

**A Review
Of
Members' Allowances
For
City of York Council**

A Report

By

**The
Independent
Remuneration
Panel**

August 2012

1. Introduction

- 1.1 The Independent Remuneration Panel (IRP) was convened to advise the City of York Council on its scheme of Members' allowances. The IRP last met in 2007 and a new scheme of allowances adopted in 2008. The 2008 scheme replaced an earlier scheme which had been agreed in 2004.
- 1.2 The Local Authorities (Members' Allowances) (England) Regulations 2003 require Councils to appoint an IRP and to have regard to its recommendations before a Council amends its scheme of allowances.

2. Membership of the Panel

- 2.1 The Council appointed the following Members to the Independent Remuneration Panel 2011/12:

David Dickson – Partner, Garbutt and Elliott, Chartered Accountants

Elizabeth Heaps Pro Vice Chancellor, York University

Janet Hopton - Former Lord Mayor, Chair of York's World Heritage Bid

Peter Kay – Partner Ware and Kay Solicitors, Chair Economic Partnership

John Lister - Finance Director, Aviva

Andrew Scott – Former Director, National Railway Museum

Richard Shephard - Director of Development York Minster

Patrick Shepherd - Deputy Chair, Shepherd Building Group

- 2.2 The Panel received administrative support from Officers of the City Council and would also like to record its thanks to Ceri Connolly of Aviva who assisted the Panel with its work.

3. Terms of Reference and Methodology

- 3.1 The Panel's terms of reference are attached at Annex A to this report. They reflect the legal requirements governing the Panel.
- 3.2 The Panel has met on four occasions to consider reports prepared by Officers and to discuss information which had been obtained at

the Panel's request. The Panel invited and received written representations from Members and met with a focus group of Members which included a member of each political group represented on the Council.

4. Principles Underpinning Recommendations

4.1 The Panel's recommendations are based on the following principles:

- The scheme should be easily understood
- The scheme should be straightforward to administer
- The scheme of basic and special responsibility allowances should provide for an adequate level of reward so as not to discourage those who may wish to stand for office without money becoming a motivating factor in standing for Council.
- Travel allowances should not act as an obstacle to appropriate travel outside the City to promote the City's interests.

5. The Basic Allowance

Background

5.1 Every councillor, irrespective of any particular office he or she may hold on the Council, is entitled to the same level of basic allowance. Basic allowance is intended to recognise the time commitment of all councillors, including such inevitable calls on their time as meetings with officers and constituents and attendance at political group meetings. It is also intended to cover incidental costs such as the use of their homes. At present an element of travel expenses is also included within the basic allowance since travel costs can only be claimed for certain duties. – for example attending formal meetings as a councillor. Councillors cannot, for example, claim travel costs for meetings with constituents or for individual meetings with officers to discuss casework.

The Current Scheme

5.2 In 2008 the rate of basic allowance was set at £7,000 and by virtue of an increase in line with local government salaries that was

raised to £7192.50 in 2009. There has been no increase in the basic allowance since that time. A 1% increase granted to local authority staff below Chief Officer level in 2010 was not taken by Members although the current scheme provides for such an increase.

- 5.3 The basic allowance accepted in 2008 was significantly less than the £8,800 recommended by the previous Panel which had reported in November 2007. The 2012 Panel was told that in 2008 it was not considered to be politically acceptable to accept an allowance of that level.
- 5.4 In arriving at its recommendation in 2007 the Panel, having considered evidence, had considered that the expected time input for a backbench Councillor was at least 2 days a week. They had established a rate for the job and had then discounted the figure achieved by one third. The discount was to reflect the principle that an important part of being a Councillor is to serve the public and that therefore, not all of what a Councillor does should be remunerated. The one third discount is a standard widely applied across the country.

The Panel's Recommendation

- 5.5 The Panel notes the roles of the backbencher as described in a role profile agreed by the Council. While there have been some changes to the way the Council operates since 2008 the essential role of backbenchers does not seem to have changed significantly.
- 5.6 A message that came over clearly was that the role of the councillor is not simply to attend Council meetings. Councillors explained that the ward representative role can be as, if not more important and very time consuming. Councillors described the existing demands on their time and a concern was expressed that, for a variety of reasons, even more might be required of some Councillors in the future.
- 5.7 The Panel received a number of specific representations about the workload of councillors holding particular offices and these will be addressed when dealing with recommendations on special responsibility allowances. At this stage it is sufficient to note that there was consensus that some roles require at least the same level of input as a full time job.

- 5.8 The representations the Panel received pointed out the significant demands being placed on all councillors irrespective of whether they hold office within the Council. The focus group expressed a view that the Panel in 2007 had, if anything, underrepresented the time that an average Councillor would spend on Council business. The Panel also received a written representation from a current Cabinet Member who estimated that before taking on that role she was working 40 hours each week on Council business.
- 5.9 The Panel in 2007 recorded a consistent theme that an average of 12 hours work per week (which had underpinned the 2004 Panel's recommendations) did not recognise the required time commitments needed to be an effective backbencher. The 2007 Panel suggested that 2 days per week was a more appropriate figure based on their research. The Panel also noted that national research pointed to the average backbench Councillor spending 18.1 hours each week on Council business
- 5.10 In 2012 that same theme has emerged and the Panel has little difficulty in accepting it to be the case that 12 hours is an underestimate of the time that an average Councillor will spend on Council business each week. The Panel is therefore of the view that it is appropriate to use 2 days per week as the basis for setting the basic allowance.
- 5.11 Both previous Panels used the LGA "daily session rate" as the most appropriate rate for the job. Government guidance from 2001 suggests that this may be an appropriate starting point. The LGA rate is weighted towards the median male non manual wage for Great Britain. The LGA last published a rate in 2010 of £152.77. Based on 96 days annual input each year that gives a figure of £14,665.92. Reducing that by one third as a public service discount would give a basic allowance of £9777.28.
- 5.12 Benchmarking that against authorities named by CIPFA as statistical near neighbours and against Yorkshire metropolitan authorities shows that the current York allowances are low (the lowest in the comparator group). This is consistent with the findings of a Local Government Association survey from 2008 which identified an average basic allowance of £8076 in Unitary Councils. It also demonstrates that the proposed level of allowances is within the range paid by similar Councils. All these allowances are well below the rate paid to Councillors in Scotland

(where the Scottish Parliament sets the basic allowance) - currently £16,234.

5.13 The table below provides current benchmarking information:

CIPFA statistical near neighbours	
Stockport	£9,554.52 (2011/12)
Bath and North East Somerset	£7,732 (2012/13)
West Cheshire	£11,458 (2011/12)
Darlington	£8,027 (2011/12)
Swindon	£7,710 (2011/12)
Calderdale	£9,931 (2012/13)
Other Yorkshire Metropolitan and Unitary Councils	
East Riding	£10,711 (2011/12)
Wakefield	£11,705.16 (2011/12)
Kirklees	£12,566 (2012/13)

Panel's further comments

- 5.14 The Panel's recommended basic allowance clearly represents a significant increase over the rate which is presently being paid. It is though less significant when compared to the rates recommended by the 2007 Panel.
- 5.15 The Panel understands that Council was fully entitled to determine a different level of allowances from those recommended in 2007 and the judgment made was one for councillors. However, the Panel does have concerns that setting an unduly low level of basic allowance could have a number of adverse impacts.
- 5.16 The Panel does not believe that allowances to councillors should act as a positive incentive to standing for office. The Panel heard though from a number of councillors who had made a positive choice not to seek career advancement in order to focus on their public role. The Panel felt it proper that an adequate level of allowance was provided so as to enable those choices to be made.
- 5.17 The Panel is concerned that those who might wish to stand for public office should not be prevented from doing so for financial reasons. The Panel feels that the City benefits from having a

diverse and representative Council and would suffer a disadvantage if only the financially independent or the retired could afford to stand for office.

- 5.18 It should also be noted the Panel proposes that certain travel allowances should no longer be paid and that councillors should be expected to pay for these items from within the enhanced basic allowance. These recommendations are described in more detail later in the report.

6. Special Responsibility Allowances

Methodology

- 6.1 Special Responsibility Allowances are paid where members of the council have *significant* additional responsibilities, over and above the generally accepted duties of a councillor.
- 6.2 The Panel noted that the 2007 Panel carried out a detailed piece of work in considering how best to calculate SRAs. The Panel had eventually recommended basing SRAs on that paid to the Leader. This accorded with statutory guidance that:

“A good starting point in determining special responsibility allowances may be to agree the allowance which should be attached to the most time consuming post on the Council and pro rata downwards for the other roles which it has been agreed ought to receive an extra allowance.”

The Leader’s SRA

- 6.3 The 2007 Panel had considered various ways of calculating the Leader’s SRA – all of which arrived at a similar final figure – and had recommended an allowance be paid equivalent to three times the basic allowance. Statutory guidance also suggested that this may be an appropriate methodology to use.
- 6.4 The Panel is satisfied that this remains an appropriate methodology.

- 6.5 The Panel received information about the Leader's calendar which clearly demonstrated the significant demands on his time both during normal working hours, in the evenings and at weekends. Given that the basic allowance allows for two days work a week the Panel were satisfied that a multiplier of 3 remained appropriate. It reflected the full time nature of the role of Leader and made some allowance for his additional responsibility. The recommended allowance for the Leader is therefore £29,331.

The Deputy Leader and Cabinet Members

- 6.6 The Deputy Leader currently receives 71.9% of the allowance of the Leader and other Cabinet Members 62.5%. The 2007 Panel had recommended slightly lower ratios of 70% and 60% albeit based on a higher recommended allowance for the Leader.
- 6.7 The Panel again received representations as to the significant hours spent by these post holders on Council business and the fact that some had given up other jobs to be able to focus on their Council business. The Panel was advised that since the previous Panel had met the Council's decision making structures had altered and Cabinet Members now had individual decision making powers. However, as the allowances for Deputy Leader and Cabinet Members already received an SRA based on a ratio towards the high end of the normal range, the Panel believes that 70% and 60% remain the appropriate ratio to recommend.

Scrutiny Management Committee

- 6.8 The Chair of SMC currently receives an allowance of 26.8% of the Leader's allowance. In 2007 the Panel recommended a ratio of 30%. This reflected the fact that the ratio in York was very much at the low end and lowest of its near neighbours. The Panel has been advised that this Scrutiny Committee has recently been renamed and taken on additional responsibilities. The Panel would confirm that scrutiny is an important role and would reaffirm the previous recommendation.

Standing Scrutiny Committees

- 6.9 The Chairs of Scrutiny Committee receive an allowance which is 17.9% of the Leader's allowance. This is also low in comparison to

others and the previous recommendation of a 20% ratio is confirmed.

Planning Committee and Sub Committee Chairs

- 6.10 The Panel is satisfied that these posts should be maintained on a par with the Chairs of SMC and Standing Scrutiny Committees at a 30% and 20% ratio respectively. These Committees can be called upon to take some of the most difficult and controversial decisions which face the Council and the allowance paid should reflect that as well as the significant workload.

Audit and Governance Committee

- 6.11 The Panel repeats the previous recommendation that a small increase to 10% of the Leader's allowance from the present 8.9% would be justified.

Gambling, Licensing and Regulatory Committee

- 6.12 The Panel received a representation that the allowance for this Chair could be reduced. The Panel was advised that since 2007 the arrangements for licensing had changed. Previously there had been a Licensing and Regulatory Committee and a Gambling and Licensing Act Committee. The Panel in 2007 had evidently had placed both these Committees on a par with the Chairs of Scrutiny and Planning Sub Committees and recommended an allowance at 20% of the Leader's. Council decided to maintain both at the existing higher level already being paid. That level was equivalent to the Chair of main Planning and SMC.
- 6.13 Since 2007 both licensing committees have been merged. The current Gambling, Licensing and Regulatory Committee deals with all licensing policy matters and the granting of licenses other than those covered by the Licensing or Gambling Acts. However, it is still the case that it has significantly fewer scheduled meetings than the Planning Committees.
- 6.14 The Panel acknowledges that the Committee may be called upon to deal with some difficult issues such as matters relating to taxi licensing policy and handling applications for sex shop licenses. However, the Panel is not persuaded that either the level or nature of the work handled by the Committee justifies the higher

allowance. The Panel recommends that the allowance be at 20% of the Leader's.

Main Opposition Group Leader

- 6.15 The main opposition group leader currently receives an allowance of 44.6% of the Leader. Since the previous IRP reported, the City Council has moved from having no overall control to being Labour led. The Panel considered whether this should affect the level of allowance but was of the view that the level of responsibility held by the main opposition group leader was unaffected. The Panel considers that local democracy benefits from effective opposition and the responsibility of the main opposition leader should therefore be acknowledged. However, A rounding up of the allowance to 45% is proposed.

Main Opposition Deputy Group Leader

- 6.16 The Main Opposition deputy group leader currently receives an allowance on par with the Chair of Main Planning and SMC. The previous Panel identified this as being a comparatively generous SRA and that still appears to be the case. The Panel recommended that the role should be rewarded on a par with the Chair of a Planning Sub or Scrutiny Committee at 20% of the Leader's allowance. The Panel agrees.

Minority Opposition Groups

- 6.17 Both minority opposition group leaders currently receive an allowance which is set at 9% of the Leader's allowance. The previous Panel had recommended that the leader of the larger minority group (which then had eight members while the smaller minority group had two) should receive a larger allowance set at 20%. That recommendation had not been accepted.
- 6.18 The Panel considered whether a similar recommendation should be made again given that the third party in 2012 also hold eight seats and the fourth, two. The Panel considers that the circumstances in 2007 were different. At that time the Council had no overall control and the third party held the balance of power. That no longer applies. The Panel does not believe that having more Councillors necessarily increases the level of responsibility of

a group leader. Arguably, having more Councillors gives greater opportunities to delegate responsibility.

6.19 The Panel considered whether there was a case to increase the ratio from the current 9%. The Panel felt that there was an argument for increase given the demands placed on all Group Leaders to participate in activities designed to support the smooth running of the Council. The Panel recommends a ratio of 15% of the Leader's allowance.

Group Secretaries

6.20 The Panel received a representation that there should be an SRA for group secretaries. The Panel was not persuaded that this responsibility was sufficiently significant in terms of Council business to justify an allowance.

6.21 No other positions were identified as warranting payment of an SRA.

7. Dependent Carers Allowances

7.1 The Panel considers that the need to pay for care should not be allowed to present an obstacle to those who may wish to serve as Councillors. The current scheme is though, in the Panel's view, rather more complex than it need be particularly as the total annual sum claimed has been less than £400.

7.2 The Panel recommends:

- (i) That dependent care allowances should be paid where the provision of such care is necessary to enable a Member to carry out council functions.
- (ii) That reimbursement of costs incurred should normally be at a rate of the hourly adult minimum wage.
- (iii) That this rate of allowance may be exceeded in circumstances where professional care is required for children or dependent relatives with medical or other special needs.

- (iv) In no circumstances should the allowance exceed the amount actually paid.

8 Travel and Subsistence allowances

- 8.1 In order to reduce the administrative burden associated with the scheme the Panel recommends that allowances should not normally be payable for travel within the City. Such travel costs should be seen as falling within the basic allowance. No changes are recommended to the current arrangements for parking passes, bus passes and cycle allowances.
- 8.2 The Panel recognises that an exception should be made for any councillor who has medical or other special needs requiring the use of taxis. In that case the Council should reimburse fares for any journeys on approved duties as defined within the scheme.
- 8.3 The Panel was surprised to see how limited the budget provision was for travel outside of the City. In the Panel's view it is important that councillors, particularly those holding senior positions, are able to travel to promote the City and to identify opportunities which the City might be able to grasp. The Panel hopes that serious consideration will be given in relation to investment in this important area.
- 8.4 The Panel also noted some practical issues with the current scheme – for example the fact that the Council may pay for attendance at an event and pay a rail fare but the current scheme would not allow a councillor to claim for a necessary bus journey from the train station to the event venue.
- 8.5 As a result the Panel proposes that the scheme should add to the list of approved duties:
- Meetings of the Local Government Association, any sub group of the Association or any body to which the Association makes appointments
 - Visits by Cabinet Members, Chairs and Vice Chairs and Group Leaders on Council business associated with those roles

- Attendance of Members at conferences, training courses and seminars approved in accordance with the Council's arrangements for member development
- Other travel approved by [the appropriate Officer] as being reasonably necessary to further the aims of the Council (excluding travel for party political or social functions).

8.6 The Panel was concerned to learn that some Members do not claim travel expenses to which they are entitled fearing how this may be portrayed in the local media or what constituents might think. The Panel also noted that some members may wish to subsidise the Council by not claiming such expenses. The Panel does have a concern that this could disadvantage Members whose financial position does not allow them to choose not to seek reimbursement of their expenses.

9. Local Government Pension Scheme

9.1 The Panel recommends no change to the present arrangements

10. Internet and telephone provision

10.1 At present different councillors receive different provision depending upon where they live and whether they have adequate provision before becoming a Councillor. The Panel understands why these allowances may have been introduced in the past but the situation had now moved on. Internet access is now becoming the norm and internet and telephone packages are more usually being purchased together, often with some free calls attached.

10.2 The Panel believe that the Council should now replace its internet and telephone line provision with a flat rate allowance to all members. The Panel recommends that the rate be fixed at £300 per annum.

11. Implementation and Inflationary Increases

11.1 The Panel recommends that any changes to the scheme should be

backdated to 1 April 2012 and that allowances should be uplifted on an annual basis in line with any general salary increases payable to Council staff.

12. Lord Mayor's Allowance

- 12.1 The provision of an allowance paid to the Lord Mayor is not technically a matter for the Panel. However, the previous Panel made recommendations and this Panel likewise feels it appropriate to draw the issue to Council's attention. Had this been within the Panel's remit the Panel would have recommended an allowance equivalent to 10% of the Leader's allowance for the responsibility of chairing Council. This allowance is in addition to any allowance payable in respect of Civic duties.

Summary of Recommendations

Basic allowance

It is recommended that the basic allowance be increased from £7192.50 per annum to £9777.28. (In 2007 the Panel recommended an increase to £8,800).

Special Responsibility Allowances

The table below sets out the Panel's recommendations together with current and previously recommended allowances for comparison:

Special Responsibility	Current SRA	2007 Recommendation	2012 Recommendation	% of Leader's allowance
Leader of the Council	£23,520	£26,640	£29,331	100%
Deputy Leader of the Council	£16,905	£18,648	£20,532	70%
Group Leader (Main Opposition)	£10,500	£11,988	£13,199	45%
Deputy Group Leader (Main Opposition)	£6,300	£5,328	£5,866	20%
Group Leader (Minority Party)	£2,100	£2100	£4,400	15%
Cabinet Member	£14,700	£15,984	£17,599	60%
Chair Scrutiny	£6,300	£7,992	£8,980	30%

Management Committee				
Chair Scrutiny Committees	£4,200	£5,328	£5,866	20%
Chair Planning Committee	£6,300	£7,992	£8,980	30%
Chair Planning Sub-Committee	£4,200	£5,328	£5,866	20%
Chair Licensing and Regulatory Committee	£6,300	£5,328	£5,866	20%
Chair Audit and Governance Committee	£2,100	£2,664	£2,933	10%

Dependent Care allowances

The Panel recommends:

- That dependent care allowances should be paid where the provision of such care is necessary to enable a Member to carry out council functions.
- That reimbursement of costs incurred should normally be at a rate of the hourly adult minimum wage.
- That this rate of allowance may be exceeded in circumstances where professional care is required for children or dependent relatives with medical or other special needs.
- In no circumstances should the allowance exceed the amount actually paid.

Travel Allowances

The Panel recommends that there should be no travel allowance for travel within the area of the City unless the Member has medical or other special needs requiring the use of taxis. In the latter case an allowance should be paid in respect of the use of taxis on approved duties.

Travel allowances should be payable on travel outside of the City in respect of approved duties. The Panel recommends that the following be regarded as approved duties:

- A meeting of a joint committee of which the Authority is a member
- A meeting of any body to which the Council makes appointments
- A meeting of the Local Government Association, any sub group of the Association or any body to which the Association makes appointments
- Duties undertaken on behalf of the Authority in connection with the discharge of any function of the authority conferred by or under any enactment and empowering or requiring the Authority to inspect or authorise the inspection of premises
- Duties undertaken on behalf of the Authority in connection with arrangements made by the authority for the attendance of pupils at a school approved for the purposes of section 342 of the Education Act 1996
- A meeting which has both been authorised by the Authority, a committee, or subcommittee of the Authority or a joint committee of the Authority and one or more other authorities, or a sub-committee of a joint committee and to which representatives of more than one political group have been invited (if the authority is divided into several political groups) or to which two or more councillors have been invited (if the

authority is not divided

- Visits by Cabinet Members, Chairs and Vice-Chairs of Committees and Group Leaders on business associated with those roles.
- Attendance of Members at conferences, training courses and seminars approved in accordance with the council's arrangements for Member development
- Other travel approved by the appropriate Officer as being reasonably necessary to further the aims of the council (excluding travel for party political or social functions)

Internet and telephone provision

The current internet and telephone line provision should be replaced with a flat rate allowance to all members fixed at £300 per annum.

The Lord Mayor

An allowance of £2,933 is recommended in respect of the responsibilities involved in chairing meetings of the Council.