

## MEMBERS' ALLOWANCES

### Report of the Independent Remuneration Panel to Oxfordshire County Council, December 2005

#### Introduction

1. The Panel were requested to:
  - Review the current arrangements for co-optees' allowances for those co-opted members serving on the Council's committees and sub-committees, especially the Chairman of the Audit Working Group;
  - Consider whether a Special Responsibility Allowance should be payable to Minority Groups Spokesmen on the Scrutiny Co-ordinating Group and to Opposition Spokesmen on the Council's Committees;
  - Review the indexation of Members' Allowances;
  - Consider an aspect of the subsistence arrangements for members; and
  - Give a view on when a full review of the Members' Allowances Scheme should be undertaken.
  
2. Our conclusions (set out in more detail below) are:
  - A co-optees allowance of £5,000 per annum should be payable to the Chairman of the Audit Working Group, backdated to 1 April 2005.
  - There was no clear case that either of the spokesmen roles should be remunerated at the present time.
  - The current basis for the indexation of members' allowances should be continued until the next full review of the Scheme of Allowances.
  - Under the current members subsistence arrangements, a lunch allowance should only be paid to members in exceptional circumstances.
  - The next full review of the Council's Members' Allowances Scheme should be early in 2007.

#### The Panel's proceedings

3. Recruitment of new panel members was undertaken during the summer to fill vacancies that had arisen due to resignations and the expiry of terms of office.
  
4. The Independent Remuneration Panel now comprises five members:
  - Mr Keith Cullup – Consultant to Lloyds TSB Group Union and President of the Rotary Club of Thame Witchert
  - Mr Patrick Lowe – Chairman of Lowe and Oliver Ltd (electrical contractors)
  - Sir Peter North – Jesus College and former Vice Chancellor, Oxford University (*existing member who has served since 2001*)
  - Mrs Olga Senior – Director of Business & Corporate Affairs for the Thames Valley Strategic Health Authority
  - Mr Andrew Smith – Project Director of The Gatehouse (a café for homeless people)

5. The Panel met twice – 21 and 30 November 2005 - three members being present for the first meeting and four members at the second meeting. Those members involved were:
  - Sir Peter North (both meetings)
  - Mr Keith Cullup (both meetings)
  - Mr Patrick Lowe (30 November)
  - Mr Andrew Smith (both meetings)
6. At the first meeting we received a presentation from officers on the political management arrangements and a report from the Head of Democratic Services on the issues we were being asked to address, together with the statutory regulations and Government guidance.
7. Other sources of information used were:
  - A Time Commitments questionnaire for co-opted members.
  - A Role & Time Commitments questionnaire for spokesmen, plus written comments from Political Groups.
  - Comparative data on subsistence allowances from other neighbouring and South East authorities
8. At the second meeting the Panel spoke to the following about the role and time commitment of the Chairman of the Audit Working Group:
  - Dr Geoff Jones, Chairman of the Audit Working Group
  - Ian Dyson, Assistant Head of Finance (Audit)
9. The Panel also spoke to the following about the role and time commitments of Minority Groups Spokesmen on the Scrutiny Co-ordinating Group and Opposition Spokesmen on the Council's Committees:
  - Cllr Dermot Roaf, Leader of the Liberal Democrat Group (and Leader of the Opposition)
  - Cllr Liz Brighthouse, Leader of the Labour Group (Group Spokesman on the Scrutiny Co-ordinating Group)
  - Cllr Keith Mitchell, Leader of the Council (and Leader of the Conservative Group) – who also assisted us in relation to the role and time commitments of the Chairman of the Audit Working Group
  - Cllr Anne Purse, Liberal Democrat member (Group Spokesman on the Environment & Economy Scrutiny Committee and Scrutiny Co-ordinating Group)
  - Cllr Zoe Patrick, Liberal Democrat member (Group Spokesperson on Democracy & Organisation Committee and Standards Committee)

## **The Panel's views**

### ***Co-optees' Allowances***

10. The current provision, set out in the next paragraph, was recommended by the Panel in November 2004. This was adopted by the Council in January

2005 with the proviso that the position be reviewed after the May 2005 elections.

11. Co-optees' allowances are currently only made available in the following circumstances:
  - (i) for an independent co-opted member of the Standards Committee when the co-opted member is serving as the chairman or deputy chairman of the Committee (the level of allowance to be the same as the Special Responsibility Allowance that would be available to a councillor performing the same role);
  - (ii) for independent co-opted members of the Standards Committee when those members are serving on Panel Hearings investigating allegations of misconduct (the level of the allowance to be the Financial Loss half-day and day-rates, as appropriate, which are paid to education appeals/complaints panel hearing members).
12. The main issue for specific review was the role of the Chairman of the Audit Working Group, a position which had been redefined since the present co-optees' allowances was set in November 2004.
13. Evidence from the co-optees' questionnaire responses was very similar to the responses received a year ago, in that there was by no means clear support for the introduction of a general co-optees' allowance.
14. We therefore decided to focus on the case of the Chairman of the Audit Working Group, and to recommend that a review of other co-optees' allowances be undertaken as part of a full review of allowances at a later date.
15. We noted that the role of the Audit Working Group was to "act as an informal working group of the Audit Committee in relation to audit, risk and control to enable the Committee to fulfil its responsibilities effectively under its terms of reference" (as set out in the Council's Constitution).
16. We ascertained from speaking to the Chairman of the Audit Working Group and the Officer responsible for the Working Group that:
  - the Working Group meets roughly once a month
  - meets for most of the day (5-6 hours)
  - outside of the meeting the Chairman's duties involve meeting officers to discuss the agenda, reading reports on a wide range of issues, meeting with other officers or auditors as necessary, reading minutes of the meeting, reporting to Audit Committee, and undertaking follow-up work after meetings.
  - The role equates to about a month's work
  - Although the role does not carry the same level of responsibility, the work is more hands-on and time consuming than that of the Chairman of the Audit Committee.

17. We concluded that the Chairman of the Audit Working Group is a key role in the financial workings of the Council which should be remunerated.
18. We noted that under the Terms of Reference for the Audit Working Group, the Chairman is an independent member, drawn from those who serve on the Audit Committee. Under the current scheme this independent member can only claim travel and subsistence for this duty.
19. We recommend that this role should receive an annual co-optees' allowance of £5,000. This is taking into account both the voluntary element (required by Regulations) and the twin duties of serving as Chairman of the Audit Working Group in addition to serving as a member of the Audit Committee.
20. This allowance should not be linked to the existing index, but reviewed as part of the full review of the allowances scheme.
21. We also consider that this payment should be backdated. Even though this role has existed since November 2004, under the statutory regulations we can only recommend that changes are backdated to the beginning of the current financial year. Therefore, we recommend that this allowance to the Chairman of the Audit Working Group be backdated to 1 April 2005.

***Special Responsibility Allowance - Minority Groups Spokesmen on the Scrutiny Co-ordinating Group and Opposition Spokesmen on the Council's Committees***

22. We noted the changes to the Spokesperson arrangements on the Council's Committees following the May 2005 Election. This change meant that the "Other Political Group Spokesperson" Allowance as shown in the current Scheme was no longer applicable and should be removed.
23. However, two new spokesmen arrangements have been set up since the Elections:
  - Minority Groups Spokesmen on the Scrutiny Co-ordinating Group
  - Opposition Spokesmen on the Council's Committees

Minority Groups Spokesmen on the Scrutiny Co-ordinating Group

24. Five additional Spokesmen have been appointed to the Scrutiny Co-ordinating Group on a politically proportionate basis to those political groups not forming the administration. These are in addition to the Chairmen and Deputy Chairmen of the Scrutiny Committees. These additional members were added by negotiated agreement between the political groups, as the Co-ordinating Group's constitution otherwise resulted in membership comprised solely of Conservative councillors.

Opposition Spokesmen on the Council's Committees

25. These spokespersons are drawn from the second largest political group on the Council (the Opposition) and have no formal role. However, the Council has agreed that the Opposition Group can nominate one of its

members on each Committee to act as 'Opposition Spokesperson'. This means that they are entitled to attend pre-meeting briefings along with the Chairmen and Deputy Chairmen.

26. We spoke to Group Leaders and to Councillors who serve as spokesmen and also considered the written responses from other spokesmen not present. The evidence we received does not clearly indicate that either of these roles should be remunerated. These arrangements are new and in some cases only two meetings have been held. We consider it is too soon properly to evaluate the workload and time commitment involved in these particular roles.

#### Recommendations

27. Consequently the Panel recommend that, at present, neither of the two 'spokesmen' roles merit a special responsibility allowance. The Panel consider that the situation should be considered again as part of the full review of the Allowances Scheme.

#### ***Indexation of Members' Allowances***

28. The Basic and Special Responsibility Allowances are amended annually, by reference to the annual Local Government Pay Award for staff, and changes take effect from the date on which the award for staff similarly takes effect.
29. This arrangement was recommended by the Panel in August 2003, with the provision that this arrangement should be reviewed within three years of its introduction. The Council adopted these recommendations with effect from 1 October 2003.
30. When this matter was considered in 2003 various indices were considered and it was felt that the percentage increase in local government officers' pay was the most obvious and relevant index.
31. As there do not seem to be any problems with this arrangement, nor any pressures to adopt a differing model, we consider that this index arrangement should continue until the next full review of the Scheme of Allowances.

#### ***Council's subsistence allowances***

32. In 2003 we agreed that the travel and subsistence arrangements for councillors and co-opted members should be the same as the arrangements for officers of the Council. An issue of clarification has since arisen as to whether councillors and co-opted members can claim lunch allowance under these arrangements. The officer scheme states that an allowance can only be allowed in exceptional circumstances with prior approval from their Head of Service. There was no corresponding clarity on the position for members.

33. We noted that many neighbouring and South East authorities pay a lunch allowance under certain conditions. However, we consider that there is no significant reason to vary our recommendation that members receive arrangements equal to those of officers. Consequently, we confirm our view that councillors and co-opted members should only be able to claim a lunch allowance in exceptional circumstances.

#### ***Timing of a full review of the Council's Members' Allowances Scheme***

34. We consider that a full review of the Members Allowances Scheme should be undertaken in early 2007 (the last review having been in 2003). This would mean that a review would be undertaken part way through the current term of office of the Council. This would have the benefit of allowing the Council to take stock of the demands of its political management arrangements part-way through the current term of office. In addition, it would allow the Council to publish specific remuneration details to prospective candidates in advance of the 2009 elections.

#### **The Panel's Recommendations**

35. We therefore recommend that:

- An allowance of £5,000 should be payable to the Chairman of the Audit Working Group. This allowance should be backdated to 1 April 2005, but not linked to the existing index. The level of this allowance and all the other co-opted members roles should be reviewed as part of the full review of the Scheme of Allowances.
- There was no clear case that either of the current spokesmen roles should be remunerated, especially as these roles are part of relatively new arrangements following the May 2005 Elections. Therefore, no special responsibility allowance should be payable to the Minority Groups' Spokesmen on the Scrutiny Co-ordinating Group or to Opposition Spokesmen on the Council's Committees. However, the situation should be considered afresh as part of the full review of the Scheme.
- The current indexation of members' allowances by reference to the annual Local Government Pay Award for staff should be continued until the next full review of the Scheme.
- Under the current members subsistence arrangements, a lunch allowance should only be paid to members in exceptional circumstances.
- A full review of allowances be undertaken in early 2007.

Sir Peter North  
Chairman, Independent Remuneration Panel  
December 2005