



MEMBERS' ALLOWANCES

3rd Report of the Birmingham Independent Remuneration Panel

October 2003

FOREWORD

The Panel produced its first report in November 2001 against a background of substantial change that was taking place in the structure of Birmingham City Council. A review report last December concluded that there had been no significant changes in the intervening 12 months that would support any change in the Allowances Scheme.

In May the government published new Members Allowances Regulations that required Councils to publish a new Scheme by 31 December 2003. These Regulations also extended the discretion already available to a Council to determine its own arrangements. This now includes pensions for Councillors, travel and subsistence allowances for all Members and the new Co-optee Allowance.

Against this background the Panel embarked on a further review of the current Scheme as well as dealing with the new elements. The Panel felt that it was important that the principles and structured approach adopted in its earlier work should underpin any future Allowances Scheme.

The Panel reaffirmed its view that the approach to Basic Allowance should continue to be based on a part time commitment with a public service discount. Though aware of the time spent by individual Councillors on the role, the Panel felt that expecting this to be a full time commitment would act as a barrier to a wider range of people standing and serving as Councillors.

The Panel remained of the view that identification of roles for payment of a Special Responsibility Allowance by applying a test of "significant additional responsibilities" with an assessed level of time commitment of 2 days per week or more was still valid. Using this approach the Panel supported the payment of a Special Responsibility Allowance for the new role of Chair of the Personnel Appeals Committee.

The Panel also considered the implications of the emerging Constituency Committees on the standard Councillor role and on those acting as a Chair. It might be expected that the role of Chair could develop into one that would be demanding in terms of both time and responsibility. However it was less clear whether the impact on the standard Councillor role would be a significant additional time commitment or just a realignment of existing activities. Such issues will need to be reviewed after the 2004 Elections when there should be evidence of their operation available for the Panel to consider against job descriptions for the standard Councillor and Chair roles.

In terms of travelling and subsistence allowances the Panel felt that there were several aspects of the current arrangements that needed to be addressed in forming a new Allowances Scheme. The District Audit's Public Interest Report on Nottingham City Council had concluded that some long standing practices, although common to many authorities, were no longer valid. In addition under current arrangements the range of approved duties for which allowances can be claimed may be understood inside the Council but not so readily outside of it.

The Panel was unanimous in its view that the arrangements should still be based on claiming for actual duties undertaken and additional expenses incurred rather than a lump sum payment for all Councillors. A claims based system would be understood most readily by council taxpayers, have a direct link with individual activity and be in line with the usual approach in both the public and private sectors. The Panel also recommended a range of approved duties that it felt the public could recognise as necessary to support the operation of the Council and the expected role of a Councillor or Co-opted Member without losing the ethic of voluntary public service.

The Panel could see no basis or justification for the payment of subsistence allowances for duties within the Birmingham authority area. The concept was out of step with practices elsewhere and generally at odds with the District Audit's Public Interest Report on Nottingham City Council. There was no similar issue with the principle of meeting such costs for duties undertaken outside the Birmingham authority area where claiming for reasonable additional expenses could be readily understood.

The Panel supported payment of a Co-optee Allowance though there was concern to ensure that those receiving it were acting in a voluntary capacity and not also being "paid" by the organisation they were representing. In arriving at the recommendations on the value of this allowance the Panel used the same methodology and indicators as for the determination of Basic and Special Responsibility Allowances for Councillors.

Finally the Panel looked at the progress made on the issue of demonstrating better performance and also reflected on the Panel's future work programme. It was encouraging that work was now underway on some aspects and it was hoped that some of the building blocks would be solidly in place before the Panel undertook its next review after the June 2004 elections.

I would like to acknowledge the contribution made by the members of the Panel and the valued input from Dr Declan Hall of INLOGOV [The University of Birmingham] during this review. I would also like to thank the Leader of the Council for his time and the officers of the Council for their support of the work of the Panel and in the production of this report.

Finally I want to say a particular thank you on behalf of the Panel and the Council to Helen Grew who is standing down from her role as a member of the Panel. Helen is a "veteran" of the original Panel in 1995 and has brought to the current one the same valuable experience and insight. I would like to place on record appreciation of her contribution and to offer her our best wishes for the future.

John Hawksley
Chair of the Independent Remuneration Panel

MAKING ALLOWANCES

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Summary of Recommendations

Principles for the Allowances Scheme [Pages 5 - 6]

1. The principles that are recommended in Paragraph 36 should be used as the framework for the Members Allowances Scheme adopted by the City Council. This includes arrangements for backdating amendments to the Scheme in particular circumstances, withholding allowances as appropriate, regular review of the indicators used for the annual adjustments of allowances and the need for expense claims to be made within 2 months of the duty being undertaken.

Basic Allowance [Page 7]

2. There should be no change to the basis or rate of the Basic Allowance [including the Additional Expenses Element] at this time.
3. The impact of the establishment of Constituency Committees should be reviewed after the 2004 Elections when there ought to be evidence available of their operation available for the Panel to consider alongside job descriptions for the standard Councillor role.

Special Responsibility Allowance [Page 8]

4. A Special Responsibility Allowance of £10,061 per annum should be paid from 1 October 2003 for the role of Chair of the Personnel Appeals Committee. There should be no other changes to the roles identified for receipt of a Special Responsibility Allowance.
5. The impact of the establishment of Constituency Committees should be reviewed after the 2004 Elections when there ought to be evidence available of their operation available for the Panel to consider alongside job descriptions for the role of Chair of a Constituency Committee.

Pensions [Page 9]

6. All Councillors should have the opportunity to join the Local Government Pension Scheme and both Basic and Special Responsibility Allowances should be treated as eligible remuneration for this purpose.

Travel Allowances and Expenses [Pages 9 - 12]

7. A Councillor or Co-opted Member should be entitled to claim a mileage allowance or a reimbursement of actual travel expenses for additional cost wholly and necessarily incurred when undertaking the range of approved duties specified in Paragraph 71.
8. The mileage rates paid should be in line with those applicable to officers in the authority and receipts should be provided to support any claim for directly incurred expenses unless they would ordinarily not be available or their provision was disproportionate to the amount claimed.
9. The Council's arrangements for its provision of transport services should be in line with the suggested approach in Paragraph 72 and should avoid the potential for inadvertently circumventing the principles behind the claims based system.

Subsistence Allowances and Expenses [Pages 12 - 13]

10. A Councillor or Co-opted Member should be entitled to claim reimbursement of the reasonable cost of meals, overnight accommodation and minor associated out of pocket expenses that were wholly and necessarily incurred when attending as the authorised representative of the Council at a meeting, conference or seminar that was held outside the Birmingham authority area.
11. No subsistence allowance or expenses should be claimable for any duties that are undertaken within the Birmingham authority area.

Childcare and Dependent Carers' Allowance [Pages 13 - 14]

12. A Childcare or Dependent Carer Allowance should be claimable where such expenditure is wholly and necessarily incurred when undertaking the range of approved duties specified in Paragraph 71 [the same duties for which travel allowances and expenses may be paid].
13. The maximum cost claimable should be based on the minimum wage [independent care of child under 14] and the Council's own hourly rate for a Home Care Assistant [professional care of a dependent relative].

Co-optee Allowance [Pages 14 - 15]

14. Co-optee Allowances should be based on the same methodology and indicators as are used to determine the levels of Basic and Special Responsibility Allowances for Councillors.
15. A Co-optee Allowance of £714 per annum should be paid to Co-opted Members of an Overview & Scrutiny Committee and £286 per annum to Co-opted Members of the Standards Committee.
16. A Co-optee Allowance of £479 per annum should be paid to the Chair of the Standards Committee.

What Next for the Council and the Panel? [Pages 16 - 17]

17. Work should continue on developing and implementing a transparent framework that was open to public scrutiny and would support and demonstrate better performance as well as providing a basis to support further reviews by the Panel.
18. The Panel should undertake its next review as soon as practicable after the June 2004 elections. The review should involve an examination of the principles and basis for the Allowances Scheme in the light of any changes or new issues raised as part of the process.

The Independent Remuneration Panel

Background

19. An Independent Remuneration Panel for Birmingham was established by the City Council at its meeting on 3 July 2001. The main features are:
 - ◆ A total of 7 members, made up of 3 “invited” members [one of whom chairs the Panel] and 4 members selected from those responding to a public advertisement.
 - ◆ Appointment of an Independent Advisor with wide experience of reviews of councillors’ allowances.

Membership

20. The Birmingham Independent Remuneration Panel comprises

Linda Elliot of Moseley, Birmingham Citizen Representative
Helen Grew, Secretary of the West Midlands Pensioners Convention
John Hawksley, former President of the Birmingham Chamber of Commerce
Subat Khan of Ward End, Birmingham Citizen Representative
Graham Macro of Sutton Coldfield, Birmingham Citizen Representative
Hanifa Shah of Small Heath, Birmingham Citizen Representative
John Warburton, former Chief Executive of the Birmingham Chamber of Commerce

John Hawksley acts as Chair of the Panel and served in a similar capacity on an Independent Panel that was set up in 1995 by the West Midlands Joint Committee. Helen Grew also served on that Panel.

Dr Declan Hall of INLOGOV [The University of Birmingham] who has considerable experience and expertise in the area of members’ allowances acts as a special adviser to the Panel.

21. The Panel Members were appointed in 2001 for a mixture of 2 and 3-year terms. The City Council at its meeting in July 2003 re-appointed Linda Elliot, Subat Khan and John Warburton for a further 3-year term until August 2006. Helen Grew is standing down from her role and a replacement will be appointed by the City Council in the autumn.

The Local Authorities (Members’ Allowances) (England) Regulations 2003

22. The City Council has an existing Scheme under the 2001 Regulations that covers the arrangements for the payment of Basic, Special Responsibility Childcare & Dependants Carers’ Allowances. This Scheme is based on recommendations made by the Independent Remuneration Panel in its earlier reports.
23. Under the 2003 Regulations, in addition to Basic, Special Responsibility Childcare & Dependants Carers’ Allowances, a Council can now.
 - ◆ Determine arrangements for the payment of travelling and subsistence allowances.
 - ◆ Pay a “co-optees’ allowance” to co-opted and appointed members.
 - ◆ Decide on eligibility [members and allowances] for access to the Local Government Pension Scheme.
 - ◆ Set up a process for withdrawal of allowances if a member is wholly or partially suspended.
 - ◆ Establish the basis for any backdating and the review of any index used for annual adjustments.
24. Councils are required to make a Scheme under the new Regulations on or prior to 31 December 2003.
25. The Regulations require that councils must have regard to the recommendations made to them by an independent remuneration panel before making or amending its Allowance Scheme. On pensions, the council cannot go beyond the recommendations made by its independent remuneration panel.

Terms of Reference

26. The original terms of reference for the Independent Remuneration Panel needed to be expanded to take account of the 2003 Regulations including acting as a parish remuneration panel. It was also requested to act in an advisory role in connection with the development of job specifications for Councillors.

27. The City Council agreed at its meeting on 1 July the following new terms of reference for the Independent Remuneration Panel.

"To consider and keep under review and, as when appropriate, to submit reports [containing recommendations] to the Council on

- ◆ *The amount of Basic Allowance payable to all members.*
- ◆ *The responsibilities or duties in respect of which Special Responsibility, Travelling, Subsistence and Co-optees' should be available and the amounts of such allowances.*
- ◆ *Any arrangements for the withdrawal of Basic and/or Special Responsibility Allowance if a member is wholly or partially suspended.*
- ◆ *Whether Dependants' Carers' Allowance should be payable and the amount of such an allowance.*
- ◆ *Whether there is any backdating of allowances payable for the year in which an amendment is made.*
- ◆ *Whether adjustments to the allowances are to be determined according to an index and if so, how long the index shall apply before review [maximum of four years].*
- ◆ *Which members of an authority are entitled to pensions in accordance with a scheme made under Section 7 of the Superannuation Act 1972*
- ◆ *Whether Basic Allowance or Special Responsibility Allowance, or both, are treated as the amounts for which pensions are payable.*
- ◆ *Any proposals for the introduction of an Allowances Scheme for members of a Parish Council.*
- ◆ *The development of job specifications for 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."*

Methodology

28. **Meetings** - Four meetings of the Panel took place in the period July to October.

29. **Reference Material** - In addition to the enabling Regulations on Allowances and Pensions, it comprised.

- ◆ New Council Constitutions: Guidance on Consolidated Regulations for Local Authority Allowances
- ◆ Pensions for Councillors [LGPC] - April 2003
- ◆ Birmingham City Council: Members Allowances Scheme [February 2003]

30. **Reports** - Commissioned by the Chair of the Panel they were compiled by the Head of Members Services supported by input from Dr Declan Hall as the independent adviser to the Panel. The reports covered the following topics.

- ◆ The 2003 Regulations and the Panel's Terms of Reference
- ◆ The existing Members Allowances Scheme
- ◆ Pensions
- ◆ Basic and Special Responsibility Allowances
- ◆ Travel and Subsistence Allowances
- ◆ Co-optees Allowance
- ◆ Principles of an Allowances Scheme

31. **Papers from Independent Adviser** - In addition to his general advice and guidance as the Panel's independent adviser Dr Declan Hall provided papers or reference material on the following topics.

- ◆ Pensions: Briefing Paper and Options Re: 2003 Regulations
- ◆ Circular 08/2003: Pensions for Councillors [Labour Party]
- ◆ Travel and Subsistence: Briefing Paper and Options Re: 2003 Regulations
- ◆ Travel and Subsistence Recommendations: West Yorkshire PTA Allowances Panel
- ◆ Co-optees Allowance: Briefing Paper and Options Re: 2003 Regulations
- ◆ District Audit Public Interest Report: Nottingham City Council [December 2002]

32. **Other Evidence** - This comprised

- ◆ A meeting of the Chair of the Panel with the Leader of the Council to discuss the current and future political arrangements for the City Council.
- ◆ Advice from Mirza Ahmad, Chief Legal Officer, on some technical aspects of the Regulations.
- ◆ Clarification from Mike Woodall, Chief Pensions Officer, West Midlands Fund on pension issues.

Principles for the Allowances Scheme

Background

33. The Panel's earlier reports identified principles that it felt should underpin an Allowances Scheme.
34. The Panel revisited these principles in the light of the implications arising from the Local Authorities (Members' Allowances) (England) Regulations 2003. Apart from those dealing directly with individual allowances, the Panel gave specific consideration to the following matters.
 - ◆ The indicator used to calculate Basic and Special Responsibility Allowances. The Panel's view was that an independent local wage rate indicator unrelated to local authority pay scales should be used. The Panel endorsed the continued use of the average non-manual male wage for all industries and services for the West Midlands Metropolitan County area as published in the New Earnings Survey.
 - ◆ The need to re-consider, at least every four years, any indicator that is being used to update allowances automatically. The Panel felt that this requirement was met by the existing arrangements in Birmingham for an annual review of the allowance scheme.
 - ◆ The withholding of allowances [excluding Childcare and Dependent Carer Allowances] if a member is suspended or partially suspended from responsibilities or duties in accordance with Part III of the Local Government Act 2000 or regulations made under that Part. The Panel was of the view that this should be included as an option available to the Council under its Scheme.
 - ◆ The backdating within the relevant year of amendments to a Scheme. The Panel recognised that the impact of changes was not always clear enough to support firm recommendations on future allowance levels. However the Panel felt that the Council should not backdate allowances in the relevant year unless the Panel had accepted in its recommendations that the changes had already taken place.

Framework for the Council's Allowances Scheme

35. The Panel felt that there should continue to be a set of principles that can be used as a logical, transparent and robust framework for the City Council's Members Allowances Scheme.
36. The Panel agreed that the following set of principles should 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-optee 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 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 unless Job Descriptions are available.

Allowances

- ◆ 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 Allowance should 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 are reflected in the Basic Allowance.
- ◆ Co-optee Allowance 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 within 2 months of the duty being undertaken. 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-optee and Childcare & 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.
- ◆ 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.
- ◆ The Independent Remuneration Panel's reports, the Allowances Scheme and records of payments made should be widely published and generally available to the public.

Basic Allowance

Background

37. The Guidance on Members' Allowances from the Office of the Deputy Prime Minister states that
- ◆ *“Basic allowance is intended to recognise the time commitment of all councillors, including such inevitable calls on their time as meetings with officers and constituents and attendance at political group meetings. It is also intended to cover incidental costs such as the use of their homes.”*
 - ◆ *“It is important that some element of the work of members continues to be voluntary - that some hours are not remunerated. This must be balanced against the need to ensure that financial loss is not suffered by elected members, and further to ensure that, despite the input required, people are encouraged to come forward as elected members and that their service to the community is retained.”*

Current Arrangements

38. A Basic Allowance of £14,000 per annum [including an Additional Expenses Element of £627] is currently paid to all Members. The rate is reviewed annually in February.
39. The Basic Allowance is based on
- ◆ A minimum gross time commitment of 3 days a week.
 - ◆ A Public Service Discount of 25%.
 - ◆ The average non-manual male wage for all industries and services for the West Midlands Metropolitan County area.
 - ◆ An additional expenses element to meet part of the cost of telephone rental/calls and office expenses such as postage, stationery and other consumables.
40. The Basic Allowance is designed to cover all the roles and activities of Councillors other than those that involved significant additional responsibility. It therefore covers:
- ◆ 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 committees 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.

Future Arrangements

41. The arrangements for the Basic Allowance were reviewed in December 2002. This involved consideration of the basic principles, evidence of any significant changes since December 2001, comparison with other authorities and any new issues raised during the review process.
42. The Panel concluded that no change should be made until a framework of Job Descriptions with clearly defined roles and responsibilities as well as key accountabilities was available.
43. Whilst Job Descriptions were not yet available, the Panel was conscious that the Council's establishment of Constituency Committees in June 2003 could impact on the standard Councillor role. However until they had been in operation for a reasonable period of time the Panel had no available evidence as to whether they would represent a significant additional time commitment or a realignment of existing activities.
44. The Panel concluded therefore that there should be no change to the basis or rate of the Basic Allowance [including the Additional Expenses Element] at this time.
45. The Panel recognised that when the Constituency Committees were fully operational across the City there would be the need to review how they were impacting on the standard Councillor role. It was felt that this was likely to be after the 2004 Elections when there was evidence of their operation available for the Panel to consider alongside job descriptions for the standard Councillor role.

Special Responsibility Allowance

Background

46. The Guidance on Members' Allowances from the Office of the Deputy Prime Minister states that
- ◆ *“Special Responsibility Allowances may be paid to those members of the council who have **significant** additional responsibilities over and above the generally accepted duties of a councillor.”*
 - ◆ *“If the majority of members of a council receive a special responsibility allowance the local electorate may rightly question whether this was justified. Local authorities will wish to consider very carefully the additional roles of members and the significance of these roles, both in terms of responsibility and real time commitment before deciding which will warrant the payment of a special responsibility allowance.”*
 - ◆ *“It does not necessarily follow that a particular responsibility which is vested to a particular member is a significant additional responsibility for which a special responsibility allowance should be paid. Local authorities will need to consider such particular responsibilities very carefully. Whilst such responsibilities may be unique to a particular member it may be that all or most members have some such responsibility to varying degrees. Such duties may not lead to a significant extra workload for any one particular member above another. These sorts of responsibilities should be recognised as a time commitment to council work which is acknowledged within the basic allowance and not responsibilities for which a special responsibility allowance should be recommended.”*

Current Arrangements

47. The current Scheme covers the payment of 25 annual Special Responsibility Allowances and up to 5 time-limited Special Responsibility Allowances for Task and Finish Committees. Rates are between £2,012 and £47,908 depending on the identified role.
48. The actual value of a Special Responsibility Allowance is based on
- ◆ An assessed level of responsibility using the Council's own comparative relationships that were in existence prior to December 2001. These were broadly in line with the averages from the 2001 Birmingham Councillors' Survey and are detailed in the Current Allowances Scheme: Appendix.
 - ◆ An assessed level of time commitment using the median values from the 2001 Birmingham Councillors' Survey and are detailed in the Current Allowances Scheme: Appendix.
 - ◆ The average gross earnings of the top 10% of the non-manual males for all industries and services for the West Midlands Metropolitan County area. This recognises the element of responsibility [weighting] and not simply the time element [loading].
49. No Public Service Discount is applied. Councillors can only receive one Special Responsibility Allowance.

Future Arrangements

50. The arrangements for Special Responsibility Allowances were reviewed in December 2002. This involved consideration of the basic principles, evidence of any significant changes since December 2001, comparison with other authorities and any new issues raised during the review process.
51. The Panel concluded that no change should be made until a framework of Job Descriptions with clearly defined roles and responsibilities as well as key accountabilities was available.
52. The Panel was made aware that the Council Business Management Committee had appointed a Personnel Appeals Committee in August 2003. The Panel was concerned that this should not set a precedent for ad hoc submissions in the future. However as this particular role brought together arrangements around internal personnel issues and was in line with the quasi-judicial functions of existing external Regulatory Committees the Panel were prepared to consider it on an exceptional basis.
53. The Panel was provided with a description of the responsibilities for this new role and an assessment of comparative responsibility level [42%] that was equivalent to Chair of the Licensing Committee. The time commitment was assessed as 2½ days with a potential growth to 3 days over time. Using the current time commitment [2½ days] the Panel recommended a Special Responsibility Allowance of £10,061 per annum and that it should be paid from 1 October 2003 as recognition that the role had started in mid-September.

54. The Panel was also conscious that being the Chair of a Constituency Committee could develop into a role that would be demanding in terms of both time and responsibility. However until these Committees had been in operation for a reasonable period of time the Panel had no available evidence on which it could make any realistic assessment at this time as to the extent of such commitment.
55. The Panel recognised that there would be the need to review this situation but it was felt that this was likely to be after the 2004 Elections when there was evidence of their operation available for the Panel to consider alongside job descriptions for the standard Councillor role.

Pensions

Background

56. The Pension Scheme and Discretionary Compensation Regulations 2003 deal with the technical aspects of enabling eligible members to join the Local Government Pension Scheme. These are summarised in Appendix 2: Pensions for Councillors [LGPC] - April 2003.

Access to Local Government Pension Scheme

57. A Scheme made by a Council now needs to set out.
- ◆ Which members are to be entitled to pensions under the Local Government Pension Scheme.
 - ◆ Whether Basic and/or Special Responsibility Allowances are to be treated as amounts on which pensions are payable.
58. In its determination of who will have access to the Pension Scheme, the City Council cannot go beyond the recommendations of the Independent Remuneration Panel. The Council can choose to include less than the Panel recommends but cannot include more.
59. In response to a government consultation paper in September 2001, the Panel and the Council Business Management Committee were of the view that all Councillors should have access to pensions with both Basic and Special Responsibility Allowances treated as eligible remuneration.
60. The Panel saw no reason to alter its view and agreed therefore that all Councillors should have the same opportunity to opt to join the Local Government Pension Scheme and that both Basic and Special Responsibility Allowances should be treated as eligible remuneration.

Travel Allowances and Expenses

Current Arrangements

61. Councillors or Co-opted Members can claim mileage allowances and recover other travel expenses as long as expenditure has been actually and necessarily incurred in the performance of an approved duty. Transport services [bus passes, rail warrants, chauffeur driven cars, taxis] are also provided for Councillors undertaking approved duties or in connection with the overall functions of the City Council.
62. The current arrangements are summarised below.

Allowance/Provision	Bus Pass Provided	No Bus Pass
Mileage Allowance – within West Midlands	No	Yes
Mileage Allowance – outside West Midlands	Yes	Yes
Credit Taxis/Access to Chauffeur Service	Yes	Yes
Rail Warrants	Yes	Yes

63. The City Council has defined a range of approved duties for which travelling allowances can be claimed. For Councillors these cover attendance at Council/Committee meetings, activity in the role of Cabinet Member/Committee Chair, ward constituent duties [maximum of 4 per month], meetings of outside bodies and certain other meetings [interviews, rota visits, seminars]. These do not cover all the meetings or duties that a Councillor undertakes. Other costs may be offset as allowable expenses against tax paid.

64. The maximum mileage allowance rates were set previously by the Secretary of State. They were in line with the rates payable to officers but these have not changed since 2000.
65. Claimants are required to provide receipts for directly incurred expenses and are encouraged to claim within 2 months. Payment is made via the payroll system and forms go through a verification process.

Options and Practice in Other Authorities

66. Dr Declan Hall, as Adviser to the Panel, provided a paper that outlined the advantages and disadvantages of a claims based system and a lump sum payment. These are summarised below.

Claims Based System	Lump Sum Payment
Payment is for actual meetings/journeys	Simple and transparent to operate and administer
Could encourage attendance at meetings	Total cost is capped
Reduced cost if not everybody claims	Covers all duties undertaken
Non-taxable	Encourages members to manage themselves
Likely to be more popular with existing members	Could lose out if travel long distances
Time consuming for members and officers	Busier members could be disadvantaged
Potential for disputes about what claimed	Taxable
Does not cover all duties undertaken	Still need system for out of area duties

67. Dr Hall also advised that the experience to date was that many panels were maintaining a claims based system with only a small number opting for a lump sum payment. This is often the case in geographically larger authorities where travel distances can be substantial and also reflects the public transparency that comes with claiming for actual duties undertaken.

Future Arrangements

68. The Council now has discretion to determine its arrangements for the payment of travel allowances and expenses within an overall range of approved duties. The Panel was unanimous in its view that the arrangements should be based on Councillors or Co-opted Members having to claim for travel allowances and expenses for actual duties undertaken rather than a [taxable] lump sum. This was seen as a system that would be understood most readily by council taxpayers, have a direct link with individual activity and be in line with the usual approach in both the public and private sectors.

69. In terms of the approved duties, the Panel favoured paying only for those duties that the public at large could recognise as necessary to support the operation of the Council and the expected role of a Councillor or Co-opted Member but still within the ethic of voluntary public service.

There was a particular concern that no payment should be made for travel to and from the Council House where it only involved activity associated with the general representative role of a Councillor or the day to day element related to a special responsibility role. These would be perceived as a payment for travel to and from work and was inequitable as others in comparable situations in both the public and private sectors would not be in a position to claim.

The Panel also wanted to ensure that for the sake of transparency any payment should only be for the additional expense incurred as a result of undertaking the duty. In specific terms where a duty was part of an overall journey to and from work [or holiday] then the amount paid should be difference between the actual costs and the value of the travel that would ordinarily have occurred without the duty. This is in line with recommendations made in a District Audit Public Interest Report on Nottingham City Council.

70. The Panel made the following recommendations on the nature and rates of allowances or expenses that could be claimed by a Councillor or a Co-opted Member.

- ◆ **Mileage, Motorcycle and Bicycle Allowances.** The rates per mile should be in line with those that are paid to officers in the authority. Where the duty is outside the West Midlands, the claim should be the actual mileage or the peak time standard rail fare whichever is the lower.
- ◆ **Standard Rail Fare.**
- ◆ **Actual cost of tube fares, bus fares, car parking and toll charges.**

71. The Panel recommended that a Councillor or Co-opted Member should be entitled to claim for additional travel costs necessarily incurred when undertaking the following approved duties.

Council and Committee Role

- ◆ Attendance at meetings of the City Council, the Executive, Committees, Sub Committees or authorised working groups.

Ward Role

- ◆ Attendance at Constituency or Strategic Partnership meetings and Ward Advisory Boards.
- ◆ Attendance at publicly advertised advice bureaux up to a maximum of 4 dates per calendar month.

Representation on Outside Bodies

- ◆ Attendance at meetings of a Joint Committee or Body of which the Council is a member.
- ◆ Attendance at meetings of a local authority association of which the Council is a member.
- ◆ Attendance as the appointed representative of the City Council, the Executive, Committees or Sub Committees at meetings of other outside bodies that are **held outside the Council House**, up to a maximum of 6 dates per calendar month.

Regulatory and Quasi-Judicial Functions

- ◆ Attendance at Fostering or Adoption Panels.
- ◆ Rota visits to Social Services establishments.
- ◆ Attendance at Housing Local Management or Consultative Boards.
- ◆ Attendance at Appeals Panels, Hearings or Tribunals on behalf of the Council.
- ◆ Attendance at the School Organisation Committee.

[Under the Education Governor Allowances Regulations (England) 2003 governing bodies can now set up their own arrangements for the payment of expenses to governors including councillors].

Special Responsibility Role

- ◆ Attendance at meetings held **outside the Council House** by a Councillor in connection with the role for which a Special Responsibility Allowance is paid.

Other Duties

- ◆ Attendance as an authorised representative at a conference or seminar.

72. The Panel was also aware that the Council provided a range of transport services direct. It was felt that the approach should be consistent with the principles underpinning the system under which a Councillor or Co-opted Member could claim travel allowances and expenses. The Panel therefore suggested the following.

- ◆ **Rail Warrant.** Should be at standard class unless exceptional circumstances justified first class travel.
- ◆ **Taxi.** Should only be provided for duties for which a claim could be made. Where there is a limit on the number of duties [advice bureaux and outside bodies] the taxi should count against the limit.
- ◆ **Chauffeur.** The Panel recognised the specific provision for the Leader, Deputy Leader, Lord Mayor and Deputy Lord Mayor and that the Council might choose to use any available capacity to support other Councillors in the discharge of the functions of the Council. However the Panel was concerned that the Council should not incur additional costs to provide the service other than for the range of duties for which a claim for travel expenses could be made. If this was for a duty where there is a limit on the number of duties [advice bureaux and outside bodies] the journey should count against the limit.
- ◆ **Air Travel.** This could be justified if there was a significant saving in time **and** the cost involved was reasonable compared to the cost of alternative travel plus any saving in subsistence expenses.
- ◆ **Bus Pass.** The District Audit in its Public Interest Report on Nottingham City Council concluded that the provision of free Travel Passes was unlawful expenditure as it did not fulfil the test of only meeting costs that were wholly and necessarily incurred. The Panel did not want a cumbersome process of a large volume of tickets being needed to support a claim. It was felt that the Council still ought to be able to provide Councillors with a Travel Pass provided the recipient made a contribution in respect of the private benefit. Using the minimum time commitment of 3 days a week for the Basic Allowance that would suggest the Councillor should meet 40% of the total cost met by the Council.

The Panel felt that a holder of a Travel Pass should not be able to claim travel expenses or use transport services where there was a direct or additional cost to the Council unless the relevant travel service was not available.

73. The Panel felt that the public would have the reasonable expectation that any administrative arrangements made for processing claims should minimise the potential for abuse. Whilst claimants would be personally responsible this ought to be coupled with sufficient supporting information and a verification procedure that should “protect the public purse”.

The Panel was anxious to avoid overly onerous conditions but considered that the following represented a reasonable amount of information that ought to be provided in support of any claim.

- ◆ Details of the nature and location of the approved duty.
- ◆ Details of the journeys undertaken including start and finish mileometer readings if appropriate.
- ◆ Confirmation of home to Council House mileage and standard home to work mileage.
- ◆ Provision of receipts for direct expenses claimed. Unsupported claims could be paid where receipts would ordinarily not be available or their provision was disproportionate to the amount claimed.

To assist with accountability and the verification process claims should be made within 2 months of the duty being undertaken. Claims outside that time limit should only be paid if there are acceptable and identifiable exceptional circumstances that prevented the claim being submitted.

Subsistence Allowances and Expenses

Current Arrangements

74. Councillors or Co-opted Members can claim a day subsistence allowance if the time spent on the duty is over 4 hours and expenditure has been actually and necessarily incurred. There is also an entitlement to claim an overnight subsistence allowance if costs are met direct by the Councillor or Co-opted Member.
75. The City Council has defined a range of approved duties for which subsistence allowances can be claimed. For Councillors these cover attendance at Council/Committee meetings, activity in the role of Cabinet Member/Committee Chair, ward constituent duties [maximum of 4 per month], meetings of outside bodies and certain other meetings [interviews, rota visits, seminars]. These do not cover all the meetings or duties that a Councillor undertakes.
76. The maximum subsistence allowance rates were set previously by the Secretary of State. Day subsistence [meal] allowances were in line with the rates payable to officers but these have not changed since 2000.
77. There is no requirement for any receipts but claimants are encouraged to claim within 2 months. Payment is made via the payroll system and forms go through a verification process.

Practice in Other Authorities

78. Dr Declan Hall, as Adviser to the Panel, advised that even where authorities were retaining claims based systems for travel allowances there was a move towards only paying subsistence allowances or expenses for duties undertaken outside the authority’s area.

Future Arrangements

79. The Council now has discretion to determine its arrangements for the payment of subsistence allowances and expenses within an overall range of approved duties. The Panel’s view was that the arrangements should be based on Councillors or Co-opted Members only being able to claim subsistence allowances or expenses for expenditure that would not ordinarily have been incurred. It was a principle that would be understood by council taxpayers and in line with the usual approach in both the public and private sectors.
80. The Panel felt that arrangements that related predominantly to time spent on a duty and where there was an entitlement to claim without producing receipts would not fit that principle. It gave the impression of a form of meetings allowance rather than a reimbursement of actual additional expenses.
81. There was also the view of the District Audit in its Public Interest Report on Nottingham City Council that paying subsistence allowances without evidence of expenditure and for certain types of general duty [e.g. dealing with casework, preparation for meetings] was unlawful expenditure. This was for a new approach was reinforced by the Inland Revenue’s Guidance that day subsistence allowances were taxable unless paid in respect of extra expense incurred on council business away from the council offices.

82. The Panel recommended that a Councillor or Co-opted Member should only be entitled to claim for day or overnight subsistence allowances for attendance as an authorised representative of the Council at a meeting, conference or seminar held that was held outside the Birmingham authority area. The Panel did not support the payment of subsistence allowance or expenses for any duties that were undertaken within the Birmingham authority area.
83. The Panel also made recommendations on the nature and rates of expenses that could be claimed by a Councillor or a Co-opted Member who met expenses direct or where no meals were provided.
- ◆ **Day Subsistence.** The claim should be for the reasonable cost of meals taken. The test should be based on where the meal was taken, the total time spent on the duty and the meal allowances claimable by officers. The judgement should be made on all three factors and not just the money value of individual meal allowances.
 - ◆ **Overnight Subsistence.** The claim should be for the reasonable cost of overnight accommodation and minor associated out of pocket expenses. The test should be based on the location and the benchmark overnight subsistence allowance previously approved by the Secretary of State. The judgement should be made on both factors and not just the money value of the overnight subsistence allowance.
- For the benchmark overnight subsistence allowance, taking the April 2000 level as a starting point and applying the local authority inflation factor from that date produces a value [excluding VAT] for 2003/4 of £97.09 for London and £85.13 elsewhere.
84. The Panel felt that the public would have the reasonable expectation that any administrative arrangements made for processing claims would minimise the potential for abuse. Whilst claimants would be personally responsible this ought to be coupled with sufficient supporting information and a verification procedure that should “protect the public purse”.
- The Panel was anxious to avoid overly onerous conditions but considered that the following represented a reasonable amount of information that ought to be provided in support of any claim.
- ◆ Details of the nature and location of the approved duty.
 - ◆ Details of the start and finish times of the duty including associated reasonable travel time.
 - ◆ The amount and nature of the expense claimed.
 - ◆ Provision of VAT receipts for expenses claimed. Unsupported claims should not be paid.
- To assist with accountability and the verification process claims should be made within 2 months of the duty being undertaken. Claims outside that time limit should only be paid if there are acceptable and identifiable exceptional circumstances that prevented the claim being submitted.

Childcare and Dependent Carers' Allowance

Background

85. The Guidance on Members' Allowances from the Office of the Deputy Prime Minister states that “A scheme of allowances may also include the payment of childcare and dependent carers' allowance to those councillors who incur expenditure for the care of children or dependent relatives whilst undertaking particular duties”.

Current Arrangements

86. Councillors can claim childcare or dependent carer allowances under the Current Allowances Scheme. The Panel recommended its introduction under the 2001 Members Allowances Regulations and the arrangements came into effect in December 2001 along with changes in Basic and Special Responsibility Allowances.
87. The Scheme enables a claim to be made for the cost for the independent care of a child under the age of 14 [based on the minimum wage] and for the professional care of a dependent relative [based on the Council's own hourly rate for a Home Care Assistant].
88. Whilst only two claims have been made to date under the Scheme, the Panel felt that its retention should be supported as it helped offset a potential barrier to people standing or serving as Councillors.

Future Arrangements

89. The Council retains the discretion to determine its arrangements for the payment of childcare or dependent carer allowances within an overall range of approved duties.
90. The Panel's view was that the current allowance arrangements should continue but that in the interests of clarity and consistency the range of duties for which the allowance could be claimed should be the same as those for travel allowances and expenses [see paragraph 71].
91. Whilst conscious of the need to "protect the public purse", the Panel was particularly anxious to avoid overly onerous conditions that might be a barrier to Councillors claiming this allowance. It was considered that the Panel's original recommendation, as detailed below, remained a reasonable amount of information that could be expected as support for any claim.
- ◆ Full details of the approved duty undertaken.
 - ◆ Confirmation of who the care had been provided for [including age of child or children as appropriate].
 - ◆ Name of the provider of the care.
 - ◆ The amount [within the maximum] limits claimed.
 - ◆ A receipt or copy invoice where the care involved the services of a professional carer.
 - ◆ A declaration that the care had not been provided by a member of the immediate family or household.
 - ◆ A statement to the effect that the costs were necessarily incurred in order to undertake the duty, had not been reimbursed through any other means and were not already covered by any benefits paid to or on behalf of the person for whom the care had been arranged.

Co-optee Allowance

Background

92. The Guidance on Members' Allowances from the Office of the Deputy Prime Minister states that
- ◆ *"Each local authority may make provision in its scheme for the payment of a co-optees' allowance, for attendance at conferences and meetings to any co-opted and appointed members of a council's committees or sub-committees. The co-optees' allowance will in general be an annual allowance, and it may vary from one co-opted member to another"*.
 - ◆ *"Where either a co-opted or an appointed member is appointed chair of the committee on which they are co-opted or appointed, the co-optees' allowance they receive must be of an amount no less than the equivalent special responsibility allowances being made available to chairs of equivalent committees of the council"*.
 - ◆ *"The Panel may wish to consider the degree of time and effort put in by co-optees. Some element of the contribution made by co-optees should be voluntary. However, consideration should be given for the need to encourage non-councillors to give their services to local government, and to ensuring that co-optees are not financially disadvantaged by their civic activity."*

Current Arrangements

93. Co-opted Members can currently claim Financial Loss, Travel and Subsistence Allowances for a range of approved duties. Financial Loss Allowance will not be claimable after 31 December 2003 or from the date the Council adopts its new Scheme whichever is the sooner.
94. There are currently 8 co-opted members and these can be classified under a number of categories.
- ◆ Education and Lifelong Learning Overview & Scrutiny Committee - Parent Governor Representative [2]. Have to be appointed and are voting members. Elected through the Parent Governor Association.
 - ◆ Education and Lifelong Learning Overview & Scrutiny Committee - Church Representative [2]. Have to be appointed and are voting members. Selected by the respective church organisation.
 - ◆ Standards Committee - Independent Members [2]. Proportion of the membership must be persons who are not Councillors. These are voting members and one currently acts as Chair. Appointed by the City Council after inviting interest from anyone wishing to serve on the Committee.

- ◆ Standards Committee - Parish Council Representative [1]. In the absence of a Parish Standards Committee, the New Frankley in Birmingham Parish Council nominates a representative to serve on the Standards Committee as a voting member.
- ◆ Housing and Urban Renewal Overview & Scrutiny Committee - Invited Co-optees [5 currently]. Appointed under the Council's Constitution. Comprise 2 representatives of the City Liaison Board and 1 each for the Private Rented Sector, Home Owner Sector and Social Landlord. These are invited through available representative bodies.

Options and Practice in Other Authorities

95. Dr Declan Hall, as Adviser to the Panel, provided a paper outlining advantages and disadvantages around the payment of co-optee allowances. These are summarised below.

Pay Co-optee Allowance	Do Not Pay Co-optee Allowance
Generally only applies to a small number of people	No cost
In reality not a significant cost for most authorities	No strong demand amongst co-optees for allowance
Positive message about encouraging involvement	Negates principle of minimising barriers to service
In line with arrangements for elected members	Could discourage people putting themselves forward
Issue of who is a co-optee e.g. Schools Appeals	Inequitable – others at meeting receive allowance

96. There is some evidence that some smaller authorities are not likely to pay because there is no demand from existing co-optees. Larger authorities are more likely to pay with the list of recipients restricted to those on Standards and Overview & Scrutiny Committees.
97. If the allowance was paid, Co-opted Members would have the option to receive all, none or part of the allowance in same way as Councillors can in respect of Basic or Special Responsibility Allowances

Future Arrangements

98. Whilst the Panel supported the payment of a Co-optee Allowance it was concerned to ensure that those receiving it were acting in a voluntary capacity. It was felt reasonable to seek an undertaking from potential recipients along the lines that they were undertaking the role in a voluntary capacity and were not being "paid" by the organisation they were representing.

99. The Panel recommended that the standard Co-optee Allowance rate should be based on
- ◆ A value in days reflecting the time commitment involved in attending the standard schedule of meetings.
 - ◆ "Average non-manual male wage for all industries and services for the West Midlands Metropolitan County area" as the indicator to calculate the annual value. This indicator is used for Basic Allowance.

The voluntary service element would be reflected in attendance at ad hoc/working group meetings and other activity outside the scheduled committee cycle.

100. Taking an estimate of the core meetings and applying a value of 5 hours per meeting [covering preparation and attendance] produces the following recommended standard Co-optee Allowances.

Overview & Scrutiny Committee [10 meetings - 6¼ days]	£714 per annum
Standards Committee [4 meetings - 2½ days]	£286 per annum

101. In terms of the role of Chair of the Standards Committee, the Panel recommended that an increase in the standard Co-optee Allowance should be paid and based on

- ◆ An equivalent annual day value to that for the standard Co-optee Allowance [2½ days].
- ◆ A responsibility factor of 42% [equivalent to the role of Chair of the Licensing Committee].
- ◆ "Average gross earnings of the top 10% of the non-manual males for all industries and services for the West Midlands Metropolitan County area". This indicator is used for Special Responsibility Allowance.

This would produce an additional element of £193 per annum making a total recommended Co-optee Allowance for the Chair of the Standards Committee of £479 per annum.

What Next for the Council and the Panel?

Supporting Better Performance

102. In a world of increasing cynicism about the value of those who put themselves forward for public service, taking on the standard role of a Councillor or the onerous demands of a special responsibility role was not an attractive proposition for many people.
103. The Panel's earlier recommendations on allowances and support arrangements were designed to remove at least some of the barriers that discouraged people from a wide range of backgrounds and with a wide range of skills standing for election or serving as Councillors.
104. Local taxpayers would have an expectation that the significant investment of public funds involved was money well and wisely spent. Whilst there needed to be an acceptance that aspects such as attracting a wider range of people to serve as Councillors could only be judged in the longer term, there was an onus on the Council and its Members to demonstrate that the new arrangements represented value for money.

Framework for Better Performance

105. Earlier reports identified elements that the Council could use as framework that would support the delivery of the sort of effective performance that was needed to cope successfully with the governance of a modern local authority and that local taxpayers had a right to expect.
106. The first element was the publication of Job Descriptions for the standard role of a Councillor and for those roles for which Special Responsibility Allowances are paid. The standard format would need to identify the key skills and competencies expected of those undertaking the roles.

Work on producing these had now started with a target for completion of the first drafts in the autumn. The Panel welcomed the opportunity to comment and advise on these with the final versions being available next year ahead of the local elections.

This would also be in advance of the Panel's next review so would provide a basis on which changes could be measured. Without them it was unrealistic to expect that the Panel would be able to make meaningful recommendations on changes.

107. The second element was improved support arrangements that would maximise the impact of the time that Councillors with work and family commitments had available.

Support structures for the Executive, Scrutiny and Groups were well developed and work on addressing the impact of the devolution and localisation of services was understandably high on the agenda.

The Panel was pleased to note the significant progress that had been made in the provision of Home IT for Councillors. The elections next June with a potentially large number of new Councillors presented a particular challenge and the Panel was made aware that planning had already started.

108. The final element identified was an adequately resourced training and development programme that would offer Councillors the opportunity to acquire the skills for both their current and future roles.

In addition to existing arrangements there was particular activity around providing training support for the roll out of Home IT for Councillors and addressing the extensive training and information issues around the implementation of the Council's devolution agenda.

There was also a broader review of member development being undertaken along with consideration of the induction arrangements for the intake of new Councillors in June 2004. The size of the task represented a hard challenge but with no elections due in 2005 it also offered a real opportunity to establish an effective framework for the future.

Demonstrating Better Performance

109. The Panel recognised that Councillors operated in an environment with traditional mechanisms around party political discipline/procedures and the ballot box. The 2003 election outcome and the full election in June 2004 would serve to reinforce this aspect of performance assessment.
110. However the Panel still felt that there was a need for a more rigorous framework that would demonstrate better performance and would be open to regular public scrutiny. It was a matter for the Council to decide appropriate performance arrangements but the Panel did want to re-state the suggestions that it had made in its earlier report on aspects that might be covered in such a framework.
- ◆ Publication of Job Descriptions for the standard role of a Councillor and for those roles for which Special Responsibility Allowances are paid. These Job Descriptions need to be in a standard format and to define clearly responsibilities and key accountabilities.
 - ◆ Acceptance by Councillors of the expectations under the Job Descriptions. This might be in the form of a role and accountability statement which is a practice in some authorities.
 - ◆ Commitment to obtaining the skills and adopting the ways of working that would fulfil the Job Descriptions. This might be in the form of a personal development or training plan.
 - ◆ Measurement of performance against expectations in the Job Descriptions. This could include
 - Publication of attendance records on a quarterly basis.
 - Councillors own account of their ward based activities on at least an annual basis.
 - Councillors with Special Responsibility Allowance to provide a statement of objectives on taking up the role and a 6-monthly report of achievements against these objectives.
 - ◆ Introduction of a formal and publicly transparent performance management process that would demonstrate accountability and value for money. This monitoring role could be one that the Council might delegate to the Standards Committee or the Council Business Management Committee.
 - ◆ Analysis of newly elected members to test whether the objective of attracting a wider range of people to serve as Councillors was being achieved.

Future Work for the Panel

111. The consensus was that the Panel would have the following roles in the next couple of years.
- ◆ Providing comment and advice in support of the Council's work on developing Job Descriptions and identification of associated skills and competencies.
 - ◆ Review of the Allowances Scheme as soon as practicable after the June 2004 elections. The review would involve an examination of the principles and basis for the Allowances Scheme in the light of any changes or new issues raised as part of the process. Annual reviews would take place thereafter.
 - ◆ Responding to any direct requests from the Council for ad hoc work or reviews.
112. The following timetable was identified.
- | | |
|------------------------------|--|
| Oct 2003 | Panel's Report re City Council Members Allowances Scheme |
| Oct 2003 - April 2004 | Work in support of developing Job Descriptions and Performance Framework |
| Aug - Oct 2004 | Detailed Review by Panel of practice, principles and changes. |
| Oct 2004 | Panel's Report re City Council Members Allowances Scheme |
| Sept - Oct 2005 | Broad Review by Panel of principles and any significant changes |
| Oct 2005 | Panel's Report re City Council Members Allowances Scheme |



Birmingham City Council

Members Allowances Scheme

[from 5 December 2001]

[Rates from 1 February 2003]

BIRMINGHAM CITY COUNCIL

MEMBERS ALLOWANCES SCHEME

[as amended by the City Council on 4 December 2001]

The City Council's Scheme, made under Section 18 of the Local Government and Housing Act 1989 and last amended on 30 April 2001, was further amended by the City Council at the meeting on 4 December 2001.

The Amended Scheme was agreed after consideration of the recommendations contained in the report "Valuing Public Service" received from an Independent Remuneration Panel established in accordance with The Local Authorities (Members' Allowances) Regulations 2001.

An individual Councillor will be entitled to receive the payments specified in the amended Scheme with effect from the implementation date of the Amended Scheme of 5 December 2001.

1. INTRODUCTION

1.1 This Scheme may be cited as the Birmingham City Council Members Allowances Scheme.

1.2 In this Scheme, "Councillor" means an elected member of Birmingham City Council.

2. BASIC ALLOWANCE

2.1 Allowance Rate

A Basic Allowance will be paid to each Councillor and will comprise two elements:

- ◆ A time element based on 156 days per annum less a Public Service Discount of 25% resulting in a net value of 117 days per annum. The actual rate of allowance is calculated by reference to the average non-manual male wage for 'All Industries and Services' for the West Midlands Metropolitan County area as published in the New Earnings Survey. This is expressed as a daily rate and multiplied by the net value of 117 days per annum to produce the time element of the annual Basic Allowance.
- ◆ An additional expenses element to meet the cost of telephone rental and calls and office expenses such as postage, stationery and other consumables.

The current rates for these elements of the Basic Allowance are shown in the Appendix.

2.2 Annual Review

The two elements of the Basic Allowance will be automatically revised each year as from 1 February in line with the following:

- ◆ For the time element, by the change in the average non-manual male wage for 'All Industries and Services' for the West Midlands Metropolitan County area as published in the New Earnings Survey.
- ◆ For the additional expenses element, by the inflation allowance for 'Supplies and Services' made in the Council's budget.

2.3 Payment Dates

The effective payment date for the allowance shall be

- a) For a Councillor elected to office following an annual Local Government Election, from the fourth day after the date of the election or the date of making the Declaration of Acceptance of Office, whichever is the later.
- b) For a Councillor elected to office at any other time, from the date of making the Declaration of Acceptance of Office.

2.4 Renunciation

A Councillor may by notice in writing given to the Chief Executive [or nominated representative] elect to forego the whole or part of an entitlement to a Basic Allowance under this Scheme.

Where such a declaration is made, it remains in force until a further notice in writing to the Chief Executive [or nominated representative] withdraws it.

2.5 Payment Arrangements

Payment will be made in instalments of one-twelfth of the annual amount due and will be paid via a payroll system on the same date as that applicable to employee salaries.

2.6 Partial Entitlement

Where a Councillor holds the office of Councillor for less than a full calendar month, the Basic Allowance due will be calculated on a pro rata basis by reference to the number of days entitlement to the allowance to the total number of days in that particular month.

2.7 Overpayment

Where the payment of a monthly instalment of Basic Allowance results in a Councillor receiving more than the amount entitled, the over payment will be recovered subsequently through a deduction from other allowances due to that Councillor or through the issue of an official invoice.

3. SPECIAL RESPONSIBILITY ALLOWANCES

3.1 Offices and Roles

A Special Responsibility Allowance will be paid to a Councillor in respect of the following roles:

- a) Leader and Deputy Leader of the Council.
- b) Cabinet Member.
- c) Chairperson of the Co-ordinating Overview and Scrutiny Committee.
- d) Chairperson of an Overview and Scrutiny Committee.
- e) Chairperson of a Task and Finish Overview and Scrutiny Committee [for the period of its existence].
- f) Chairperson of the Development Control Committee.
- g) Chairperson of the Licensing Committee.
- h) Chairperson of the Public Protection Committee.
- i) Leader and Deputy Leader of a Qualifying Opposition Group *.

[* A Qualifying Opposition Group is one with a minimum of 12 Councillors]

3.2 Receipt of Special Responsibility Allowance

No Councillor can receive more than one Special Responsibility Allowance.

3.3 Level of Responsibility and Time Commitment

Two components will be taken into account in arriving at a value for individual Special Responsibility Allowances.

- ◆ The comparative level of responsibility of the role in relation to that of the Leader of the Council.
- ◆ The comparative time commitment of the role in relation to that of the Leader of the Council.

Comparative Levels of Responsibility

The comparative levels of responsibility used for the recommended Special Responsibility Allowance roles are:

Leader of the Council	100%
Deputy Leader of the Council	75%
Cabinet Member	56%
Chair of Co-ordinating Overview & Scrutiny Committee	56%
Chair of an Overview & Scrutiny Committee	42%
Chair of a Task & Finish Overview & Scrutiny Committee	42%
Chair of Development Control Committee	42%
Chair of Licensing Committee	42%
Chair of Public Protection Committee	31%
Leader of the Largest Opposition Group [one with a minimum of 12 Councillors]	42%
Deputy Leader of the Largest Opposition Group [one with a minimum of 12 Councillors]	21%
Leader of Other Qualifying Opposition Group [one with a minimum of 12 Councillors]	21%
Deputy Leader of Other Qualifying Opposition Group [one with a minimum of 12 Councillors]	10.5%

Comparative Levels of Time Commitment

The comparative levels of time commitment used for the recommended Special Responsibility Allowance roles are:

Leader of the Council	5 days [100%]
Deputy Leader of the Council	5 days [100%]
Cabinet Member	5 days [100%]
Chair of Co-ordinating Overview & Scrutiny Committee	3.5 days [70%]
Chair of an Overview & Scrutiny Committee	3 days [60%]
Chair of a Task & Finish Overview & Scrutiny Committee	3 days [60%]
Chair of Development Control Committee	3.5 days [70%]
Chair of Licensing Committee	3 days [60%]
Chair of Public Protection Committee	2.5 days [50%]
Leader of the Largest Opposition Group [one with a minimum of 12 Councillors]	3 days [60%]
Deputy Leader of the Largest Opposition Group [one with a minimum of 12 Councillors]	2.5 days [50%]
Leader of Other Qualifying Opposition Group [one with a minimum of 12 Councillors]	2.5 days [50%]
Deputy Leader of Other Qualifying Opposition Group [one with a minimum of 12 Councillors]	2 days [40%]

3.4 Allowance Rate

The Special Responsibility Allowance for the Leader of the Council will be based on the gross earnings of the top 10% of the non manual male wage for 'All Industries and Services' for the West Midlands Metropolitan County area as published in the New Earnings Survey.

The Special Responsibility Allowance for the other roles will be arrived at by multiplying the rate for the Leader of the Council by the comparative levels of responsibility and time commitment specified in 3.3.

The current rates are shown in the Appendix.

3.5 Annual Review

The rate of Special Responsibility Allowance for the Leader of the Council will be automatically revised each year as from 1 February.

The rate will be revised in line with the change in the gross earnings of the top 10% of the non manual male wage for 'All Industries and Services' for the West Midlands Metropolitan County area as published in the New Earnings Survey.

3.6 Entitlement to Receive Special Responsibility Allowance

A Councillor will be entitled to receive a Special Responsibility Allowance in the following circumstances:

- a) For the Leader and Deputy Leader of the Council, from their appointment at a meeting of the City Council.
- b) For a Cabinet Member, from appointment at a meeting of the City Council.
- c) For a Chairperson of the Co-ordinating Overview and Scrutiny Committee, from appointment at a meeting of the City Council.
- d) For a Chairperson of an Overview and Scrutiny Committee, from appointment at a meeting of the City Council.
- e) For a Chairperson of a Task and Finish Overview and Scrutiny Committee, from appointment at a meeting of the Co-ordinating Overview and Scrutiny Committee.
- f) For a Chairperson of the Development Control, Licensing and Public Protection Committees, from appointment at a meeting of the City Council.
- g) For a Leader of a Qualifying Opposition Group *, from receipt by the Chief Executive of a notification signed by a majority of members of that Group.
- h) For a Deputy Leader of a Qualifying Opposition Group *, from receipt by the Chief Executive of a notification signed by the Leader of that Group.

[* A Qualifying Opposition Group is one with a minimum of 12 Councillors]

3.7 Renunciation

A Councillor may by notice in writing given to the Chief Executive [or nominated representative] elect to forego the whole or part of an entitlement to a Special Responsibility Allowance under this Scheme.

Where such a declaration is made, it remains in force until a further notice in writing to the Chief Executive [or nominated representative] withdraws it.

3.8 Payment Arrangements

Payment will be made in instalments of the annual amount due and will be paid via a payroll system on the same date as that applicable to employee salaries.

The payment year will run from June to mid May and comprise 11 full instalments and 1 half instalment.

3.9 Partial Entitlement

In the event of a Councillor holding an office or undertaking a role for less than a full payment year, the Special Responsibility Allowance due for their final month will be calculated on a pro rata basis by reference to the number of days entitlement to the allowance to the total number of days in that particular month.

3.10 Overpayment

Where the payment of a monthly instalment of Special Responsibility Allowance results in a Councillor receiving more than the amount entitled, the over payment will be recovered subsequently through a deduction from other allowances due to that Councillor or through the issue of an official invoice.

4. CHILDCARE AND DEPENDANT CARERS' ALLOWANCE

4.1 Authorised Duties

A Childcare and Dependant Carers' Allowance can be claimed where Councillors necessarily incur expenditure in arranging care of their children or dependants when undertaking the following particular duties:

- ◆ A meeting of the Cabinet or of a Cabinet committee.
- ◆ A meeting of the full Council or of a committee or sub-committee of the Council.
- ◆ A meeting of any other body or of a committee or sub-committee of any other body to which the Council makes appointments or nominations.
- ◆ A meeting which has **both** been authorised by the full Council, a committee or sub-committee of the Council or a joint committee of the Council and one or more other authorities, or a sub-committee of a joint committee **and** to which representatives of more than one political group have been invited (if the Council is divided into several political groups) or to which two or more councillors have been invited (if the Council is not divided into political groups).
- ◆ A meeting of a local authority association of which the Council is a member.
- ◆ Duties undertaken on behalf of the Council in pursuance of any standing order made under section 135 of the Local Government Act 1972 requiring a member or members to be present while tender documents are opened.
- ◆ Duties undertaken on behalf of the Council in connection with the discharge of any function of the Council conferred by or under any enactment and empowering or requiring the Council to inspect or authorise the inspection of premises.
- ◆ Duties undertaken on behalf of the Council in connection with arrangements made by the Council for the attendance of pupils at a school approved for the purposes of section 342 of the Education Act 1996.

4.2 Allowance Rate

The rate that can be claimed will depend on the nature of the care involved:

- ◆ For the independent care of a child [under the age of 14], the maximum hourly rate that can be claimed will be the minimum wage.
- ◆ For the professional care of a dependent relative, the maximum hourly rate that can be claimed will be the Council's own hourly rate for a Home Care Assistant.

The current maximum hourly rates are shown in the Appendix.

4.3 Annual Review

The maximum hourly rates will be automatically revised each year as from 1 February in line with the changes in the minimum wage and the Council's own hourly rate for a Home Care Assistant.

4.4 Making a Claim

Claims for the allowance will need to be made on the form provided and be supported by the following information:

- ◆ Full details of the approved duty undertaken.
- ◆ Confirmation of who the care had been provided for [including age of child or children as appropriate].
- ◆ Name of the provider of the care.
- ◆ The amount [within the maximum] limits claimed.
- ◆ A receipt or copy invoice where the care involved the services of a professional carer.
- ◆ A declaration that the care had not been provided by a member of the immediate family or household.
- ◆ A statement to the effect that the costs were necessarily incurred in order to undertake the duty, had not been reimbursed through any other means and were not already covered by any benefits paid to or on behalf of the person for whom the care had been arranged.

4.5 Payment Arrangements

Claims will be paid along with all other allowances via a payroll system on the same date as that applicable to employee salaries.

4.6 Overpayment

Any deduction necessary following verification of the claim will be made from the next month's allowance payment.

CURRENT ALLOWANCES RATES [from 1 February 2003]

BASIC ALLOWANCE [per annum unless otherwise stated]

	£	£
Average non-manual male wage for 'All Industries and Services' for the West Midlands Metropolitan County area [April 2002] - per day		114.30
Basic Allowance		14,000
Time Element	13,373	
Additional Expenses Element	627	

SPECIAL RESPONSIBILITY ALLOWANCE [per annum unless otherwise stated]

	£
Gross earnings of the top 10% of the non-manual male wage for 'All Industries and Services' for the West Midlands Metropolitan County area [April 2002] - per week	921.30
The Executive [Leader and Cabinet]	
Leader of the Council	47,908
Deputy Leader of the Council	35,931
Cabinet Member	26,828
Overview and Scrutiny Committees	
Chairperson of Co-ordinating Overview & Scrutiny Committee	18,780
Chairperson of an Overview & Scrutiny Committee	12,073
Chairperson of a Task and Finish Overview & Scrutiny Committee [for the period of its existence]	12,073
Regulatory Committees	
Chairperson of the Development Control Committee	14,085
Chairperson of the Licensing Committee	12,073
Chairperson of the Public Protection Committee	7,426
Opposition Groups	
Leader of the Largest Qualifying Opposition Group *	12,073
Deputy Leader of the Largest Qualifying Opposition Group *	5,030
Leader of Other Qualifying Opposition Group *	5,030
Deputy Leader of Other Qualifying Opposition Group *	2,012

[* A Qualifying Opposition Group is one with a minimum of 12 Councillors]

CHILDCARE AND DEPENDANT CARERS' ALLOWANCE [maximum hourly rate]

	£
Independent care of a child [under the age of 14] - maximum hourly rate of	4.20
Professional care of a dependent relative - maximum hourly rate of	5.70

APPENDIX 2

No. 136 – APRIL 2003 PENSIONS FOR COUNCILLORS

Purpose of this Circular

1. The purpose of this Circular is to advise authorities of the introduction of pensions for eligible councillors in England as from 1 May 2003.

Background to Pensions for Eligible Councillors in England

2. Section 99 of the Local Government Act 2000 included powers for the Secretary of State to:
 - make provision for the payment of pensions to such members of a local authority as may be prescribed by regulations; and
 - make regulations prescribing the role of the independent remuneration panel in the process of determining which member positions may receive pensionable remuneration.
3. Following representations, the Government decided not to restrict membership of the LGPS to members of a local authority's executive and chairs of overview and scrutiny committees who had held the chair for at least 6 months. That decision was published in the Government's response to the Transport, Local Government and Regional Affairs Select Committee's Report on How the Local Government Act 2000 is Working (paragraph (y) of Command Paper 5687).

The Local Government Pension Scheme and Discretionary Compensation (Local Authority Members in England) Regulations 2003 [SI 2003/1022] and the Local Authorities (Members' Allowances) (England) Regulations 2003 [SI 2003/1021]

Which elected members can join the LGPS?

4. The above regulations set out the pension provisions that relate to elected members (including mayors¹) in England and the role the independent remuneration panel plays in the process of deciding who may be eligible for membership of the scheme. Basically:
 - the independent remuneration panel is able to make recommendations as to which members of an English² district council, county council or London borough council (who are under age 70) should be entitled to membership of the LGPS and whether the basic allowance or special responsibility allowance, or both, should be made pensionable³;
 - a council's scheme of allowances must set out which members of the authority are to be entitled to membership of the LGPS and also whether the basic allowance or special responsibility allowance, or both, is to be pensionable. The council⁴ will **only** be able to make membership of the LGPS available to those elected members who are recommended for membership of the LGPS by the independent remuneration panel, but the council can decide not to offer membership to some or all of the recommended councillors;
 - where a council's scheme offers membership of the LGPS to an elected member (an "eligible councillor") it will be for that elected member to decide whether or not to opt into the LGPS;

¹ By virtue of section 18(6) of the Local Government and Housing Act 1989 and regulation 2 of the Local Authorities (Elected Mayor and Mayor's Assistant) (England) Regulations 2002 [SI 2002/975] an elected mayor is to be treated as a councillor of an authority.

² The regulations only permit the independent remuneration panel to make recommendations in respect of members of a district council, a county council or a London borough council. They do not cover members of a fire authority, a joint authority, the Council of the Isles of Scilly, the London Fire and Emergency Planning Authority, the Broads Authority, a National Parks authority or a conservation board.

³ Any dependants' carers' allowance, travelling and subsistence allowance, and / or co-optees' allowance is not to be pensionable.

⁴ This is not a matter for the executive of an authority – see regulation 2(5) of the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 [SI 2000/2853].

- an “eligible councillor” is entitled to join the Scheme at any age prior to age 70⁵ and remain as an active member in the LGPS until age 70⁶; and
 - an elected member who opts to join the LGPS (a “councillor member”) is, for the purposes of the Scheme, to be treated as a whole time employee.
5. Local authorities in England have been given until 30 September to put their new scheme of allowances in place and may backdate its effect to 1 May 2003. Technically, regulation 17(4) of the Local Authorities (Members’ Allowances) (England) Regulations 2003 [SI 2003/1021] only permits the allowance(s) payable to be backdated to 1 May 2003. There is no mention of the right to opt to join the LGPS being backdated to 1 May 2003⁷.

What are the councillor’s and employer’s contribution rates to the LGPS?

6. The contribution rate for a “councillor member” is 6% of the councillor’s pensionable allowances as specified in the Council’s scheme of allowances. A “councillor member” is not able to purchase whole cost added years (under regulation 55 of the LGPS Regulations 1997) but can make Additional Voluntary Contributions, subject to the normal 15% overall limit. It should be noted, however, that unlike ordinary scheme members, a “councillor member” will not be able to use the accumulated AVC pot to purchase an annuity from the LGPS upon retirement with immediate benefits but must, instead, purchase an annuity (at any time up to age 75) from an annuity provider in the open market.
7. The employer’s contribution rate to the LGPS will be the same as applies in respect of other scheme members of the authority, as assessed by the Fund actuary every three years.
8. The employer cannot enter into a Shared Cost Additional Voluntary Contribution arrangement in respect of a “councillor member”.

How does service count?

9. An “eligible councillor” who opts to join the LGPS⁸ becomes a “councillor member” and service will count as whole time service in the LGPS from the date he / she joins the Scheme.
10. Membership as a “councillor member” only counts for the purposes of calculating entitlement to, and the amount of, benefits under the Scheme as a “councillor member”. In other words, scheme membership as a councillor is treated entirely separately from any scheme membership the person may have had, or may subsequently accrue, as an employee of a Scheme employer (and vice versa) when determining entitlement to, and the amount of, benefits under the LGPS⁹. “Councillor membership” and membership derived from employment as an employee cannot be aggregated.
11. As benefits for a “councillor member” are based on career average pay it has been decided that “councillor members” cannot transfer pension rights into the LGPS from another Scheme or arrangement and cannot transfer “councillor membership” from another LGPS Fund. Similarly, a “councillor member” cannot aggregate any concurrent¹⁰ membership (under regulation 32A or 87(4) of the LGPS Regulations 1997).
12. A “councillor member” may, however, aggregate any earlier membership as a “councillor member” with a current period of membership as a “councillor member” provided that both the earlier and current periods are with authorities participating in the same Fund.

⁵ But not after age 65 if he / she already has 40 years membership of the Scheme (including any membership of the scheme as an employee).

⁶ If a person remains a councillor beyond age 70 he / she will not be able to draw pension benefits until he / she ceases to be a councillor or, if earlier, age 75. The benefits will be actuarially increased to compensate for the delay in payment.

⁷ But authorities who backdate their scheme of allowances may wish to take a pragmatic view.

⁸ An “eligible councillor” who opts to join after his / her term of office has commenced becomes a member on the first day of the first payment period following the application to join.

⁹ Note, however, that the aggregate membership under the Scheme (i.e. councillor membership and employee membership) must not exceed 40 years when calculating the benefits due under the Scheme to a person who joined on or after 1 June 1989, and must not exceed 40 years at age 60 and 45 at age 65 for a person who joined pre 1 June 1989.

¹⁰ For example, where a person is concurrently a councillor for two councils, is in the LGPS in each, and ceases to be a councillor for one council but not for the other, he / she is not able to aggregate the periods of membership.

13. If the “councillor member” does not aggregate (or is not able to aggregate) two separate periods of “councillor membership”, the earlier period will not count in the later period towards:
- calculating the amount of benefits;
 - calculating the amount of any ill health enhancement;
 - the 85 year rule
- but will count towards:
- qualifying for benefits.
14. It should be noted that the authority is not permitted to increase membership (under regulation 53 of the LGPS Regulations 1997) for a new “councillor member” nor is the authority permitted (under regulation 52 of those Regulations) to increase membership for a “councillor member” who leaves aged 50 or over.

What benefits are payable to a “councillor member”?

15. The amendments to the LGPS Regulations 1997 mean that “councillor members” are:
- entitled to benefits from the Scheme, provided they have 2 years membership or have attained normal retirement age (age 70);
 - entitled to retire voluntarily on or after age 65 and before age 70 (but with an actuarial reduction if the member does not satisfy the 85 year rule¹¹ at the date of retirement, unless the council agrees to waive the reduction on compassionate grounds);
 - entitled, if the council gives its permission, to receive retirement benefits on or after age 50 and before age 65¹² (with an actuarial reduction if the 85 year rule is not satisfied, unless the council agrees to waive the reduction on compassionate grounds);
 - entitled to ill health benefits if they cease to be a councillor by reason of being permanently incapable (until age 70) of discharging efficiently the duties of that office because of ill-health or infirmity of mind or body; and
 - covered for spouse’s and children’s benefits, such benefits being calculated in the same way as for other scheme members’ spouse’s and children’s benefits apart from the fact that they will be calculated by reference to career average pay rather than final pay;

But “councillor members” are not:

- covered by the redundancy / efficiency early retirement provisions (regulation 26 of the LGPS Regulations 1997). This is because a councillor losing office is not redundant.
16. Deferred benefits awarded to a “councillor member” who is an early leaver are payable without reduction from age 70 or from any earlier date on or after age 65 as the “councillor member” elects when he / she would have satisfied the 85 year rule. Alternatively, the deferred benefits can be paid
- at an actuarially reduced rate¹³ on or after age 65 and before age 70 where the member does not satisfy the 85 year rule; or
 - if the council gives its permission, at any time on or after age 50 and before age 65 (but with an actuarial reduction¹⁴ if the 85 year rule is not satisfied); or
 - from any date the person is no longer a councillor and becomes permanently incapable of discharging efficiently his / her former duties as a councillor by reason of ill health or infirmity of mind or body.

17. When a councillor leaves the Scheme / retires, his / her pension will be calculated as follows:

$$\frac{\text{Number of years}^{15} \text{ in the LGPS as a councillor}}{80} \times \text{Career average pay}$$

¹¹ No actuarial reduction is applied to benefits if the elected member’s combined age and membership of the Scheme as an elected member (each in whole years) equals or exceeds 85 years.

¹² A Council may, for example, wish to consider the early payment of benefits on or after age 50 and before age 65 where a councillor loses his / her position as a direct result of a Boundary Commission review or a future local government reorganisation.

¹³ Unless the council agrees to waive the reduction on compassionate grounds

¹⁴ Unless the council agrees to waive the reduction on compassionate grounds

¹⁵ Where a councillor is an active member for more than 40 years, only the 40 consecutive years (ending in the last 10 years of councillor membership) which produce the highest pension can be taken into account.

18. Career average pay is the pensionable pay for each year or part year ending 31 March increased (other than the final years pay) by the rise in the Retail Prices Index between the end of the relevant year and the last day of the month in which the “councillor member’s” active membership of the Scheme ends¹⁶. The aggregate of each years revalued pay is then divided by the total number of years and part years to arrive at the career average pay¹⁷. Note that where a “councillor member” retires with the immediate payment of benefits, the rise in the Retail Prices Index between the preceding 31 March and the last day of the month in which the “councillor member’s” active membership of the Scheme ends will not immediately be known (as the Index will not have been published by then). This will mean that the career average pay and the member’s resultant benefits will need to be recalculated with arrears (and, where appropriate, interest) being paid.
19. The lump sum retirement grant will be three times the amount of the pension.
20. If a person remains a councillor beyond age 70 he / she will not be able to draw pension benefits until he / she ceases to be a councillor or, if earlier, age 75. The benefits will be actuarially increased to compensate for the delay in payment.
21. Where a councillor who is contributing to the LGPS dies in service¹⁸, a death grant of two times career average pay will be payable; if he / she is a deferred pensioner at the date of death, a death grant of three times the deferred pension will be payable; and if he/ she dies whilst on pension, a death grant of 5 times the pension less the amount of pension already paid will be payable¹⁹.

What about compensation provisions?

22. The Local Government (Early Termination of Employment) (Discretionary Compensation) (England and Wales) Regulations 2000 i.e. the provisions that permit the award of compensatory added years or a lump sum termination payment of up to 66 weeks pay upon redundancy or efficiency retirement, do not apply to “councillor members” and they have been amended so that the calculation of any payment under the Discretionary Compensation Regulations cannot include any period as a “councillor member”.
23. The Local Government (Discretionary Payments) Regulations 1996 have also been amended. “Councillor membership” cannot count when calculating gratuities under the Discretionary Payments Regulations. Furthermore, the Injury Allowance provisions of the Discretionary Payments Regulations have been amended so that they do not apply to “councillor members”.

Pensions for Councillors in Wales and Scotland

24. The Office of the Deputy Prime Minister is considering the extension of the above provisions to Wales in due course.
25. The position relating to pensions for councillors in Scotland was covered in LGPC Circular 126 (December 2002)²⁰ – see www.lg-employers.gov.uk/pensions/circulars.html

Scheme guide for “eligible councillors”

26. A full guide to the LGPS for “eligible councillors” will be available on the LGPC website before 1 May 2003 – see www.lg-employers.gov.uk/pensions/guides/index.html

Terry Edwards
Assistant Director (Pensions)
14 April 2003

¹⁶ Note, however, that the Pensions Increase date for subsequent Pensions Increase (Review) Orders will be the day following the cessation of active membership - see section 8(2) of the Pensions (Increase) Act 1971.

¹⁷ As benefits are based on career average pay, the regulations disapply regulations 21 (final pay), 22 (other final pay periods) and 23 (certificate of pension protection).

¹⁸ Or who ceased to contribute to the scheme upon remaining in service after age 70 and who dies in service before becoming entitled to the pension.

¹⁹ Ignoring any actuarial reduction applied to those benefits, any surrender, any commutation, and any abatement of benefits following re-employment.

²⁰ The Bill referred to in paragraph 10 of Circular 126 was published on 4 February 2003.