



DISTRICT COUNCIL
NORTH OXFORDSHIRE

Report
of the Independent and Parish
Remuneration Panel
on the Review of Members' Allowances for the
2019/2020 Financial Year

For

Cherwell District Council

December 2018

CHERWELL DISTRICT COUNCIL

REPORT OF THE INDEPENDENT AND PARISH REMUNERATION PANEL

REVIEW OF MEMBERS' ALLOWANCES FOR THE 2019/2020 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 2018 whereby an increase of 2% rounded either up or down to 12 equal payments was applied to the basic allowance, Independent Persons and co-optee allowances. All special responsibility allowances remained the same. It was agreed that electric vehicles should receive the same rate as petrol and diesel vehicles. All other travel and subsistence allowances remained the same. This Scheme has remained in force throughout the 2018/19 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 2019/2020 in respect of:
- (a) the levels of basic and special responsibility allowances;
 - (b) the travelling, subsistence and dependent carers' allowances; and
 - (c) co-optees and Independent Persons allowance.

2.0 The Independent Remuneration Panel

- 2.1 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 3 December 2018 to consider and agree its recommendations for the 2019/2020 financial year.

Mr Christopher White was appointed as Chairman of the Panel.

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

2.4 James Doble, Assistant Director Law and Governance, Natasha Clark (Governance 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 Panel was aware of the responsibilities and workloads of the members of the Executive and especially those of the Leader
- 5.4 As part of its review, the Panel considered the following information which informs its conclusions:
 - (a) a copy of the Council's Members' Allowances Scheme for 2018/19;
 - (b) a comparison of neighbouring authority 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, increase in cost of living and level of national pay awards
- (f) the overall financial position of the Council.
- (g) the level of recent and proposed 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.

5.5 The Panel continues to place great importance on the information gathered by way of the 'Activity Questionnaire'.

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.

5.6 As previously, the activity questionnaire was circulated to all Members of the Council and a total of 16 completed questionnaires were returned, representing 33.33% of its membership.

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

5.8 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, 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.

5.9 Notwithstanding the relatively low return rate, 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.

5.10 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 26 to 160 hours per month.

- 5.11 The Panel noted that those Members who responded spent an average of 40 hours per month on council duties. This was more than the average response of 33 hours per month in the survey last year.
- 5.12 Other conclusions arising from the questionnaires were that:
- (a) None of the respondents explicitly stated that no changes should be made to the level of Members allowances and expenses for 2019/20.
 - (b) One of the respondents proposed an increase in the level of Members allowances and expenses for 2019/20 to match those of South Northamptonshire Council.
 - (c) On a scale of 1 (very generous) to 4 (totally inadequate), two respondents rated the basic allowance as 1, seven as 2, four as 3 and three as 4.
 - (d) On the same scale of 1 to 4, five respondents rated the special responsibility allowance as 1, three as 2, five as 3 and two as 4.
 - (e) On the same scale of 1 to 4, six respondents rated the level of travel and subsistence allowances as 1, seven as 2, two as 3 and one as 4.

Unfortunately, these numbers cannot be seen as representative due to the small number of questionnaires returned.

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 In 2017/2018 Cherwell District Council (CDC), South Northamptonshire Council (SNC) and Unison entered into a collective agreement to harmonise terms and conditions for CDC and SNC employees. The new pay scale included a 2 year pay deal which consisted of a 2.5% cost of living rise for 2018/19 and 2.4% cost of living rise for 2019/20.
- 6.4 Senior managers (Directors and Assistant Directors) did not receive a cost of living award for 2018/19 as the recent restructure set salaries for these roles at market rates in autumn 2017 and a pay review at this stage was not required. Senior managers will receive the 2.4% cost of living rise for 2019/2020.
- 6.5 Acknowledging that there had been a cost of living increase for staff in 2018/2019, the Panel was minded to recommend an increase of 2.4% to Members' Basic Allowance, rounded either up or down, whichever is closest, to produce 12 equal

payments, as a cost of living increase in line with the staff increase.

- 6.6 The Panel noted that whilst their recommended increase of 2.00% in Basic Allowance for 2018/2019 was agreed by Council, a number of Members had chosen not to take the increase.
- 6.7 The Panel agreed to recommend that the Co-optee and Independent Persons allowance also be increased by 2.4% rounded either up or down, whichever is closest, to ensure 12 equal monthly payments.
- 6.8 The total cost of a 2.4% increase to the Basic Allowance for elected Members and co-optee and Independent Persons Allowance would be £5220 p.a¹.

7.0 Special Responsibility Allowances

- 7.1 In 2018/2019 the Panel had recommended no increase to Special Responsibility Allowance (SRA) but were minded to recommend that all SRA be increased at the same rate of 2.4% for 2019/2020 as was being recommended for the Basic Allowance. The Panel considered that a cost of living increase was now justified as specific SRA's had previously been adjusted in accordance with workload but had not received a cost of living increase.
- 7.2 In November 2016 it was agreed that allowances would be paid to elected Members who are Non-Executive Directors (NED) of Graven Hill Companies (Graven Hill Development Company Limited, (DEVCO) and Graven Hill Village Holdings Limited (HOLDCO)) and 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, these would also be increased by 2.4%.
- 7.3 The Assistant Director, Law and Governance addressed the panel to advise that he had submitted a report to a Shareholder Committee meeting on 3 December 2018 regarding company governance arrangements. In light of the report, the Committee had resolved to approve the mirroring of director board members of the two Graven Hill companies, DEVCO and HOLDCO, meaning the same members would be appointed as a NED at both companies.
- 7.4 In light of the mirroring of board members, a change to the remuneration for Member NEDs who sit on both HOLDCO and DEVCO was approved whereby one allowance for sitting on both boards would be paid. The allowance level agreed was £4248, comparable to the allowance paid to the Planning Committee Chairman, and it was recommended this be increased by 2.4% rounded up or down to 12 equal payments in line with the proposed increase to all SRA.
- 7.5 The total cost of a 2.4% increase to the SRA for elected Members (excluding for Members appointed as NED's on Graven Hill companies as these are paid by the

¹ This amount assumes the increase is accepted by all 48 elected members and the three Independent Persons. There are currently no co-optees.

companies) would be £992².

8.0 Travelling and Subsistence Allowances

- 8.1 The Panel was requested to review the current level of Travelling and Subsistence Allowances.
- 8.2 In the 2018/2019 review it had been agreed that electric vehicles should receive the same rate as petrol and diesel vehicles. 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 and remain the same.
- 8.3 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).
- 8.4 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.
- 8.5 The Panel considered the travelling and subsistence allowances and agreed, that there should be no increase in other travelling and subsistence allowances at this time.

9.0 Dependent Carers' and Childcare Allowance

- 9.1 The panel considered the dependent carers' and childcare allowances and agreed that the number of hours that could be claimed should increase from 20 per month to 40 hours per month in line with the average number of hours that councillors' work. It was agreed that the rate should remain the same.

10.0 Recommendations to Council

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

- (a) That the basic allowance be increased by 2.4% rounded either up or down, whichever is closest, to 12 equal payments

	Current Level 2018/2019	Proposed level for 2019/2020
Basic Allowance	£4,284.00 p.a.	£4,392.00 p.a.

² This amount assumes the increase is accepted by all those elected members receiving an SRA.

- (b) That the Special Responsibility Allowances should be increased by 2.4% rounded either up or down, whichever is closest, to 12 equal payments:

	Current Level 2018/2019	Proposed level for 2019/2020
Leader of the Council*	£7,296.00 p.a.	£7,476.00 p.a.
Deputy Leader of the Council*	£2,520.00 p.a.	£2,580.00 p.a.
Executive Members Holding a Portfolio	£6,372.00 p.a.	£6,528.00 p.a.
Chairman of the Accounts, Audit and Risk Committee	£3,552.00 p.a.	£3,636.00 p.a.
Chairman of the Budget Planning Committee	£3,552.00 p.a.	£3,636.00 p.a.
Chairman of the Overview and Scrutiny Committee	£3,552.00 p.a.	£3,636.00 p.a.
Chairman of the Planning Committee	£4,248.00 p.a.	£4,344.00 p.a.
Chairman of the Appeals Panel	£253 SRA plus £253 per full meeting to a capped limit of £1,012.00 p.a.	£261 SRA plus £261 per full meeting to a capped limit of £1,044.00 p.a.
Chairman of the Licensing Committee	£253 SRA plus £253 per full meeting to a capped limit of £1,012.00 p.a.	£261 SRA plus £261 per full meeting to a capped limit of £1,044.00 p.a.
Chairman of the Personnel Committee	£253 SRA plus £253 per full meeting to a capped limit of £1,012.00 p.a.	£261 SRA plus £261 per full meeting to a capped limit of £1,044.00 p.a.
Chairman of the Standards Committee	£253 SRA plus £253 per full meeting to a capped limit of £1,012.00 p.a.	£261 SRA plus £261 per full meeting to a capped limit of £1,044.00 p.a.

Appendix 1

Leader of the Opposition	£2,940.00 p.a.	£3,012.00 p.a.
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(These SRA's are paid in addition to the Basic Allowance.)

- (c) that the Co-optee and Independent Persons Allowance be increased by 2.4% and rounded either up or down whichever is closest, to 12 equal payments

Co-optee and Independent Person Allowance	£732.00 p.a.	£744.00 p.a.
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- (d) that Dependent Carers' and Childcare Allowances remain the same but the number of hours that can be claimed per month be increased from 20 to 40 hours:

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

- (e) that 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
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- (f) Democratic Services should continue to book overnight accommodation.
- (g) That further to the decision of the Shareholder Committee to mirror the members appointed as Non-Executive Directors on Graven Hill companies and pay one allowance to those members, they be increased by 2.4% and rounded either up or down whichever is closest, to 12 equal payments.

	Current level 2018/2019	Proposed level 2019/2020
Non-Executive Directors Graven Hill Village Holding Company Limited	£4,248.00 p.a.	One Payment of £4,344.00 p.a. for holding both positions
Non-Executive Directors Graven Hill Village Development Company Limited	£4,248.00 p.a.	

12.0 Findings of the Panel

12.1 In arriving at its recommendations, the Panel had particular regard to the following:

- (a) There had been a 2.5% cost of living increase for staff in 2018/2019 and an agreement for a 2.4% cost of living increase for 2019/2020. Although not all members had accepted the agreed 2% increase the previous year, the meeting nonetheless recommended a the same level cost of living increase of 2.4% to Members' Basic Allowance for 2019/2020 rounded either up or down, whichever is closest, to produce 12 equal payments.
- (b) The Panel acknowledged that the CDC members' allowances were low in comparison to other similar councils and good value for money. The Panel was minded to recommend a 2.4% cost of living increase in the Basic allowance for 2019/2020 in line with the staff pay increase.
- (c) The meeting acknowledged the amount of work carried out by the Executive and particularly the Leader of the Council and the time committed to Cherwell District Council.
- (d) The meeting also acknowledged that there had been no cost of living increase in special responsibility allowance at Cherwell District Council.
- (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

Appendix 1

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.
- (g) A special acknowledgement was made and thanks given to James Doble, Assistant Director of Law and Governance who would be leaving Cherwell District Council on 7 December 2018.

Mr Christopher White
Chairman
Independent Remuneration Panel
December 2018