



## **MEMBERS' ALLOWANCES**

### **EIGHTEENTH 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 (IRP). 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 dependents, 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:
  - Arthur Burns, Individual Member
  - Helen Foord, Senior HR Business Partner, Rolls-Royce plc
  - Martyn Holden, Human Resources Director, University of Derby
  - Sue Holmes, Chief Executive, Derby Law Centre (Vice Chair)
  - Ian Samways, Individual Member (Chair)
  - Geoff Seymour, Derbyshire and Nottinghamshire Chamber of Commerce
  - Gill Taylor, Individual Member
3. The Panel met on 14 February 2012 to consider the recommendations it should make to the Council in respect of Members' Allowances for 2012/13.
4. At the request of the Leaders of the three political groups, the Panel studied the Derby Homes Board Member Payment Scheme and conducted a benchmarking exercise with comparator authorities, to inform its recommendations for 2012/13. The benchmarking was achieved through a meeting in January, convened by the Secretary of the Derby Panel and representatives of Nottingham, Coventry and Stoke City Councils attended it. It was not possible to include Leicester City Council, as that IRP is not currently functioning, following the change of governance model to a directly elected Mayor.
5. The Derby Homes Scheme was studied, though extensive comment on it is not considered appropriate, given the difference in scope and scale of the work of the City Council and Derby Homes. Without extensive research it is not possible to assess the time commitment or level of responsibility expected of a Derby Homes board member, relative to a Member of Derby City Council. It was noted though that Members of the Council who are also Derby Homes board members, receive only their Council allowance.
6. The benchmarking meeting enabled an extended discussion on a number of issues, identified by and of interest to all participants. It was more than a comparison of monetary amounts and numbers of posts, which could have been established from a desktop exercise. The following observations have informed the recommendations at the end of this report and their inclusion in the report to Council on 5 March 2012.
  - a. Most IRPs do not meet and make recommendations every year – most meet on a two or three year cycle, with Council renewing their existing scheme annually, until it is replaced by a IRP review with recommendations.
  - b. Not all councils pay a Special Responsibility Allowance to vice-chairs of scrutiny commissions. Other councils do not seem to share the view of

Derby's elected members that the roles exercise specific responsibilities, or that they provide a learning opportunity, over and above what any other member of a commission can achieve.

- c. There was widespread agreement that Dependent Carer Allowance Schemes have become too constrained by regulation and are generally not fit for purpose. If a wider cross section of the public are to be encouraged to stand for election, the schemes need to be flexible, to enable councilors to find and pay trusted and reliable carers, who may not necessarily work in the regulated and inspected market. It is of no help to a councilor, if he/she has to pay a half-day nursery fee, simply to attend a two-hour meeting, when a trusted babysitter is available and less expensive. The standard of care is the responsibility of the individual purchasing it and the Council should concentrate on a scheme of reimbursement, which safeguards against fraud. The current hourly rate of £6 is probably inadequate and both that and the number of hours payable per week should be increased.
- d. The benchmarking group discussed the concept of giving incentives, through the allowance scheme, to Members who undertake and achieve success in relevant learning. One council withheld part of the basic allowance until Members demonstrated key competencies in aspects of their role, such as basic IT skills, but this was ruled unlawful. The consensus was that rather than reward success with increased allowances it was more important to protect the training budgets available to Members, so that those who want to develop their skills have the means to do so.
- e. The Leaders of other councils in the benchmarking group were better remunerated than in Derby. The fundamental review in 2008 recommended an increase in the Leader's SRA, but it was deferred because of the economic climate and background of reducing budgets. Since then, the responsibility placed on the Leader has increased, with the introduction of the Strong Leader model of governance, but the funding position has become even more difficult, with increases difficult to justify. The IRP suggests that a reduction in the amounts paid to vice-chairs of scrutiny commissions could create a self-funding increase for the Leader.

## 7 Recommendations

- a. To continue the recent practice of linking the annual uplift of Members' Allowances to the increase in Council employees salaries, currently 0%.
- b. To make no changes to the Members' Allowances Scheme until the Annual Meeting of the Council on 25 May 2012, recognising that the constitutional appointments are the logical point to introduce change, when all roles are appointed to.

- c. Subject to this recommendation being accepted, then at the time of the Annual Meeting the following be applied:
- d. Councillors to be mindful, when making appointments at the Annual Meeting, that payments of Special Responsibility Allowances (SRA) should be restricted to no more than 50% of all Members, currently a maximum of 25. The IRP recognises the particular commitment made by those who serve on Licensing Committees and Adoption and Fostering Panels and recommends that those SRAs should not be included in the calculation of the 50% target.
- e. To reduce the payment of the SRA to vice-chairs of scrutiny commissions to the level currently paid to members of the Adoption and Fostering Panels, currently £1870.56, being 6.25% of the Leader's Allowance.
- f. To increase the SRA to the Leader of the Council, by an amount to be decided by Council, that amount to be self-funding, from the saving made through the recommendation above.
- g. To establish the Leader's Allowance as a stand-alone figure within the Scheme, with the current Cabinet SRA becoming the 100% benchmark, against which other SRAs are set, to retain the status quo.
- h. To request Council officers to devise a Dependent Carers' Allowance Scheme, which better reflects the environment within which those seeking to engage carers operate. Such a scheme must have sufficient safeguards to prevent fraud, but not place un-necessary constraints on the use of reliable and trusted individuals to provide care, though they may not be registered or subject to inspection.

Ian Samways

Chair of the Independent  
Remuneration Panel

February 2012

Philip O'Brien

Secretary to the Independent  
Remuneration Panel

