



Report of the Independent Remuneration Panel

*in respect of its recommendations for
the Derby City Council
Councillors' Allowances Scheme*

June 2021

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Part 1 - Introduction by the Chair

I would like to express my gratitude to everyone who has contributed towards this report of the Independent Remuneration Panel. I would like to thank my fellow Panel members for providing their time and expertise, and the Group Leaders, Committee Chairs and Councillors for engaging with this report and sharing their experiences with us. Finally, I would also like to thank the officers at Derby City Council for the support they have given the Panel during this process.

Derby's Independent Remuneration Panel plays an important role in ensuring that Derby attracts the best possible level of elected representation. Good governance in Derby requires Derby City Council to have highly skilled councillors from a range of different backgrounds. Derby has a proud history of manufacturing and the Panel agree that the people of Derby can continue to innovate and make Derby an attractive city to work and live in. The Panel believe that allowances should be set at a level that ensures the financial barriers to entry for those in full time employment or with caring responsibilities are not prohibitive.

The Panel feel that being a councillor in Derby should not be less financially attractive than in Derby's closest geographic comparators, allowing the city to continue to compete on the regional stage. 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 eleven years since any significant changes were made to Derby's Allowance Scheme.

The Panel agree that it is necessary for Derby's Allowance Scheme to be updated, in order to ensure that public service remains a viable option for the high-calibre people needed to govern Derby. The Panel believe what we have proposed will achieve this, 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

Part 2 - Membership of the Independent Remuneration Panel

Derby City Council's Independent Remuneration Panel was fully re-constituted in March 2017, taking its membership of six from lay people with experience sitting on other independent panels administered by the Council and from representatives of the private, adult social care and voluntary sectors.

Following the retirement of two members and the passing of Derek Heal in 2018, the Audit and Accounts Committee appointed three additional members to the panel in February 2020 in anticipation of the latest review.

The current membership of the IRP is as follows:

Mark Booton is a former head teacher of a primary school in Derby, having retired in 2016 following a 39-year career in education. Mark also sits as an experienced member of the Independent School Admission Appeals Panel for Derby City Council.

Trudie Hanson has previously worked overseas in the aviation industry and more recently as an Occupational Therapist in the NHS. Since 2010, Trudie has sat as a lay member in consideration of school admission and exclusion appeals, both in Derby and for other local authorities.

Alan Larkins is a former teacher having worked in schools in Derby, Burton and Bristol, before taking up a role at Saint Benedict school. Since retiring, Alan has also sat as an experienced member of the Independent School Admission Appeals Panel for Derby City Council.

Scott Knowles is the private sector representative to the Panel. He is the Chief Executive of the East Midlands Chamber, having joined the Chamber network in 1999. Owing to working commitments during the period of the review, Scott has been represented by his Chamber colleague David Pearson, Director of Partnerships, during several of the evidence gathering sessions.

Narinder Sharma has over 25 years' experience in senior leadership roles in the not for profit sector. For 7 years until January 2021 he was the chief executive of Derbyshire Carers Association and has formerly led international blindness, rare disease and older people organisations. He represents the adult social care sector and has received national recognition for his stewardship of highly effective charities. Narinder has served as the Chair of the IRP since September 2017 and is also a Trustee of Derby Book Festival.

Part 3 - The role of the IRP, previous recommendations and methodology for review

Whilst the role of an Independent Remuneration Panel is defined in general terms in legislation, the Panel throughout the period of this review has believed that it holds a broader remit to make recommendations that promote a healthy democratic culture in Derby.

This includes ensuring that the role of an elected councillor is attractive to prospective candidates; that sitting councillors have access to appropriate remuneration and support services whilst undertaking their role; and, that the important civic role elected members undertake is highlighted to residents of the City.

The recommendations contained within this report reflect that understanding and the Panel hopes that they will be taken in the spirit they are intended.

Request from Council to review Members' Allowances and Expenses

This review of the Members' Allowances and Expenses Scheme has been undertaken following a resolution of Council made in February 2020, to request that the panel revisit its previous recommendations made in 2018.

The IRP last reported to Council in May 2018. Council accepted the principle of the recommendations made by the Panel at that time but resolved to defer their consideration until after a review of the Council's governance arrangements had been concluded. That review was finalised in January 2020, with Council resolving to retain the existing Strong Leader and Cabinet governance model.

The previous report of the IRP formed the basis for the Panel's initial considerations. On reflection, whilst the Panel saw no reason to depart from the general principles set out in the 2018 report, it felt that a different approach was required to ensure the recommendations of the panel would prove acceptable to decision makers.

Evidence based approach

During the review, the Panel has been mindful that no substantial changes have been made to the councillors' allowances and expenses scheme since 2009. This was supported by evidence received from councillors noting the challenges associated with tackling what will always prove a politically contentious issue for elected members, the press and public.

It was also noted that this problem was exacerbated under the existing electoral cycle, with Council previously rejecting recommendations from the IRP to alter allowances in election years.

The Panel therefore agreed that a strong evidence base was required in order to support its recommendations and to ensure decision-makers could act with confidence. During the review, the panel has heard a range of evidence, including but not limited to:

- Written statements from councillors
- 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.

In particular, the Panel requested that those submitting evidence consider the following questions:

- The relative level of responsibility of posts attracting SRAs and whether the current scheme reasonably reflects the workload of each committee;
- The potential introduction of an index link to ensure councillors' allowances maintain parity with pay increases elsewhere in the public and private sectors;
- The extent to which the Members' Allowances and Expenses Scheme can be used as a means to increase diversity amongst councillors. For example, encouraging individuals in full-time employment or with caring responsibilities to become elected members.

The evidence received has been used to form the basis of this report. Taken together, the Panel believe that its recommendations are a proportionate and evidence-based response to the matter under consideration.

Phased review of Councillors' allowances

The Panel has agreed to undertake its review of allowances in two stages.

It was felt that there was an urgent need to address the level of Basic Allowance, following over ten years without any substantial alteration. Evidence provided later in this report suggests that this has led Derby to fall behind authorities of comparable size in the East Midlands.

The Panel has therefore focused its attention on establishing a baseline for the appropriate level of Basic Allowance. Moreover, it has sought to create a basis on which allowances can be linked to future local government pay awards, so that councillors' allowances maintain parity with pay increases elsewhere in the public sector.

The same rationale has been applied to recommendations relating to the level of Special Responsibility Allowances (SRAs). Whilst representations have been received to either enhance or reduce the level of SRAs payable to particular roles, it is proposed that an assessment of the relativity of SRAs will form the basis of a second stage of the Panel's review. This work is to be undertaken during the 2021-22 Municipal Year.

As the review progressed, it became apparent to the Panel that Dependent Carers Allowance was a particularly important means for encouraging individuals with children, elderly relatives or those with complex needs to seek elected office. Although this report proposes modest changes to the rate at which Dependent Carers Allowance is payable, the Panel felt that a more detailed review of the policy was required to take account of a broader range of circumstances that are applicable to those with caring responsibilities.

Recognition of political challenges

The IRP has from the outset been conscious of the potential political ramifications of its recommendations.

The Panel recognises the difficult reality faced by councillors in being asked to set their own allowances. Moreover, the febrile discourse that often accompanies discussion of politicians' pay at any administrative level makes those decisions increasingly challenging (the Panel notes that no significant change to the scheme of allowances has been agreed in Derby since 2009, coincidentally the year of the Parliamentary expenses scandal).

Equally, the Panel accepts that any payment from the public purse should offer value for money for taxpayers. It's therefore important that Council sets a scheme of allowances that both adequately remunerates all councillors, as well as those with positions of special responsibility, but that also sets out clear expectations as to the level of commitment those roles should entail.

It is the duty of the Panel to objectively consider the roles and responsibilities of elected councillors, whilst setting aside the political challenges that accompany any such assessment. Nevertheless, the Panel have devoted considerable time to develop their recommendations and is understandably keen to see them implemented. The IRP has therefore taken the opportunity to consult with political groups, with a view to establishing a broad consensus, before its recommendations were finalised.

The Panel notes comments made by several councillors during the review that the setting of allowances should be taken out of the hands of elected members entirely, drawing comparisons with the process for setting pay and expenses for Members of Parliament. Indeed, the Independent Parliamentary Standards Authority (IPSA) has set and administered MP's pay since 2011.

Whilst the Panel strongly agrees with this argument and would support any representations made to the Government to this effect, this review could only be conducted within the legislative framework as it currently exists. It's therefore incumbent on Council to determine a scheme of allowances, having taken the views of the IRP into account.

The Panel feels strongly that it is in the long-term interests of the city to ensure that it attracts the best possible level of elected representation. Therefore, the Panel believe that allowances should be set at a level that ensures the financial barriers to entry for those in full time employment or with caring responsibilities are not prohibitive. Moreover, the Panel agreed that being a councillor in Derby should not be less financially attractive than in Derby's closest geographic comparators, allowing the city to continue to compete on the regional stage.

The Panel hopes that its recommendations will be carefully considered, not only by Council but also by stakeholders across the city. The overriding opinion of the Panel is that failure to address allowances will have a debilitating effect on local democracy and discourage people from many walks of life from seeking elected office in Derby, should the existing stalemate continue.

The recommendations contained within this report seek to redress this unsustainable situation.

Part 4 - Basic Allowance

Summary

All Derby City Councillors currently receive a Basic Allowance of £10,076 per year.

In written statements and interviews, the panel heard evidence that many councillors felt previous reports of the IRP had focused too heavily on the relativity of Special Responsibility Allowances, rather than the Basic Allowance.

It was noted that the Basic Allowance was received by all councillors and therefore any changes would have the greatest impact in terms of both supporting existing councillors and encouraging new candidates to seek election for the first time.

The Panel discussed the variety of reasons why an individual might seek elected office, noting that many did so out of a sense of civic duty and that for a small proportion the level of remuneration was inconsequential. However, for many others, the Basic Allowance was a vital means of supporting themselves whilst undertaking their public duties. It was also evident that some individuals struggled to balance their role as a councillor with either working or family life, which was exacerbated by the relatively modest Basic Allowance received.

The Panel noted that there was no 'job description' associated with the role of a councillor or a set number of contracted hours, but anecdotally it appeared that many individuals devoted a considerable amount of time to their duties and that the current Basic Allowance effectively equated to less than the National Living Wage (£9.50 per hour, outside London) when weekly hours were collated.

A 2017 report of the Local Government Commission found that on average councillors spent 25 hours per week dedicated to their duties. Based on the current Basic Allowance of £10,076 in Derby, this equates to approximately £7.75 per hour.

Whilst the Panel recognises that councillors are not employees and that allowances should not be considered as salaries, based on the evidence presented, it was felt that the level of remuneration did not adequately reflect the time many councillors devoted to the role.

Stagnation of the Basic Allowance

The majority of those who submitted evidence to the Panel noted that there had been no significant change to the level of Basic Allowance for over ten years, and that previous recommendations of the IRP had been rejected or deferred when presented to Council, owing to the prevailing political conditions at the time.

Evidence collated on behalf of the Panel supported this assertion. The last significant change to Councillors' Allowances and Expenses was adopted in 2009, when the level of Basic Allowance was set at £9,878 per annum. A modest increase to the current level of £10,076pa was adopted in 2014.

The Panel noted the substantial change that local government had experienced in the last decade, with regards to reductions in central government funding and increasing reliance on local taxation to fund public services. The IRP recognised the reasons why Council chose not to adopt increases in Basic Allowance during a period when Council employees were experiencing a pay freeze. However, the Panel also noted that in recent years pay awards had been made, whilst allowances had remained stagnant.

The Panel therefore requested that an analysis was conducted examining what the level of Basic Allowance would have been had local government pay awards been replicated since 2009 (see Figure 1 below). For comparative purposes, a similar analysis was conducted increasing the Basic Allowance in line with the Consumer Price Index rate of inflation over the same period.

Fig 1: Level of Derby City Council Basic Allowance had Local Government pay awards been adopted since 2009

01 April 2020	£11,523
01 April 2019	£11,215
01 April 2018	£10,995
01 April 2017	£10,779
01 April 2016	£10,672
01 April 2015	£10,566
01 April 2014	£10,339
01 April 2013	£9,976
01 April 2012	£9,878
01 April 2011	£9,878
01 April 2010	£9,878
01 April 2009	£9,878
Basic Allowance	

Fig 2: Level of Derby City Council Basic Allowance had increases been adopted in line with Consumer Price Index rate of inflation since 2009

01 April 2020	£12,589
01 April 2019	£12,366
01 April 2018	£12,064
01 April 2017	£11,747
01 April 2016	£11,665
01 April 2015	£11,665
01 April 2014	£11,493
01 April 2013	£11,202
01 April 2012	£10,897
01 April 2011	£10,428
01 April 2010	£10,095
01 April 2009	£9,878
Basic Allowance	

Source: <https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/d7g7/mm23>

Based on this evidence, the Panel felt that a Basic Allowance of between £11,523 and £12,523 per annum would be an appropriate baseline on which to make any recommendations. Moreover, these parameters reflect the recommendation made by the IRP in May 2018 to increase the Basic Allowance to £12,000 per annum.

Benchmarking of Basic Allowance

The Panel were keen to understand how the level of Basic Allowance in Derby compared to that of neighbouring authorities and those of comparable size across the country.

Two exercises were undertaken to compare the current level of Basic Allowance at East Midlands upper tier and unitary authorities, as well as those identified by the Chartered Institute of Public Finance and Accountancy (CIPFA) as Derby's closest direct comparators in terms of size and spending power.

The findings are reported at Figure 3 and Figure 4 respectively:

Fig 3: Comparison of Basic Allowance at upper tier and unitary East Midlands local authorities (2019/20)

Authority							Mean Average	Median Average
							£11,676	£11,010
Derbyshire						£10,896		
Leicester City						£10,146		
Leicestershire						£11,124		
Lincolnshire						£10,792		
Nottingham City						£12,485		
Nottinghamshire						£14,613		
Basic Allowance							£11,676	£11,010

Authority								Mean Average	Median Average
								£10,607	£10,451
Plymouth						£11,003			
Telford and Wrekin						£9,444			
Walsall						£11,369			
Bury						£8,537			
Bolton						£11,644			
Dudley						£9,395			
Calderdale						£10,559			
Thameside						£11,640			
Kirklees						£13,627			
Coventry						£13,825			
Rochdale						£10,451			
Stockton on Tees						£9,300			
Darlington						£8,188			
Oldham						£9,709			
Medway						£10,421			
Basic Allowance							£10,607	£10,451	

Fig 4: Comparison of Basic Allowance at Derby City Council comparator authorities as identified by CIPFA (2019/20)

The Panel noted the substantial variation in the level of Basic Allowance at CIPFA comparator authorities – the range between the highest and lowest allowances amounting to £5,637.

When enquiring as to the likely reasons for the variation, the Panel were informed that several local factors might be relevant. For example, some authorities may place greater emphasis on Special Responsibility Allowances or authorities may provide a greater level of direct support to councillors in order to undertake their duties, in lieu of a Basic Allowance.

The Panel felt strongly that in order to reflect the city's ambitions, that greater consideration was given to regional neighbours. It was noted that the mean average for regional neighbours fell within £153 of the amount identified Figure 1, had Local Government pay awards been reflected over the preceding 10-year period.

The Panel therefore recommends that a Basic Allowance of £11,523 is implemented, to take immediate effect if agreed by Council.

Future uplift in Basic Allowance

Throughout the Panel's deliberations, it has been recognised that any attempt to reset the level of Basic Allowance received by councillors must be accompanied by a means to ensure the allowance remains appropriate in future years.

The Panel specifically asked councillors to address this point in their written submissions. Contributors were unanimously in support of a mechanism by which councillors' allowances could maintain parity with pay rises received in either the public sector or across the wider economy.

The Panel agreed that such a mechanism was necessary, to avoid further stagnation of Councillors' Allowances in future years and a repeat of the structural issues that this report is seeking to redress.

Relevant legislation allows for Independent Remuneration Panels to set an index link for a period of four years, before a further report is required. The Local Authorities (Members' Allowances) (England) Regulations 2003, Part 3, Paragraph 10 states:

(4) A scheme may make provision for an annual adjustment of allowances by reference to such index as may be specified by the authority and where the only change made to a scheme in any year is that effected by such annual adjustment in accordance with such index the scheme shall be deemed not to have been amended.

(5) Where an authority has regard to an index for the purpose of annual adjustment of allowances it must not rely on that index for longer than a period of four years before seeking a further recommendation from the independent remuneration panel established in respect of that authority on the application of an index to its scheme.

Accounting for the evidence received and what is permitted under the regulations, the Panel therefore recommends that the level of Basic Allowance is linked to future local government pay awards from April 2022 onwards, for a period of three years.

This is considered preferable to a link based on inflation. The Panel noted the recent announcement of a public sector pay freeze and felt that councillors may be unwilling to accept a pay rise under such circumstances. Moreover, the Panel felt it would be inappropriate to recommend a pay increase based on inflation at a time when many Derby residents had not received such an increase or had seen their incomes fall as a result of the Coronavirus Pandemic.

The likely financial impact of Basic Allowance being linked to future Local Government pay awards is modelled in Figure 5 below:

Fig 5: Recommended Basic Allowance modelled against future local government pay awards

Pay Award	2021/22	2022/23	2023/24	2024/25
0%	£11,523	£11,523	£11,523	£11,523
1%	£11,523	£11,638	£11,755	£11,872
2%	£11,523	£11,753	£11,989	£12,228
3%	£11,523	£11,869	£12,225	£12,591

Conclusion

The Panel agreed that addressing the level of Basic Allowance was the most important element of the current review. It was felt that failure to increase the Basic Allowance over the preceding 10-year period had resulted in councillors in Derby being substantially undervalued for the important and often challenging public duties they undertake. In addition, the Panel felt that if left unaddressed, comparatively low levels of remuneration would have a debilitating impact on the quality and diversity of elected representation for residents in Derby.

The Panel strongly felt that the Basic Allowance was fundamental to attracting a diverse range of candidates to serve as elected councillors. In particular, a fair level of Basic Allowance was crucial in encouraging those in full time employment or with caring responsibilities to take up the role. Whilst the Panel acknowledged that a sense of civic duty motivated all councillors, it was felt that this alone could not be relied upon as a means to attract residents to seek elected office.

The Panel accepts the financial position of the Council will inevitably be an important consideration for councillors in reaching its decision, however this does not fall within the remit of the IRP. The recommendations are based on the evidence collated and an assessment of what would represent value for money to local taxpayers, to ensure the best quality of representation.

Evidence was heard suggesting that any proposed increase to the Basic Allowance should be funded from equivalent reductions in Special Responsibility Allowances. This has been discounted by the Panel, as even a modest increase in Basic Allowance for all councillors would result in a disproportionately large reduction in SRAs for positions that carry with them substantial levels of responsibility – this is assessed in greater detail in Section 5.

The Panel strongly believed that the level of Basic Allowance should reflect those of Derby City Council's closest upper tier and unitary neighbours, as well as accounting for over ten years of stagnation.

Upon consideration of the evidence, the Panel agreed that linking future increases to the local government pay award was the fairest means of ensuring the Basic Allowance was set at a proportionate level and remained appropriate in future years. The Panel discounted an equivalent link based on the CPI rate of inflation.

The Independent Remuneration Panel has therefore made the following recommendations on the level of Basic Allowance, in line with the calculation made in Figure 1:

Recommendation 1: To recommend that the Basic Allowance is increased to £11,523 per annum.

Recommendation 2: To recommend that an index link is adopted so that the Basic Allowance increases in line with the Local Government Pay Award in the 2022/23, 2023/24 and 2024/25 financial years.

Part 5 - Special Responsibility Allowances

Special Responsibility Allowances (SRAs) are paid to councillors who take on additional roles and responsibilities, for example as a Cabinet Member or a Committee Chair. All SRAs are pro-rated against the additional allowance received by the Leader of the Council, which is currently £30,229 per annum.

The Panel considered at length whether a wholesale review of SRAs was necessary. Representations were received for the relative increase or decrease of SRAs associated with certain roles. However, as with the Basic Allowance, the Panel felt that it was more important to first address the long-term stagnation of the overall level of allowances, rather than alter the relativity of existing SRAs.

It was noted that many existing allowances were set in accordance with the priorities of the Council at a particular point in time. For example, the allowance associated with the Chair of the Personnel Committee was set when the Council was undertaking the single status job evaluation process, whilst the allowance associated with the Audit and Accounts Committee Chair was established when the Council was formulating its response to a Report in the Public Interest in 2016.

The Panel noted the outcome of the recent review of governance arrangements, in which it was resolved that the Council would retain the Strong Leader and Cabinet model. Having met with both Group Leaders and senior Council Officers, the Panel agreed that the workload and accountability associated with the role of the Leader and Cabinet Members was substantial.

The Panel remains of the view that it is necessary to examine the relativity of SRAs, but is recommending that this forms a second phase of its work following the consideration of its initial proposals.

However, the IRP did agree that it was necessary to examine the overall level of SRAs in accordance with the principles established in its review of the Basic Allowance. The outcome of a similar benchmarking exercise and proposals for the future uplift of SRAs are included below.

Stagnation of Special Responsibility Allowances

As with the level of Basic Allowance and with the exception of a small number of incidental changes adopted by Council in the intervening period, SRAs have not been altered significantly since 2009.

At that time, the Leader's allowance was set at £29,633 per annum, before being increased to its current level of £30,229 per annum in 2014.

Owing to the substantial degree of individual accountability, the IRP has previously recommended substantial increases to the Leader's allowance, which Council has chosen not to adopt. The Panel recognises the various reasons why previous recommended increases to SRAs have not been adopted and therefore felt that it was necessary to adopt a revised approach, in line with the review of Basic Allowance that has been undertaken.

The Panel therefore requested that a similar analysis, comparing the level of the Leader's Allowance against Local Government pay awards and the Consumer Price Index rate of inflation, was undertaken (Figures 6 and 7).

Fig 6: Level of Leader's SRA had Local Government pay awards been adopted since 2009

	01 April 2020	£34,569
01 April 2019	£33,644	
01 April 2018	£32,984	
01 April 2017	£32,337	
01 April 2016	£32,017	
01 April 2015	£31,700	
01 April 2014	£31,018	
01 April 2013	£29,929	
01 April 2012	£29,633	
01 April 2011	£29,633	
01 April 2010	£29,633	
01 April 2009	£29,633	
Basic Allowance		

Fig 7: Level of Leader's SRA had increases been adopted in line with Consumer Price Index rate of inflation since 2009

	01 April 2020	£37,768
01 April 2019	£37,100	
01 April 2018	£36,195	
01 April 2017	£35,243	
01 April 2016	£34,998	
01 April 2015	£34,998	
01 April 2014	£34,481	
01 April 2013	£33,607	
01 April 2012	£32,692	
01 April 2011	£31,284	
01 April 2010	£30,285	
01 April 2009	£29,633	
Basic Allowance		

Source: <https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/d7g7/mm23>

Based on this analysis, the Panel felt that setting the Leader's Allowance at between £34,569 and £37,768 was an appropriate level on which to establish its recommendations. By comparison, the IRP had previously recommended a Leader's SRA of £36,000pa as part of its last review in 2018.

Benchmarking of Special Responsibility Allowances

A similar exercise to benchmark the level of the Leader's allowance against both regional and CIPFA comparator authorities was also undertaken, the results of which are detailed at figures 8 and 9.

Fig 8: Comparison of Leader's SRA at upper tier and unitary East Midlands local authorities (2019/20)

Authority	Nottinghamshire	Nottingham City	Lincolnshire	Leicestershire	Leicester City	Derbyshire	Mean Average	Median Average
Leader's SRA	£34,266	£37,194	£34,192	£37,692	N/A	£36,000	£35,869	£36,000
Variance to DCC (£30,229)	-£4,037	-£6,965	-£3,963	-£7,463	N/A	-£5,640	-£5,640	-£5,771

Fig 9: Comparison of Leader's SRA at Derby City Council comparator authorities as identified by CIPFA (2019/20)

Authority	Leader's SRA	Variance to DCC (£30,229)	Mean Average		Median Average	
			£28,613	+£1,696	£29,603	+£686
Medway	£31,263	-£964				
Oldham	£34,953	-£4,654				
Darlington	£22,933	+£7,366				
Stockton on Tees	£25,000	+£5,299				
Rochdale	£31,353	-£1,054				
Coventry	£24,885	+£5,414				
Kirklees	£25,658	+£4,641				
Thameside	£36,036	-£5,737				
Calderdale	£31,677	-£1,378				
Dudley	£22,243	+£8,056				
Bolton	£31,294	-£995				
Bury	£25,985	+£4,314				
Walsall	£23,298	+£7,001				
Telford and Wrekin	£29,603	+£696				
Plymouth	£33,010	-£2,711				

The Panel recognised that Derby fell significantly behind all its regional upper-tier neighbours with regards to the level of Special Responsibility Allowance paid to the Leader of the Council. Moreover, the IRP noted that both the mean and median average for these authorities fell within the window established in the previous section of this report, with regards to reflecting local government pay awards and the CPI rate of inflation.

In contrast, the Panel noted the substantial variation in the level of Leader's allowance paid at CIPFA comparator authorities, with a range in excess of £13,000 between the lowest and highest SRA. It was further noted that Derby's existing Leader's SRA sat moderately above both the mean and median averages for the 15 authorities examined. It was suggested that several local factors were likely to influence the level of SRA paid to the Leader at different councils.

As it had done with the assessment of Basic Allowance, the Panel strongly felt that greater consideration should be given to the level of Leader's SRA paid by regional neighbours, both to reflect the city's ambition and to ensure Derby compared favourably to those authorities with which it had the closest working relationships.

Moreover, based on the evidence presented, the Panel agreed with the assessment of previous IRPs that the current level of allowance payable to the Leader substantially undervalued the level of responsibility and accountability associated with the role.

As it had done with the Basic Allowance, the Panel felt that mirroring local government pay awards was the most appropriate and fairest mechanism for setting the level of the Leader's allowance. The Panel therefore recommends that a Leader's Allowance of £34,569 is implemented with immediate effect and that all other SRAs are increased accordingly as a result.

The resulting impact on all other SRAs is detailed in Figure 10 below:

Fig 10: Proposed Schedule 1 of Members' Allowances and Expenses Scheme based on Leaders' SRA of £34,569 per annum

	Position	Pro-rata Percentage	2020/21 SRA	Proposed SRA
1	Leader of the Council	100%	30,229	34,569
2	Deputy Leader of the Council	75%	22,672	25,927
3	Other Council Cabinet Members	50%	15,115	17,285
4	Leader of Minority Group ¹	25%	7,557	8,642
5	Deputy Leader of Minority Group ²	12.5%	3,779	4,321
6	The Mayor	25%	7,557	8,642
7	Chairs of Overview and Scrutiny Boards	25%	7,557	8,642
8	Vice Chairs of Overview and Scrutiny Boards	6.25%	1,889	2,161
9	Chairs of Regulatory Committees	25%	7,557	8,642
10	Chair of Audits and Accounts Committee	17.5%	5,290	6,050
11	Chair of Personnel Committee	17.5%	5,290	6,050
12	Vice Chair of Planning Control Committee	12.5%	3,779	4,321
13	Members of Social Services Adoption Panel *	6.25%	1,889	2,161
14	Vice Chairs of General and Taxi Licensing and Appeals Committee	12.5%	3,779	4,321
15	Members of the General and Taxi Licensing and Appeals Committee	6.25%	1,889	2,161
16	Youth Mayor Bursary**	N/A	1,000	1,000

¹The Leader of a Minority Group allowance is only payable to minority groups with a minimum of four members, following a resolution of Council on 22 May 2019.

²The Deputy Leader Minority Group allowance is only payable to minority groups with a minimum of ten members, following recommendations from the Independent Remuneration Panel.

* Following the creation of Adoption East Midlands, the Social Services Adoption Panel no longer exists and therefore the allowance is no longer applicable.

** The Youth Mayor Bursary was introduced in 2018 and is not pro-rated to the Leader's allowance. The IRP recommends that this payment is retained at its existing level.

Future uplift of Special Responsibility Allowances

As it did with the Basic Allowance, the Panel urges Council to adopt a mechanism for ensuring the level of Special Responsibility Allowance remains appropriate in future years.

On the same basis identified in part four of this report, the Panel therefore recommends that Special Responsibility Allowances are linked to future local government pay awards from April 2022 onwards, for a period of three years.

The potential resulting impact on the level of the Leader's SRA is modelled in Figure 11 below.

Fig 11: Recommended Leader's SRA modelled against future local government pay awards

Pay Award	2021/22	2022/23	2023/24	2024/25
0%	£34,569	£34,569	£34,569	£34,569
1%	£34,569	£34,915	£35,264	£35,616
2%	£34,569	£35,260	£35,966	£36,685
3%	£34,569	£35,606	£36,674	£37,774

Conclusion

Whilst of long-term importance to the effective discharge of the Council's functions, the Panel felt that addressing the level of Special Responsibility Allowances was secondary to resetting the level of Basic Allowance to account for more than ten years of stagnation.

Nevertheless, it was evident to the Panel that certain roles and responsibilities attracted a substantial degree of responsibility, accountability and public scrutiny. In particular, the Panel recognised those councillors involved in the discharge of executive functions and those with leadership responsibilities within their respective groups as having a particularly important role. It was therefore felt that it would be remiss of the panel not to address the long-term stagnation of SRAs, in the same manner as it has sought to do with the Basic Allowance.

The Panel are mindful of requests to reconsider the relativity of the allowances associated with individual constitutional appointments. The IRP shares the view that this work is necessary, but not as part of the current review. The Panel therefore intends to bring a second report to Council during the 2021/22 municipal year for incorporation into the Councillors' Allowances and Expenses Scheme.

The Panel remain of the view that Derby's scheme of allowances should be comparable to those of the Council's upper tier regional neighbours. Moreover, mirroring Special Responsibility Allowances to any future local government pay awards will ensure future fairness.

The Independent Remuneration Panel therefore makes the following recommendations in respect of Special Responsibility Allowances:

Recommendation 3: To recommend that the Special Responsibility Allowance for the Leader of the Council is increased to £34,569 per annum and that all SRAs are increased on a pro-rata basis as detailed at Figure 10 of this report.

Recommendation 4: To recommend that an index link is adopted so that Special Responsibility Allowances increase in line with the Local Government Pay Award in the 2022/23, 2023/24 and 2024/25 financial years.

Recommendation 5: To recommend that the Independent Remuneration Panel conduct a further review of the relativity of Special Responsibility Allowances during the 2021/22 municipal year, pro-rated against the Leader's allowance established at recommendation three.

Part 6 - Travel, Subsistence and Dependent Carers Allowance

Councillors are entitled to expense travel and subsistence costs incurred when undertaking approved duties detailed within the Councillors' Allowances and Expenses Scheme. For these purposes, the Council House is considered a councillors' place of work.

Councillors may also claim Dependent Carers Allowance (DCA) for costs incurred whilst undertaking approved duties. Currently, DCA can be claimed at £6 per hour, up to a maximum of £50 per day.

Whilst the Panel saw no need to review the rates payable for travel and subsistence, the IRP felt that DCA needed to be reformed. The Panel recognised DCA was an important means of allowing parents and carers to fulfil their duties as councillors. Moreover, the Panel felt that the provisions needed to reflect the cost of care and different personal circumstances.

Several recommendations in respect of support for councillors who are carers are detailed at the conclusion of this part of the report.

Travel and Subsistence

The rates payable for travel and subsistence in the existing scheme remain comparable with the entitlements of Council employees to claim reasonable expenses.

To ensure consistency, the IRP therefore recommends that minor amendments are made to the councillors' expenses scheme to ensure it remains identical to the current entitlements of Council employees.

The recommended amendments are as follows:

- Travel via motorcycles with engine capacity below 500cc reimbursed at 9.6p per mile (reduced from 12.3p per mile under the existing scheme).
- Travel via motorcycles with engine capacity above 500cc reimbursed at 14.8p per mile (reduced from 16.5p per mile under the existing scheme).
- An additional 5p per mile payable for motor vehicle travel when carrying passengers who are either fellow councillors undertaking approved duties or employees of the Council.

The IRP recommends that the existing substantive rates payable for motor vehicle and bicycle travel remain unchanged, and makes no recommendations in relation to the agreed level of subsistence expenses.

Dependent Carers Allowance

The Panel recognised DCA as an important tool for encouraging a broader range of people to seek office and, once elected, to be effective councillors.

The Panel heard evidence by or on behalf of councillors with caring responsibilities. Anecdotal accounts were heard that suggested councillors who had claimed the allowance had faced public criticism for legitimate claims made under the scheme. This had resulted in some councillors with caring responsibilities being reluctant to make further claims out of concern for the perceived political repercussions.

The Panel felt strongly that the legitimacy of Dependent Carers Allowance claims should be reinforced and that failure to do so may discourage those with caring responsibilities from seeking

election or continuing in their role as a councillor. The IRP therefore suggests that claims for DCA are reported separately to other allowances.

The IRP noted that in its present form, DCA did not make any distinction between those with caring responsibilities for children, adults or those with enhanced needs. Moreover, like other allowances, DCA had seen no significant reform or increase in recent years. The Panel therefore requested that evidence of innovative practice was collated, with a view to making recommendations that better reflected the variety of circumstances that a councillor with caring responsibilities might encounter.

In many instances, schemes from other authorities differentiated between those councillors with childcare responsibilities and those with caring responsibilities for adults or children with enhanced needs. Moreover, the rates at which payments were made were set against a recognised benchmark, such as the Real Living Wage or the rate at which respective authorities commissioned adult care in the home. The Panel welcomed this approach and has therefore developed its recommendations on this basis.

The Panel considered the existing £50 daily limit to be an arbitrary figure, which bore no relation to the real costs incurred by carers. It was noted that the current hourly rate fell significantly below the National Living Wage. Moreover, the cost of care for adults or those with specialist needs often far exceeded the £50 daily limit.

The Panel has therefore established a series of component recommendations for the development of a more holistic approach to Dependent Carers Allowance and has recommended that a scheme is developed that gives them effect.

Moreover, the Panel supports the recommendation made by the IRP in 2018 that either hourly or daily limits placed on the amount of Dependent Carers Allowance claimed apply per dependent, rather than per councillor. The Panel felt this was within the spirit of the scheme and any other interpretation would severely disadvantage any councillor with multiple dependents.

The seven component recommendations the IRP makes in relation to Dependent Carers Allowance are as follows:

- a) To increase the maximum hourly rate at which Dependent Carers Allowance is payable for the care of children under 14 years of age to £9.50 per hour, in line with the Real Living Wage.
- b) To increase the maximum hourly rate at which Dependent Carers Allowance is payable for dependent adult care or children with enhanced needs to £15.21 per hour, in line with the Council's commissioned hourly home care rate for 2020/21.
- c) To index the maximum hourly rate at which Dependent Carers Allowance is payable as follows until 2024/25:
 - For dependent childcare, against the Real Living Wage, as set by the National Living Wage Foundation.
 - For dependent adult care or children with enhanced needs, against the Council's commissioned hourly home care rate.
- d) To abolish the maximum daily limit on Dependent Carers Allowance, on the understanding that claims will be strictly limited to hours when councillors are undertaking approved

duties, as detailed at Schedule 3 of the Councillors' Allowances and Expenses Scheme.

- e) To delegate authority to the Director of Legal, Procurement and Democratic Services to vary the provisions of the scheme to assist those claimants who require specialist care that costs more than the approved hourly rates, where it would be appropriate to do so.
- f) To clarify that the limits on Dependent Carers Allowance apply per dependent, rather than per councillor.
- g) To recommend that remuneration for informal care arrangements provided by friends or family are considered on a case by case basis by the Director of Legal, Procurement and Democratic Services.

During its deliberations, the Panel heard evidence in respect of the Council lacking a formal parental or carers leave policy for councillors. It was noted that councillors who had previously taken maternity, paternity or carers leave had done so at the discretion of their Group Leader.

The Panel felt strongly that these arrangements should be formalised and stressed that councillors should remain entitled to receive both their Basic and Special Responsibility Allowances in these circumstances, with cover arrangements established and additional allowances paid as appropriate.

The Panel noted that several authorities in the UK had already adopted similar policies and therefore encourages Derby to do the same.

Conclusion

The Independent Remuneration Panel felt strongly that supporting councillors who are carers is fundamentally important to ensuring Derby's cohort of elected members reflects residents in the city and the Council's service users.

Whilst data demonstrates that this allowance is only claimed by very small proportion of councillors and the overall cost incurred by the Council in recent years has been modest, the evidence heard by the Panel was compelling in respect of the positive impact the allowance could make to the experience of councillors who were struggling to balance their duties as elected representatives with their responsibilities as carers.

The IRP therefore makes the following recommendations:

Recommendation 6: To recommend that the rates payable for travel expenses are amended to ensure consistency with equivalent entitlements for Derby City Council employees.

Recommendation 7: To recommend that the Councillors' Allowances and Expenses Scheme is amended to give effect to the seven component recommendations in respect of Dependent Carers Allowance.

Recommendation 8: To recommend that Council request the introduction of a Parental and Carers' Leave policy for councillors at the earliest opportunity.

Recommendation 9: To recommend that annual summaries of the amounts claimed for Dependent Carers Allowance are reported separately to all other allowances and expenses.

Part 7 - Further recommendations

During its deliberations, the Panel discussed several issues that did not directly relate to the levels of allowances and expenses.

Whilst councillors may consider that these recommendations fall outside of the narrow remit afforded to the IRP in legislation, it is hoped they will be considered in the spirit they are intended.

The following recommendations are made to offer consistency in the support that is provided to councillors and also ensure that the important work undertaken by elected members is highlighted to residents and external stakeholders in the city.

Highlighting the role of elected members

The Panel spent a significant amount of its time considering how the Councillors' Allowances and Expenses Scheme could be amended to encourage greater diversity amongst the Council's elected representatives. In particular, compelling evidence was received relating to women's representation and experience on the Council.

It was also apparent from the evidence that was received that many councillors worked exceptionally hard to represent residents; undertake their responsibilities on committees and discharge the functions of the Council.

The Panel felt that the positive work of local councillors should be more widely acknowledged and form part of a communications campaign to encourage residents from all backgrounds to consider standing as candidates in local elections.

The IRP encourages political groups to work together to support such a campaign and to consider the long-term benefits to the city and the council of an improved diversity of representation.

Expectation that mandatory training is completed

During its deliberations the panel heard some evidence suggesting that Special Responsibility Allowances were paid to councillors who had not undertaken required training. These concerns particularly arose in relation to the work of the Licensing Committee, where an allowance was received by all councillors and training was mandated to participate in sub-committees.

Evidence provided by officers suggested there was no evidence of any deliberate intention to not undertake training, but on occasion the availability of councillors did result in allowances being paid for a period before training was completed.

In general terms, the Panel felt that councillors holding positions that attracted SRAs had a responsibility to ensure appropriate training was completed and to not jeopardise the effective operation of the committees to which they are appointed.

The Panel therefore recommends that the Councillors' Allowances and Expenses Scheme is amended to reflect this expectation, and that discretion is provided to the Chief Executive to withhold Special Responsibility Allowances in circumstances where required training hasn't been completed within a reasonable period of appointment.

If agreed, the IRP recommends that scheme be amended as follows:

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 and where reasonable opportunity has been provided for training to be completed, the Chief Executive may withhold payment of any Special Responsibility Allowance until such time as necessary training has been completed.

Transparent reporting of additional allowances

In addition to the Mayor's Special Responsibility Allowance, the Mayor and Deputy Mayor receive an annual payment, known as a 'Mayoral Purse'.

Whilst the amount is a matter for local determination, the requirement to provide the Mayor and Deputy Mayor with payments to meet the expenses of the office are detailed in section three paragraph five and in section five, paragraph four of the Local Government Act 1972.

The purse is used to meet incidental costs associated with the role – for example, to purchase clothing for special occasions; covering costs associated with charitable fundraising or to purchase additional tickets to events where the Mayor is an invited dignitary.

The current Mayoral Purse is £5,335 per annum; the current purse for the Deputy Mayor is £2,035.

The Panel heard evidence that the purse had been traditionally paid as a lump sum to the office holders and that these payments were not reported alongside other allowances and expenses. The Panel also noted that a recommendation to amalgamate the Mayoral Purse with the Mayor's Special Responsibility Allowance had been proposed in 2018.

On further investigation, the IRP felt that this was no longer necessary. Instead, the Panel recommends that the purses are reported transparently alongside the annual summaries of other allowances and expenses.

Moreover, it recommends that a more defined process is introduced in relation to payment of the purse. It was suggested that instead of a single payment, a sum of £1,000 is paid at the start of a municipal year, with any further expenses drawn down and receipted as they are incurred, up to a maximum of the current annual amount.

The Panel felt that this was necessary to ensure that the Office of the Mayor remained transparent and beyond reproach.

Introduction of a Deputy Youth Mayor Bursary

In 2018, Council accepted a recommendation from the IRP to introduce a £1,000 bursary for the Youth Mayor of Derby.

In the time since, the Youth Mayor initiative has continued to provide a platform for young people to participate in the democratic processes of the Council and to ensure that the voices of young people in Derby are heard by decision-makers.

It has been noted that on many occasions the Youth Mayor has worked in very close partnership with their Deputy, attending the same meetings and working on shared initiatives throughout their terms of office.

The IRP therefore recommends that a second bursary of £750 is introduced for the Deputy Youth Mayor.

Conclusion

The Panel strongly encourages Council to consider and accept its recommendation in relation to promoting the role of elected councillors. The IRP recognises the time and effort many councillors dedicate to representing their residents, with little public recognition of the valuable role that they perform.

In addition, in recommending increases in allowances, the Panel felt that there was an expectation that training was undertaken to justify the payment of SRAs.

The remaining recommendations are largely administrative, but the Panel felt they would ensure consistency in the application of the Councillors' Allowances Scheme and the support services councillors receive.

The IRP therefore makes the following recommendations:

Recommendation 10: To recommend that the Council undertakes a cross-party communications initiative to highlight the valuable role of elected councillors and to encourage residents from all backgrounds to consider standing as candidates.

Recommendation 11: To recommend that the Councillors' Allowances Scheme be amended to provide discretion for SRAs to be withheld in circumstances where mandatory training has not been completed within a reasonable timescale, as detailed in the report.

Recommendation 12: To recommend that the payment of the Mayor and Deputy Mayor's purse is openly and transparently reported alongside the annual summaries of councillor allowances and expenses; and, that a process is introduced for payments from the purse to be drawn down and receipted, as expenses are incurred, following the payment of an initial lump sum.

Recommendation 13: To recommend that an annual bursary of £750 is introduced for the Deputy Youth Mayor, to accompany the existing £1000 bursary received by the Youth Mayor.

Part 8 – Summary of Recommendations

The Independent Remuneration Panel makes the following recommendations to Council in respect of Councillors' Allowances and Expenses:

1. To recommend that the Basic Allowance is increased to £11,523 per annum.
2. To recommend that an index link is adopted so that the Basic Allowance increases in line with the Local Government Pay Award in the 2022/23, 2023/24 and 2024/25 financial years.
3. To recommend that the Special Responsibility Allowance for the Leader of the Council is increased to £34,569 per annum and that all SRAs are increased on a pro-rata basis as detailed at Figure 10 of this report.
4. To recommend that an index link is adopted so that Special Responsibility Allowances increase in line with the Local Government Pay Award in the 2022/23, 2023/24 and 2024/25 financial years.
5. To recommend that the Independent Remuneration Panel conduct a further review of the relativity of Special Responsibility Allowances during the 2021/22 municipal year, pro-rated against the Leader's allowance established at recommendation three.
6. To recommend that the rates payable for travel expenses are amended to ensure consistency with equivalent entitlements for Derby City Council employees.
7. To recommend that the Councillors' Allowances and Expenses Scheme is amended to give effect to the seven component recommendations in respect of Dependent Carers Allowance.
8. To recommend that Council request the introduction of a Parental and Carers' Leave policy for councillors at the earliest opportunity.
9. To recommend that annual summaries of the amounts claimed for Dependent Carers Allowance are reported separately to all other allowances and expenses.
10. To recommend that the Council undertakes a cross-party communications initiative to highlight the valuable role of elected councillors and to encourage residents from all backgrounds to consider standing as candidates.
11. To recommend that the Councillors' Allowances Scheme be amended to provide discretion for SRAs to be withheld in circumstances where mandatory training has not been completed within a reasonable timescale, as detailed in the report.
12. To recommend that the payment of the Mayor and Deputy Mayor's purse is openly and transparently reported alongside the annual summaries of councillor allowances and expenses; and, that a process is introduced for payments from the purse to be drawn down and receipted, as expenses are incurred, following the payment of an initial lump sum.
13. To recommend that an annual bursary of £750 is introduced for the Deputy Youth Mayor, to accompany the existing £1000 bursary received by the Youth Mayor.