

RYEDALE DISTRICT COUNCIL

INDEPENDENT REMUNERATION PANEL

Third Report on Members' Allowances

28 January 2008

Ryedale District Council

Third Report of the Independent Remuneration Panel

1.0 Formation and Membership

Background

1.1 The current Independent Remuneration Panel was appointed in 2003 in accordance with The Local Authorities (Members' Allowances) (England) Regulations 2003/1021 (as amended) (the Regulations)¹. It has met to review Members' responsibilities, their remuneration and the levels of allowances in each of the statutory categories set out in the Regulations² and the outcome of this review is contained in this statutory report³ to which the Council must have regard in setting its allowances⁴. By way of context, the Panel has previously met in 2001 and 2003 to carry out full reviews which were reported to the Council. Where we refer to Members in this report we are referring to Councillors unless specified otherwise, ie to elected Members of the Council.

1.2 The Panel comprises:-

Mrs Margaret Kilby, Mr Graham Cottam, Mr Robert McMillan, Mr John Richardson and Mr David Sumner.

1.4 The Panel met on one occasion in January 2008

2. Panel's approach

2.1 We have reviewed all allowances, something we last did in 2003.

2.2 We approached our task with two different perspectives:-

- (i) To look at the levels of allowances paid to elected councillors and co-optees⁵ both in terms of the absolute amount paid and of the difference between allowance levels.
- (ii) To look at the effect of the level of Basic Allowance on the democratic process in the sense that it could restrict the range of people who feel able to stand for election.

¹ The Local Authorities (Members' Allowances)(England) Regulations 2003/1021 (as amended) reg 20

² The Local Authorities (Members' Allowances)(England) Regulations 2003/1021 (as amended) reg 21 (set out at Appendix 1 to this report)

³ See sections 5 and 12 of this report

⁴ The Local Authorities (Members' Allowances)(England) Regulations 2003/1021 (as amended) reg 19

⁵ Co-optees are the independent and parish members of the Standards Committee

3. Methods and Responsibilities

3.1 We used the following methods of research:-

- (i) Questionnaires sent to all Councillors (Appendix 2)
- (ii) Studies of the organisational changes affecting the political management structures which have taken place since our last report
- (iii) Comparisons with other authorities and public bodies.

3.2 Before arriving at its recommendations the Independent Remuneration Panel must pay due regard to statutory guidance contained in "New Council Constitutions Guidance on Consolidated Regulations for Local Authority Allowances" which was published in July 2003.

The authority's scheme of allowances must include provision for a Basic Allowance that is payable at an equal flat rate to all Members. The statutory guidance on arriving at the Basic Allowances further states:

Having established what local Councillors do, and the hours which are devoted to these tasks the local authorities will need to take a view on the rate at which, and the number of hours for which, Councillors ought to be remunerated.⁶

The Panel based its underlying approach to setting the recommended Basic Allowance on the statutory guidance as published by Department of Communities and Local Government (DCLG) and the Inland Revenue and Customs (IR&C), par. 67. Based on the above statutory guidance the Panel was under a duty to arrive at answers for the following three variables:⁷

- What time is necessary to fulfil the role of the ordinary Member?
- What amount of that time should be viewed as given as public service, known as the public service discount (PSD)?
- At what rate of pay should be the remunerated hours?

The 2001 Report considered these issues carefully and found that Members could be expected to spend the equivalent on average of between 4-5 working days a month on Council business, that the public service discount should be 25% and reached a sum for the basic allowance of £3000 per annum.

It is proposed to use the status quo as our benchmark for the levels of the basic allowance. The report of the Independent Remuneration Panel produced in 2001 is, therefore, the foundation on which this report is based.

⁶ Department of Communities and Local Government and Her Majesty's Revenue and Customs, *New Council Constitutions: Guidance on Consolidated Regulations for Local Authority Allowances*, London: TSO, July 2003, par 67

⁷ See *Consolidated Guidance* July 2003 paragraphs 68-69 for further details

4.0 Findings

The Questionnaires

- 4.1 A copy of the questionnaire sent to all elected Members is appended as Appendix 2. It asked Members to record and report time spent on Council business, questioned them on some matters of principle and sought opinions on the levels of allowances.
- 4.2 Of the 30 Members, 22 replies (approximately 73%) and of the five co-optees four replied (80%). We felt that this was a good response and reflects well on Council Members and co-optees of the Standards Committee.
- 4.3 35% of the replies were from Members in receipt of a Special Responsibility Allowance (SRA). A quantitative analysis of the findings with graphical representations appears at Appendix 3.

Workload

- 4.4 There are wide variations in the reported number of hours spent per month on Council business by those with similar levels of responsibility. In terms of numbers of hours worked, the average number of hours per month attending meetings, preparing for meetings and dealing with correspondence etc among Members with no position of special responsibility was 48.12 hours per month and those with a position of special responsibility spent an additional 36 hours per month.

Public Service

- 4.5 In relation to the question about public service, 42% of Members completed the questionnaire thought that Members should be compensated for all the time spent on Council business.

Level of allowances

The results of the questionnaires showed that 73% of respondents thought the level of the Basic Allowance 'about right'. A minority (27%) believed that the level of Basic Allowance is too low.

In relation to Special Responsibility Allowances, on the whole a high percentage of respondents considered that those allowances are right, ranging from 74% satisfaction level for the Chairman of Planning Committee to 90% for the Chairman of the Community Services & Licensing Committee. The only exception was the Special Responsibility Allowance for the Vice-Chairman of the Policy & Resources Committee where 55% of respondents thought that the level of that allowance was correct.

Organisational changes noted

The Council and its Committees

- 4.7 The Council comprises 30 elected Members. Ryedale has been a hung Council since 1974. The Standards Committee includes 5 co-opted Members, being two Parish/Town Council representative and 3 independent Members.

On being consulted on the Council's proposal for a "modernised" cabinet and leader executive style of political management in the year 2000, the Ryedale community indicated overwhelmingly that it wished to see the committee system retained and was opposed to "political" leadership of the Council. Having regard to this result, the Council introduced "alternative arrangements" as from 1 November 2001.

The Council now has the following Committees:-

Overview & Scrutiny Committee	- Bi-Monthly
Policy & Resources Committee	- Bi-monthly
Community Services & Licensing Committee	- Bi-monthly
Licensing Committee	- Bi-monthly
Standards Committee	- Bi-monthly
Planning Committee	- Every four weeks
Council	- Bi-monthly

Planning Committee

- 4.8 It was noted that the two Area Planning Committees were replaced by a single Planning Committee as from 27 May 2003.

Community Services & Licensing Committee

- 4.9 We felt it important to note that the role of the Community Services and Licensing Committee has changed. As from October 2003, a new Licensing Committee was established which assumed responsibility for the new licensing regime flowing from the Licensing Act 2003 within Ryedale District.

The membership of the Licensing Committee is that of the Community Services & Licensing Committee. Originally the Chairman of both the Community Services and Licensing Committee and the Licensing Committee was the same Member. It is now understood that since 17 May 2007, each Committee has a different Chairman. One issue that needs resolving is whether or not the Chairman of the Licensing Committee and Members of the Licensing Sub-Committee should receive a Special Responsibility Allowance.

- 4.10 The Licensing Act 2003 was approved by Parliament on 10 July 2003. As a result, local authorities, in the form of 'Licensing Authorities', now have increased responsibilities of licensing premises and persons with regard to the carrying out of licensable activities including the sale and supply of alcohol; provision of regulated entertainment; and the provision of late night refreshment. Key to the process of deciding licence applications is each Licensing Authority's Licensing Committee.

Each Licensing Committee is made up of between 10-15 elected Members and is able to form Sub-Committees of no more than 3 elected Members, to decide upon licence applications, where there are objections and/or relevant representations. Should the applicant or those who have made representations/objections be dissatisfied with the decision of the Licensing Committee, there is then the right of appeal to the Magistrates' Court.

The numbers of Licensing Sub-Committee hearings to determine applications under the Licensing Act 2003 following receipt of relevant representation have been as follows:-

2005 - 26
2006 - 2
2007 - 7

The workload of the Licensing Committee is now in 'management and maintenance' mode and a Special Responsibility Allowance for the Chairman of the Licensing Committee is not currently justified. The number of hearings is much reduced.

4.11 *Members of Licensing Sub-Committee*

Accordingly the Panel recommends that the ordinary Members serving on the Licensing Sub-Committees are not paid a Special Responsibility Allowance. Their workload associated with this area is part of the reasonable expectation of all Members to undertake a quasi-judicial role on behalf of the Council for which they are remunerated via the Basic Allowance.

Standards Committee

4.12 We noted that the Standards Committee has dealt with one case for local determination which related to a Parish Council Member. It is also undergoing a period of change as a result of the forthcoming transfer of the screening of complaints against district and parish councillors from the national Standards Board for England to the Committee.

Comparisons with other authorities

4.13 Since our work first started the quality and quantity of comparative data has increased enormously. The Panel has had the advantage of having the results of the Local Government Analysis and Research (LGAR) on Members' Allowances and Members' workloads (23 March 2007) available to it for this review. The LGAR analysis reported that Members not holding "a senior position" spent on average 18.1 hours per week on their Council duties – this includes the London Boroughs, Metropolitan Boroughs, County and Unitary Councils as well as District Councils where the expectation exists that backbenchers' roles and responsibilities are less onerous. The average basic allowance for Shire District Councils is £3,991. We compared our proposed levels of allowances with neighbouring local authorities in North Yorkshire which are shown at Appendix 4.

4.14 We noted the level of allowance paid to members of North Yorkshire Police Authority which is currently £8,114 per annum. However, although we noted this allowance we do not believe it provides the basis for any direct comparison as the responsibilities are quite different.

4.15 We did, of course, note that Justices of the Peace (Magistrates) receive no allowance apart from travel and subsistence. This brings us to two fundamental points of principle to which we always return – a) the principle of voluntarism and public service and, b) remuneration versus compensation. We address these points later in this report.

5. Proposed allowances

- 5.1 Our proposals are set out in this section 5 and for them formally to take effect the Council must adopt a revised Scheme of Members' Allowances (Appendix 5)⁶. The duties covered by the allowances are set out in Appendix 6.

*Basic Allowance*⁷

- 5.2 We have seen insufficient evidence to justify a departure from the benchmark established in our 2001 report in terms of the time necessary to fulfil the role of a Member at Ryedale District Council which was 4-5 days per month, a public service discount of 25% and the rate of pay adopted which has increased in line with wage inflation. Accordingly we see no strong case for changing the level of the basic allowance from the 'existing' level of £3465. It compares favourably with the allowances paid by similar neighbouring authorities and the figure of £3,991 for Shire District Councils in the LGAR analysis.

*Special Responsibility Allowances*⁸

- 5.3 We make the following recommendation in relation to special responsibility allowances:-

Post	Recommendation	Comment
Leader of the Council	100% of Basic Allowance	New Allowance
Chairman Scrutiny Committee	50% of Basic Allowance	No Change
Chairman Policy & Resources	100% of Basic Allowance	No Change
Chairman Community Services Committee	50% of Basic Allowance	No Change
Chairman Planning Committee	50% of Basic Allowance	No Change
Group Leaders	10% of Basic Allowance	No Change
Council Representatives at LGA General Assembly	10% of Basic Allowance	No Change
Council Representative at Yorkshire & Humberside Assembly, LGA – Rural Commission	10% of Basic Allowance (Allowance in respect of attendance at Regional Assembly only paid if no leader of Council)	No Change

Leaders' Allowance

Out of 26 elected and co-opted Members who completed the questionnaire 14 Members (58%) agreed that the Leader should be paid an allowance.

⁶ The Local Authorities (Members' Allowances)(England) Regulations 2003/1021 (as amended) reg 10

⁷ The Local Authorities (Members' Allowances)(England) Regulations 2003/1021 (as amended) reg 4

7

⁸ The Local Authorities (Members' Allowances)(England) Regulations 2003/1021 (as amended) reg 5

Allowance figures suggested varied from £350 to £10,396. The most popular range quoted was £3,000 to £3,743. It is recommended that the Leaders' Allowance should be 100% of the basic allowance. The leader's role would include amongst other things being the Council's representative at the Regional Assembly. Accordingly the separate allowance for attending the Regional Assembly need not be paid if an allowance is paid to the Leader of the Council. The Leader appointment occurred at the Annual Council meeting on 17 May 2007. It is recommended that the allowance for the Leader be backdated to 17 May 2007.

Dependants' Carers' Allowance¹⁰

5.4 The Report of the Independent Remuneration Panel in 2003 recommended payment of a Dependent Carers Allowance at the level of £5 per hour or part thereof with annual indexation. This recommendation was accepted by the Policy & Resources Committee meeting on 4 December 2003 and the Council meeting on 15 January 2004. It is recommended that this allowance be continued.

Pensions¹¹

5.5 The Panel noted that 50% of those respondents to the questionnaire who were elected Members thought that allowances paid should be pensionable. The LGAR Analysis indicates that less than half of authorities (42.4%) offered their Councillors access to a pension scheme. We do not propose changing our position on pensions which we adopted in our 2003 report. Our view is that allowances be more regarded as compensation than remuneration and as such we do not believe they should be pensionable.

Travelling and subsistence¹²

5.6 The Panel recommends that the current terms and conditions and applicable rates for which Members can claim travel and subsistence allowances on approved duties are maintained.

It is, however, recommended that the accommodation rates be updated as follows:-

ACCOMMODATION RATES	
Other	Up to £70
Major Cities	Up to £90
London	Up to £120
Conferences (National Conferences attended by Members and Officers)	Actual Costs

Note: Where not included in the accommodation charge, the cost of all meals will be reimbursed up to a maximum of twice the subsistence rate upon production of receipts. In the absence of receipts, Subsistence Rates will apply.

¹⁰ The Local Authorities (Members' Allowances)(England) Regulations 2003/1021 (as amended) reg 7

¹¹ The Local Authorities (Members' Allowances)(England) Regulations 2003/1021 (as amended) reg 11

¹² The Local Authorities (Members' Allowances)(England) Regulations 2003/1021 (as amended) reg 8

Co-optees Allowance¹³

5.7 *The Chairman of Standards as a Co-optee*

In accordance with government guidance, the Chairman of the Standards Committee is a non-elected appointee or Co-optee and as such is eligible for a Co-optees Allowance. The regulations specify that the Co-optees' Allowance must be paid as a specified sum and if a Co-optee is Chairman of the Standards Committee then they must be paid a Co-optees' Allowance equal to what would be payable to a Chairman who was an elected Member.

The Panel was informed that the Standards Committee continues to meet on a bi-monthly basis and it has acquired some extra functions and powers (from central government) vis-à-vis local determination of complaints against Councillors and the power to suspend Councillors. This is potentially a major area of work that the Panel felt needed recognition. The Panel took the view that the Chairman of Standards should continue to receive an allowance.

The Panel recommends that the Chairman of the Standards Committee receive a Co-optees Allowance of 33% of the basic allowance namely £1,143.60 per annum.

Other Co-optees on Standards Committee

The Panel considered that the other Co-optees on the Standards Committee merited recognition via a Co-optees' Allowance. The regulations require that the ordinary Co-optees' Allowance is paid as a percentage of the Basic Allowance. The Panel felt that the ordinary Co-optees' Allowance should be set at 10% of the recommended Basic Allowance (£3,465.60), which equals £346 per annum.

Thus, the recommended Co-optees' Allowance for the statutory members on the Standards Committee is 10% of the Basic Allowance namely £346.

Withholding Allowances

5.8 Certain allowances may be withdrawn as a result of full or partial suspension of a Member from the Authority.

The results of the questionnaire show that 96% of respondents believe that there should be a withdrawal of allowances where Members have experienced a full or partial suspension.

¹³ The Local Authorities (Members' Allowances)(England) Regulations 2003/1021 (as amended) reg 9

The Panel, therefore, recommends that a provision for withdrawal of all allowances in circumstances where there is a full or partial suspension of a Member be included in the Members' Scheme of Allowances.

Indexation¹⁴

5.9 We recommend that basic, special responsibility, and dependants' carers' allowances and co-optees' allowance specified in this scheme shall for the next four years be index linked annually by reference to the annual percentage award under the National Joint Council for Local Government Services for Spinal Column 34.

Lead Members/Member Champions

5.10 It has been noted that there have been Member appointments to the following positions of Lead Members/Member Champions:

Risk Management	Equalities
Property	Staff Issues
Children & Young People	Waste Management
E-Government	Heritage
Older People	Parish/Town Councils
Housing Benefits	

The Panel considered whether Member Champions merited a Special Responsibility Allowance but decided against it, as the Panel does not wish to see a profusion of Special Responsibility Allowances nor did it receive enough information to support such Special Responsibility Allowances.

Member Performance

5.11 The Panel noted that statistics were not available for the attendance levels of Members at meetings of the Council, Committees and other meetings. The Panel considered that such statistics would have assisted the Panel in its work. Accordingly it is recommended that the Council publish attendance records alongside the annual publication of allowances and expenses received by Members.

Implementation dates

5.12 With the exception of the Special Responsibility Allowance for the leader of Council, where we have proposed increases or new allowances we recommend that these be paid with effect from the 1 April 2008. It is recommended that the Special Responsibility Allowance for the leader of Council be backdated to 17 May 2007.

Financial effect

5.13 The most material financial effect of our recommendations is the proposed payment of a special responsibility allowance for the leader equal to the basic allowance.

¹⁴ The Local Authorities (Members' Allowances)(England) Regulations 2003/1021 (as amended) reg 10, 21

Giving effect to our recommendations

5.14 We further recommend the adoption of a revised scheme of Members' allowances to incorporate our proposals (Appendix 5)¹⁵.

6.0 Reflections

Balancing Exercise

6.1 The role of the Panel has been to balance the requirements that the Council provides proper remuneration for being an elected Member (within a sensible framework) while ensuring that a degree of public accountability is brought to bear on the Council's right to determine its own Members' Allowances Scheme.

Effect of the level of Basic Allowance on the democratic process

6.2 The questionnaire sent to Members did not directly question the influence of allowances on "the democratic process". A specific question (Part E, Question 1) asked was, "Do you think that Members should be compensated for all of the time which they spend on Council business?", and 42% of respondents replied, "100%".

6.3 In the question we used the term 'compensated' advisedly rather than 'remunerated' as we see the two things as quite different. Compensation is about recognition as well as pay and, even though allowances are paid via the payroll and have tax and national insurance contributions deducted at source, we do not regard allowances as remuneration. This is partly because we do not find that most recipients view it in this way and to view it as remuneration invites calculations of the hourly rate paid which is, of course, derisory when compared with any other employment and may be less than the National Minimum Wage.

6.4 However, despite the virtues of paying 'compensation' in 'recognition' of service given, almost all members are aware of the downside in terms of the democratic process. The pool of people from whom Members are likely to be drawn is restricted to those who can afford to lose that much time for such a relatively small reward. Typical of the comments returned on questionnaires are:

"The Members' allowance can in no way compensate Members for the amount of time they put into Council work if they do their job properly. However, Council work is largely a voluntary occupation so one would not expect the allowance to be any more than a nominal payment".

"Allowances are reflected in the Council Tax and must be kept to a minimum and seem to be fair by the public, after all Members are volunteers and know the problems and make this choice. It must never be a business perk."

¹⁵ The Local Authorities (Members' Allowances)(England) Regulations 2003/1021 (as amended) reg 10

“Whilst Members commit a considerable amount of time to Council (and related) business, some recognition should be given to the principle of ‘the voluntary ethos’”.

- 6.5 The Independent Remuneration Panel recognises that the Council (as with all Councils) should seek to attract a wider range of candidates, particularly from underrepresented groups, such as younger people who are employed, ethnic minorities, and adults charged with home caring responsibilities. A Members’ Allowances Scheme can play a part in making standing and remaining as an elected Member a more feasible proposition for those from underrepresented groups. But, the reality is that if the Panel were to make recommendations that ensured being an elected Member was financially attractive it would be recommending levels of remuneration that would make Members in Ryedale by far the highest paid Members in Shire District Councils in the UK. The Panel is aware that the Council could not afford to pay such suggested levels nor was there any suggestion from the evidence received that it should do so. Clearly, current practice will restrict the pool of candidates to become councillors, but Members and the whole community would need to take a broadly similar view if radical change were to be made whereby allowances are set at a level which could be regarded as ‘fair remuneration’. It is our view that this is a philosophical debate which is beyond our remit.
- 6.6 Finally, if we adopt the *status quo* as our benchmark for levels of allowances then our review cannot be said to be root and branch or to question the fundamentals first established in our 2001 report. It would be interesting to hear Members and the community debate these issues and to monitor trends such as the reportedly increasing difficulty of finding volunteers prepared to give up their time in order to serve their community.

7. Financial implications

- 7.1 The financial consequences of our proposals are that a special responsibility allowance would be payable to the leader of the Council.

8. Human rights

- 8.1 We are advised that we must take into account the human rights implications of our proposals. The proposals taken as a whole are intended to promote the proper discharge of Members’ duties and are therefore intended to promote and enhance citizens’ Convention rights, particularly those under Article 6 (determination of rights) and Article 8 (right to family life etc.).

9. Crime and disorder

- 9.1 We are advised that we must consider the impact of our proposals on the Council’s duty in all of its functions to reduce crime and disorder. These proposals do not directly conduce to the reduction of crime and disorder.

10. Race relations

- 10.1 We are advised that we must consider the effect of our proposals on the Council’s efforts to promote race relations. This report will not directly affect efforts to promote harmonious race relations.

11. Acknowledgements

11.1 We should like to thank Members and officers who assisted us in our work.

Appendices

Appendix 1 Extract from The Local Authorities (Members' Allowances) (England) Regulations 2003/1021 – Regulation 21 (Allowances)

Appendix 2 Questionnaire

Appendix 3 Analysis of Questionnaire (Appendix 4) Results

Appendix 4 Comparison table of Allowances for Councils in North Yorkshire

Appendix 5 Draft revised Members' Allowance Scheme

Appendix 6 What the allowances assumes

Appendix 1

Recommendations of panels

21. - (1) An independent remuneration panel shall produce a report in relation to the authority or authorities in respect of which it was established, making recommendations -

- (a) as to the responsibilities or duties in respect of which the following should be available -
 - (i) special responsibility allowance;
 - (ii) travelling and subsistence allowance; and
 - (iii) co-optees' allowance;
 - (b) as to the amount of such allowances and as to the amount of basic allowance;
 - (c) as to whether dependants' carers' allowance should be payable to members of an authority, and as to the amount of such an allowance;
 - (d) as to whether, in the event that the scheme is amended at any time so as to affect an allowance payable for the year in which the amendment is made, payment of allowances may be backdated in accordance with regulation 10(6);
 - (e) as to whether adjustments to the level of allowances may be determined according to an index and if so which index and how long that index should apply, subject to a maximum of four years, before its application is reviewed;
 - (f) as to which members of an authority are to be entitled to pensions in accordance with a scheme made under section 7 of the Superannuation Act 1972; and
 - (g) as to treating basic allowance or special responsibility allowance, or both, as amounts in respect of which such pensions are payable in accordance with a scheme made under section 7 of the Superannuation Act 1972.
- (2) A copy of a report made under paragraph (1) shall be sent to each authority in respect of which recommendations have been made.
- (3) An independent remuneration panel may make different recommendations in relation to each of the authorities for which it exercises functions.

Extract from SI 2003/1021

Basic Allowance Assumes

1. Membership of, preparation for and attendance at:
 - a) Full Council
 - b) Planning Committee where appointed
 - c) one ordinary committee where appointed
 - d) one scrutiny committee where appointed
 - e) one working group where appointed
 - f) outside body where appointed
2. All other meetings of Members and meetings with officers
3. Site meetings
4. Training
5. Attending conferences (and travelling and subsistence)
6. Attending the Standards Committee (as appropriate)
7. Preparations for meetings
8. Travelling (travelling allowances)
9. Constituency work
10. Attendance at Parish Council meetings (if appropriate) as District Councillor
11. Telephone calls to office
12. Telephone calls, correspondence etc.
13. Postage and stationery