



Report of the
Independent Remuneration Panel
in respect of its recommendations for
the Derby City Council
Members' Allowances Scheme

May 2018

Introduction by the Chair

AS CHAIR of the Independent Remuneration Panel, I am pleased to commend this report to Council and endorse the recommendations.

Councillors will know that this is a new panel; its members having been formally appointed to the role in March 2017. Getting to grips with the challenge we faced has been a real journey and the conclusions we have reached have not been made in haste.

During our deliberations we have heard evidence from senior officers, requested information and considered written submissions made following invitation by councillors.

Allowances paid to councillors will always be a subject that attracts public attention. We are all aware that councils are changing the way they deliver services, and that only serves to make the payments made to the decision-makers an even more sensitive topic.

As a panel, it has been our role to look at the wider picture. The council's financial position is of course a factor, but so too is the necessity to ensure members are remunerated fairly.



It has been eight years since any significant changes were made to Derby's scheme. Yet it is of vital importance that a scheme is in place that ensures public service remains a viable option for the high-calibre people needed to make those very tough decisions.

We believe what we have proposed will achieve that, having given consideration to the balance that is required to recognise the difference between public service and employment.

Narinder Sharma
Chair of the

Independent Remuneration Panel

Chair's Addendum – Mr Derek Heal

IT was with great sadness that the panel learned of the passing of our fellow member, Derek Heal.

Derek joined the panel alongside the rest of us in March 2017. Throughout our considerations he made a valuable contribution to our discussions and

deliberations. He challenged views and helped us shape the recommendations before members.

Derek passed away in January 2018 aged 81. His expertise, pragmatism and judgment will be missed by the panel as we move forwards.

Membership of the Independent Remuneration Panel

DERBY'S panel was approved by the Audit and Accounts Committee in March 2017.

Freda Daniel, Derek Heal and Selwyn Lound were appointed as Derby residents with a wealth of experience sitting on independent panels.

Freda's background is in education having a long association with Noel-Baker Community School, where she was a teacher and eventually Chair of Governors.

Derek was a former police officer, who served as a dog handler and Sergeant for Derbyshire Constabulary before becoming involved in public services on a voluntary basis. Selwyn ran several bookshops in

Derby and has also sat as a board governor at the Royal Derby Hospital.

Sue Holmes previously sat on the panel and represents the voluntary and community sector, with many years service at Derby Law Centre and Derby Citizens Advice Bureau.

Scott Knowles is the private sector representative. He is Chief Executive of East Midlands Chamber, having joined the Chamber network in 1999.

And Narinder Sharma represents the adults social care sector. He is Chief Executive of Derbyshire Carers Association. Narinder was appointed as Chair by the panel at its meeting in September 2017.

Previous recommendations of the Independent Remuneration Panel

THE panel noted that changes to the Members' Allowances Scheme since 2010 had been minor.

A number of reasons had contributed to this, including reluctance among councillors to increase allowances at a time when the council was implementing budget reductions. It was also noted that a number of specific recommendations of the previous Independent Remuneration Panel to increase certain allowances had been rejected prior to 2014.

This was again due to a reluctance to accept proposed increases, which was likely to be in consideration of the public perception. The panel heard that Council had not received recommendations to change the Members' Allowance Scheme since 2014.

The panel recognised the reasons why councillors may not wish to accept an increase and understood this reluctance. However, the panel felt that the result of this was that the scheme as it stood, largely unchanged for eight years, simply did not reflect what it considered to be reasonable remuneration for councillors.

The panel felt that while councillors may still be reluctant to accept an increase, members also had a responsibility to ensure that the Members' Allowances Scheme remained relevant. The panel

believed the council needed to have a Members' Allowances Scheme which made the role of councillor suitably attractive to people of all ages and backgrounds. It was felt that by continuing to keep the figures too low the council risked regressing towards a situation where becoming a councillor ceased to be viable for many people, which would have the long-term effect of reducing the pool of talent available and weakening the quality of elected members.

The panel believed Derby's councillors were under-remunerated for community and constitutional responsibilities. It was recognised that the figures would never be on a par with equivalent salaries paid to people in employment with a similar level of responsibility. This was due to the nature of public representation and the necessity to retain a balance between allowances as remuneration for public duties, as opposed to salaries for an occupation. The panel considered this required balance in its deliberations.

Councillors were strongly encouraged to consider its recommendations in the context detailed above. The panel urged councillors to be mindful of their responsibility to adopt a relevant scheme which properly reflected the work of elected members and was able to attract councillors of all backgrounds.

Basic Allowance

THE panel heard that this currently stood at £10,076, having been subject to a minor increase of £100 since 2010, when it was set at £9,976.

Comparator data was received from unitary/upper tier councils in Derbyshire, Nottinghamshire and Leicestershire, and it was noted that Derby's basic allowance fell below all of these figures. The principle that the basic allowance required an uplift was established very early in the panel's deliberations.

Members of the panel were keen to hear what the basic allowance was intended to remunerate, what other costs councillors faced and what other paid-for provision was made.

In terms of paid-for provision, the panel was provided with details of councillor provision of mobile phones, laptops/tablets, landline/broadband and home printing facilities. However, it was noted that distribution of this provision was not consistent across all councillors.

In terms of additional costs of the role of a councillor, it was noted that since the Members' Allowances Scheme was last

approved, councillors had lost the ability to claim for travel to and from the Council House while the benefit of participation in the Local Government Pension Scheme had been withdrawn by statute.

Consideration was given to withdrawing paid-for provision as a condition of an increase in any Basic Allowance.

However, it was reported to the panel that withdrawal of IT equipment such as phones, tablets and laptops could create costly security issues as the council could not be certain that any replacements purchased by councillors would meet the council's security requirements.

The panel did hear, however, that based on average costs over the last five years the council could save around £20,000 per year by not providing landline/broadband services and home printing facilities. As distribution of these services was uneven across councillors, the IRP could not justify this 'hidden cost' being retained.

Recommendation

In consideration of the above, the Independent Remuneration Panel made the following recommendation:

Recommendation 1

To increase the Basic Allowance to £12,000 per year subject to the withdrawal of council-funded landline/broadband and home printing facilities as soon as is practical, with an expectation that councillors will be able to self-fund the provision of these facilities.

Special Responsibility Allowances (SRAs)

CONSIDERATION was given to both the levels of SRAs and the methodology used in linking their relative values.

The panel felt the methodology was sound, whereby all allowances were derived as a percentage of the largest allowance. It was on this basis that the panel calculated its proposals.

Leader of the Council

The panel noted that the Leader of the Council had a significant constitutional role as the Chair of Council Cabinet and as the 'Executive Leader' with responsibility for appointment of the Council Cabinet.

It was also noted that the Leader was ultimately accountable for the council's decisions and actions and was regularly held to account by the opposition groups, overview and scrutiny, the public and the media.

The panel considered the time demands of being Leader of the Council. It was reported that the current incumbent had reduced his outside employment to two days per week, while previous leaders had also either left their paid jobs completely or similarly reduced any outside working hours.

In light of the significant time demands, high level of accountability and exposure to the public spotlight, the panel agreed with previous panels that the Leader's SRA was unreasonably low.

However, it was noted that recommendations of previous panels to

increase the Leader's allowance to around £40,000 had been repeatedly rejected by Council. A figure which the panel considered reasonable was proposed, raising the Leader's SRA to £36,000.

As the Leader's Allowance is the largest SRA, the cumulative impact of this would be a resultant increase in all other SRAs, subject to their relative value under the scheme remaining the same.

Deputy Leader of the Council and Council Cabinet Members

It was reported that the current structure based the Deputy Leader and Council Cabinet member SRAs at 75 per cent and 50 per cent respectively of the Leader's SRA.

The panel considered the role of the Deputy Leader, and whether it was more similar to that of a Cabinet Member who may occasionally be required to act on the Leader's behalf, or whether there was a particular burden regularly associated with that role.

The panel heard evidence that the Deputy Leader's role was significant, and that the current incumbent – and previous deputies – had been required to lead on corporate projects in addition to their portfolio duties.

In consideration of this, and in consideration of the duties of a Council Cabinet member, the panel felt that the level of their SRAs, as a proportion of the Leader's allowance, were correct and should be retained at their current

relative level, resulting in a real-terms increase for both.

Leader and Deputy Leader of Minority Groups

These were among the most challenging roles for the panel to evaluate as they were the only roles which purely existed following political appointments and incumbents were not formally required to undertake constitutional duties.

Despite this, panel heard evidence that the current incumbents were active and that their predecessors had been equally so. The important role of attending Council Cabinet meetings and speaking in opposition was recognised, as was holding the Council Cabinet to account through constitutional means such as 'call-ins'.

It was also noted that minority groups needed to be well organised in order that they could hold the Council Cabinet to account, and the leadership roles were key to this. The panel strongly felt that it was in the council's interest for there to be an effective main opposition.

With this in mind, the panel felt that the Deputy Leader of the main opposition group's allowance as 12.5 per cent of the Leader of the Council's allowance was reasonable.

However, the panel felt that the Leader of the main opposition group's allowance as 25 per cent of the Leader of the Council's allowance was not high enough and that it should be increased by a tenth to 27.5 per cent, differentiating it from the majority of committee chair roles.

The panel agreed with the principles that had precluded small minority groups from receiving the same Leader/Deputy Leader allowance as the main opposition. However, the panel felt how this was defined in the scheme was confusing and could be tidied up.

It was felt that a clearer way to achieve this would simply be for there to be allowances for the Leader and Deputy Leader of the "Opposition", rather than "minority groups", and for the "Opposition" to be defined as the largest group not in administration.

Overview and Scrutiny

The panel received information on the scrutiny structure that the council now operated and how this differed from some councils and the previous structure.

It was noted that the roles of the respective scrutiny chairs had changed as a result. Specifically, it was felt that the burden had shifted towards the Chair of the Executive Scrutiny Board. This was evident in both time demands and constitutional responsibilities.

With this in mind, the panel felt that the Chair of the Executive Scrutiny Board should be remunerated to a similar level as the Leader of the Opposition – a rise from 25 to 27.5 per cent of the Leader's allowance.

It was noted that the Chairs of other scrutiny boards did not have the same duties, and that the meetings they chaired were not as high-profile. However, it was also noted that those Chairs acted as joint

Vice Chairs to the Executive Scrutiny Board. In consideration of this, the panel felt the existing allowance as 25 per cent of the Leader's Allowance was appropriate.

The role of Vice Chairs was discussed. It was explained that this would occasionally require deputisation for the Chair at meetings, but would also involve more regular attendance at pre-meetings.

It was felt that the current level of remuneration (£1,889) should be uplifted. The panel proposed reducing the proportionate value from 6.25 per cent to 5.75 per cent, resulting in an actual increase in allowance to £2,070 but a reduced relativity.

Planning Control Committee

The panel heard evidence of the demands of Planning Control Committee, both in terms of actual committee hours and responsibility and accountability for regulatory matters.

The roles of Chair and Vice Chair were considered. It was noted that, historically, the Vice Chair had rarely been required to deputise at meetings. The panel therefore gave consideration to the relative value of the two roles.

However, the panel concluded that the allowance reflected the level of responsibility as well as actual time in the Chair, and that previous experience could not preclude a situation where the Vice Chair could be required to undertake all of the duties of the Chair, including ultimate accountability for regulatory decisions.

It was felt that the existing relative values of both roles were appropriate, and it was proposed that these be retained.

Licensing Committee

The panel heard conflicting evidence in the submissions by councillors as to the workload of the Licensing Committee and its sub-committees, and data was provided.

The data showed that the work of the Licensing Committee had reduced over the last four years, although it was noted that this reduction had followed an increase which previous panels had paid regard to in their reports.

Overall, it was felt that the workload of the committee was similar to that which it had been when Council last made significant changes to the scheme.

The panel paid particular regard to the roles of the Vice Chairs, and their specific role relating to sub-committees was explained. The panel felt that, in actual fact, the Vice Chairs were rarely if ever required to deputise for the Chair, but were instead frequently required to chair sub-committees as part of their constitutional role.

With this in mind, the panel suggested that Council may wish to drop the title Licensing Committee Vice Chair and more accurately rebrand office-holders as Licensing Sub Committee Chairs (with a requirement that the office-holders act as Vice Chair for the main committee if required, so not removing that duty).

The panel felt the relative values of both roles were appropriate, and it was proposed that these be retained.

It was noted that Licensing Committee was the one committee where ordinary members (non Chairs or Vice Chairs) received an allowance. The panel felt this was right, but noted that the figure payable had increased to 6.25 per cent of the Leader's Allowance at a time when sub-committees had increased. It had been established that this increase had not been sustained.

The panel sought to achieve a similar outcome to that which it had achieved for scrutiny vice chairs. As in that case, it felt a small increase was nonetheless appropriate but not to the extent that would be achieved by retaining the existing relative values.

The panel recommended an actual increase in allowance to £2,070 but a reduced relativity to 5.75 per cent of the Leader's allowance.

The panel also had strong views on Employee Appeals, which currently sit as a sub-committee of the Licensing Committee. These are detailed later.

Audit and Accounts Committee

The panel heard evidence from members and officers in relation to the increased profile and workload of this committee.

The panel was surprised to learn that the committee had ever been deemed to be worthy of a lesser allowance than regulatory committees.

In addition to the Audit and Accounts Committee being legally responsible for approving the authority's accounts, the panel felt it had an important role in not just holding members to account but also holding senior officers to account.

With that in mind, the panel did not hesitate in recommending that the allowance payable to the Chair of the Audit and Accounts Committee should be increased to the same level as that payable to the regulatory committee chairs, namely 25 per cent of the Leader's Allowance.

Similarly, it was noted that the Audit and Accounts Committee was different to regulatory committees in that there was no Vice Chair's allowance payable. The panel could not see a logic for this, and felt the Vice Chair was bound to have an important role.

It was reported that both the Chair and Vice Chair of Audit and Accounts were likely to be involved in pre-meetings as well as attending meetings. It was felt that a Vice Chair allowance equivalent to that paid in regulatory committees (12.5 per cent of the Leader's allowance) should be payable.

Personnel Committee

The panel noted that this allowance had not featured in previous recommendations from panels. It was explained that the allowance had been introduced since the panel last reported at a time when the workload of the committee had been heightened resulting from the council's Equal Pay Review.

The panel noted that the Equal Pay Review had ended. It was nonetheless felt that a SRA should be payable given that the committee retained specific constitutional duties.

As with the scrutiny vice chairs and licensing members, it was felt that a small increase would be appropriate but not to the extent that would be achieved by retaining the relative values.

The panel recommended that the relative value be reduced to 15 per cent of the Leader's allowance, resulting in an actual increase in allowance from £5,290 to £5,400 but a reduced relativity.

Employee Appeals

The panel was aware that its role was to make recommendations on allowances based on the constitutional arrangements. However, the panel felt strongly on the subject of Employee Appeals and felt it would be remiss not to report its observations to Council.

Fundamentally, the panel did not feel employee appeals should fall under members. It was felt that it complicated the role of councillors, potentially undermined the authority of the Chief Executive as the Head of Paid Service, and exposed councillors and the authority to unnecessary risk.

The panel recognised its role was focused on the allowances, but strongly felt Council should be made aware of this view.

Furthermore, if Employee Appeals were to be retained, the panel felt their placement

as a sub-committee of the Licensing Committee was illogical. It recommended that, instead, they be considered a sub-committee of the Personnel Committee.

If this recommendation was accepted, it was proposed that ordinary members of the Personnel Committee benefit from an allowance equivalent to that paid to ordinary members of the Licensing Committee (recommended to be 5.75 per cent of the Leader's allowance).

It was not proposed that this affect the recommendation over the Chair of Personnel Committee's allowance either way. It was recommended that chairs of Employee Appeal Sub-Committees could be drawn from the membership of the Personnel Committee rather than being restricted to being a chair or vice chair of the parent committee.

However, the panel wished to reiterate that this recommendation was a fall-back option in the event that its principal view was not accepted.

Mayor of Derby

The panel received a recommendation from officers that the existing Mayoral Purse be amalgamated into the existing SRA in consideration of remuneration.

It was reported that the SRA was supplemented by a purse, but there was concern from officers that this was not sufficiently transparent. The cumulative value of the SRA and purse was £12,892.

The panel agreed with the concerns and recommended the removal of the purse accordingly.

However, the panel was surprised at the level of remuneration payable to the Mayor and felt it do not sufficiently reflect the impact on the life of the office-holder. The panel heard that the Mayor could be required to attend engagements during the daytime or evening seven days per week.

It was felt that this was the office where a councillor would be least likely to be able to sustain normal outside employment, unless they were self-employed or enjoyed considerable flexibility in their working hours, and that the remuneration should reflect that.

The panel heard that the Mayor currently received an SRA which was 25 per cent that of the Leader, but that with the existing purse added in equated to around 42.5 per cent currently. The panel recommended an increase to 45 per cent.

Deputy Mayor

As with the Mayor, the panel recommended the existing purse paid to the Deputy Mayor (£2,035) be instead included as an allowance, for the same reasons of transparency.

The panel felt the level of the existing purse was reasonable. It was recommended that it be made equivalent to Licensing Committee Members and scrutiny vice chairs at 5.75 per cent, a small actual increase on the current payment of £30.

Adoption Panel

The duties and responsibilities of the member appointed to the Adoption Panel

were detailed. This was the first review since the removal of member involvement in Fostering Panel. Member involvement in Adoption Panel had changed as now just one member was required to sit, usually just once per month.

The panel felt the existing relative equality with scrutiny vice chairs and Licensing members was appropriate, so on that basis recommended a similar outcome. This would result in the relative value being 5.75 per cent of the Leader's allowance, resulting in a real-terms increase.

Youth Mayor Bursary

Panel noted that since the scheme was last amended, the authority had introduced a Youth Mayor.

While the Youth Mayor had no formal role, the office had gained increasing exposure as a representative of young people. This included participation in constitutional meetings, such as Council Cabinet, and involvement in civic events, such as Remembrance Sunday.

The panel felt a small bursary paid for through the Members' Allowances Scheme would be appropriate, and recommended that the Youth Mayor be paid a fixed bursary of £1,000 exactly (equating to around 2.8 per cent of the Leader's allowance).

Recommendations

In consideration of the above, the Independent Remuneration Panel made the following recommendations:

Recommendation 2

To accept the amended Special Responsibility Allowances as detailed in Appendix 1 to this report, subject to recommendations 3, 4 and 5.

Recommendation 3

To note and act upon the Independent Remuneration Panel's observation that Employee Appeals do not comfortably sit within the authority's constitutional arrangements as a matter for elected members to determine.

Recommendation 4

If Council is not minded to act upon Recommendation 3, to note and act upon the Independent Remuneration Panel's observation that if Employee Appeals are to form part of the council's constitutional arrangements, they would logically sit as a sub-committee of the Personnel Committee.

Recommendation 5

To agree that the proposed Special Responsibility Allowance payable to members of the Personnel Committee in Appendix 1 ceases to be endorsed by the Independent Remuneration Panel in the event that Recommendation 4 is not accepted, or made not applicable by virtue of Recommendation 3 being accepted and acted upon.

Recommendation 6

To note and act upon the Independent Remuneration Panel's observation that the title "Licensing Sub-Committee Vice Chair" would better reflect the office currently termed "Licensing Committee Vice Chair", caveated on an expectation and condition that those office-holders nonetheless retain Vice Chair responsibilities.

Member Training

THE panel asked about the training that was provided by councillors in respect of certain constitutional roles.

It was detailed that the level of training varied from role to role, as did the expectation that members necessarily needed to attend. It was reported that some training was optional whereas other training was mandatory.

The panel felt that the recommendations it had made in respect of those committees where mandatory training was required were based upon a

fundamental expectation that the office-holders were suitably equipped to undertake the role.

In view of that, the panel felt that SRAs ought only be payable where the councillor appointed to the office had been suitably trained to undertake the duties.

Recommendation

In consideration of the above, the Independent Remuneration Panel made the following recommendation:

Recommendation 7

**To amend the Members' Allowances Scheme to insert the following condition:
In respect of offices where mandatory training is deemed to be required by the Chief Executive, upon expiry of an initial eight-week period following appointment, no Special Responsibility Allowance shall be paid to any councillor who has not undertaken the training until such time as it has been completed to the satisfaction of the Chief Executive.**

Travel and Subsistence and the Dependant Carers' Allowance

THE panel received a report detailing councillors' expenses.

It was noted by the panel that member expense claims were always likely to draw attention and the panel was unsurprised that this had been the case in the current municipal year.

However, the panel found the grand total of £11,726 having been paid out in travel and subsistence claims over the previous four years to be remarkably low, working out on average at less than £60 per year per councillor.

It was noted by the panel that persons with similar levels of responsibility and accountability in employed work would be likely to incur significantly higher costs.

Nonetheless, as no specific representations had been made with regard to the amounts payable, and as the mileage payment level was consistent with nationally recommended figures, the panel decided not to recommend any changes to claim limits or payment levels.

Following publicity in the media, the panel's attention had been drawn to the Dependant Carers' Allowance in

particular. Payments for this allowance had totalled £27,570 across the same four year period.

The panel took into account the origins of the Dependant Carers' Allowance which had been introduced so not to prevent those with dependants from performing duties as a public representative. The panel firmly felt that the council needed to remain mindful of its responsibility to continue to attract people from all walks of life.

It was noted that recent confusion had arisen because the scheme was silent on whether the daily limit for claims of Dependant Carers' Allowance applied per councillor or per dependent.

The panel felt that the original principle of the allowance's introduction remained, however many dependants a councillor had. Having taken that view, the panel recommended that the scheme be amended to explicitly clarify this point.

Recommendation

In consideration of the above, the Independent Remuneration Panel made the following recommendation:

Recommendation 8

To amend the Members' Allowances Scheme to clarify that the limits on Dependant Carers' Allowance applied per dependent, rather than per councillor.

Current and proposed special responsibility allowances

Office	Current relative %	Proposed relative %	Current annual SRA	Proposed annual SRA
Leader of the Council	100%	100%	£30,229	£36,000
Deputy Leader of the Council	75%	75%	£22,672	£27,000
Council Cabinet Member	50%	50%	£15,115	£18,000
Mayor of Derby	*42.6%	45%	*£12,892	£16,200
Leader of the Opposition***	25%	27.5%	£7,557	£9,900
Chair of Executive Scrutiny Board	25%	27.5%	£7,557	£9,900
Other Scrutiny Board Chairs	25%	25%	£7,557	£9,000
Planning Control Committee Chair	25%	25%	£7,557	£9,000
Licensing Committee Chair	25%	25%	£7,557	£9,000
Audit and Accounts Committee Chair	17.5%	25%	£5,290	£9,000
Personnel Committee Chair	17.5%	15%	£5,290	£5,400
Deputy Leader of the Opposition***	12.5%	12.5%	£3,779	£4,500
Planning Control Committee Vice Chair	12.5%	12.5%	£3,779	£4,500
Licensing Sub-Committee Chair	12.5%	12.5%	£3,779	£4,500
Audit and Accounts Committee Vice Chair	N/A	12.5%	£0	£4,500
Deputy Mayor	*6.7%	5.75%	*£2,035	£2,070
Scrutiny Board Vice Chairs	6.25%	5.75%	£1,889	£2,070
Adoption Panel Member	6.25%	5.75%	£1,889	£2,070
Licensing Committee Member	6.25%	5.75%	£1,889	£2,070
Personnel Committee Member	N/A	5.75%	£0	**£2,070
Youth Mayor Bursary	N/A	2.8% (approx)	£0	£1,000

*including both existing SRA and existing 'purse'

**subject to Employee Appeals being retained and moved under Personnel Committee

***the Opposition is defined as the largest political group not in administration