



Ryedale District Council

REPORT TO: Policy & Resources Committee

DATE: 7 February 2008

REPORTING OFFICER: Council Solicitor, Anthony Winship

SUBJECT: **TO CONSIDER A REVIEW OF MEMBERS' AND OTHER ALLOWANCES BY THE COUNCIL'S INDEPENDENT REMUNERATION PANEL**

1.0 PURPOSE OF REPORT

To consider any amendments to the Members' Allowances Scheme to recommend to the Council, having regard to the review of those allowances carried out by the Council's Independent Remuneration Panel.

2.0 RECOMMENDATIONS

To recommend Council to adopt both the recommendations in the report of the Independent Remuneration Panel attached as Annex 1 and the Members' Allowances Scheme attached as Annex 2.

3.0 BACKGROUND

- 3.1 In accordance with The Local Authorities (Members' Allowances) (England) Regulations 2003/1021 (as amended), the Independent Remuneration Panel was reconstituted after the appointment of members of the Panel at Council on 6 November 2003 for a term of five years.
- 3.2 The Council adopted a Scheme of Members' Allowances in 2001. A revised scheme was adopted at the Council meeting on 15 January 2003 when annual indexation for a four year period was introduced. The Scheme of Members' Allowances needed reviewing and accordingly the Independent Remuneration Panel was requested to produce a report.
- 3.3 The report of the Independent Remuneration Panel has been made and a copy of the report without the appendices is attached as Annex 1. A copy of the full report with appendices may be seen in the Members' Room.

- 3.4 Copies of the Independent Remuneration Panel's report have been made available for public inspection and as required the Council has published a notice stating that it has received recommendations from an Independent Review Panel describing the main features of the recommendations and the recommended amount of each allowance payable.
- 3.5 An authority may not amend its Members' Allowances Scheme without having first considered a report from its Independent Remuneration Panel. An authority is not however obliged to follow its Panel's recommendations; it is simply required to have regard to them before reaching a decision.
- 3.6 If the District Council amends the scheme of Members Allowances then it must ensure that copies of the scheme are available for inspection by the public. In addition the Council must publish in one or more newspapers circulating in their area a notice that states that the Council has made/amended the Scheme of Members Allowances and specify the period of time for which the Scheme has effect. It must also describe, amongst other things, the main features of the Scheme, specify the amounts of each allowance, state that the Council has had regard to the recommendations of the Independent Remuneration Panel and describe the main features of the Panel's recommendations.
- 3.7 For Members information, a comparison of Members Allowances for Councils in North Yorkshire may be seen in the Members' Room.

4.0 INTRODUCTION

The Full Council must statutorily consider the final report of an Independent Panel and decide upon its scheme of allowances having taken into account the recommendations. Council should also have regard to its overall budgetary position in determining its scheme of allowances.

As such, Council will need to:-

- address the financial implications;
- consider the affordability of the 'package' proposed by the Panel;
- 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.

Accordingly the Policy & Resources Committee is asked to make recommendations to Council on Members' Allowances having regard to the report of the Independent Remuneration Panel.

5.0 REPORT

The Panel's key recommendations are that:-

That Members' Allowances be as follows:

(i) Basic Allowance:

This allowance should remain the same at £3,465.60 up to 31 March 2008 and be increased annually for the next four years each 1 April by reference to the annual percentage award to officers under the National Joint Council for Local Government Services for spinal column 34;

(ii) Special Responsibility Allowances

The Panel recommended the introduction of a new Special Responsibility Allowance for the Leader of Council.

The panel recommended that the Special Responsibility Allowances should be the following proportions of the basic allowance :

Leader	Basic x 1
Chairman of P&R	Basic x 1
Vice-Chairman of P&R	Basic x 0.25
Chairman of O&S	Basic x 0.5
Chairman of CS&L	Basic x 0.5
Chairman of Planning	Basic x 0.5
Group Leaders	Basic x 0.1
Council Rep - LGA Annual Conference	Basic x 0.1
Council Rep - LGA Annual Commission	Basic x 0.1
Council Rep at Yorks & Hum Assembly	Basic x 0.1

- (iii) that the Co-optees Allowance for the Independent Chairman of the Standards Committee should be 33% of the basic allowance.
- (iv) Other Co-optees on the Committee should receive remuneration equivalent to 10% of the Basic Allowance;
- (v) that allowances should not be pensionable;
- (vi) where Members use their own vehicles to carry out their official duties, the mileage rates should be paid in accordance with the Inland Revenue Approved Mileage's Rates (AMAP's);
- (vii) The rate of Allowances payable to Members for subsistence should be those shown in the attached proposed scheme of Members' Allowances with provision for such allowances to be increased from time to time. The accommodation rates be updated with a meal allowance as shown in the proposed scheme of Members' Allowances;

- (vii) with the exception of travelling allowances payable under the Inland Revenue AMAPS scheme the Basic, Special Responsibility and Dependant Carer's Allowances should be index linked by reference to the annual percentage award under the National Joint Council for Local Government Services for Spinal Column 34;
- (viii) introduce a Dependants Carer's allowance of £6.35 per hour;
- (ix) ensure that the Scheme of Members Allowances includes provisions for members renouncing allowances and withholding allowances where Members have experienced full or partial suspension.
- (x) That the approved duties be extended to cover Members of Overview and Scrutiny observing Policy Committees and representing the Council on outside bodies.
- (xi) That the Council publish attendance records alongside the annual publication of allowances and expenses received by Members.

6.0 COUNCILLORS AND THE LOCAL GOVERNMENT PENSION SCHEME

The Independent Remuneration Panel has recommended that allowances should not be pensionable.

The following table shows the position of neighbouring Councils in relation to Members' Allowances being pensionable:-

<u>Council</u>	<u>Are Allowances Pensionable?</u>
Craven	No
Hambleton	Yes
Harrogate	Yes
Ryedale	No
Scarborough	No. Review Pending
Richmondshire	No
Selby	No
North Yorkshire County Council	Yes
City of York Council	No prior to 1 April 2008.

There are various strong arguments for and against the payment of pensions to Councillors:

- That pensions are regarded as part of any remuneration package. Councillors are paid and therefore pensions should follow pay
- The public service ethic of the office of councillor is at variance with treating the work as a paid job
- There is doubt about the effectiveness of the availability of pensions on the recruitment and retention of candidates and councillors, particularly in the light of the generally low value of benefits
- Councillors already had a choice of whether or not to make pensions arrangements to suit their circumstances

- To place some or all councillors in the pension scheme would reduce their remuneration by 6% (being the current contribution rate), would increase the Council's costs by some 19% (the Council's contribution rate as employer). Furthermore there would be perpetual, unquantifiable and continuing financial obligations on the Council and the pension fund
- Councillors would not receive the deferred benefit until after they reached the age of 70, which in many cases would be far removed from the time at which they undertook their duties.

Regulation 11 of the Local Authorities (Members' Allowances) (England) Regulations 2003 provides for the Council to pay pension contributions on allowances to all Members, specifically through membership of the Local Government Pension Schemes (LGPS). It is the only pension scheme that Members are permitted to join that attracts the 'employers' contribution. The Independent Remuneration Panel can make recommendations on whether all or some Members should be permitted to join the LGPS. It can also recommend whether pensionability should apply to the Basic Allowance, Special Responsibility Allowances or both. This is the one binding recommendation that the Panel can make in a negative sense. That is, if the Panel does not recommend that any Members should be able to join the LGPS then the Council cannot alter that recommendation to allow all or some Members to join. However, if the Panel recommends that all Members be permitted to join the LGPS and it should apply to both the Basic Allowance and SRAs then the Council can revise the scope of this recommendation downwards by, for instance by limiting it to SRA holders only, or just the Leader. Furthermore, individual Members can decline to join the LGPS if they feel it does not suit them.

Presently, the Council does not have the option to decide on whether it should permit Councillors to join the LPGS as the Independent Remuneration Panel decision prevents the Council from doing so.

7.0 OPTIONS

The options available to the Council in relation to Members Allowances are either:-

- (i) implement the recommendations of the Independent Remuneration Panel listed in paragraph 5 above; or
- (ii) 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.

The Council does not have the option of permitting Councillors to join the Local Government Pension Scheme.

8.0 FINANCIAL IMPLICATIONS

The financial implications of the recommendations of the Independent Remuneration Panel can be met from within the current budget for Members' Allowances.

9.0 CONCLUSION

That the Committee considers making recommendations on the scheme of Members Allowances to Council.

Background Papers:

New Council Constitutions - Guidance on Consolidated Regulations for Local Authority Allowances jointly issued by the Office of the Deputy Prime Minister and the Inland Revenue (July 2003)

OFFICER CONTACT:

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