



COUNCILLORS' ALLOWANCES

Annual Report of the Birmingham Independent Remuneration Panel 2009-2010

March 2010

ANNUAL REPORT OF THE INDEPENDENT REMUNERATION PANEL

2009-10

BIRMINGHAM CITY COUNCIL

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FOREWARD

The Independent Remuneration Panel met regularly from September 2009 until the conclusion of its review of City Councillors' allowances in March 2010.

The Panel would like to thank all those Councillors and Officers for their valuable contributions to this year's review. In total, 39 oral and written representations were received from Councillors and senior officers.

This year's review was, once again, carried out against a very difficult background of continuing economic pressures. The Independent Remuneration Panel is very mindful of the fragility of the current economic situation, and the increasing pressures on the public purse. It is forecast that financial difficulties will continue across the public sector over the next three years, or so. Elected representatives face making very difficult decisions about services and how they are delivered in the future with shrinking budgets.

Nationally, the picture across Local Authorities in terms of Councillors' allowances remains fairly static. The impact and sensitivities arising from the ongoing MPs' allowances debacle continues to be felt across the wide spectrum of payments to elected representatives at whatever level.

Last year the Council introduced a 'Supplementary Special Responsibility Allowance' mechanism. The Panel recognises that this mechanism operates outside of the Councillors' Allowances Scheme. However, the Panel does urge the Council to consider introducing a 'claw back' measure to rebalance the remuneration paid for by the taxpayer to those Councillors who are already in receipt of an added allowance in recognition of their additional public duties and responsibilities.

The recession has been tough on local communities and public services. The future of public services is of concern. Consequently, as the public purse is being adjusted downwards, the Panel is recommending that all Councillors' allowances in 2010-11 – Basic and Special Responsibility – are frozen at current levels. The exception being recommended is the Allowance paid to the Chairman and Co-opted Members of the Standards Committee.

Finally, the current Allowances Scheme has been in operation since 2001. In line with the decision of the Council's Business Management Committee of 12 March 2009, it is the Panel's intention to commence a root and branch review of the Scheme in the autumn 2010.

Graham Macro
Chairman
Independent Remuneration Panel

RECOMMENDATIONS

1. The Consumer Price Index (CPI) is not applied to the 2010-11 City Councillors' allowances.
2. The Basic Allowance (BA) remains unchanged at £16,267 for the forthcoming year – 2010-11.
3. The Special Responsibility Allowances (SRA) remains unchanged from their current rates for the forthcoming year – 2010-11.
4. The Special Responsibility Allowance for the Chairman of the Standards Committee is increased to £1,000.
5. The Allowance paid to the Co-opted Members of the Standards Committee is increased to £557.
6. No Special Responsibility Allowance is granted to Members of the Fostering and Adoption Panels.
7. The role and responsibilities of the Constituency Chairmen continue to be monitored.
8. The Council should consider introducing the following measure:

 'Any Councillor who represents the City Council on the Board of a non-statutory body and receives a payment for the same, and who, at the same time, is in receipt of an SRA, should forego any payment for the same.'
9. A root and branch review of the Councillors' Allowances Scheme will commence in autumn 2010.

ALLOWANCES

INTRODUCTION

In determining its recommendations the Panel has worked consistently within the requirements of the Local Government Act 2000 and the accompanying Guidance and Regulations on members' allowances. The principles of the Birmingham Councillors' Allowances Scheme are set out in Appendix 2 to the report. The key factors which the Panel take into account are:-

1. The promotion of a healthy democracy by the removal of financial disadvantage as a barrier to people from a wide range of backgrounds and a wide range of skills standing for election or serving as Councillors.
2. The maintenance of an ethic of voluntary public service and the need to reflect this within the Basic Allowance (BA) paid to all Councillors and the Co-opted allowance paid to non-elected members.
3. Councillors generally should not expect nor receive a full-time salary.
4. The reality that some Councillors will be expected to take on significant additional responsibilities that will require a near full time commitment to the detriment or limitation of other career activities. Special Responsibility Allowances (SRAs) may therefore be paid to those Members of the Council who have significant additional responsibilities over and above generally accepted duties of a Councillor.

INDICES

When determining Councillors' allowances, the Independent Remuneration Panel has always taken the view that there is a distinction between the roles of elected Members and officers and their consequent remuneration. Therefore, the Panel has always recommended that wage rate indicators or comparators should not be related to local authority pay scales or jobs. In 2007-8 the index applied to City Councillors' allowances changed to the Consumer Price Index (CPI).

Last year, due to the very difficult economic situation, the Panel recommended and it was agreed by the Council to apply an increase of 2% to all Councillors' allowances. This was considered to be more appropriate given the financial circumstances than applying the CPI.

At November 2009, the CPI was 1.9%.

Given the continuing economic climate and increasing pressures on the public purse, the Panel concludes that it is appropriate to **recommend** a 'freeze' of all Councillors' allowances – Basic and Special Responsibility - at current rates for the forthcoming year – 2010-11.

BASIC ALLOWANCE (BA)

The BA paid to Birmingham City Councillors remains the highest in the United Kingdom. It is currently set at £16,267. This year's survey of Councillors produced 28 responses with the majority indicating that they felt that the BA is set at the correct level.

Some responses indicated that the current scheme did not reflect the increase in time commitment required to undertake the role of Councillor. Reasons given included an increase in the number of meetings Councillors are required to attend; the impact of the devolution/localisation initiative; as well as a consequential increase in the amount of casework.

Some Councillors expressed the view that the role was a full-time one, thereby making full-time employment very difficult to maintain.

Other responses indicated that the current Allowances Scheme reflected fairly accurately current demands. One or two responses stated that Councillors should receive no remuneration at all!

As part of this year's review, eight Councillors attended Panel meetings to discuss their roles and responsibilities.

The Panel also looked into whether the expenses element of the Basic Allowance could be exempt from income tax. Councillors can pursue this matter with their local tax office in writing. They will have to prove that the expenses incurred are 'wholly, exclusively and necessary' in the performance of their elected duties.

Consequently, the Panel is **recommending** that the Basic Allowance remains unchanged at £16,267 for 2010-11.

SPECIAL RESPONSIBILITY ALLOWANCES (SRAS)

The principles of the City Council's Allowances Scheme (Appendix 2) relating to SRAs state:

'Special Responsibility Allowances recognise the level of responsibility, complexity and extent of commitment of a limited number of Councillors who are expected to undertake roles on behalf of the Council that involve **significant** additional time and responsibilities. These will be identifiable over and above the generally accepted range of duties for a Councillor that is reflected in the Basic Allowance.'

The results of this year's survey of Councillors indicate that the majority of Councillors consider that current SRAs are at the correct level.

Since 2005, the number of Councillors in receipt of an SRA has risen to 50; representing 42% of the Council's Membership (see Appendix 1). In 2005, 23 Councillors, or 19% of the Council's Membership, were in receipt of an SRA. Current and future SRAs will be included in the root and branch review.

As part of this year's review, the Panel considered a number of roles undertaken by Councillors to determine whether they justified a recommendation for an SRA, or some adjustment to current levels. The particular posts together with the outcome of the Panel's deliberations are set out below:

- **Constituency Committee Chairman**

The Panel continues to receive annual progress reports from both Councillors and Officers on the devolution/localisation initiative and the Council's current focus on delivering 'excellence in local communities'.

The changing role of the backbench Councillor and Constituency Chairman continues to evolve. Greater understanding of working in new partnerships is required, especially as the Government's new 'Total Place' vision for communities is progressed.

The current very difficult financial environment is placing greater demands on Constituency Chairmen, in particular, which have responsibility for delivering services within local area budgets. Their role has evolved to such an extent that they are required to have a good understanding of financial management.

The Panel understands that a review is under way into the effectiveness and efficiency of the delivery of local services within the current Constituency framework. The Panel understands that those Constituencies performing well will continue to do so. Those where there is inadequate performance may change. New ways of consistent delivery are required, which are not dependent on Government funding. Greater economies of scale can be achieved by Constituencies working together across services rather than the current model of delivering in ten different places. The important influencing role of the Constituency Chairman will continue in the planning and shaping of future services and their delivery.

Therefore, the Panel agreed to continue to monitor the role of the Constituency Chairman until the outcome of the Council's review. It is **recommending**, therefore, that the current SRA remains unchanged for 2010-11.

- **Standards Committee**

Following the Panel's recommendation last year, which was accepted by the Council on 9 June 2009, the role and responsibilities of the Chairman of the Standards Committee, was reviewed again.

According to national research, the current SRA of £557 paid to the Chairman of Birmingham's Standards Committee was very low. This also applied to the allowance of £332 paid to the 5 Co-opted Members of the Committee. Various rates of allowances exist across the Metropolitan Councils. Some pay a rate per meeting, for example.

Furthermore, evidence indicates that the number of meetings held so far in Birmingham this year for the main Committee and Sub Committees has increased from 2008-09 levels.

The Panel is, therefore, **recommending** that the current allowances are increased moderately to bring them in line with other Local Authorities:

- the current allowance paid to the Chairman of the Standards Committee is increased to £1,000 in 2010-11; and
- the current allowance paid to the 5 Co-opted Members of the Standards Committee is increased to £557 in 2010-11.

The total additional cost of this change will amount to £1568 **per annum**.

- **Fostering and Adoption Panel Members**

Last year, the Cabinet Member for Children, Young People and Families wrote to the Panel seeking a review of the role and responsibilities of Councillors who were members of the Authority's Fostering and Adoption Panels.

Consequently, as part of this year's review, the Panel received detailed evidence from Councillors and Officers relating to this very challenging area of work. Members, who are appointed to the Panels, have considerable workloads. There is a large volume of casework documentation which each member of the Panel has to read through prior to case hearings. The challenges Members face in Birmingham, compared to their counterparts in other Local Authorities, appear greater and often more complex. Due to the nature of the work, Members endured levels of stress and pressure not experienced in other Councillor roles.

There is no consistent approach adopted by Local Authorities regarding the remuneration of these roles, or indeed of the level of extra allowance, where paid.

The Panel recognises that a Councillor's corporate parenting role is a vitally important one and is a responsibility which must be taken with all due concern by all elected representatives. A high level of dedication towards protecting vulnerable children was demonstrated to the Remuneration Panel during the course of this review.

On balance, the Panel concludes that workloads and consequential time commitment involved with the Fostering and Adoption Panels is comparable to other regulatory functions undertaken by Councillors. Therefore, this year, the Panel is **recommending** that an SRA is not awarded to Councillors who sit on Fostering and Adoption Panels, although the Panel does urge that the heavy case workloads of Panel Members be taken into account when duties are allocated.

The Panel will keep the matter under review.

'SUPPLEMENTARY SRA'

The Panel noted the Council's decision of 9 June 2009 to introduce a 'supplementary SRA' mechanism to facilitate the payment of an attendance allowance to Council appointees to the Executive Board of the NEC plc.

Although this is the Council's decision, and the mechanism is outside of the Councillors' Allowances Scheme, as part of its annual review the Panel is **recommending** that the Council considers the following measure:

'Any Councillor who serves on the Board of a non-statutory body and receives a payment for the same, and who, at the same time, is in receipt of an SRA, should forego any payment for the same.'

The Panel considers that the above 'claw back' measure, if accepted by the Council, would rebalance the remuneration already paid for by the taxpayer to those Councillors who receive an SRA in recognition of their Council role involving significant additional time and responsibilities.

NEXT YEAR'S PROGRAMME OF WORK

Notwithstanding any additional requests during the coming year, and in concurrence with the decision of the Council Business Management Committee on 9 June 2009, the Panel considers that the time is appropriate to commence a root and branch review of the Allowances Scheme.

The Panel will also continue to monitor:

- The index applied to Councillors' allowances.
- The role and responsibilities of the Constituency Committee Chairman; and
- Fostering and Adoption Panel Members.

The Panel will continue to encourage the Council to consider measures to increase Councillors' transparency and accountability to the local electorate.

PROPOSED MEMBERS' ALLOWANCE RATES (from 1 April 2010)

<u>BASIC ALLOWANCE</u> (per annum unless otherwise stated)	£
Baseline per Day Rate	132.93
Basic Allowance	16,267
Time Element	15,552
Additional Expenses Element	715
<u>SPECIAL RESPONSIBILITY ALLOWANCES</u> (per annum unless otherwise stated)	£
Baseline per Week Rate	1,075.91
The Executive (Leader and Cabinet)	
Leader of the Council	55,947
Deputy Leader of the Council	41,960
Cabinet Member	31,330
Local Executive	
Chair of a Constituency Committee	4,196
Overview and Scrutiny Committees	
Chairman of Co-ordinating Overview & Scrutiny Committee	21,931
Chairman of an Overview & Scrutiny Committee	14,099
Chairman of an Overview & Scrutiny Sub Committee	6,288
Regulatory Committees	
Chairman of the Planning Committee	16,448
Chairman of the Licensing Committee	14,099
Chairman of the Personnel Appeals Committee	11,749
Chairman of the Public Protection Committee	14,099
Chairman of the Audit Committee	6,288
Opposition Groups	
Leader of the Largest Qualifying Opposition Group *	14,099
Deputy Leader of the Largest Qualifying Opposition Group *	7,273
Lead Opposition Spokesperson ('Shadow' Cabinet Member)	2,909
Leader of Other Qualifying Opposition Group *	5,874
Deputy Leader of Other Qualifying Opposition Group *	2,350
(*A Qualifying Opposition Group is one with a minimum of 6 Councillors)	
Coalition Arrangements	
Deputy Leader of the minority Group in a coalition administration	3,632
Group Secretaries	
Political Group Secretaries	2,421

<u>CO-OPTEE ALLOWANCES (per annum)</u>	£
Chairman of the Standards Committee	1000
Member of an Overview & Scrutiny Committee	831
Member of the Standards Committee	557

<u>CARERS' ALLOWANCES</u>	£
Independent care - hourly rate of	5.80
Professional care with supporting documentation - hourly rate of	7.51

TRAVEL ALLOWANCES AND SUBSISTENCE EXPENSES

Car, Motorcycle and Bicycle Allowance Rates are in line with those paid to officers of the authority. The benchmark rates for Day and Overnight Subsistence Allowances are in line with those paid to officers of the authority or the inflation factor in the council's budget.

Travel Allowances and Expenses

Car Mileage Rates

Car up to 999cc	- first 8,500 miles	42.90p per mile
	- after 8,500 miles	11.70p per mile
Car 1000cc and above	- first 8,500 miles	47.70p per mile
Supplement for Official Passenger		0.30p per mile

If car mileage is claimed for travel outside the West Midlands, the payment will be the lesser of the value of the actual mileage claimed or the peak time standard rail fare.

Motorcycle Mileage Rates

Motorcycle up to 150cc	21.45p per mile
Motorcycle 151cc and above	25.74p per mile

Bicycle Mileage Rates

First 400 miles per annum	20.00p per mile
All subsequent miles	8.00p per mile

Other Travel Expenses

Rail Travel (supporting receipt required)	Standard Class Fare
Taxi, Tube and Bus Fares, Car Parking, Toll Charges (Supporting receipts if possible)	Actual Cost

If a travel pass is provided by the Council the recipient must make a contribution of 40% towards the total cost met by the Council. The recipient also forgoes the right to claim for travel allowances or expenses for duties undertaken in the area covered by the pass or to make use of transport services provided direct by the Council (other than the standard Chauffeur Service) unless the relevant travel service is not available.

Subsistence Allowances and Expenses

Benchmark Day Subsistence (excluding VAT)	£
Breakfast	4.48
Lunch	6.17
Tea	2.43
Evening Meal	7.64
Benchmark Overnight Subsistence (excluding VAT)	
In London	97.09
Other than in London	85.13

The reasonable cost of meals taken, overnight accommodation and minor associated out-of-pocket expenses will be reimbursed, **subject to the provision of supporting receipts**. The validity of claims made will be judged against where the meal was taken or where the stay occurred, the total time spent on the duty and the relevant benchmark subsistence value.

Principles for the Councillors' Allowances Scheme

Background

The Panel felt that there should be a set of principles that can be used as a logical, transparent and robust framework for the City Council's Members Allowances Scheme.

The Panel agreed that the following set of principles should continue to underpin any Scheme adopted by the Council.

Scheme Objectives

- Promote a healthy democracy by removal of financial disadvantage as a barrier to people from a wide range of backgrounds and with a wide range of skills standing for election or serving as Councillors.
- Reflect and support the operation of the new political arrangements introduced by Councils under the Local Government Act 2000 whilst excluding any payment for solely party political activity.
- Recognise the role that Co-opted Members play in the operation of the Council.

Basis of Scheme

- Maintain the ethic of voluntary public service and reflect this within the Basic Allowance paid to all Councillors and the Co-opted Allowance paid to non-elected members.
- Councillors generally should not expect nor receive a full-time salary.
- Reflect a reality that some Councillors will be expected to take on significant additional responsibilities that will require a near full time commitment to the detriment or limitation of other career activity.
- All Councillors should have the right to opt to join the Local Government Pension Scheme.

Better Performance

- Effective support arrangements should be available to assist Councillors in their roles and to maximise the value of the time that Councillors with work and family commitments have available.
- Adequately resourced training and development opportunities should be available to Councillors that would enable them to acquire the skills and knowledge for both their current and future roles.

- The framework to support better performance should involve the publication of Job Descriptions for all roles for which allowances are paid.
- Transparent and audited performance measures should exist that are open to public scrutiny and demonstrate better performance and value for money.

Methodology

- Recommendations of the Panel should be arrived at following a logical, impartial and transparent process that identifies roles, reasonable expectations on those roles and make use of suitable external indicators or comparators to establish the value of individual allowances.
- Wage rate Indicators or comparators should not be related to local authority pay scales or jobs so as to maintain the distinction between the roles of elected members and officers.
- Job Descriptions that clearly define the roles and responsibilities and key accountabilities for the standard role of a Councillor and for those roles for which a Special Responsibility Allowance is or might be paid should be produced as an essential requirement of any Scheme.

Other than the annual rate review, no changes to the Scheme should be made until Job Descriptions are available.

- Basic Allowance should reflect the core time less a discount for Voluntary Public Service needed to undertake a generally accepted range of duties expected of all Councillors. It includes a recognition that all Councillors will from time to time take on additional roles that fall outside the scope of significant additional responsibilities.
- Special Responsibility Allowances recognise the level of responsibility, complexity and extent of commitment of a limited number of Councillors who are expected to undertake roles on behalf of the Council that involve **significant** additional time and responsibilities. These will be identifiable over and above the generally accepted range of duties for a Councillor that is reflected in the Basic Allowance.
- Co-opted Allowances should reflect the core time needed to serve on a Committee. It should also recognise that any additional work will be undertaken within the ethic of voluntary public service.

Expenses

- The Council should meet a standard range of general expenses (such as telephone and home office costs) that Councillors incur directly when undertaking their role. To avoid a proliferation of claim based systems this should be done by the payment of a lump sum on top of the Basic Allowance.

- Councillors and Co-opted Members should be entitled to claim reasonable travel expenses that are necessarily and exclusively incurred in carrying out approved duties.
- Councillors and Co-opted Members should be entitled to claim reasonable subsistence expenses that are necessarily and exclusively incurred in carrying out approved duties outside the Birmingham authority area.
- Councillors should be entitled to claim for reasonable childcare and dependent carer costs that are necessarily and exclusively incurred in carrying out approved duties.
- Claims for expenses should be made on a quarterly basis. Claims outside that time limit should only be paid if there are acceptable and identifiable exceptional circumstances that prevented the claim being submitted.

Administration and Review

- Robust administrative arrangements should minimise the potential for abuse of the system and remove the possibility of a member receiving allowances from more than one authority for the same duty.
- Appropriate allowances should be withheld where a member is suspended or partially suspended from responsibilities or duties in accordance with Part III of the Local Government Act 2000.
- The Independent Remuneration Panel should undertake an annual review of the principles, assumptions and the appropriateness of the indicators used in drawing up the scheme.
- Allowance rates should be automatically updated annually in line with selected wage indicators for Basic (Time Commitment element), Special Responsibility, Co-opted and Childcare and Dependent Carer Allowances. Comparator rates for Mileage and Day Subsistence Allowances or a local authority inflation factor for Basic Allowance (Additional Expenses element) and Overnight Subsistence Allowances will be increased in line with Officer Rates.
- Backdating of amendments to a Scheme in the relevant year should only take place if the Independent Remuneration Panel has accepted in its recommendations that the changes had already taken place.
- Allowances Scheme and records of payments should be widely published and generally available to the public.

APPENDIX 3

KEY COMPARATIVE LOCAL AUTHORITIES

Bradford

Bristol

Coventry

Kent

Kirklees

Leeds

Leicester

Liverpool

Manchester

Newcastle upon Tyne

Nottingham

Sandwell

Sheffield

Walsall

Wolverhampton

Membership of the Independent Remuneration Panel

An Independent Remuneration Panel for Birmingham was established by the City Council at its meeting on 3 July 2001. The Panel comprises:

- 6 members selected from a public advertisement.
- 1 representative of the Trade Unions.
- Panel Members are appointed for a 3-year term of office.

The Panel is supported by an Independent Advisor.

The current membership is as follows:

Chairman of the Panel

Graham Macro, Citizens' Representative, Sutton Coldfield

Council appointees:

Stephen Shute

Paul Wilson

Citizen Representatives:

Sandra Cooper, Stirchley

Subat Khan, Ward End

Michael Tye, Handsworth.

Trade Unions' Representative – position currently vacant.

March 2010