

NORTH YORKSHIRE COUNTY COUNCIL

18 May 2016

MEMBERS ALLOWANCE SCHEME

1.0 PURPOSE OF PAPER

- 1.1 To note the Independent Remuneration Panel Report and their future work programme.

2.0 BACKGROUND

- 2.1 The report of the Independent Panel on Members Remuneration is attached as **Appendix A** for consideration by the County Council.
- 2.2 The County Council is asked to note the report and decide whether it wishes to amend its allowance scheme.

3.0 RECOMMENDATIONS

- 3.1 The County Council must approve any amendments to the Members Scheme of Allowances.
- 3.2 The Panel's report does not recommend any amendments and concludes:

“We have carefully reviewed the scheme for 2016/17 and do not recommend any changes for this year, having respected the Council’s previous decisions not to recommend an increase in basic allowances and special responsibilities allowances. However we note that there has not been any increase in the basic members allowance for over 7 years (not even to cover the cost of inflation), nor has there been an inflation increase to the Special Responsibility Allowances. We are also aware that allowances for Members have continued to fall behind those in the County Council’s comparator authorities. We believe this to be unsatisfactory and therefore the Panel wish to carry out a more extensive review for the following years (2017/18 onwards) to ensure that Members are adequately and appropriately compensated for their contributions”

- 3.3 In order to address the issues identified, the Panel wish to meet in August to review the scheme for the future and provide a fundamental review by December 2016 for the 2017/18 Scheme

4.0 RECOMMENDATION

- 4.1 That the County Council notes the report.

Report prepared by:

Barry Khan, Assistant Chief Executive – Legal & Democratic Services

Background papers: None

County Hall
Northallerton

Appendix A: Independent Remuneration Report

Appendix 1: Basic Allowance : Comparator Information

Appendix 2: SRA Allowances

NORTH YORKSHIRE COUNTY COUNCIL

REPORT OF THE INDEPENDENT PANEL ON THE REMUNERATION OF
MEMBERS OF NORTH YORKSHIRE COUNTY COUNCIL

Panel Meeting - April 2016

EXECUTIVE SUMMARY

Executive Summary

As the Independent Remuneration Panel, we consist of three independent individuals who review the Council's Members Allowance Scheme to ensure that payments to Councillors are set at the appropriate level. We make independent recommendations to the County Council on the levels of remuneration we consider are justified.

We have carefully reviewed the scheme for 2016/17 and do not recommend any changes for this year, having respected the Council's previous decisions not to recommend an increase in basic allowances and special responsibilities allowances. However we note that there has not been any increase in the basic members allowance for over 7 years (not even to cover the cost of inflation), nor has there been an inflation increase to the Special Responsibility Allowances. We are also aware that allowances for Members have continued to fall behind those in the County Council's comparator authorities. We believe this to be unsatisfactory and therefore the Panel wish to carry out a more extensive review for the following years (2017/18 onwards) to ensure that Members are adequately and appropriately compensated for their contributions.

1.0 Introduction

1.1 The membership of the Independent Remuneration Panel is as follows:-

Mrs Denise Wilson– Chairman (Retiring 2016)

Appointed in 2010 – Retired Policy Manager/lobbyist and former local government officer. Currently hold positions on a number of community and trust organisations.

Mr John Robinson

Appointed in 2013 – Specialist Member Transport Tribunal, Ministry of Justice, Member of the NYCC Education Appeals panel, Formerly Mentor for the Princes Trust and Managing Director of Imperial Tankers Ltd. Co-founder of the Teesside Industrial Memories Project.

Mr John Thompson

Appointed in 2013 – Past employment includes: Regional Manager for the Royal Institution of Chartered Surveyors and Regional Director for the Institute of Directors. Former Magistrate for 8 years. Director and senior management of

several diverse companies and PLC's and member of a range of business advisory groups, board etc. Holds and has held a wide range of voluntary/community positions.

1.2 The Terms of Reference of the Panel are as follows:-

- (i) To consider issues relating to Members' remuneration and expenses;
- (ii) To consider representations; and
- (iii) To make recommendations and provide advice to the County Council.

1.2 The Panel is convened under the Local Authorities (Members' Allowances) (England) Regulations 2003. These regulations, which arise out of the relevant provisions in the Local Government Act 2000, require all local authorities to maintain an Independent Remuneration Panel to review and provide advice to their council on Member's allowances. This allows an independent group to review and make recommendations on the appropriate levels of remuneration and expenses to Councillors who, by law, have to make a decision on the levels of remuneration and expenses they collectively receive.

1.3 The County Council seeks the advice of the Panel before it makes any changes or amendments to its members' allowance scheme and must pay regard to the Panel's recommendations before setting a new or amended members' allowance scheme.

2.0 CONTEXTUAL BACKGROUND

2.1 The Panel met at County Hall in April 2016 to consider evidence as part of its review including information on benchmarking data, the Council finances and other information contained in this report:

2.2 **Attendance at meetings 2014/15** – Overall attendance of Councillors was at 84% in 2014/15. The attendance level for full meetings of the County Council was 86%.

2.3 **Financial position of the Council** – There is a total savings requirement of £174m in the 9 year period 2011/12 to 2019/20; which equates to an approximate 33% reduction in the Council's spending power since 2011. Substantial savings of circa £120 million have already been achieved. However, whilst savings proposals of £36 million have been identified from 2016-2020, there is still a residual shortfall of £14 million that is needed to be delivered by 2020.

2.4 **Inflation rates** - The figures below show the position as at October 2015

	Inflation Rates for the 12 months up to		
	October 2013	October 2014	October 2015
Retail Price Index (RPI)	2.6%	2.3%	0.7%
Consumer Price Index (CPI)	2.2%	1.3%	-0.1%

2.5 In the context of public sector staff pay, we note that the Chancellor of the Exchequer has stated that he would wish any public sector pay increases should be capped at a maximum of 1% a year until the end of the decade.

3.0 COUNCILLORS' BASIC ALLOWANCE

3.1 Regulations provide that all local authorities must make a scheme of allowances for their members. The Regulations further set out that it must establish an independent remuneration panel to make recommendations to Council about the scheme and the amounts to be paid.

3.2 Every local authority must make provision in its scheme of allowances for a basic flat rate allowance payable to members (Basic Allowance). This allowance must be the same for every Councillor and is paid in instalments through the year. One of the purposes of the Basic Allowance is to recognise the time commitment of Councillors and to compensate Councillors for the expense of being a Councillor.

3.3 From reviewing the level of basic allowances, it is noted that in 2008/9 the basic allowance paid by NYCC was £8,772 and that this was increased in 2009/10 to £8,994. This is equivalent of 5.825 units (the value of 1 unit is £1,544). However there has not been an increase in the basic allowance since that time and when an increase was recommended by the Independent Remuneration Panel in 2014/5, this was rejected by the County Council. Whilst we respect and appreciate the need to ensure the Council meet its budget cuts during times of austerity, we are also concerned that without a change in the scheme for 2017/18, North Yorkshire County Councillors will be paid a lot less than the average amounts in relation to their comparator organisations.

3.4 We received comparator information for the last four years which is shown in **Appendix 1** for a group of the nearest 15 comparable County Councils. This shows that North Yorkshire County Council are now ranked 13th lowest out of the Group and its basic allowance is 7.9% below average Basic Allowance. North Yorkshire is one of only six councils which have not increased the basic allowance during this period.

3.5 We have heard evidence that North Yorkshire County Council has performed well in meeting its budgetary challenges and delivering services and that the Councillors have provided the democratic lead and accountability for this delivery. It is considered that the next review of member allowances should look at whether it is acceptable for the level of allowances to fall further behind the average. Therefore it is recommended that a full review of allowances should take place prior to the next all out County Council elections to set the level and the right amount to ensure value for money and help attract high calibre individuals to stand for elections. The dedicated work of Councillors is also recognised and noted.

4.0 SPECIAL RESPONSIBILITY ALLOWANCES (SRAs)

- 4.1 In addition to the Basic Allowance, each local authority may make provision for the Payment of an SRA for those Councillors who have significant responsibilities over and above the normal work of a Councillor.
- 4.2 We wish to undertake a more in depth review of the Special Responsibility Allowances for 2017/8 in line with the recommendation for biennial reviews which we made in our 2015/6 report to Council.
- 4.2 However we have carried out an interim review of the work undertaken by the Employment Appeals Committee since the County Council meeting of the 22nd July 2015 decided to pilot new arrangements to the Council's disciplinary and capability procedures, whereby appeals for conduct/capability dismissals would be heard by a 2 person panel, consisting of an officer and a member of the Employment Appeals Committee. This Panel would be chaired by an officer and not the Chair of the Employment Appeals Committee. Therefore the majority of the work carried out by the Employment Appeals Committee has been transferred to the panel and the only work that is left to be undertaken by the Committee is determining appeals regarding group grievances, collective disputes and appeals by the Chief Executive Officer in limited circumstances.
- 4.3 We have carefully reviewed the allowance that should be paid to the Chair of the Employment Appeals Committee and note that the Committee have not met since 22nd July 2015, nor are likely to meet until the end of the trial period.
- 4.4 The Panel have heard evidence and arguments for and against keeping the allowance for this Chair and we have made a recommendation purely on the basis of the work load that the Chair will undertake that has been presented to us. On the basis of the information presented, we recommend that the Special Responsibility Allowance for the Chair of this committee continues to be removed and this position be reviewed after the Council make a decision on whether the trial period is extended after July 2017.
- 4.5 A list of the Special Responsibility Allowances is attached at Appendix 2 and it is considered that this list is also reviewed for next year so that recommendations can be made about any changes.

Future Work Programme

- 4.6 In light of the above, it is considered that the future work programme of the Panel should consist of:
- (a) Assisting the Monitoring Officer, as required, in the recruitment of 2 new members of the Panel.
 - (b) Arranging a meeting with the Group Leaders in August 2016 to consult on areas for review, including areas where it is considered that work load has specifically increased or decreased
 - (c) Instructing the Monitoring Officer to prepare the necessary documentation for the Panel to carry out our Review in September 2016

- (d) To consider and evaluate a pilot survey on Members' Allowances by the Council's Citizens Panel.
- (e) Preparing a report for recommendations for 2017/18 Members Allowance Scheme for December 2016

Denise Wilson
Chair of the Independent Remuneration Panel
May 2016

BASIC ALLOWANCE - COMPARATOR INFORMATION

Authority	2012/13		2013/14		2014/15		2015/16	
	£	Rank	£	Rank	£	Rank	£	Rank
Nottinghamshire	12,906	1	12,906	1	12,906	1	13,190	1
Devon	10,970	2	10,970	2	10,970	2	10,970	2
Dorset	10,185	3	10,185	3	10,536	3	10,536	4
Leicestershire	10,152	4	10,152	4	10,152	5	10,152	6
Derbyshire	9,948	5	9,948	5	10,047	7	10,047	7
Somerset	9,880	6	9,880	6	10,354	4	10,580	3
Staffordshire	9,244	7	9,244	7	9,022	8	9,072	10
Worcestershire	9,020	8	9,020	8	9,020	9	9,020	12
NYCC	8,994	9	8,994	9	8,994	12	8,994	13
Warwickshire	8,975	10	8,975	10	8,975	13	8,975	14
Norfolk	8,929	11	8,929	11	9,018	10	9,216	9
Gloucestershire	8,800	12	8,800	12	9,000	11	9,100	11
Oxfordshire	8,295	13	8,295	13	8,377	14	10,000	8
Lincolnshire	8,184	14	8,184	14	10,100	6	10,322	5
Cumbria	8,030	15	8,030	15	8,030	15	8,322	15
Cambridgeshire	7,610	16	7,610	16	7,700	16	7,700	16
Year Average	9,383		9,383		9,575		9,762	
NYCC % of Average	95.9		95.9		93.9		92.1	

Special Responsibility Allowances, Other Allowances, and Allowances for the Police and Crime Panel 2016/17

	Number of Units	Current Allowance	Number of Allowances	Total Cost of allowance	Recommended change	Updated allowance	Updated total cost	Review Comments
	A	£ B	C	£ D	£ E	£ F	£ G	H
Value of a Unit		1,544						
SPECIAL RESPONSIBILITY ALLOWANCES								
Chairman of the County Council	6	9,264	1	9,264		9,264	9,264	
Vice Chairman of the County Council	2	3,088	1	3,088		3,088	3,088	
Leader of the County Council	16	24,704	1	24,704		24,704	24,704	
Deputy Leader	10	15,440	1	15,440		15,440	15,440	
Other Executive Members	9	13,896	6	83,376		13,896	83,376	
Chairman Of Health Overview and Scrutiny Committee	6	9,264	1	9,264		9,264	9,264	
Chairman of Other Overview and Scrutiny Committees	3	4,632	4	18,528		4,632	18,528	
Vice-Chairman of Overview and Scrutiny Committees	1	1,544	5	7,720		1,544	7,720	
Chairman of Area Committee	2	2,316	7	16,212		2,316	16,212	
Chairman of Planning and Regulatory Functions Committee	2	3,860	1	3,860	0	3,860	3,860	
Regulatory Functions Sub-Committee (new from 04/06/13)	1	1,544	1	1,544		1,544	1,544	
Chairman of Appeals Committee	2	4,632	1	4,632	0	4,632	4,632	
Vice Chairman of Appeals Committee	0	772	1	772	0	772	772	
Chairman of Employment Appeals Committee	1	1,544	1	1,544	-1,544	0	0	Considered appropriate to suspend payment until after the pilot scheme and will be kept
Chairman of Pensions Committee	3	4,632	1	4,632		4,632	4,632	
Chairman of Scrutiny Board	1	1,544	1	1,544		1,544	1,544	
Chairman of Audit Committee	2	3,088	1	3,088		3,088	3,088	
Chairman of Standards Committee	1	1,544	1	1,544		1,544	1,544	
Champion for Young People	3	4,632	1	4,632		4,632	4,632	
Champion for Older People	3	4,632	1	4,632		4,632	4,632	
<u>Leaders of Political Groups</u>								
Second largest group membership	3	4,632	1	4,632		4,632	4,632	
Third largest group membership	1.5	2,316	1	2,316		2,316	2,316	
nb the allowance for the Third largest group leader is shared equally where there is more than one eligible group								
<u>Secretaries of Political Groups</u>								
Largest Group Membership	1.5	2,316	1	2,316		2,316	2,316	
Second largest group membership	1	1,544	1	1,544		1,544	1,544	
Third largest group membership	0.5	772	1	772		772	772	
nb the allowance for the Third largest group secretary is shared equally where there is more than one eligible group								
POLICE & CRIME PANEL (PCP)								
Chair of the Police and Crime Panel	3	4,632	1	2,316		4,632	2,316	
Vice Chair of the Police and Crime Panel	1	1,544	2	772		1,544	772	
OTHER ALLOWANCES								
Independent Persons	0.5	772	2	1,544		772	1,544	

Total Special Responsibility Allowances	43	231,600	230,056
Total Police & Crime Panel Allowances	3	3,088	3,088
Total Other Allowances	2	1,544	1,544
Total	48	236,232	234,688
Overall saving from last year			-1,544