than one responsibility should remain the same:

	Proposed level for 2018/2019	Current level 2017/2018
Chairman of one company who is a Non-Executive Director of the other	£8496.00	£8496.00

12.0 Findings of the Panel

12.1 In arriving at its recommendations, the Panel found that:

- (a) There had been a cost of living increase for staff in 2017/2018 and, notwithstanding that the level for 2018/19 was not known at the time of the meeting, was minded to recommend an increase of 2% to Members' Basic Allowance rounded either up or down, whichever is closest, to produce 12 equal payments.
- (b) The increase of 1.25% to the Basic Allowance in 2017/2018 had been the first increase in Basic Allowance since 2009/2010. The Basic Allowance had been reduced from £4155 to £4152 in 2014/2015 to give 12 equal payments. Over the past few years, Cherwell District Council had fallen towards the bottom of the scale of neighbouring authorities in the South East region. The Panel agreed that applying an increase to the Basic Allowance would benefit all Members, demonstrate their value and encourage a wider diversity of Councillors.
- (c) The total cost of a 2% increase in Basic Allowance and Co-optee and Independent Persons Allowance would be £4284 p.a. It was also be noted that a number of Members had not accepted the increase of 1.25% for 2017/2018.
- (d) An increase had been recommended for all Members through the Basic Allowance and an additional increase in Special Responsibility Allowances would not be justified at this time as there was no real evidence of increased work or responsibility.
- (e) The increasing complexity, responsibilities and burden of local government made it imperative for able individuals representing all of society to be able to stand for election as Councillors, but the absence of a national baseline for Member remuneration did not help efforts to attract candidates in the local

community with the professional qualities needed for the role.

- (f) As local government becomes increasingly business-like, levels of remuneration need to reflect the time, effort and expertise required of Councillors, otherwise it would continue to prove difficult to attract quality candidates to the role, resulting in negative implications for local democracy.

Mr Christopher White
Chairman
Independent Remuneration Panel
December 2017