



FOR PUBLICATION

DERBYSHIRE COUNTY COUNCIL

COUNCIL

22 March 2023

Report of the Director of Legal and Democratic Services

Annual Report of the Independent Remuneration Panel

1. Purpose

- 1.1 To consider the annual report of the Council's Independent Remuneration Panel (IRP) following consideration of it by the Governance, Ethics and Standards Committee.

2. Information and Analysis

- 2.1 The Council is required to adopt and publish a Members' Allowances Scheme and to consider recommendations from the IRP. Attached, for consideration at Appendix 2, is the report of the Independent Remuneration Panel dated January 2023. The IRP held two meetings in order to prepare their report and a summary of the work carried out is included in the Panel's report at section three. Members will note that three new members of the IRP were appointed to replace three long standing members whose term of office came to an end in December 2022.
- 2.2 Members will recall that for the current financial year and in line with recommendations from the IRP made in March 2022, Council agreed that Members' Basic and Special Responsibility Allowances (SRAs) should be "uplifted by any increase in the pay award due to employees covered by the NJC Pay rates for local government services as of 1st April each year."
- 2.3 Since Council approved the above recommendation, Local Government

Employers agreed the pay award for 2022/23 for all staff covered by standard terms and conditions of employment. The agreement provided a "flat rate" pay increase of £1,925 for all employees backdated to April 2022.

- 2.4 The recommendation approved by Council on 23 March 2022 was made without the knowledge that the agreed pay award would be a flat figure rather than a percentage. The issue of any rise in allowances based on the pay award for 2022/23 was therefore referred back to the IRP for their consideration.
- 2.3 With reference to the 2022/23 year, the Panel is recommending that the basic allowance and special responsibility allowances are increased by 4.84% as specified in their report. This is conditional on any total increase for the year for any member being capped at £1,925.
- 2.4 The IRP have also considered the allowances payable in the next financial year beginning 1st April 2023. In summary the Panel is recommending that no changes to allowances are made, but that they are uplifted by any increase in the pay award due to employees covered by the NJC Pay rates for local government services as of 1st April 2023. The Panel recognises that a flat fee or increase not in the form of a percentage may be applied this year. If this does turn out to be the case, the Panel have requested that they consider the matter further.
- 2.5 The Governance Ethics and Standards Committee are due to consider the report at their meeting on 16 March. The views of the committee will be reported back verbally to Council at this meeting.

3. Consultation

- 3.1 It has not been necessary to carry out formal consultation in relation to this report.

4. Alternative Options Considered

- 4.1 Council could decide not to support the recommendations made by the IRP, although alternative recommendations would not be fully costed which may lead to an unsound decision being made.

5. Implications

- 5.1 Appendix 1 sets out the relevant implications considered in the preparation of the report.

6. Background Papers

6.1 None identified

7. Appendices

7.1 Appendix 1 – Implications

7.2 Appendix 2 – Report of the Independent Remuneration Panel

8. Recommendation(s)

That Council:

- 1) Considers the report of the Independent Remuneration Panel, alongside any feedback offered by the Governance Ethics and Standards Committee, and determines whether to accept the recommendations contained in the report;
- 2) Consequent on those recommendations agrees:
 - a) The application of the pay award in relation to Members' Allowances for 2022/23 as detailed in the report and approves the amended schedule of Members' Allowances for 2022/23 as attached at Annex A to the Independent Remuneration Panel's report; and
 - b) The schedule of Members' Allowances for 2023/24 as attached at Annex B to Independent Remuneration Panel's report.
- 3) Authorises the Monitoring Officer to make appropriate amendments to the Constitution to reflect any changes to the Members' Allowances Scheme agreed.

9. Reasons for Recommendation(s)

9.1 To ensure that the Council has an up to date and robust scheme for the payment of allowances to members.

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Implications

Financial

- 1.1 The total costs for the increase, which are outlined in paragraph 2.5 above, will be £55,870. For the financial year 2022-23, the additional costs will be met from Earmarked Reserves. The base budget position will be aligned in 2023-24.

Legal

- 2.1 The Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended) set out that local authorities must establish a panel to review and advise on the level of allowances payable to members. The Council must have regard to the recommendation made by the Panel.
- 2.2 The Council has the power to amend its Members' Allowances Scheme at any time during the year under regulation 10(3) of the 2003 Regulations.
- 2.3 Adopting the Members' Allowances Scheme and approval of amendments to the Constitution are both matters which are reserved to Full Council. However, under its terms of reference at Article 11 of the Constitution, the Governance, Ethics and Standards Committee is required to advise the Council on any matters in connection with the Members' Allowance Scheme, taking into account the recommendations of the Independent Remuneration Panel.

Human Resources

- 3.1 None

Information Technology

- 4.1 None

Equalities Impact

- 5.1 None

Corporate objectives and priorities for change

- 6.1 Not applicable

Other (for example, Health and Safety, Environmental, Sustainability, Property and Asset Management, Risk Management and Safeguarding)

7.1 None.

Appendix 2

Report of the Independent Remuneration Panel Derbyshire County Council January 2023

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Recommended Amounts Payable to Members under the Members' Allowances Scheme 2022-2023

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Recommended Amounts Payable to Members under the Members' Allowances Scheme 2023-2024

1. Background

- 1.1 The Independent Remuneration Panel is established under the Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended) to provide advice and recommendations to the Council on its Members' Allowances Scheme and amounts to be paid under it.
- 1.2 Relevant guidance was issued by the Office of the Deputy Prime Minister "EIM65960 - Local Government Councillors and civic dignitaries in England: ODPM guidance: Part One: members' allowances.
- 1.3 Panel members are appointed for a period of four years and no member may serve for more than two terms of office of four years. The terms of three members of the Panel ended in December 2022.
- 1.4 Panel members are recruited by public advertisement and should be of good standing in the community either as a resident and/or a stakeholder in the County. Ideally members should have sound knowledge of employment and financial matters with an understanding of the operations of a local authority. To maintain independence political appointments, and appointments which are made through friendship or any other personal association of any members of the council must be avoided.
- 1.5 The Council has successfully recruited three new members to the Panel who have been in place since December 2022 and contributed to this report.
- 1.5 The current Derbyshire County Council Independent Remuneration Panel comprises five members, none of whom are members of the Council or any of its committees, nor an employee of the Council. The members are:
 - a) **Peter Clay - elected by the panel as Chair for 2022-23**
Retired Senior Banker, Retired Magistrate, former Non-Executive Director and Audit Chair of various Public Bodies including four NHS appointments, former Chair of Lincolnshire IRP, presently Chair of City of Lincoln IRP. Member since December 2021.
 - b) **Peter Clifford** - Retired Magistrate having served 17 years (including 6 years as a Chair). Former Pensions Manager at Coalite Group and Rolls-Royce. Bachelor of Law degree from the University of London. Member since December 2021.
 - c) **Matthew Holden** - Currently a serving Police Officer and former local authority officer and a Member of the IRP at South Holland District Council. Member since December 2022.

- d) **Gemma Shepherd-Etchells** - Magistrate and Senior Lecturer. Independent Member of the Cheshire Police and Crime Panel. Member since December 2022
- e) **Robin Morrison** - Former local authority Chief Executive before retirement and currently serving as Chair of Worcestershire Children First an arm's length company owned by Worcestershire County Council delivering Education and Children's Social Services to the Council. Member since December 2022.

1.6 During 2022-23 having served two terms Simon Westwood, Denis Heaney and Andrew Sharpe's terms of office expired. The Panel would like to thank the retiring members for their valuable contributions to the Panel over the last eight years. Following a public advertisement and recruitment exercise three new members, Matthew Holden, Robin Morrison and Gemma Shepherd-Etchells were appointed to the Panel by the Council with effect from December 2022.

1.7 The Panel is advisory in nature and the recommendations it makes are not binding on the authority. However, the Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended) requires Council to "have regard" to the Panel's recommendations when setting its allowances.

2. **Terms of Reference**

The purpose of the Independent Remuneration Panel is as follows:

- a) To make recommendations to the authority as to the amount of basic allowance that should be payable to its elected members.
- b) To make recommendations to the authority about the responsibilities or duties which should lead to the payment of a special responsibility allowance and as to the amount of such an award.
- c) To make recommendations to the authority about the duties for which a travelling and subsistence allowance can be paid and as to the amount of this allowance.
- d) To make recommendations as to the amount of co-optees' allowance.
- e) To make recommendations as to whether the authority's allowances scheme should include an allowance in respect of the 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.

- f) To make recommendations on whether any allowance should be backdated to the beginning of a financial year in the event of the scheme being amended.
- g) To make recommendations 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) The IRP will make its recommendations in the form of a report to Council.

3. **Process of the Review**

The Panel held two meetings during the year in December and January.

The Panel was first asked to re-consider the issue of Members' Allowances for the 2022/23 year in light of the agreed pay award for local authority staff. In its 2022 report the Panel recommended, and Council subsequently agreed, that that any allowances payable to members should be "uplifted by any increase in the pay award due to employees covered by the NJC Pay Rates for Local Government Services as of 1st April each year".

It was explained that the matter of increasing the allowances in line with the national pay award was not straightforward as the final agreement on pay saw all staff awarded a flat rate increase of £1,925. The agreement also increased some staff allowances, such as payments for sleep in work and laboratory technicians, by 4.04%. There were other matters covered in the award such a 1 day increase in annual leave which was not considered relevant to the role of Councillor. If the flat rate increase was strictly applied to Councillors, this would result in all members receiving an increase of £1,925 to their basic allowance which would be equivalent to a nearly 17% rise. The same £1,925 would then be payable to members in receipt of an SRA. The Panel unanimously agreed that this would not be appropriate as it would far exceed the pay award to most staff in percentage terms.

The Panel then discussed various options on how to implement the pay award. Alternatives discussed were:

- Applying an average percentage rise across all pay scales (equivalent to 4.84%)
- Applying an average percentage rise across Senior Management Grades (equivalent to 1.90%)
- Applying the rate at which staff allowances were increased (equivalent to 4.04%)

In making their recommendations, the Panel discussed and had regard for the following:

- Councillors were not immune to the cost-of-living difficulties being felt by staff and an increase in allowance was appropriate to recognise this. It was reaffirmed that elected members needed to be appropriately remunerated to recognise the important role they undertake.
- The option of aligning the increase to Senior Management pay was not supported as Panellists considered this figure to be too low in light of the previous point.
- The option of increasing the allowances by the average percentage rise across all pay scales was supported. Panellist felt that Councillors should be treated in similar terms to the majority of staff. The Panel felt that both staff and Councillors were public servants in the same way and that any increase to allowances should recognise this.

Following agreement to recommend an increase of 4.84%, the Panel next considered the increase in relation to SRAs. Concern was expressed that if SRAs were increased by 4.84% also, this would result in some councillors receiving an increase of more than £1,925 which, as discussed above, was felt not to be appropriate. The Panel therefore agreed to recommend that any total rise to allowances to any member should be capped at £1,925 and back dated to 1 April 2022.

The Panel next went on to consider the Allowances Scheme for 2023/24. The following was discussed:

- There had been no significant change to allowances paid by comparable neighbouring councils or any district council in Derbyshire.
- As part of the Panel's report in 2022, an offer an open invitation was extended to all Members of the Council for them to ask questions or raise issues with the Panel at any time. No such matters were raised so the Panel felt that it would serve no purpose to review allowances in any detail. The Panel felt that there was no aspect of the scheme in need of review.

In relation to the Staff Pay Award for 2023/24, the Panel were informed that employers and unions had not yet begun negotiations. It was therefore not possible to agree any recommendations in advance of the next financial year. The Panel did, however express the view that linking staff pay awards to increases in Members' Allowances was recognised good practice and had worked well previously. The Panel was therefore minded to recommend that Members Allowances for 2023/24 were left unchanged but uplifted by any increase in the pay award due to employees covered by the NJC Pay Rates for Local Government Services as of 1st April.

However, the Panel recognised that a similar situation to 2022/23 may arise where a flat rate increase might be agreed. If this was the case for 2023/24, the Panel would wish to convene again to discuss the matter further.

4. Results of the Review

4.1 Basic Allowance for 2023/24

On the issue of the Basic Allowance, the Panel agreed that there should be no change to the allowance for 2023-2024 other than the addition of any increase in the pay award due to employees covered by the NJC Pay Rates for Local Government Services as of 1 April. Should a non-percentage pay award be agreed, the Panel would wish to meet to consider this further.

4.2 Special Responsibility Allowances for 2023/24

On the issue of Special Responsibility Allowances, the Panel agreed that there should be no change to the allowance for 2023-2024 other than the addition of any increase in the pay award due to employees covered by the NJC Pay Rates for Local Government Services as of 1 April. Again, should a non-percentage pay award be agreed, the Panel would wish to meet to consider this further.

4.3 Staff Pay award 2022/23

On the issue of the pay award for 2022/23, The Panel agreed that both the Basic and Special Responsibility Allowances for 2022-23 should be increased by 4.84% and back paid to 1 April 2022. However, if this recommendation should result in any individual member's overall allowance increasing by more than £1,925, the increase should be capped at that level.

4.4 A revised Members' Allowances Scheme incorporating the recommended amendments is attached at Annex A for 2022/23. A revised Members' Allowances Scheme for 2023/24 incorporating the recommended amendments is attached at Appendix B.

5. Recommendations

5.1 The Panel therefore recommends to Council that:

The basic allowance payable to all Members from 1st April 2023 should remain at the 2022-2023 level uplifted by any percentage increase in the pay award due to employees covered by the NJC Pay Rates for Local Government Services as of 1st April. This is conditional on a percentage pay award being agreed and that if a flat-rate were to be agreed, the Panel would wish to reconsider this recommendation.

5.4 Special Responsibility Allowances payable to all Members from 1st April 2023 should remain at the 2022-2023 level uplifted by any percentage increase in the pay award due to employees covered by the NJC Pay Rates for Local Government Services as of 1st April. This is conditional

on a percentage pay award being agreed and that if a flat-rate were to be agreed, the Panel would wish to reconsider this recommendation.

- 5.5 Basic and Special Responsibility Allowances for 2022-23 should be increased by 4.84% and back paid to 1 April 2022. However, if this should result in any individual member's overall allowance for the year increasing by more than £1,925, the increase should be capped at that level.
- 5.6 The revised Members' Allowances Scheme for 2022-23 at Annex A is approved.
- 5.7 The revised Members' Allowances Scheme for 2023-24 at Annex B is approved.

6. Work Programme for 2023-24

- 6.1 The Panel intends to continue to keep under review all aspects of allowances paid to. Again, an open invitation is extended to all Members of Council to ask questions or raise issues with the Panel at any time.

Report Author
Peter Clay
Independent Chair

Derbyshire County Council Independent Remuneration Panel Annex A
Amounts Payable to Members under the Members Allowances Scheme 2022/23

No Claim Required. These Allowances will be paid Automatically.

| | | Relative Responsibility % | Annual Amount 2022-23 £ |
|---|---------------------|---------------------------------|----------------------------------|
| Special Responsibility Allowances | | | |
| Council | Chairman | 25 | 9,864 |
| | Civic Chairman | 25 | 9,864 |
| | Civic Vice-Chairman | 10 | 3,948 |
| Cabinet | Leader | 100 | 39,468 |
| | Deputy Leader | 75 | 29,592 |
| | Cabinet Member | 50 | 19,728 |
| Leader of the Main Opposition Group | | 45 | 17,760 |
| Leader of a Minority Opposition Group (with at least 10% of Council Members) | | 15 | 5,916 |
| Cabinet Support Member | | 25 | 9,864 |
| Improvement and Scrutiny Committee-Resources | Chairman | 25 | 9,864 |
| | Vice-Chairman | 10 | 3,948 |
| Improvement and Scrutiny Committee-Places | | | |
| Improvement and Scrutiny Committee-People | | | |
| Improvement and Scrutiny Committee-Health | | | |
| Improvement and Scrutiny Committee-Climate Change, Biodiversity and Carbon Reduction | | | |
| Planning Committee (Regulatory) | | | |
| Governance, Ethics and Standards Committee | | | |
| Audit Committee | | | |
| Pensions and Investments Committee | | | |
| Appointments and Conditions of Service Committee | | | |
| Basic Allowance | | | 11,940 |
| Co-optees Allowance | | | 792 |
| Fostering Panel | | | 2,088 |

NB - A Member cannot be in receipt of more than two SRAs at any one time

Derbyshire County Council Independent Remuneration Panel Annex B

Amounts Payable to Members under the Members Allowances Scheme 2023/24

Note: the figures in this table will be amended in line with whatever is determined regarding the application of the staff pay award for 2023/24, once it is agreed.

No Claim Required. These Allowances will be paid Automatically.

| | | Relative Responsibility % | Annual Amount 2023-24 £ | |
|---|---------------------|---------------------------|-------------------------|--------|
| Special Responsibility Allowances | | | | |
| Council | Chairman | 25 | 9,864 | |
| | Civic Chairman | 25 | 9,864 | |
| | Civic Vice-Chairman | 10 | 3,948 | |
| Cabinet | Leader | 100 | 39,468 | |
| | Deputy Leader | 75 | 29,592 | |
| | Cabinet Member | 50 | 19,728 | |
| Leader of the Main Opposition Group | | 45 | 17,760 | |
| Leader of a Minority Opposition Group (with at least 10% of Council Members) | | 15 | 5,916 | |
| Cabinet Support Member | | 25 | 9,864 | |
| Improvement and Scrutiny Committee-Resources Improvement and Scrutiny Committee-Places Improvement and Scrutiny Committee-People Improvement and Scrutiny Committee-Health Improvement and Scrutiny Committee-Climate Change, Biodiversity and Carbon Reduction Planning Committee (Regulatory) Governance, Ethics and Standards Committee Audit Committee Pensions and Investments Committee Appointments and Conditions of Service Committee | Chairman | 25 | 9,864 | |
| | Vice-Chairman | 10 | 3,948 | |
| | Basic Allowance | | | 11,940 |
| | Co-optees Allowance | | | 792 |
| | Fostering Panel | | | 2,088 |

NB - A Member cannot be in receipt of more than two SRAs at any one time