
Council

24 January 2008

Report of the Head of Civic, Democratic and Legal Services

**Independent Remuneration Panel on Members Allowances
– Final Report**

Summary

1. This report presents the final report of the Independent Panel recently commissioned to review the basic, special responsibility and other allowances paid or reimbursed to Elected Members on City of York Council.

Background

2. The Council is legally required to establish an independent panel to review the allowances it pays to Members over a reasonable period of time. Historically, the Council has commissioned such a review every 4 years, running in conjunction with the local election cycle in York.
3. The Panel was chaired by Dr Declan L G Hall (Institute of Local Government, School of Public Policy, University of Birmingham). It also comprised:

Wendy Capelin – a human resources specialist.

Suzanne Gilbert – an experienced Company Managing Director.

Roger Shenton – a retired supply chain consultant.

4. The terms of reference, methodology used and key principles of the Panel are set out in its report at Annex A to this report. The recommendations of the Panel in relation to basic, special responsibility allowances, pensions and other expenses, together with the workings and evidence supporting those recommendations are set out in the report at Annex A.
5. A summary spreadsheet showing the Panel's recommended allowances compared to existing basic and special responsibility (SRA) ones is attached at Annex B.

Consultation

6. The Panel consulted extensively with Members during its review period and details are contained in its report. Group Leaders have considered and discussed within their party groups the recommendations contained in the final report since the Panel produced it.

Options

7. Members can choose to support all, none or some of the Panel's recommendations in relation to revising the basic and special responsibility allowances, pension proposals or other expenses paid to Members.

Analysis

8. Full Council must statutorily consider the final report of an Independent Panel and decide upon its scheme of allowances having taken into account the independent recommendations presented to it. Council should also have regard to its overall budgetary position in determining its scheme of allowances.
9. As such, Council will need to:
 - address the financial implications set out below in detail;
 - consider the affordability of the 'package' proposed by the Panel;
 - decide whether to introduce pensions for Members and consider the associated costs;
 - determine what level of increase to current basic and special responsibility allowances it wishes to make, if any, and from when these should be applied; and
 - consider whether it wishes to make any changes to other expenses reimbursed to Members.
10. Giving regard to the above and following discussion with their groups regarding the recommendations which have emerged from the Panel's report, Group Leaders have put forward the following proposals for consideration by Council:
 - 10% approximate increase in basic allowance (bringing it to £7,000 per annum), equivalent to a 4 year inflation increase awarded to local government employees. Effective from 1 February 2007;
 - Increase basic allowance annually in accordance with the annual inflation salary increase awarded to local government employees;

- Members allowances to be pensionable as from 1 April 2007;
- Extend current dependant carers scheme to include a further allowance for additional family members (other than spouse). Paid at £3.50 per hour upto a maximum of 3.5 hours;
- No change to current special responsibility allowances at the present time. Review prior to Annual Meeting in May 2007 when new Council and Committee places are agreed.

Corporate Strategy

11. Determining a scheme of allowances for Members of the Council is not directly relevant to the values, direction statements or priorities for improvement set out in the Council's Corporate Strategy 2007-11. However, it is suggested a fair remuneration package for Members is equally essential in motivational terms as a transparent and equitable salary structure for Council officers.

Implications

12. There are no known implications in relation to establishing a revised scheme of allowances for Members post the 2007 elections, other than those financial implications set out below:

Financial Implications

13. To fully implement the recommendations of the Independent Review Panel the cost to the council would be approximately £879.3k against a current budget of £599.2k. This would lead to a budget pressure in the 2008/09 budget process of £280.1k. The actual increase would be dependant on the actual number of members wishing to join the superannuation scheme. This is shown in Annex B.

14. The cost of the Group Leaders proposals would result in an increase in the cost of the basic members allowances budget of £44.2k. There would also be an increase in 2007/08 totalling £5.9k. It is proposed that the part year cost be funded from reserves (see para 16 below)

15 Should Members agree to allow access to the superannuation scheme it is anticipated that this would lead to an increased cost of £49.6k based on approximately 50% of Members joining the scheme. The impact of the above two proposals is shown in Annex C.

15 The increased cost of the allowances identified above (£93.8k) is £23.8k higher than that identified in the draft budget proposals (£70k) and the additional £23.8k will need to be funded as part of the February budget setting process.

16. The Council has reserves that can be used to fund non-recurring expenditure, which will leave the contingency available to fund recurring items. CPA recommend that a minimum level of revenue reserves is held, and for 2007/08 the minimum recommended level is £5.201m. It is estimated that there will be approximately £2.050m of other revenue reserves available, thus the level of the general fund balance should not fall below £3.151m. The current level of the general fund balance, after deducting Member approvals to date and requests part way through the democratic process, is £4.16m. The balance available, if this application is approved will remain at £4.16m.

Risk Management

17. In compliance with the Councils risk management strategy, there are no risks associated with the recommendations of this report.

Recommendations

18. Members are asked to consider the Independent Panel's Report and recommendations on Members Allowances and in particular whether they wish to support and agree with the Group Leaders proposals set out in paragraph 10 above.

Reason:

To determine the Panel's recommendations, make any consequential changes to the current scheme of allowances for Members.

Contact details:

Author:

Dawn Steel
Democratic Services Manager
01904 551030
email:
dawn.steel@york.gov.uk

Chief Officer Responsible for the report:

Colin Langley
Interim Head of Civic, Democratic and Legal Services
01904 551004

Report Approved



Date 16.1.08

Specialist Implications Officer(s) None

Wards Affected:

All



For further information please contact the author of the report

Annexes

Annex A – Independent Panel Remuneration Report – November 2007

Annex B – Cost comparison of existing scheme and Panel's proposals

Annex C - Costs of Group Leaders' proposals

Background Papers

Independent Panel Remuneration Report on Members Allowances –
November 2007