



DERBY CITY COUNCIL

COUNCIL
1 MARCH 2007

Report of the Director of Corporate and Adult Social Services

Member's Allowances – Recommendations of the Independent Remuneration Panel for 2007/08

RECOMMENDATION

- 1.1 To accept the report and recommendations of the Independent Remuneration Panel at Appendix 2.
- 1.2 To continue with the current level of the Basic Allowance
- 1.3 To continue with the current levels of Special Responsibility Allowances, with the exception of the allowance paid to ordinary members of the General Licensing and Taxi Licensing and Appeals Committees which should be reduced from 4% to 3% to reflect the reduced workload on liquor licensing, and to note that the Panel will keep this allowance under review.
- 1.4 To note that the Panel will review the Special Responsibility Allowances for the Mayor and Vice Chairs of Scrutiny Commissions at its November 2007 meeting
- 1.5 To continue to index-link increases in the Basic and Special Responsibility Allowances to the average salary award for local authority employees
- 1.6 To harmonise travelling allowances paid to councillors and employees and to agree that, when the current negotiations over the allowances to be paid to employees are concluded, the agreed rates are applied also to councillors.
- 1.7 To harmonise subsistence allowances paid to councillors and employees and to agree that, with effect from 1 April 2007, the rates paid to councillors be the prevailing rates paid to employees.
- 1.8 To amend the Members' Allowances Scheme accordingly.

SUPPORTING INFORMATION

- 2.1 The Independent Remuneration Panel has reviewed the Members' Allowances Scheme and its report is attached as Appendix 2.
- 2.2 The Council is asked to consider the report of the Independent Remuneration Panel and approve the Panel's recommendations for 2007/08 with or without amendment.

For more information contact:	Steve Dunning 01332 255462 e-mail steve.dunning@derby.gov.uk
Background papers:	Agenda and reports of the Independent Remuneration Panel other than comparative data on travel allowances
List of appendices:	Appendix 1 – Implications Appendix 2 – Eleventh Report of the Independent Remuneration Panel

IMPLICATIONS

Financial

1. The reduced Special Responsibility Allowance for ordinary members of the General Licensing Committee and Taxi Licensing and Appeals Committees will save £2814 a year at 2006/07 allowance levels. It is not possible to estimate the financial effect of the harmonisation of travel and subsistence allowances, but it is not expected to be significant. Provision has been made in the draft Revenue Budget 2006/07 for overall increases to Basic and Special Responsibility Allowances in accordance with the likely pay award for local authority employees.

Legal

- 2.1 Members' Allowances are governed by the Local Government Acts and associated regulations.
- 2.2 Before making or amending its Members' Allowances Scheme, the Council must have regard to the recommendations of its Independent Remuneration Panel although, with the exception of pensions, it is not bound to accept them.
- 2.3 The Council must make a Members' Allowances Scheme before 1 April each year.

Personnel

3. None directly arising.

Equalities Impact

4. None directly arising.

Corporate Themes and Priorities

5. None directly arising.



DERBY CITY COUNCIL

MEMBERS' ALLOWANCES

ELEVENTH REPORT OF THE INDEPENDENT REMUNERATION PANEL

1. Under the Local Authorities (Members' Allowances)(England) Regulations 2003, (the '2003 Regulations') local authorities must establish and maintain an Independent Remuneration Panel. The purpose of this panel is to make recommendations to the authority:
 - a) as to the amount of Basic Allowance that should be payable to its elected members
 - b) about the roles and responsibilities for which a Special Responsibility Allowance should be payable and as to the amount of each such allowance
 - c) as to whether the authority's allowances scheme should include an allowance in respect of expenses of arranging for the care of children and dependants, and if it does make such a recommendation, the amount of this allowance and the means by which it is determined
 - d) about the duties for which a Travelling and Subsistence Allowance can be paid and as to the amount of this allowance
 - e) as to the amount of a Co-optees Allowance
 - f) on whether any allowance should be backdated to the beginning of a financial year
 - g) as to whether annual adjustments of allowance levels may be made by reference to an index, and, if so, for how long such a measure should run
 - h) as to which members of an authority are to be entitled to pensions and as to treating basic allowance and special responsibility allowance as amounts in respect of which such pensions are payable.

The Council and the Panel must have regard to statutory guidance in considering the provisions of the Members' Allowances Scheme. The Council must consider recommendations from the Panel before making or amending a Members' Allowances Scheme.

2. Derby City Council's Independent Remuneration Panel comprises:
 - Helen Foord, Derby City Partnership
 - Martyn Holden, Human Resources Director, University of Derby
 - Sue Holmes, Chief Executive, Derby Law Centre (Vice Chair)
 - Ian Samways, Individual Member (Chair)
 - Nigel Sutherland, Director, Brigdens Ltd
3. The Panel met on 7 February 2007 to consider the recommendations it should make to the Council in respect of Members' Allowances for 2007/08. The three political group leaders attended the Panel meeting to make representations.
4. The Leader of the Labour Group, Councillor Williamson, felt that councillors were generally under-valued, under-paid and over-worked. In order to be a councillor, people had to make sacrifices in their career and pension potential. He argued that the proposal to enhance the community leadership role of councillors could make the job of a councillor, in some ways, more onerous than that of a back bench Member of Parliament. In particular, Councillor Williamson highlighted the proposals in the Local Government White Paper 'Strong and Prosperous Communities' including the scrutiny of other public sector bodies and the 'Community Call for Action'. In general, Councillor Williamson felt that the overall provision for Members' Allowances ("the envelope") was not large enough to reflect the work of councillors.
5. The Leader of the Liberal Democrat Group, Councillor Jones, wondered whether more generous allowances would attract bright, young candidates for election as councillors. She felt that there was generally a problem attracting people to become councillors.
6. The Leader of the Conservative Group, Councillor Hickson, agreed that there was a major problem with the recruitment and retention of councillors. He believed that the factors contributing to the problem included:
 - the negative attitude of some employers to giving time off work for Council duties
 - the huge time commitment
 - loss of earnings
 - the poor view of councillors portrayed in the media
 - hidden work, e.g. ward surgeries, community meetings etc.
 - the relatively poor rates of allowances compared with other public sector bodies.

Councillor Hickson felt that consideration should be given to increasing the special responsibility allowance payable to the Mayor, because of the heavy time commitment, and to providing a special responsibility allowance for the Group Whips.

7. The Panel had previously requested background information on:
 - a) schedule of allowances paid by other comparable unitary authorities – Nottingham, Leicester, Bristol, Brighton & Hove, Southampton, Hull, Portsmouth and Telford & Wrekin.
 - b) the areas of responsibility of Council Cabinet members

- c) the portfolios of overview and scrutiny commissions
- d) statistics relating to meetings of, and attendances at, the General Licensing Committee and Taxi Licensing and Appeals Committee, and their sub committees
- e) comparative data relating to travel and subsistence allowances. This included benchmarking research on travel allowances carried out by the University of Derby and the Panel is most grateful to Martyn Holden for making this available. The Panel noted that the Council is currently trying to negotiate with the trades unions a move to the Inland Revenue mileage rates for all Council staff.

8. Arising from this background information, the Panel put a number of questions to the political group leaders as follows:

Questions about Special Responsibility Allowances

(The Panel had examined the schedule of allowances paid by other comparable unitary authorities and concluded that those paid by Hull were very high compared to the rest and should therefore be ignored. The Panel also noted that the statutory guidance on Members' Allowances says that special responsibility allowances should recognise **significant** additional responsibilities.)

- a) *Question* – “Can you justify the payment of an allowance of £21,106 to the Deputy Leader of the Council when two councils make no such payment and four councils’ allowances are significantly lower?”

Comments of the political group leaders – Councillor Williamson felt that the 75% allowance paid to the Deputy Leader was justified given his weighty portfolio and his role in deputising for the Leader in the media and at meetings where the Leader needed to be represented. He believed that the 75% allowance properly reflected the responsibility of the position and the fact that the Leader and Deputy Leader work closely together as a team. Councillors Jones and Hickson concurred, the latter with the benefit of having been Deputy Leader himself.

- b) *Question* – “Can you justify the payment of an allowance to Scrutiny Vice Chairs when five councils make no such payment?”

Comments of the political group leaders – All three group leaders felt this allowance was justified on the basis that the vice chair deputises in the absence of the chair and works closely with the chair in managing the work of the scrutiny commission. The additional responsibilities to be given to scrutiny commissions under the Local Government White Paper was felt to be a further justification.

- c) *Question* – “Can you justify the payment of an allowance to the Deputy Leader of an Opposition Group when four councils make no such payment?”

Comments of the political group leaders – All three group leaders felt this allowance was justified on the grounds that, in order to provide an effective

opposition, an Opposition Group Leader needed the active support of a deputy; this work was over and above that of an ordinary member of an Opposition Group.

- d) The Panel had examined the statistics relating to meetings of licensing and appeals sub committees that hear individual cases. It appeared to the Panel that:
- i) Ignoring Hull, all of the other authorities pay either no allowance or a smaller allowance to licensing vice chairs.
 - ii) Most authorities pay no allowance to an ordinary member of a licensing panel.
 - iii) The overall number of meetings of the General Licensing Sub Committee has reduced dramatically since May 2006.
 - iv) Attendance at licensing and appeals sub committee meetings is very patchy, with some members attending only a small number of meetings.

Question – “Given the above, can you justify continuing to pay an allowance to licensing vice chairs and ordinary members? If you can, how much should that allowance be?”

Comments of the political group leaders – Councillor Williamson said that things had moved on since the full implementation of the new licensing responsibilities. Whilst the original allowances had been justified at the time, experience had now shown that the workload had reduced but a modest allowance was still justified. Councillors Hickson and Jones stressed that there was still a significant commitment to day time meetings and preparatory reading. Decisions of licensing panels were very important and could affect people’s livelihoods. Councillor Hickson felt that the patchy attendance was down to diary / scheduling problems. All three group leaders said there would be problems getting councillors to serve on licensing and appeals panels if allowances to vice chairs and ordinary members were abolished.

- e) *Question* – “Looking at the Derby Cabinet Areas of Responsibility 2006/07 it appears that three Cabinet portfolios – Community Safety and e-Government, Housing Management, and Enforcement – are significantly smaller than the other seven. Can you justify those three having the same level of special responsibility allowance as the other seven? Should portfolios be adjusted to give a more balanced spread?”

Comments of the political group leaders – all three group leaders felt a two tier allowance rate for Cabinet members would be unhelpful. The whole Cabinet collaborates over decision-making and, therefore, there should be equal remuneration. Councillor Hickson considered that the textual description of Cabinet member responsibilities was a matter of semantics; the headings of the three Cabinet member portfolios mentioned could easily be expanded. They were all doing the same job of running a huge authority and therefore carried the same level of responsibility.

Questions about Travel and Subsistence Allowances

Questions

- “f) Should councillors and officers mileage allowance rates be harmonised?
- g) Given the Council’s Green Travel aspirations, should councillors show a lead by adopting the Inland Revenue rates? This would include reducing the top car band from 48.5p a mile to 40p a mile and increasing the cycling allowance to 20p a mile.
- h) Should the subsistence rates paid to councillors and officers be harmonised? It seems odd that a councillor and an officer attending the same conference, for example, would be entitled to claim different allowances.”

Comments of the political group leaders – All three group leaders agreed that, in principle, the travel and subsistence allowances paid to Members should be harmonised with those paid to officers. It was pointed out that only a few councillors claimed these allowances. Councillor Williamson supported the idea of having allowances which promoted the use of Green Travel options.

Conclusions

- 9. The Panel considered all the evidence before it, together with the statutory guidance on members’ allowances, and came to the following conclusions:
 - (i) The Basic Allowance should continue at its current level
 - (ii) It had some reservations about the level of the special responsibility allowance paid to the Deputy Leader of the Council but was persuaded by the arguments of group leaders not to recommend any change.
 - (iii) The special responsibility allowance paid to the Mayor should be reviewed at its November 2007 meeting.
 - (iv) The special responsibility allowance paid to vice chairs of scrutiny commissions should be reviewed in November 2007 in the light of further information about additional responsibilities flowing from the Local Government White Paper “Strong and Prosperous Communities.”
 - (v) The special responsibility allowance paid to ordinary members of the General Licensing Committee and Taxi Licensing and Appeals Committees should be reduced from 4% to 3% to reflect the reduced workload on liquor licensing. The Panel were minded to reduce this SRA to 2% over time but felt that an initial reduction to 3% was appropriate. The Panel will closely monitor this allowance to ensure that it fairly reflects the criteria set out in statutory guidance.
 - (vi) Increases in the Basic and Special Responsibility Allowances should continue to be linked to the average salary award for local authority employees.

- (vii) Travel and subsistence allowances paid to councillors and employees should be harmonised to the employee rates. For subsistence allowances, this should be done with effect from 1 April 2007. For travel allowances, harmonisation should take effect when the current negotiations with trade unions are concluded.

Recommendations

10. The Panel formally recommends the Council ...
- a) to continue with the current level of the Basic Allowance
 - b) to continue with the current levels of Special Responsibility Allowances, with the exception of the allowance paid to ordinary members of the General Licensing and Taxi Licensing and Appeals Committees which should be reduced from 4% to 3% to reflect the reduced workload on liquor licensing, and to note that the Panel will keep this allowance under review.
 - c) to note that the Panel will review the Special Responsibility Allowances for the Mayor and Vice Chairs of Scrutiny Commissions at its November 2007 meeting
 - d) to continue to index-link increases in the Basic and Special Responsibility Allowances to the average salary award for local authority employees
 - e) to harmonise travelling allowances paid to councillors and employees and to agree that, when the current negotiations over the allowances to be paid to employees are concluded, the agreed rates are applied also to councillors.
 - f) to harmonise subsistence allowances paid to councillors and employees and to agree that, with effect from 1 April 2007, the rates paid to councillors be the prevailing rates paid to employees.

Ian Samways

Steve Dunning

Chair of the Independent
Remuneration Panel

Secretary to the Independent
Remuneration Panel

February 2007