



## **COUNCILLORS' ALLOWANCES**

### **Annual Report of the Birmingham Independent Remuneration Panel 2020-2021**

**MARCH 2021**

# ANNUAL REPORT OF THE INDEPENDENT REMUNERATION PANEL

2020-2021

## BIRMINGHAM CITY COUNCIL

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## FOREWORD

The Independent Remuneration Panel has once again had detailed discussions and carefully considered a broad range of information and evidence before making recommendations to Birmingham City Council in respect of the Basic Allowance (BA) Special Responsibility Allowances (SRA) and associated matters for the 2021/22 municipal year. As in previous years the Panel considered the need for an appropriate level of remuneration for the role of Councillors as defined in law and expected by local citizens, together with the role of the City Council regionally, nationally and internationally. The BA does not and should not represent a wage. The Panel is also minded of the desirability to have a Council which reflects Birmingham's growing, diverse and young population.

In May 2018, the City Council implemented the recommendations of the Boundary Commission whereby new wards were created; the number of Councillors was reduced from 120 to 101 and each ward was represented by a single or two Councillors, rather than three under the previous arrangements. All Councillors were elected for a four year term of office. With a population of 1.1 million, each Councillor in Birmingham represents an average of 11,300 citizens, a significantly higher number of citizens per Councillor than other West Midlands authorities or Core Cities including Leeds at 8,011 and Manchester at 5,477.

These changes marked a significant change to the way the City Council is governed and how Councillors fulfil their roles and responsibilities. Consequently, in 2019 the City Council accepted the Panel's recommendation to bring the BA back in line with the Annual Survey of Household Earnings (ASHE) comparator. Previously the economic and financial circumstances together with Government policy as it was then meant that allowances paid to Councillors had fallen behind those rates of the comparator used at the time. Therefore, in the 2019/20 municipal year the BA was reconnected to the annual ASHE comparator for the four year electoral term to May 2022 subject to annual review. This has been done by taking the rate currently being paid and then spreading the difference between that and the current ASHE figure over the remaining term of office - the catch-up element.

The context of the 2020/21 Panel report is quite different to that of previous years. The Covid-19 pandemic has seen significant challenges to how Birmingham City Council's democratic processes operate, and the way services are delivered. Councillors have adapted and modified the way they work to ensure that they remain in touch with their communities and are able to respond to both ongoing issues and new challenges. Whilst fully acknowledging the massive impact of the pandemic on communities and services, the Panel remains focussed on the need to make recommendations on the allowances paid to Birmingham City Councillors.

The Panel is recommending that the City Council increases the BA to £18,681. This represents an increase of 4.2% which is half of the difference between the current rate of BA and the ASHE rate for 2020, with the expectation that the Panel shall recommend a full catch-up for the municipal year commencing 2022. The Panel also recommends the same increase is applied to Special Responsibility Allowances. The Panel believes this a fair and equitable approach to setting the BA and SRAs in 2021 which incorporates the City Council's commitment to the catch-up element, whilst acknowledging the unprecedented economic and social circumstances faced by residents, communities and the City Council.

Finally, this report notes several issues raised by Councillors which although falling outside the Panel's remit are recorded here as having relevance but are for others to follow up. For example,

a Councillor has no automatic right to be part of the Local Government Pension Scheme nor is there any interim financial support if Councillors lose their seats - both issues are perceived as disincentives to becoming a Councillor. There is no pastoral or mental health support for Councillors; this is an ongoing issue but especially pertinent during the pandemic. In addition, there is a strong view that single Councillor wards are inappropriate. There is an opportunity to embed new and more effective ways of working on the back of the Covid-19 experience.

I would like to thank all those Councillors and officers who gave evidence for their valuable contributions; and to Emma Williamson, Head of Scrutiny Services and Ingrid Whyte, Senior Finance & Purchasing Officer (Democratic Services) for their help in producing this report.

Rose Poulter, Chair – Independent Remuneration Panel

March 2021

## RECOMMENDATIONS

1. The Basic Allowance increases by 4.2% to £18,681.00.
2. The Special Responsibility Allowances (SRAs) increase by 4.2% (as shown in Appendix 1).
3. The co-optee allowances increase by 2% (as shown in Appendix 1).
4. The independent carers' allowance (hourly rate) continues to be raised in line with the Living Wage, currently at £9.50 per hour, and that this allowance remains linked to the Living Wage in future years.
5. The professional care allowance (hourly rate) continues to be raised in line with the Council's rate for a Care Assistant (Grade 2 post) taking the mid-range spinal point, currently at £10.15 (at time of writing).
6. Travel expenses and Subsistence Allowances continue to reflect the Council's Scheme for officers.
7. The Parental Leave Policy be amended to allow Councillors on maternity leave entitlement to the full Special Responsibility Allowance (SRA) for six months, with a possible extension for a further six months to be agreed by Council Business Management Committee.

## **MEMBERS' ALLOWANCES**

### **1. Background**

The City Council has an Independent Remuneration Panel which is made up of people independent from the Council. The City Council may only pay allowances and expenses after first considering a report from its Independent Remuneration Panel. It is for the Council to decide on the Members' Allowances Scheme that is put in place, having regard to the Panel's recommendations.

The Panel is well-established, having been formed by the City Council at its meeting on 3 July 2001. It has made a number of recommendations to the City Council over the years on Members' Allowances and Expenses. In 2012/13 it carried out a "root and branch" review of allowances and, in recent years, has also made reports to the New Frankley in Birmingham Parish Council and the Royal Sutton Coldfield Town Council.

The Panel has eight members, four of which are citizen representatives, two are appointed and two are co-opted, non-voting, members drawn from former Councillors of the City Council.

### **2. 2020/21 Annual Report**

This report is the Panel's annual report for the allowance scheme for 2021/22. The Panel met on a regular basis between November 2020 and February 2021 to consider evidence for the 2021/22 allowance scheme, and based the recommendations on fairness, from the information received.

### **3. Basic Allowance**

As in previous years, the Panel has worked within the requirements of the Local Government Act 2000 and the accompanying Guidance and Regulations on Councillors' allowances in making its recommendations for 2021/22.

The Panel reaffirms the principles of the Birmingham Members' Allowances Scheme set out in previous reports. The key factors which the Panel considers remain:

1. The promotion of a healthy democracy by reducing 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.
3. Councillors should not expect nor receive a full-time salary.

The Basic Allowance covers the following range of activities

- ◆ Representative role including acting as an advocate for the interests of the ward, dealing with constituents' enquiries or representations, active participation in the shaping and management of services devolved to a local level and attendance at meetings of local organisations.
- ◆ City Council and Committee work including preparation for and attendance at meetings, interview panels, appeals, visits, seminars and conferences, service on or chairing ward forums and participation on other bodies relating to the work of the City Council.

- ◆ Service as the representative of the City Council or its Committees on outside bodies for which no separate remuneration is made.
- ◆ The time element of the Basic Allowance based on a gross commitment of no more than three days per week with a public service discount of 25%.

Our deliberations have been informed by the definition of the role of the Councillor as set out in the Constitution and we have given this due regard in adopting it as a framework, while retaining the above.

#### **4. Setting the 2021/2022 Basic Allowance**

In 2019, the Panel set out its rationale for recommending an increase in the Basic Allowance (BA) to re-establish the link to the comparator (Annual Survey of Household Earnings – ASHE) agreed as part of the “root and branch” review of 2013. To move straight to the ASHE 2018 figure would have resulted in a 10% rise on the 2017/18 basic allowance. The Panel’s intention therefore was to bring the basic allowance back to parity with ASHE over the remaining years of this four year electoral term (2018 – 2022).

As in previous years, and before coming to a conclusion for the 2021/22 year, the Panel invited evidence from a number of sources. Because of the restrictions imposed as a result of the Covid-19 pandemic, the Panel were unfortunately unable to meet with Councillors face to face, or to hold a “drop in” session as in previous years. However, an invitation was sent to all Councillors to meet with the Panel and five took up the invitation, including the Leader and Deputy Leader of the Council. The Panel also reviewed allowances paid by other local authorities including other core city allowances. The evidence received confirmed the Panel’s approach to remuneration.

Therefore, the Panel recommends:

That for the next municipal year (May 2021 to May 2022) the basic allowance increases to £18,681. This represents an increase of 4.2% which is half of the difference between the current rate of BA and the ASHE rate for 2020, with the expectation that the Panel shall recommend a full catch-up for the municipal year commencing 2022. This is in line with the commitment made by the Panel in previous reports and is a fair and equitable approach this year, all other factors being considered, with future years increases to be determined by the Panel on an annual basis.

**Table 1: Basic Allowance and ASHE**

	<b>CURRENT RATE</b>	<b>ASHE 2020</b>	<b>PROPOSED RATE</b>	
Gross min. time (3 days x 52 weeks) x Baseline per day	156.00	156.00	156.00	days p.a.
Gross Rate	<u>147.34</u>	<u>159.78</u>	<u>153.56</u>	
Less public service discount 25%	22,985.04	24,925.68	23,955.36	
	5,746.26	6,231.42	5,988.84	
<b>TIME ELEMENT</b>	<b>17,238.78</b>	<b>18,694.26</b>	<b>17,966.52</b>	
ADDITIONAL EXPENSES ELEMENT	<u>715.00</u>	<u>715.00</u>	<u>715.00</u>	
<b>BASIC ALLOWANCE</b>	<b>17,954.00</b>	<b>19,409.00</b>	<b>18,681.00</b>	<i>Rounded</i>

## 5. Special Responsibility Allowances (SRA)

In April 2015, the City Council accepted the Panel's recommended new approach for calculating Special Responsibility Allowances. The Panel recognised that the Leader's role takes the most responsibility assessed at 100% and all the other roles are then taken as a relative percentage of the Leader's role (see Table 2).

The City Council also accepted the Panel's recommendation that "the ASHE 2013 for all Industries and Services Male Full Time (top 10%) table 4.1a for the United Kingdom would be the most appropriate comparator to be used for the Leader's role in order to reflect the transferable skills of the role".

In line with the recommendations last year, and the approach to the BA set out above, the Panel further recommends an increase of 4.2% within the current banding (as set out in Appendix 1) for all Special Responsibility Allowances.

## 6. Co-optees' Allowances

The Panel took no new evidence on co-optee allowances and was of the view that a 2% rise would be reasonable, and in line with the increase to basic allowance (minus the step-up element).

Therefore, the Panel recommends an increase of 2% on co-optee allowances (as set out in Appendix 1).

## 7. Carers' Allowances

In 2012, the City Council agreed to adopt the Living Wage for all its employees, and subsequently extended this to externally-contracted care sector workers from October 2014.



In 2015, the Panel recommended that the Independent Carers' Allowance adopt the change from the National Minimum Wage to the Living Wage, currently at £9.50 per hour.

The Panel therefore recommends that this continues for 2021/22 and that this continues to track the Living Wage in line with the Council.

The professional care allowance (hourly rate) continues to be based on the Council's rate for a Care Assistant, Grade 2 post, mid-range spinal point at £10.15 per hour (at time of writing).

## 8. Travel expenses and Subsistence Allowances

The Panel took no new evidence on travel or subsistence expenses and recommends that these continue to reflect the Council's Scheme for officers.

The Panel emphasised the need to ensure that the list of approved duties for which such expenses can be claimed is kept up to date and in accordance with all relevant legislation.

## 9. Work Programme 2020/21

As agreed by the City Council, the Panel also considered the following matters as part of the 2020-2021 review:

Employment Appeals Panel – The Panel was asked to review the time commitment of participation in the Appeals Panel. The Covid-19 pandemic has had a big impact on the operation of the Appeals Panel and so the Panel did not feel that it was appropriate to recommend changes this year. However, if Councillors wish the Panel to reconsider this matter, then the evidence will be considered in the 2021/22 municipal year.

Banding – The Panel this year considered the banding table (see Table 2 below) and determined that no new evidence had been presented to merit a change in the bandings.

Table 2

Bands	Level of Responsibility	Title/Description
1	75% to 100%	Strategic Leadership with overall responsibility for decision making for the direction and running of Council Services.
2	50% to 74%	Strategic responsibility within Cabinet and individual responsibility as delegated by the Constitution.
3	15% to 49%	Responsibility for Chairing key Regulatory and Overview and Scrutiny Committees in order to meet regulatory requirements and where required hold the Executive to account.
4	5% to 14%	Other roles with Special Responsibilities.

Parental Leave - The Panel had been asked to keep the parental leave policy under review. The policy was introduced by the City Council following a recommendation from this Panel in 2018. As part of that review, the Panel received legal advice obtained by the City Solicitor that confirmed that there is legal justification for the Council's approach in having such a policy, and that another Councillor can receive an SRA whilst the incumbent is on parental leave. However, in respect of SRAs, there was also legal justification for stating that the payments should be in full, rather than on a percentage basis as is currently the case.

This latter point reflected evidence received from Councillors, one of whom pointed out that the current policy unintentionally created a loophole where a woman who takes six months off for having a baby gets paid less than a man or woman who takes six months off for being sick.

The Panel therefore recommends that the Parental Policy be amended to state that Councillors on maternity leave would be entitled to the full SRA for six months, with a possible extension for a further six months to be agreed by Council Business Management Committee.

Group Whip Role – Following on from evidence received last year, the Panel also asked Councillors about the Group Whip role and the Employment Appeals Committee. However, no new evidence was presented to merit any change.

## 10. Other Issues Raised

During the Panel's discussions with Councillors, several issues were raised that fall outside the remit of the Panel but that the Panel nevertheless wishes to bring to the attention of the Council:

- **Impact of Covid on the Role of a Councillor:** a number of Councillors raised this, in terms of increased workloads (both in the council and in the community) and in the additional strains resulting from working almost exclusively from home and the difficulty in maintaining a separation between home and work life – something experienced by many people. The Council should consider the support available to Councillors to manage this and **ensure Councillors' good mental health is supported.**
- The **ratio of Councillors to residents** has been raised over the past few years since the boundary changes, as has the impact of single member wards, or two-member wards where one Councillor has significant additional responsibilities or is off sick. Appendix 3 sets out some comparisons. The Panel notes this and recognises the difficulties this causes.
- The Panel also notes that Councillors receive **no equivalent to a redundancy payment** if they lose their seat (as MPs do), **nor any pension provision**, which has an impact on the recruitment and retention of Councillors.

## 11. Work Programme in 2021/22

During the evidence gathering undertaken this year, some issues were raised where the Panel felt that there was not enough evidence to make recommendations this year but would warrant further consideration next year. Therefore, next year's work programme will include:

- Chief Whips role and how this intersects with the Group Secretaries role – if the three parties on the Council request this;

- Parental leave will be kept under review;
- Frankley in Birmingham Parish Council – following a request from the Parish Council;
- Clarifying the role Councillors play on outside bodies and the impact, if any, on allowances.

## Appendix 1: Proposed Members' Allowances Rates (from May 2021)

### **BASIC ALLOWANCE** (per annum unless otherwise stated)

	£
Baseline per Day Rate	153.56
Basic Allowance	<b>18,681.00</b>
Time Element	17,966.52
Additional Expenses Element	715.00

### **SPECIAL RESPONSIBILITY ALLOWANCE** (per annum unless otherwise stated)

Baseline per week (£1,280.08 discounted by 15%)	1,088.06
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#### **STRATEGIC LEADERSHIP**

Leader of the Council	56,579.00
Deputy Leader of the Council	45,263.00

#### **STRATEGIC SHARED RESPONSIBILITY**

Cabinet Member	28,289.00
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#### **RESPONSIBILITY FOR CHAIRING KEY REGULATORY, OVERVIEW & SCRUTINY COMMITTEES**

Chair of the Planning Committee	16,973.00
Chair of Licensing & Public Protection Committee	16,973.00
Leader of the Largest Qualifying Opposition Group	16,973.00
Chair of an Overview & Scrutiny Committee	14,145.00

#### **OTHER ROLES WITH SPECIAL RESPONSIBILITY**

Deputy Leader of the Largest Qualifying Group	9,618.00
Chair of the Audit Committee	5,658.00
Chair of the Trusts and Charities Committee	5,658.00
Chairs of the Licensing Sub Committees	5,658.00
Leader of Other Qualifying Opposition Groups	7,921.00
Deputy Leader of Other Qualifying Opposition Groups	3,960.00
Lead Opposition Spokesperson (Shadow Cabinet)	5,658.00
Political Group Secretaries	3,960.00

*(A Qualifying Opposition Group is one with a minimum of 6 Members)*

<b>CO-OPTEE ALLOWANCES</b> ( <i>per annum</i> )	£
Chair of the Standards Committee	1,082.00
Member of an Overview & Scrutiny Committee	900.00
Member of the Standards Committee	602.00

**CARERS' ALLOWANCES**

Independent care – hourly rate	9.50
Professional care with supporting documentation – hourly rate	10.15

*Where applicable figures have been rounded.*

**TRAVEL EXPENSES AND SUBSISTENCE ALLOWANCES**

Car, Motorcycle and Bicycle Allowance Rates are set in line with those paid to officers of the authority.

Subsistence Allowances are set in line with those paid to officers of the authority or the inflation factor in the council's budget.

***Car Mileage Rates***

First 10,000 business miles in tax year	45p per mile
Each business mile over 10,000 in tax year	25p per mile
Supplement for official passenger	5p per mile

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

***Motorcycle Mileage Rates***                      *24p per mile*

***Bicycle Mileage Rates***                      *20p 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 directly by the Council, unless the relevant travel service is not available, or there are health and safety reasons.

## **Appendix 2: Membership of the Independent Remuneration Panel**

### ***Chair of the Panel***

Rose Poulter (Chair)

### ***Council Appointees***

David Grainger

Sajid Shaikh

### ***Citizen Representatives***

Sandra Cooper (Deputy Chair)

Veronica Docherty

Jacqui Francis

### ***Co-opted Members***

Honorary Alderman Fergus Robinson

Honorary Alderman Stewart Stacey

### Appendix 3: Residents per Councillor and Basic Allowance per Capita of Residents

