

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

A Report

By

**The
Independent
Remuneration
Panel**

December 2015

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 2012 and made recommendations which were largely not implemented by the Council. With some relatively minor changes the current scheme of allowances is fundamentally that adopted in 2008.
- 1.2 The scheme adopted in 2008 was not that recommended by the IRP and generally provided a lower level of allowances than had been recommended. The scheme Council approved included an inflationary increase in the basic allowance and some changes to the dependent care allowance. No changes were made to special responsibility allowances which have therefore been set at current rates since at least 2004.
- 1.3 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 members of the Independent Remuneration Panel are:

David Dickson – Chartered Accountant. Board Member of York, North Yorkshire and East Riding LEP. Treasurer of the University of York

Elizabeth Heaps Former Pro Vice Chancellor, University of York

Janet Hopton - Former Lord Mayor

Andrew Scott – Former Director, National Railway Museum

Richard Shephard - Former Director of Development York Minster

Each of these Members also sat on the Panel in 2012.

- 2.2 The Panel received administrative support from Officers of the City Council.

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 three 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 and oral representations from Members of each political group represented on the Council as well as the Independent Councillors.

4. Principles Underpinning Recommendations

- 4.1 The Panel has reviewed the principles upon which its recommendations should be based and has agreed the following:
- The scheme should be more 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 which neither encourages nor discourages those who may wish to stand for office.
 - The level and availability of 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 such as attending meetings of the Local Government Association.

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 following agreement of the 2008/9 pay award. 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 2009/2010 was not taken by Members although the current scheme provides for such an increase. There was then a three year pay freeze. In 2013/14 there was a 1% general pay increase with no offer made to Chief Officers. From 1st January 2015 the general pay award was 2.2% covering the period to 31st March 2016 and 2% for Chief Officers. Had Members taken the same increase awarded to most staff the basic allowance would now be £7424.
- 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. Had that figure been accepted and increased in line with Council wage settlements the basic allowance would now be £9333.
- 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. We were told that the joint administration of the Council which came into power following the

May elections has a wish to ensure that there is more cross party and cross Council engagement in decision making and has made changes to the decision making and scrutiny arrangements to achieve this.

- 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 they recognised that, for a variety of reasons, even more might be required of 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.
- 5.8 Once again the Panel received representations which pointed out the significant demands being placed on all councillors irrespective of whether they hold an office within the Council attracting a special responsibility allowance. We heard from new and returning Councillors about the significant workload.
- 5.9 In 2007 and 2012 the Panel concluded that two days a week spent on Council business was an appropriate figure on which to base a calculation of the basic allowance. The view we heard this time was that an average of 20 hours work would be a better estimate.
- 5.10 The Panel was provided with evidence from a National Census of Local Authority Councillors undertaken in 2013 by the National Foundation for Educational Research. This indicated that Councillors reported spending an average of 20.8 hours per week on council business.
- 5.11 Given that the evidence we heard from York Councillors about the time spent on Council (as opposed to political party) business is entirely in line with the national picture we are happy to accept that it represents a fair assessment of the time commitment involved in being a Councillor in York
- 5.12 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 was 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.

- 5.13 The Panel is now, however, attracted to an alternative calculation based on local average pay rates. The Panel understands that the average salary in York is around £26K. Accepting that the role of an ordinary Councillor is equivalent to approximately one half of a full time position, this would give a starting figure of £13K. The Panel remains of the view that the basic allowance should recognise the public service element of the role and would therefore propose to discount that figure by one third. This gives a basic allowance of £8,667, slightly less than previously recommended.
- 5.14 Benchmarking that against authorities named by CIPFA as statistical near neighbours confirms that the current York allowances are low (the lowest in the comparator group) and that York has the least number of Councillors. The benchmarking information 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 £16,560.

- 5.15 The table below provides current benchmarking information:

	Number of Councillors	Population	Basic Allowance
Cheshire West and Chester	75	331,000	11,572.58
Warrington	57	206,400	7,911
Stockport	63	283,300	9,827.56
Bath and North East Somerset	65	182,021	7,180 (+629 incidental costs)
Swindon	57	209,200	7,880
York	47	200,018	7,192.50

Panel's further comments

- 5.16 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 and slightly below that which we ourselves recommended in 2012.
- 5.17 The Panel understands that Council was fully entitled to determine a different level of allowances from those recommended on previous occasions 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.
- 5.18 The Panel does not believe that allowances to councillors should act as a positive incentive to standing for office. However, the Panel has previously heard 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.
- 5.19 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.

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. Only one special responsibility allowance is payable to any individual councillor irrespective of the number of positions they may hold in the Council.

- 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 was satisfied in 2012 and remains satisfied that this is an appropriate methodology.
- 6.5 The recommended allowance for the Leader is therefore £26,001

The Deputy Leader and Executive Members

- 6.6 The Deputy Leader currently receives 71.9% of the allowance of the Leader and other Executive Members 62.5%. In 2012 the Panel recommended slightly lower ratios of 70% and 60%. We received a representation asking that we consider the differential between the Leader and Deputy Leader’s allowance in the context of the current joint administration where the Deputy Leader is a Group Leader in his or her own right, has a portfolio as an Executive Member and has to agree the Council’s policy positions with the Leader. We are not persuaded that there is a case for change.
- 6.7 We were asked to consider setting an overall budget for Executive Members and to agree that any changes in size of the Executive should be accommodated within that budget. Our recommendations are based on there being six Executive Members in addition to the Leader and Deputy Leader. We do not believe that a reduction in the number of Executive Members

should automatically lead to an increase in allowances. On the other hand we are conscious that an increase in the number of Executive Members could be seen as reducing the level of additional responsibility to each individual and, in those circumstances, sharing the overall pot would seem a reasonable solution. Council can, however, always seek advice from the Panel should there be particular reasons suggesting that an alternative solution would be preferable.

Chairs of Committees

- 6.8 The Panel heard conflicting representations about the workload involved in chairing a Committee with some believing that the workload was not significantly higher than a committed ordinary committee member. Accordingly the Panel sought further evidence.
- 6.9 With one exception the Panel considers that each Committee Chair should receive 20% of the Leader's allowance. The exception is the Chair of the Main Planning Committee which the Panel believes to be a special case in light of the volume and complexity of the work undertaken and merits an allowance of 30% of the Leader's.
- 6.10 These recommendations confirm our previous recommendations in respect of Main planning, area planning and the standing scrutiny committee chairs. They confirm our previous recommendation for a reduction in the percentage allowance to the Chair of Gambling, Licensing and Regulatory.
- 6.11 We have recommended an increase in the percentage for the Chair of Audit and Governance Committee. The workload of that Chair is in line with other Chairs and the matters handled by the Committee are of significance.
- 6.12 The recommendation suggests a percentage reduction for the Chair of the overarching scrutiny committee putting that Chair in line with other scrutiny committee chairs. The evidence and representations we have received have not persuaded us that the role of this Chair is necessarily significantly different from others.

Main Opposition Group Leader

- 6.13 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 being Labour led to being led by a joint administration. 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, the Panel repeats its previous recommendation that the allowance should be rounded up to 45%.

Deputy Group Leaders

- 6.14 The current scheme makes provision for the Deputy Leader and the Deputy Leader of the main opposition group to have an allowance. In the current circumstances each group in the joint administration has a deputy leader neither of whom qualifies for an allowance in that capacity. The Panel was asked to consider this situation.
- 6.15 The position of the deputy leaders of groups in the joint administration is not analogous to a deputy leader of a ruling group. In the latter case the deputy leader would be expected to step in when the Leader is absent, chairing executive meetings and making decisions on behalf of the Council which would otherwise be within the Leader's remit. However, the role does seem to the Panel to be similar to that of the deputy leader of a large opposition group. Since 2007 the Panel has been recommending that this role should attract an allowance of 20% of the Leader's. The Panel repeats that recommendation and advises that it should apply in respect of any Deputy Leader role where a Group has ten or more Members.

Minority Opposition Groups

- 6.16 The minority opposition group leader currently receives an allowance which is set at 9% of the Leader's allowance. The 2007 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 was not accepted.

6.17 There is now only one minority group with four Members.

6.18 The Panel considers that the case to increase the ratio from the current 9% is even stronger than it was in 2012 when an increase to 15% was recommended. The demands placed on all Group Leaders to participate in activities designed to support the smooth running of the Council have increased and both opposition Group Leaders now have a place at the table at Executive meetings albeit without being members of the Executive or having a vote. The Panel now recommends a ratio of 20% of the Leader's allowance.

Other issues

6.19 The Panel was asked to consider allocating allowances to opposition group leaders and deputy group leaders according to the size of their groups. 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. The Panel has taken the size of groups into account in making its recommendations to the extent that it has been considered relevant but is not minded to make a recommendation that allowances should be directly linked to numbers of Councillors.

6.20 The Panel was also asked to make a recommendation to deal with the situation of a Leader of a Group with more than 10 Members which is not the main opposition. Under the recommended scheme that Group Leader would currently receive a lower level of SRA than his or her deputy. Clearly that cannot be right. This is a difficult issue in York though given the tight political balance which often emerges. The Panel would therefore wish to have the opportunity to comment on any specific situation as it arose. This could be done urgently if necessary

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

7. Dependent Carers Allowances

7.1 The Panel remains of the view that the need to pay for care should not present an obstacle to those who may wish to serve as Councillors. The current scheme has been improved since 2012 in that the list of “approved duties” for which the allowance may be claimed has been expanded alongside a similar extension for travel allowances. However, the Panel believes that the scheme should be further extended and simplified.

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 living 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 and supported by receipts.

8 Travel and Subsistence allowances

8.1 The Panel was pleased to note that part of its previous recommendations had been accepted and the range of “approved duties” for which travel expenses could be claimed had been extended. The Panel, however, continues to believe that in order to reduce the administrative burden associated with the scheme 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 remains concerned 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 notes that Councillors are no longer eligible to be part of the pension scheme and references to it should be removed from the scheme of allowances.

10. Internet and telephone provision

- 10.1 Three years on from recommending the abolition of these allowances the Panel believe that there is no case for their retention and have taken this into account in their recommendations for an increase in the basic allowance.

11. Implementation and Inflationary Increases

- 11.1 The Panel recommends that any increases to the scheme should be backdated to the start of the Municipal year and that basic allowances should be uplifted on an annual basis in line with any general salary increases payable to Council staff.
- 11.2 The Panel recommends that changes to Special Responsibility allowances should take effect once the new scheme has been agreed and that there should be no backdating.

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, Panels have

previously drawn the issue to Council's attention. Had this been within the Panel's remit the Panel would have confirmed its previous recommendation that an allowance equivalent to 10% of the Leader's allowance be given for the responsibility of chairing Council. This allowance is in addition to any allowance payable in respect of Civic duties.

13. Final comments

- 13.1 Successive Councils have declined to accept Remuneration Panel's recommendations for increases in allowances. Accordingly Members allowances have fallen behind even the limited levels of increase received by others in the public sector in that time. If this continues then increasingly there is a risk of those able to stand for Council being the retired or those with independent means. That is not in the interests of the City. The Panel would urge Council to accept the recommendations now being submitted.

Summary of Recommendations

Basic allowance

It is recommended that the basic allowance be increased from £7192.50 per annum to £8,667

Special Responsibility Allowances

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

Special Responsibility	Current approved SRA	Recommendation	% of Leader's allowance
Leader of the Council	£23,520 ¹	£26,001	100%
Deputy Leader of the Council	£16,905 ²	£18,201	70%
Group Leader (Main Opposition)	£10,500	£11,700	45%
Deputy Group Leader (Group with more than ten Members)	£6,300	£5,200	20%
Group Leader (Minority Party)	£2,100	£5,200	20%
Executive Member	£14,700 ³	£15,600	60%
Chair Scrutiny Management Committee	£6,300	£5,200	20%
Chair Scrutiny Committees	£4,200	£5,200	20%
Chair Planning Committee	£6,300	£7,800	30%
Chair Planning Sub-Committee	£4,200	£5,200	20%

Chair Licensing and Regulatory Committee	£6,300	£5,200	20%
Chair Audit and Governance Committee	£2,100	£5,200	20%
Lord Mayor as Chair of Council	N/A	£2600	10%

- ¹ As requested by the coalition groups, the allowance currently being paid for this responsibility is £15,000 pa
- ² As requested by the coalition groups, the allowance currently being paid for this responsibility is £13,449.66 pa
- ³ As requested by the coalition groups, the allowance currently being paid for this responsibility is 11,795.89 pa

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 living 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 and supported by receipts.

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 payment should be made in respect of the use of taxis on approved duties.

Travel allowances should continue to 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 abolished

The Lord Mayor

An allowance of £2,600 is recommended in respect of the responsibilities involved in chairing meetings of the Council.