

**PUBLIC****DERBYSHIRE COUNTY COUNCIL****COUNCIL****2 October 2013****Report of the Chief Executive, the Director of Legal Services  
and the Director of Finance****MEMBERS' ALLOWANCES SCHEME****1 Purpose of the Report**

To present to the Council a report of the Independent Remuneration Panel in order that the Council may consider the proposals to amend the Members' Allowances Scheme in the light of the Panel's recommendations.

**2 Information and Analysis**

At its meeting on 15 May 2013, the Council considered proposals for provisional Members' Allowances arrangements. The Independent Remuneration Panel has now considered the provisional arrangements and has produced a report which is attached at Appendix 1. The Council is invited to consider the provisional arrangements which were agreed on 15 May in the light of the Panel's recommendations. The details of the provisional arrangements are attached at Appendix 2. The main changes brought in by the provisional arrangements and the Panel's recommendations are as follows:-

- (i) Increase in the SRA payable to the Deputy Leader from 75 to 80% of the SRA  
*The Panel supports this proposal*
- (ii) Enhancement of the relative percentage of the SRA to other Cabinet Members from 50 to 60% of the maximum SRA to reflect increased responsibility  
*The Panel supports this proposal*
- (iii) Creation of an appropriate allowance for the Deputy Cabinet Member role  
*The Panel supports this proposal*
- (iv) The establishment of a Special Responsibility Allowance (SRA) for the Chair and Vice Chair of the new Pensions and Investment Committee

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*The Panel supports this proposal*

- (v) Small reduction in the SRA payable to the Chairs and Vice Chairs of the scrutiny committees

*The Panel supports this proposal*

- (vi) The adjustment of the SRA for the opposition group leader to the level before the Council meeting in April 2012

*The Panel recommends that this allowance should remain at the current level of 45% and should not be reduced*

- (vii) Removal of the SRA for the leader of the smaller opposition group

*The Panel recommends that this allowance should continue to be paid*

### **3 Legal Considerations**

As required by law, the Panel's report has been publicised in local newspapers, namely the Derby Telegraph and the Derbyshire Times.

The Local Authorities (Members' Allowances)(England) Regulations 2003 and the relevant guidance have been adhered to.

### **4 Financial Considerations**

The overall cost of the proposal is detailed at Appendix 2. It is £354,973 per annum.

The NJC pay award was considered by Cabinet on 10 September 2013 with an award of a 1% increase being made. The Members' Allowances Scheme allows for the same percentage rate to be applied to Basic and Special Responsibility Allowances. Appendix 3 details the SRA proposal uplifted by 1% in line with the NJC award. The total cost is £358,590 per annum. The SRAs for Pensions and Investment Chair and Vice Chair totalling £7,395 will be funded by the Pension Fund, reducing the overall cost to £351,195. This can be contained within the existing Members' Allowances budget.

### **5 Other Considerations**

In preparing this report, the relevance of the following factors has been considered; prevention of crime and disorder, equality of opportunity, environmental, health, human resources, property and transport considerations.

### **6 Background Papers**

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Files held by the Technical Section, Corporate Finance Division and by the Director of Legal Services.

### **7 OFFICERS' RECOMMENDATION**

That the Council considers whether or not to adopt the Members' Allowance arrangements which were provisionally adopted on 15<sup>th</sup> May 2013 as detailed in Appendix 2 in the light of the recommendations of the Independent Remuneration Panel.

IAN STEPHENSON

JOHN McELVANEY

PETER HANDFORD

**Chief Executive**

**Director of Legal Services**

**Director of Finance**

17 September 2013

**Interim Report of the Independent Remuneration Panel**  
**Derbyshire County Council**  
September 2013

**Panel Members**

- Professor Allen Hutchinson (Emeritus Professor in Public Health, University of Sheffield) (Chair)
- Mrs Pat Boyle (Magistrate, former Bank Officer)
- Ms Bridget Longman (Director, Longman Accountancy Services Ltd)
- Mr Ian Orford (former Bank Officer)
- Mr Tony Turnock (Director, Performance Development Consultants Ltd)

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## **1. Background and process of the Review**

In May 2013 a new County Council was elected in Derbyshire. The new administration amended their Cabinet structure to reflect changing needs and priorities which were set out in a Schedule of Appointments to Cabinet, Cabinet Portfolios and Committees dated 15 May 2013. As a provisional measure the following changes were made to the Members' Allowances Scheme:

- Increase in the Special Responsibility Allowance (SRA) payable to the Deputy Leader from 75 to 80% of the full SRA
- Reduction in Cabinet Members (Portfolio Holders) from 9 to 6
- Enhancement of the percentage of full SRA to Cabinet Members from 50 to 60% of the maximum SRA to reflect increased responsibility
- Deletion of the role of Cabinet Support Members (9 in number, SRA 12.5%) and the creation of 9 Deputy Cabinet Member roles (SRA 30%)
- Establishment of a SRA for the Chair and Vice Chair of the new Pensions and Investment Committee
- Establishment of a SRA for the Chair and Vice Chair of the new Improvement and Scrutiny Committee - Health
- Adjustment of the SRA for the opposition group leader to the level before the Council meeting in April 2012, that is from 45% to 25%.
- Removal of the SRA for the leader of the smaller opposition group

The Independent Remuneration Panel was requested to give consideration to the proposed Members Allowances arising from the restructuring of the Council Administration and also to give consideration to other changes proposed by the Council, particularly in regard to scrutiny of the Council business. The results of this review are the basis of this Interim Report of the Panel

For clarity, all additional Special Responsibility Allowances (SRAs) for Member roles beyond the Basic Allowance are given as proportions of the full SRA, currently £32,868. The Leader of the Council holds this full allowance and it remains the same value as in 2012-2013.

This interim report will deal first with the proposed Allowances relating to Cabinet and its support arrangements, turning then to non-executive and scrutiny functions.

The Panel's considerations of the changes to the structure of the Administration have been assisted through discussion with Officers and the Council Leader. We have also used comparative data from other Shire Counties in giving consideration to the proposed levels of SRA for members of the Administration.

## **2. Specific Issues Considered and Panel Recommendations**

### **2.1 Cabinet and its support arrangements**

#### ***Changes to Cabinet structure and function***

There are six Portfolio Holders who make up the Cabinet of the Council :- The Council Leader, The Deputy Leader, and four other Cabinet Members.

The changes to Allowances proposed by the Council are:

Deputy Leader: Increase from 75% full SRA to 80% of full SRA (£26,294)

Other Cabinet members (Portfolio Holders): The number of posts reduce from seven in the previous Council, to four. The proposed Allowance increase per Member is from 50% to 60% of full SRA (£19,721).

Recent information provided to the Panel by the Leader of the Council indicates that there is an enhanced level of responsibility for each member, relative to responsibilities in the previous Council.

Deputy Cabinet Members (9 in total). This role is said to have wider direct responsibilities and upward reporting responsibilities than was previously the case for the role of Cabinet Support Members, when nine SRAs were paid to six individuals. The proposed Deputy Cabinet Members Allowance is 30% of full SRA (£9860).

It is the responsibility of the incoming Administration to determine how to manage the business of the Council appropriately and efficiently. We have sought in previous Reports to compare, and balance, the level of SRAs paid to Derbyshire County Council Members against those of comparator County Councils. The increases proposed for the Deputy Leader and Cabinet Members are relatively modest and fall within the Allowance range paid by comparator Councils.

***We are content to support the proposed increases for these posts.***

The role of Deputy Cabinet Member is new and information available to the Panel indicates that the role is different to that of Cabinet Support Member in the previous Administration.

Role comparisons are not straightforward when judged against other comparator Shire Councils, since Role Profiles for other Councils differ or are non-existent and published payment levels may not be up to date. Our discussions with the Council have persuaded the Panel that the enhanced level of responsibility, together with a managed upward reporting process to

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the responsible Cabinet Member, is appropriately supported by a 30% Special Responsibility Allowance.

***We are content to support the proposed increases for these posts.***

In our discussions with Officers and the Council Leader we have expressed our view that the current draft Role Profiles for SRA holders do not provide sufficient information to assist the Panel in a review of the new roles which we will undertake later in 2013-2014. The Panel have agreed with the Council leadership and Officers that it will provide input to the Role Profile development process and expects that the Profiles will be available to the full Council later in 2013.

### **2.2 Non-Executive Committees**

The Council has decided to merge two important non-executive functions under one, larger committee, entitled the Pensions and Investment Committee. In our initial review of the work of the Committee we have recognised the breadth and importance of the role in support of the welfare of Council employees.

***The Panel supports the additional Allowances for the Chair and Vice-Chair.***

### **2.3 Scrutiny**

The Council proposes to make changes to the scrutiny and standards functions by adding an additional committee, the Improvement and Scrutiny Committee - Health. This Committee is concerned with important and complex functions of the Council, in relation to Council services and to Health and Social Care services provided by the NHS and the private sector.

***The Panel supports the addition of this new Scrutiny Committee and the additional Allowances for the Chair and Vice-Chair.***

The Council has recommended a small reduction in the SRAs paid to Chairs and Vice Chairs of the scrutiny committees. The Independent Review Panel is concerned to support good governance across Scrutiny functions and is reluctant to reduce the value of the SRAs because it believes that the tasks of scrutiny, regulation and standards management should be valued appropriately. Nevertheless, reductions by one or two per cent of a full SRA are of relatively small significance.

***The Panel is content to support these reductions.***

During 2014-2015 the Panel will review the progress of the Pensions and Investment Committee and the Health Improvement Scrutiny Committee to determine whether the related SRAs are set at an appropriate level.

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The Panel has been asked to consider the case for reducing the Leader of the Main Opposition SRA from 45% to 25% of the full SRA. We consider that the scrutiny role of the Opposition in a Council is in the best public interest and requires significant skills and input. We have already made this case in our 2012-13 annual report (see Appendix 1) and can see no argument for changing the view expressed therein. Nevertheless, since the role of Main Opposition Leader is a complex one, we will review the role with the current holder during 2013-2014 to determine whether the level of SRA remains appropriate.

***The Panel does not support this proposed reduction.***

Finally, the Panel has been asked to consider deleting the Minority Opposition SRA from the schedule of Allowances. We have already made the case for the establishment of this Allowance in our 2010-11 report (Appendix 2) and remain of the view that this scrutiny function is also important and should remain in the Schedule.

During the tenure of the current Council this SRA will not be in payment unless the numbers of Members in the Minority Opposition rise to 10% of the Council membership.

***The Panel does not support this proposed reduction.***

### **Appendix 1**

#### **2012/13 Report**

##### **Allowance paid to the Leader of the Main Opposition**

In our 2010/11 report we expressed the intention of reviewing the allowance payable to the Leader of the Main Opposition party, to determine whether the allowance currently paid is sufficient and appropriate.

During the years preceding the appointment of the current Independent Remuneration Panel there had been some changes in the role of, and level of allowance paid to, the Leader of the Main Opposition. These resulted in a reduction in the level of Special Responsibility Allowance [SRA], which equates to 25% [£8220 in 2010/11] of the allowance of the Council Leader.

During our review we have been assisted by early work undertaken by Councillors and Council officers on role descriptions of all of the main roles undertaken by Councillors, including that of the Leader of the Main Opposition. Derbyshire County Council is not alone in undertaking this work on role responsibilities, and some Councils have already finalised their work and made the results available on websites. We have therefore also consulted reports from some counties similar to Derbyshire.



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Other sources of information have been helpful to us. The report 'Members remuneration - models, issues, incentives and barriers' by the Councillors Commission, published by the Department of Local Government and Communities in 2007, contains a useful review of the complex role undertaken by the Leader of the Main Opposition and this has further assisted in our decision making.

Finally, information on allowance rates for Leaders of the Main Opposition from across England are available from the Local Government Association 'Members' Allowances survey 2008' and we have undertaken our own comparison of allowances of neighbouring Shire Counties and comparator counties, most of which have similar sized populations to that of Derbyshire.

Our review has shown that the allowance falls short, in our view, of that which would reflect the complex role that the Leader of the Main Opposition is called upon to undertake. Furthermore, most other comparator counties provide an allowance of between 45% and 66% of the Leader's allowance, significantly greater than that paid in Derbyshire. We shall therefore recommend that the allowance for the Main Leader of the Opposition should be increased in 2012/13 to an SRA which is equivalent to 45% of the Leader's allowance [the SRA thus equating in 2010/11 terms to £14790].

## **Appendix 2**

### **2010/11 Report**

#### **Special Responsibility Allowance – Minority Opposition Groups**

The Panel has given consideration as to whether a Special Responsibility Allowance [SRA] should be paid to leaders of minority opposition groups, in addition to that paid to the leader of the main opposition group. It is clear to the Panel that although the main opposition group, through its leader, has the primary challenge and scrutiny role in the business of the Council, leaders of minority opposition groups also undertake a significant role in challenge and scrutiny of the Council business.

Thus, having explored this issue, the Panel believes there is merit in paying a reduced level SRA of 15% to the leaders of all minority opposition groups where the group comprises at least 10% of the total Council members – see Item 5.3. The Panel recognises that there may be times when there could be more than one minority opposition group that would fit this criterion. Under the present jurisdiction, this additional reduced level SRA would be paid to one opposition group leader and the resulting financial impact would be to increase the cost of members' allowances by approximately £5,000 per annum.

**Summary of Independent Remuneration Panel Proposal**

POST	NUMBER	SRA	SRA	TOTAL
		£	%	£
Leader	1	32,868	100	32,868
Deputy Leader	1	26,294	80	26,294
Cabinet Member	4	19,721	60	78,884
Deputy Cabinet Member	9	9,860	30	88,740
Scrutiny Chair	4	8,217	25	32,868
Scrutiny Vice-Chair	4	4,109	12.5	16,436
Chair of Council	1	8,217	25	8,217
Vice-Chair of Council	1	4,109	12.5	4,109
Regulatory Committee Chair	2	8,217	25	16,434
Regulatory Committee Vice-Chair	2	4,109	12.5	8,218
Leader of Main Opposition	1	14,790	45	14,790
Leader of Minority Opposition Group	1	4,930	15	4,930
Standards Committee Chair	1	4,930	15	4,930
Standards Committee Vice-Chair	1	2,465	7.5	2,465
Pensions & Investments Chair	1	4,930	15	4,930
Pensions & Investments Vice Chair	1	2,465	7.5	2,465
Audit Committee Chair	1	4,930	15	4,930
Audit Committee Vice-Chair	1	2,465	7.5	2,465
TOTAL	37			£354,973

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## Summary of Independent Remuneration Panel Proposal

(Following one percent Pay Award 2013)

POST	NUMBER	SRA	SRA	TOTAL
		£	%	£
Leader	1	33,198	100	33,198
Deputy Leader	1	26,559	80	26,559
Cabinet Member	4	19,920	60	79,680
Deputy Cabinet Member	9	9,960	30	89,640
Scrutiny Chair	4	8,304	25	33,216
Scrutiny Vice-Chair	4	4,152	12.5	16,608
Chair of Council	1	8,301	25	8,301
Vice-Chair of Council	1	4,152	12.5	4,152
Regulatory Committee Chair	2	8,301	25	16,602
Regulatory Committee Vice-Chair	2	4,152	12.5	8,304
Leader of Main Opposition	1	14,940	45	14,940
Leader of Minority Opposition Group	1	4,980	15	4,980
Standards Committee Chair	1	4,980	15	4,980
Standards Committee Vice-Chair	1	2,490	7.5	2,490
Pensions & Investments Chair	1	4,980	15	4,980
Pensions & Investments Vice Chair	1	2,490	7.5	2,490
Audit Committee Chair	1	4,980	15	4,980
Audit Committee Vice-Chair	1	2,490	7.5	2,490
TOTAL	37			£358,590