

Report sponsor: Strategic Director of Corporate Resources

Report author: Head of Democracy and Secretary to the IRP

## **Recommendations of the Independent Remuneration Panel**

### **Purpose**

- 1.1 The Independent Remuneration Panel (IRP) has been meeting throughout 2020/21 to consider its recommendations in respect of Councillors' Allowances and Expenses.
- 1.2 In setting a scheme of allowances, Council must have regard to the recommendations of the IRP. The Panel last presented a report to Council in May 2018. A further review was requested following the conclusion of the Council's review of its governance arrangements in January 2020.
- 1.3 The Panel has met with several stakeholders and considered a range of benchmarking data as part of its deliberations. The Panel's recommendations for changes to the Councillors' Allowances and Expenses Scheme are detailed in its report attached at Appendix 1.

Councillors are encouraged to carefully consider the evidence the Panel has collated and the basis for its conclusions and recommendations.

- 1.4 Council agreed an interim Councillors' Allowances Scheme for 2021/22 in February 2021, pending the receipt of recommendations from the IRP. If the recommendations are implemented in full, the updated Scheme attached at Appendix 4 will take immediate effect.

### **Recommendations**

- 2.1 To consider the evidence collected by the Independent Remuneration Panel and invite the Chair of the IRP, Mr Narinder Sharma, to address the meeting.
- 2.2 To consider and make resolutions in relation to the thirteen recommendations of the Independent Remuneration Panel, detailed in Appendix 1 and summarised at Appendix 2.
- 2.3 To consider and make resolutions in relation to the recommendations of the Corporate Services Scrutiny Review Board, in respect of Councillors' Allowances and Expenses, attached at Appendix 3.
- 2.4 To approve a revised Members' Allowances Scheme for 2021/22 as set out at Appendix 4, subject to any changes that may be agreed in consideration of recommendations 2.1 to 2.3.

## **Reasons**

- 3.1 The Council is statutorily required to set a Councillors' Allowances Scheme under the Local Authorities (Members' Allowances)(England) Regulations 2003. In doing so, Council must have regard for the recommendations of the IRP.

## **Supporting information**

- 4.1 The IRP has been undertaking a comprehensive review of the Councillors' Allowances Scheme since August 2020. Having received evidence from councillors and other stakeholders, a report and recommendations are now presented to Council for consideration.
- 4.2 The evidence considered by the panel as part of its review was as follows:
- The existing Councillors' Allowances Scheme and previous reports of the Independent Remuneration Panel.
  - Written statements from councillors following a call for evidence
  - Interviews with Group Leaders and Committee Chairs
  - Interviews with Senior Council Officers
  - Data comparing levels of allowances with CIPFA comparator authorities
  - Data comparing levels of allowances with regional neighbours
  - Data comparing previous increases in allowances to the Consumer Price Index rate of inflation and local government pay awards

## **Summary of Key Messages of the Independent Remuneration Panel**

- 4.3 The IRP has provided a comprehensive rationale for its conclusions and recommendations in its report. However, the key messages arising from the report are summarised in 4.4 to 4.8.
- 4.4 The Panel recognises the difference between public service and employment, and has taken this into consideration in preparing its recommendations.
- 4.5 The Panel notes that no significant change has been made to the Derby City Council Councillors' Allowances Scheme in over ten years, which has resulted in a scheme that no longer reflects the roles and responsibilities associated with becoming an elected member.
- 4.6 Whilst the Panel recognise the political challenges associated with asking councillors to set their own level of remuneration and accept the reasons why previous recommendations of the IRP were rejected, the Panel urge councillors to reflect on their duty to ensure becoming a councillor remains a viable option for people from all backgrounds.
- 4.7 The Panel feel strongly that Derby's councillors are under-remunerated for the work they do and note that Derby compares unfavourably with several regional comparators. It is in the long-term interests of the city to set a scheme that continues to attract a high calibre of councillor candidates.

- 4.8 The Panel has made several recommendations that seek to address discrepancies within the existing scheme and that seek to ensure that all councillors are treated equitably in the support they receive from the Council.

### **Recommendations of the Corporate Services Scrutiny Review Board**

- 4.9 The Corporate Services Scrutiny Review Board has recently conducted a review of gender representation within Derby City Council and considered evidence collated by the Gender Representation Task Group, which was first formed in 2017.
- 4.10 The Corporate Services Board has made a series of recommendations to Council related to the Councillors' Allowances and Expenses Scheme, which are attached at Appendix 3 as a minute extract from its meeting of 11 March 2021. It is for Council to determine to what extent it wishes to incorporate the recommendations of the Board with those of the Independent Remuneration Panel.

### **Public/stakeholder engagement**

- 5.1 The report at Appendix 2 details the evidence that was considered by the panel as part of its deliberations. This included written submissions and interviews with both councillors and senior officers, as well as consideration of other publicly available data relating to the level of remuneration received by councillors at comparator authorities.
- 5.2 The Chair of the Independent Remuneration Panel has undertaken a further period of consultation with all Group Leaders in June 2021 and has considered the feedback received in formulating the final recommendations contained within the report.

### **Other options**

- 6.1 None. Consideration of this report is required by statute.

### **Financial and value for money issues**

- 7.1 The annual cost of the Basic Allowance under the existing scheme is £544,709 per annum, inclusive of on-costs.

If the increase proposed by the IRP were to be accepted, this would initially rise to £622,933 per annum.

If the recommendations of the IRP were accepted in full, an increase linked to the Local Government Pay Award would be applied in 2022/23, 2023/24 and 2024/25, at which point a further report of the IRP would be required.

- 7.2 Under the existing scheme and based on the current set of constitutional appointments, the annual cost of Special Responsibility Allowances is £331,640, inclusive of on-costs.

If the proposed increase to the Leader's allowance were to be accepted, this would rise to £383,270 per annum, when pro-rated across all Special Responsibility Allowances.

If the recommendations of the IRP were accepted in full, an increase linked to the Local Government Pay Award would be applied in 2022/23, 2023/24 and 2024/25, at which point a further report of the IRP would be required.

- 7.3 It is not possible to model the likely financial impact of changes to the operation of Dependent Carer's Allowance. However, in the 2020/21 financial year the total amount claimed in respect of this allowance amounted to £554.
- 7.4 If accepted in full, the total additional cost of the recommendations contained within the IRP's report would amount to additional direct costs of £130,604 per annum, prior to any further increases being applied in future years linked to the Local Government Pay Award.

If the recommendations were to be accepted, the annual cost would exceed the available budget, creating a budget pressure of £140,591. In the current financial year, the pressure would be funded in the first instance from an outturn underspend, should one occur, or alternatively from reserves. The pressure would be included in the Medium Term Financial Plan, where permanent funding will be identified.

## **Legal implications**

- 8.1 The duty of the Council to set a scheme of allowances is detailed within the Local Authorities (Members' Allowances)(England) Regulations 2003.
- 8.2 It is for Council to determine whether to adopt the recommendations put before it, whether partially or in full. However, in setting a scheme of allowances, councillors must have regard for the Independent Remuneration Panel's report.

## **Climate implications**

- 9.1 None directly arising.

## **Other significant implications**

- 10.1 The role of elected councillors is of fundamental importance to the city and the future operation of the Council. Failure to ensure the role remains attractive to people from a variety of backgrounds will lead to the composition of the Council being less reflective of the city and result in a democratic deficit amongst under-represented groups.

This report has been approved by the following people:

Role	Name	Date of sign-off
<b>Legal</b>		
<b>Finance</b>	Magdalena Cisek, Principle Accountant	12 July 2021
<b>Service Director(s)</b>	Emily Feenan, Director of Legal, Procurement and Democratic Services	12 July 2021
<b>Report sponsor</b>	Simon Riley, Strategic Director of Corporate Resources	13 July 2021
<b>Other(s)</b>		

<b>Background papers:</b>	None.
<b>List of appendices:</b>	Appendix 1 – Report of the Independent Remuneration Panel 2021 Appendix 2 – Summary of recommendations Appendix 3 – Minute extract 32/20 of the Corporate Services Scrutiny Review Board held on 11 March 2021. Appendix 4 – Draft Councillors' Allowances and Expenses Scheme 2021-22.