

Report of the Independent Remuneration  
Panel on the Review of Members' Allowances  
for the  
2011/2012 Financial Year

For

Cherwell District Council

January 2011

## CHERWELL DISTRICT COUNCIL

### REPORT OF THE INDEPENDENT REMUNERATION PANEL

#### REVIEW OF MEMBERS' ALLOWANCES FOR THE 2011/2012 FINANCIAL YEAR

#### 1 Summary

- 1.1 Levels of remuneration remain at the current rate based on a 0% 'cost of living' adjustment which reflect the outcome of the Council's negotiations with the staff side on the salary increase for 2011/2012.
- 1.2 No recommendations are included to change the level of co-optees allowance or the travelling allowances (subject to notification of any revised rates by HM Revenue and Customs).

#### 2 Recommendations

- 2.1 The recommendations are as follows:

- (a) the basic allowance payable to all Members be £4,155
- (b) the Special responsibility Allowances be paid as follows:

(i) Executive Members	£6,291
(ii) Leader of the Council (to which should be added the SRA as a Member of the Executive)	£7,209
(iii) Chairman of the Licensing Committee	£2,250
(iv) Chairman of the Overview and Scrutiny Committee	£3,702
(v) Chairman of the Resources & Performance Scrutiny Board	£3,702
(vi) Chairman of Planning Committee	£4,200
(vii) Chairman of Standards Committee (Independent Member)	£1,296
(viii) Chairman of Personnel	£1,296
(ix) Chairman of the Accounts, Audit and Risk Committee	£2,250
(x) Leader of the Opposition	£2,898
(xi) Co-optees Allowance	£831

- (c) the Carers' Allowance continues to be paid at its current levels and on the basis that:-

- (i) the allowance can only be claimed when an 'approved duty' is performed subject to the submission of receipts and, in the case of the childcare allowance, to that allowance not being paid to a member of the claimant's household; and
- (ii) the basis of the Carers' Allowance be the actual cost incurred up to the maximum hourly rates set out below and to a maximum cap of 20 hours per month:-

- Childcare - £8 per hour
- Dependent Relative Care - £15 per hour

- (d) subject to the notification of any adjustments later in the year, HM Revenue and Customs specified mileage rates of 24p per mile for motorcycles regardless of the cc and 40p per mile (with no tax implications) regardless of the cc of the motor vehicle be paid up until such time any revisions are notified by HM Revenue and Customs and the revised rates then be implemented
- (e) the supplements relating to the payment of tolls and other parking charges continue to be paid
- (f) subject to the proviso detailed in (d) above, the HM Revenue and Customs specified rate of 20p per mile be paid for travel by bicycles and other 'non-motorised' forms of transport
- (g) the travelling allowance payment for electric or similar specialised vehicles remain at £1.10 per journey regardless of the distance travelled (with no tax implications)
- (h) the specified occasions when Members travel otherwise than by their own vehicle continue to be included in the Allowances Scheme
- (i) the subsistence allowances be paid at the levels index linked in accordance with the agreed formula
- (j) Members be reminded of the importance the Panel attaches to the completion of the activity questionnaire, the outcome of which will continue to be an important part of the information collated to inform the 2011/2012 review.

# CHERWELL DISTRICT COUNCIL

## REPORT OF THE INDEPENDENT REMUNERATION PANEL

### REVIEW OF MEMBERS' ALLOWANCES FOR THE 2011/2012 FINANCIAL YEAR

#### 1 Introduction

- 1.1 Cherwell District Council, after considering the recommendations of this Panel introduced a reviewed Scheme of Members' Allowances from April 2010 which has operated over the 2010/2011 municipal year.
- 1.2 This report has been prepared by the Panel in accordance with the provisions of the Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended). The report sets out the Panel's findings following the review of the Council's current (2010/2011) Scheme and sets out recommendations for inclusion in the 2011/2012 Scheme in respect of:
  - the levels of basic and special responsibility allowances;
  - the travelling and subsistence and dependent carers' allowances;
  - co-optees allowance

#### 2 The Independent Remuneration Panel

The Independent Remuneration Panel was appointed in 2001. Its membership is currently as follows:

- 2.1 Mr C White (Chairman of Panel) – Director, White Commercial, Chartered Surveyors  
Mr A Flux – Retired Manufacturing Manager and Chairman of the Banbury Council for Voluntary Service  
Mr Ray Everitt – Retired Production Manager  
Ms Jeanette Baker – Former Managing Director and Former Non Executive Director  
Mr David Shelmerdine – Managing Director CEAC
- 2.2 Background information has been gathered and research undertaken and this helped to inform and determine the basis for the review of the current Allowances Scheme.
- 2.3 Mr C White was appointed as Chairman of the Panel. The Panel's findings are set out in the remainder of this report together with recommendations for consideration by the Council.

#### 3 Terms of Reference

- 3.1 The terms of reference as originally agreed by the Council when the Panel was first constituted, as amended by the 2003 Consolidating Regulations which relate to the determination of local schemes for travelling and subsistence allowances, are set out in our reports dated 3 July 2001 and 4 July 2003.
- 3.2 The principal matters on which we must make recommendations are:
  - the amount of basic allowance to be paid to all Members of the Council
  - the Council member posts which should qualify, as they involve significant additional responsibilities, for Special Responsibility Allowance (SRA) payments and the levels of those allowances

- the appropriateness, and the amounts to be paid in respect of the childcare and dependent carers' allowances;
- the levels, and appropriateness, of the travelling and subsistence allowances; and
- the amount of the co-optees allowance to be paid to the independent members and parish council representatives serving on the Council's Standards Committee and the amount of the SRA payable to the independent member who will chair that Committee in future.

#### **4 The Panel's Work**

4.1 We received, as requested, a range of background information which included:-

- a copy of the Council's 2010/2011 Members' Allowances Scheme;
- details of the Members' Allowances survey undertaken by the South East Employers Organisation which sets out the basic, special responsibility and other allowance payments made by some 38 local authorities in the South East Region; and
- a summary of the Member questionnaire responses relating to (i) the amount of time Members estimate they spend on Council business during an average week; (ii) a breakdown of the activity areas involved and (iii) Members' views on the adequacy, or otherwise, of the current levels of allowance payments.

4.2 We continue to place much importance on the information provided in the activity questionnaires. We were extremely disappointed that only 17 questionnaires were returned, representing just 34% of the Council's membership. However, we propose to repeat the questionnaire exercise again next year as we firmly believe that the information requested by means of the questionnaire is vital to our efforts in undertaking proper and meaningful reviews. We can once again only conclude that the majority of Members are, and continue to be, satisfied with the levels of the various allowances payments.

4.3 Ever since the Council moved to its Local Pay Formula, we have used the annual pay settlement for staff as one of the main criteria for adjusting the levels of the basic and Special Responsibility Allowances. The agreed increase over recent years has been 3%. We were advised that this years pay settlement had just been agreed at 0%, and the provision in the Council's budgets was set at this level.

4.4 We have considered the potential impact the Localism bill may have on the Council but feel that it is too early this year to make any recommendations and therefore we will review all allowances next year in light of legislative developments.

#### **5 The Adopted Approach and Underlying Principles**

5.1 In our July 2001 report, we set out our adopted approach to determining the levels of the allowances. This provides that recommendations should be formulated appropriate to the circumstances of Cherwell District Council given that the political management structure and the roles of the Executive and non-Executive Members are now well established.

5.2 We again agreed that the following underlying principles were still relevant and should continue to form the fundamental basis of our review:-

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

- the levels of the allowances should not be treated as salary but rather as a level of 'compensation'
- 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
- an element of Members' time in terms of their work as a Councillor should continue to be treated as voluntary which should not be remunerated – the principle of voluntary service is fully set out in paragraphs 9.4 and 9.5 of our July 2001 report;
- the Special Responsibility Allowance payments should be banded to reflect both the time commitment and workload of the identified special responsibilities
- 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 and
- the reviewed scheme should continue to be subject to well informed periodic reviews.

5.3 The background to the pay negotiations are detailed in paragraph 4.3 above. We feel that a 'cost of living' increase is justified and should continue to be applied to the Council's scheme of allowances. However, due to the fact that a 0% 'cost of living' increase has been agreed this year we are not proposing an increase in this years allowances.

## **6 Basic Allowance**

6.1 We had regard when considering the basic allowance payment to the approach set out in our July 2004 report, our December 2004 report and to the responses in the activity questionnaire.

6.2 We noted that those Members who responded to the questionnaire continued to show a very wide variation in the estimates of the time they spend on their roles as Councillors (the figures ranged from 8 to 35 hours per week). We do see it as inevitable that time commitments will vary for a number of reasons as this reflects, amongst other things, the constituency work Members undertake in their wards, the discharge of portfolio holder responsibilities, and often the time consuming work of some of the Chairmen of Committees'.

6.3 We noted that the analysis of the questionnaire responses included suggested increases in the current level of basic allowance although the majority offered no comments or felt that the current level of basic allowance was adequate. Those Members who put forward proposals for an increase were in the minority. With only 34% of Members returning the questionnaire, we can only assume the remainder who did not, are satisfied with the current level.

6.4 We did note the suggestion that the allowance should be set at £4,500 or £5,000, but no reasons were offered as to why this may be appropriate.

6.5 We did receive comparative information from a significant number of authorities as part of the background papers. We felt that the basic allowance payable to Cherwell Members could be favourably compared to the allowances paid by the Council's neighbouring, comparator and other authorities. Nonetheless the Panel decided to carry out a more in depth review before the 2011/12 financial year of these comparisons to ensure that

Cherwell District Council Members allowances remain favourably comparable with neighbouring and comparator authorities.

**We RECOMMEND that the basic allowance remain the same as 2010/2011 for the 2011/2012 financial year.**

## **7 Speciality Responsibility Allowances**

### **(a) Introduction**

- 7.1 We have considered and formulated recommendations in our previous reports on the levels of the SRA payments to the Leader of the Council, Members of the Executive, the Chairmen of the two Scrutiny Committees, the Chairmen of the Planning Committee and the Chairmen of the Standards Committee, the Personnel and the Licensing Committee as well as the Leader of the main Opposition Group.

**We RECOMMEND that the Special Responsibility Allowances for 2011/2012 should remain at the level paid for 2010/2011, that is:**

- (1) the SRA payment to the Leader of the Council remain at £7,209 for the financial year 2011/2012**
- (2) the SRA payment to each Executive Member remain at £6,291 for the financial year 2011/2012**
- (3) the SRA payment to the Chairman of the Licensing Committee remain at £2,250 for the financial year 2011/2012**
- (4) the SRA payment to the Chairman of the Overview and Scrutiny Committee remain at 3,702 for the financial year 2011/2012**
- (5) the SRA payment to the Chairman of the Resources & Performance Scrutiny Board remain at £3,702 for the financial year 2011/2012**
- (6) the SRA payment to the Chairman of Planning Committee remain at £4,200 for the financial year 2011/2012**
- (7) the SRA payment to the Chairman of Personnel Committee remain at £1,296 for the financial year 2011/2012**
- (8) the SRA payment to the Chairman of the Account, Audit and Risk Committee remain at £2,250 for the financial year 2011/2011**
- (9) the Leader of the Opposition Group remain at £2,898 for the financial year 2011/2012**

## **8 Co-optees Allowance**

**We RECOMMEND that**

- (1) the SRA payment to the Chairman of the Standards Committee remain at £1,296 for the financial year 2011/2012**
- (2) the co-optees allowance payable to the independent members and parish council representatives serving on the Standards Committee remain at £831 for the**

financial year 2011/2012 which equates to 20% of the proposed members basic allowance.

## 9 Dependent Carers' Allowance

We RECOMMEND that

- (1) the dependent relative carers allowance remain at its current level of £15 per hour for the financial year 2011/2012 subject to the previously agreed conditions; and
- (2) the child care allowance remains at its current level of £8 per hour for the financial year 2011/2012 subject to the previously agreed conditions.

## 10 Travelling and Subsistence Allowances

We RECOMMEND that

- (1) subject to the notification of any adjustments later in the year, the HM Revenue and Customs specified mileage rates of 24p per mile for motor cycles regardless of the cc, and 40p per mile regardless of the cc of the motor vehicle (with no tax implications) continue to be paid up until the time any revisions are notified and the revised rate then be implemented
- (2) the supplements relating to the payment of tolls and other parking charges continue to be paid
- (3) subject to the proviso set out in (1) above, the HM Revenue and Customs specified rate of 20p per mile continue to be paid for travel by bicycle and other 'non-motorised' forms of transport
- (4) the travelling allowance payment for electric or similar specialised vehicles remain at £1.10 per journey regardless of the distance travelled (with no tax implications)
- (5) the decision not to introduce a walking allowance, be confirmed.

We RECOMMEND that the matters outlined above continue to be included in the Allowances Scheme.

### Subsistence Allowances

We agreed that the subsistence allowances should continue to be paid on the basis of the agreed formula. The adjusted recommended rates are:-

Breakfast Allowance	£6.02
Lunch Allowances	£8.31
Tea Allowance	£3.24
Evening Meal Allowance	£10.29

### Overnight Subsistence

Absence overnight	£91.14
Absence overnight in London or at the Annual Conference of the LGA	£103.96

**We RECOMMEND that the subsistence allowances for 2011/2012 be paid up to the maximum rates previously notified by the NJC for Officers index linked to the RPI (excluding mortgages) as set out above.**

**Future Reviews**

**We RECOMMEND that Members be again reminded of the importance we attach to the completion of the activity questionnaire, the outcome of which will continue to be an important part of the information collated to inform future reviews.**

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Mr Chris White  
Chairman  
Independent Remuneration Panel

January 2011