



DERBY CITY COUNCIL

MEMBERS' ALLOWANCES

SEVENTEENTH REPORT OF THE INDEPENDENT REMUNERATION PANEL

Background

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.

2. Derby City Council's Independent Remuneration Panel currently comprises:
 - 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)
 - Arthur Burns, Individual Member
 - Gill Taylor, Individual Member
 - Geoff Seymour, Derbyshire/Nottinghamshire Chamber of Commerce.

The 2008 Fundamental Review

3. By request of the three political Group Leaders, the Panel undertook a fundamental review of Members' Allowances during September and October 2008. The Panel produced its Fifteenth Report and made fifteen recommendations to the Council at their meeting on 21 January 2009.
4. The Council considered the Panel's report and resolved that, in the current economic climate, a moratorium should be placed on the implementation of the report until the economic circumstances in the city improve. The Council therefore deferred consideration of all of the Panel's recommendations, subject to continuing with the index linking of Basic and Special Responsibility Allowances to the average salary award for local government employees.
5. On the Panel's recommendation, the Council agreed to continue with the moratorium and index linking for a further twelve months, at its meeting on 1 March 2010.

National Guidelines on Allowance Levels

6. As a result of one of the Panel's fundamental review recommendations, the Council made representations to the Department for Communities and Local Government supporting the recommendations of the Councillors Commission for national guidelines with a range of allowance bands covering different types of local authority.
7. The Department eventually responded in the following terms:

"We are aware that there are disparities in the levels of allowances being paid given the different types of councils in England. The Government believes that local authorities should have the freedom to determine the level of allowances they pay to their members, taking into account local circumstances and the resources available. As you may know, the legislation does not prevent individual local authorities from banding special responsibility allowances according to their level of importance, and a number of councils already do this. Guidance on

the allowance scheme is already available and can be found on the Department's website at <http://www.communities.gov.uk/publications/localgovernment/newcouncilconstitutions2>

Whilst I note the concerns you raise, you may be interested to know that Independent Remuneration Panels for local authorities in the South East and South West are starting to work together in order to provide advice and assistance to each other in looking at levels allowances paid across the region. This may be something that your Council may wish to look into locally by liaising with Independent Remuneration Panels at other similar authorities to your own."

8. We have seen the guidance produced by the South West Councils and will use it, as appropriate, in our future deliberations. We have also made contact with the Independent Remuneration Panels of Leicester and Nottingham with a view to meeting periodically to share good practice.

Consultations with Political Groups

9. The Panel has met on two occasions to consider its recommendations to the Council for 2011/12. The first meeting in November 2010 included discussions with Councillors Bayliss, Jones and Poulter representing the Labour, Liberal Democrat and Conservative Groups respectively. We asked the Councillors for their views on how the recommendations of the fundamental review could be taken forward given that it has been over two years since the review took place. The Group representatives all felt that the moratorium should continue until the economic conditions improved.
10. The Group representatives were asked whether they felt allowances should be cut, given the Council's very challenging financial constraints. One local Council had reduced allowances by 5%. None of the Group representatives was in favour of a reduction in allowances. They felt that a reduction would deter people from becoming a candidate for the office of Councillor. They also pointed out that several councillors had given up full-time jobs to serve their community as elected members.
11. A Panel member questioned the Group representatives about the high number of councillors (39) who receive a Special Responsibility Allowance. The response was that these allowances properly rewarded councillors for the extra responsibilities they carried.
12. The opportunity was taken to clarify with the Group representatives the guidelines relating to attendance of members at case panels for licensing and appeals matters. It was established that there was an expectation that members of the General Licensing and Taxi Licensing and Appeals Committees, who received a Special Responsibility

Allowance to recognise the extra time commitment, should be expected to make themselves available for up to 26 sessions a year, with a session comprising half a day. We agreed that this expectation should be formalised within the Members' Allowances Scheme.

Travel Allowances

13. As a result of an Internal Audit report, the Panel was asked to consider whether there should be greater clarity over the travel allowance guidelines for Councillors. We consulted the Group representatives on this point and agreed that the guidelines for long distance travel by councillors should be brought into line with those applying to employees.

Fostering and Adoption Panels

14. Following a request from a Member, we have reviewed the Special Responsibility Allowances paid to members of the Fostering Panel and Adoption Panel. These were originally set at 6.25% of the Leader's allowance. However, the work and membership of the panels has evolved such that the Fostering Panel now involves twice the commitment per member as that of the Adoption Panel. We therefore feel that the special responsibility allowance for membership of Adoption Panel should be halved to 3.125%.

Recommendations for 2011/12

15. When we held our first meeting in November 2010, a certain amount of information on the likely level of cuts in local government funding was available. However, at our second meeting in February 2011, the full effects of the financial settlement on Derby City Council was known. These were worse than predicted resulting in a net revenue budget reduction of 6.9% and hundreds of job losses.
16. The Council tax payers of Derby face the prospect of unprecedented cutbacks in public services, increases in the prices of basic commodities and, in many cases, unemployment. We feel that they are entitled to expect their elected representatives to share some of this pain and show a lead in financial restraint. Whilst we continue to recognise and value the excellent work done by councillors, we feel they should not be immune from the cutbacks.
17. The Panel has therefore decided to formally recommend to the Council that:
 - 1) Spending on Members' Allowances be reduced by £54,072 in 2011/12 compared to actual spend in 2010/11, in keeping with the overall reduction in the Council budget of 6.9%

- 2) The Council determines the best way to achieve this reduction within the following guidelines:
 - a) there should be a reduction in the number of councillor positions attracting a Special Responsibility Allowance to no more than 25, in keeping with national guidelines; and
 - b) if the arrangements agreed via recommendation 2a are not sufficient to achieve the savings identified in recommendation 1, the balance should be achieved through reductions in the level of Special Responsibility Allowances associated with those positions which are retained; except that
 - c) the Special Responsibility Allowance associated with the Leader of the Council should remain at its current level (£29,929.32) in recognition of the considerable level of additional commitment and responsibility required
 - d) in recognition of the community leadership role of councillors, the Basic Allowance should continue to be linked with employee salaries, such that it is maintained as its current level (£9,976.43) but in the event that employee salaries are reduced as part of the Council's efforts to achieve savings during 2011/12 and 2012/13, then the Basic Allowance be reduced accordingly.
- 3) An additional condition be included in the Members' Allowances Scheme requiring members of the General Licensing Committee and Taxi Licensing and Appeals Committee to make themselves available for case panels for up to 26 sessions a year, with a session comprising a half day.
- 4) The guidelines for long distance travel by Councillors be brought into line with those applying to employees.
- 5) The Special Responsibility Allowance payable to members of the Adoption Panel be reduced to 3.125% of the Leader's allowance.

Ian Samways
Chair of the Independent Remuneration Panel

March 2011