



COUNCILLORS' ALLOWANCES

**6th Report of the
Birmingham
Independent Remuneration Panel**

April 2007

ANNUAL REPORT OF THE INDEPENDENT REMUNERATION PANEL

2006-07

BIRMINGHAM CITY COUNCIL

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FOREWORD

The Independent Remuneration Panel met 11 times from the beginning of September 2006 until the conclusion of its review of Councillors' allowances at the beginning of February 2007. The Panel received written and oral representations from 45 Councillors as well as a number of senior Officers.

Evidence is emerging that the devolution process is starting to engage local people in the affairs of their wards and constituencies. **The ? survey** taken in September 2006 indicated that 37% of the population believed that they can influence local decisions.

Council tax payers are beginning to recognise named local contacts and the work of neighbourhood partnerships backed by media campaigns is becoming better understood and appreciated. Whilst the extent of the delegation of authority for local services to Constituencies is still limited, Constituency Committees do appear to be exercising increasing and positive influence on the activities within the local area through partnerships with other locally based partners.

This local influence appears to be extending upwards into central decision making. However it is still too early to judge whether the balance between central and local control of policy and services is likely to change significantly and to what extent this might make a material change in the duties and responsibilities of the existing office holders.

In the meantime it is very important that the Council and individual councillors make every effort possible to demonstrate to the electorate that they and the Council are providing value for money. A significant innovation has been the enhanced reporting arrangements to Council by Cabinet members and committee chairmen introduced after the Council's review in April 2005. The Panel believes that each councillor should endeavour to communicate his/her objectives and activities to as many of the electorate as possible, e.g. a regular six monthly report on a personal website on his/her activities would be a major step towards improving transparency and accountability. Many councillors already report in this way.

The Panel continues to be concerned that the additional demands that the devolution process makes on the time of back bench councillors does not yet seem to have been offset by a reduction in their commitments to central activities and committees. In last year's report the Panel recommended that the Council carry out a wide ranging review of the demands it makes on backbench councillors and the Panel once more repeats this recommendation.

RECOMMENDATIONS

- The Annual Survey of Hours and Earnings (ASHE) (Birmingham area rates) index continues to be applied to the City Councillors' allowances.

ALLOWANCES

Introduction

The main developments that have taken place since the Panel's last report are the Council's reaffirmation of its commitment to the devolution process following its review at the July 2006 Council meeting, the introduction of an Audit Committee and the proposed changes to the structure of the Overview and Scrutiny Committees with the abolition of Task and Finish Committees and the introduction of two permanent Sub Committees each to the two main scrutiny committees. In next year's review the Panel intends to review the work of the Chairmen of Scrutiny Committees under the new arrangements. In addition it also intends to review the work of the Chairmen of all Sub-Committees including the Chairmen of the new Scrutiny Sub-Committees.

In determining its recommendations the Panel has consistently worked within the requirements of the Local Government Act 2000 and the accompanying guidance on members' allowances from the office of the Deputy Prime Minister. The key factors which the Panel has taken into account are:-

1. The promotion of a healthy democracy by the removal of financial disadvantage as a barrier to people from a wide range of backgrounds and a wide range of skills standing for election or serving as Councillors.
2. The maintenance of an ethic of voluntary public service and the need to reflect this within the basic allowance paid to all Councillors and the Co-optee allowance paid to non-elected members.
3. Councillors generally should not expect nor receive a full time salary.
4. The reality that some Councillors will be expected to take on significant additional responsibilities that will require a near full time commitment to the detriment or limitation of other career activities. Special responsibility allowances may therefore be paid to those

Indices

Local authorities have the right to alter their index without reference to their respective Independent Remuneration Panel, once the principle of index has been established for a four-year period, which is the case in Birmingham.

The Panel gave consideration to the appropriateness of the index currently applied to the City Councillors' allowances by looking at various alternatives. The Annual Survey of Hours and Earnings (ASHE) (Birmingham area rate) continues to be the most appropriate index to ensure that those elected to the City Council are not financially disadvantaged, and candidates from across the wide City communities continue to be attracted to put themselves forward in local elections.

The Panel is therefore **recommending** that the Annual Survey of Hours and Earnings (ASHE) (Birmingham area rates) index continues to be applied to the City Councillors' allowances.

Basic Allowance

During this year's review, the Panel received written and oral representations from 45 Councillors. The Panel accepts that there continues to be many demands placed on the back bench Councillor and that the ratio of electorate per Councillor was high, especially in the more deprived inner City Wards compared to other Local Authorities. There has been no visible decrease in their workloads, which the Panel had commented strongly about in last year's report. In fact, there seems to be a general consensus of a continuing increase in meetings and representational workload due to the steady development of the Devolution programme of governance. Reducing the overall burden on Councillors does not appear to be a key driver of the 28-point Devolution Action Plan recently agreed by the Council and currently being implemented. **A RECENT NATIONAL SURVEY UNDERTAKEN BY FOUND THAT**

In past reviews, the Panel has also emphasised the need for the Council to introduce a mechanism, or mechanisms to measure Councillors' performance so that the electorate can see clearly what has been undertaken and achieved. This is covered in more detail in a later section of the report.

The current Basic Allowance paid to Birmingham City Councillors remains the highest in the UK.

It is clear that the concept of a public service discount is widely accepted in Birmingham. At the present time, there is a public service discount of 25% to reflect the public service nature of a City Councillor's role. The Panel felt that to go beyond a greater expected time commitment than at present, would ultimately lead to full-time Councillors and there is no Government intention to go down this route.

The Panel concludes that the current Basic Allowance remains set at an appropriate level and therefore **recommends** that the Basic Allowance for 2007/8 should be £15,783 in accordance with the Birmingham area average adult wage rate for all full-time employees of 4.3% as published in the current Annual Survey of Hours and Earnings (ASHE) index.

In addition, the Panel **recommends** once again that the Council reviews the demands it makes on back bench Councillors - both collectively and individually – and considers ways of working such that the requirements can be achieved within a time consistent with a part-time role.

Special Responsibility Allowances (SRAs)

There are currently 43 Council positions which qualify fo

occupied currently by the Leader of the second party because the Cabinet is appointed by the Leader of the Council under separate Constitutional arrangements. When considering this post during last year's review, the Panel had assumed that the Deputy Leader of the minority group in the coalition administration would have more executive-type responsibilities and have to stand in for the Deputy Leader of the Council, other than at Party Group level.

Having now reconsidered in some detail the role and responsibilities of this position, the Panel **recommends** that the SRA for Deputy Leader of the smaller Party in a Coalition Administration should be decreased to £3,445.

- **Political Group Secretary**

Following last year's review, the Panel reconsidered the role and responsibilities of the Political Group Secretary, and reconfirms its previous view that there is still an insufficient demonstrable level of additional significant responsibility to warrant the award of a Special Responsibility Allowances. It was clear from continuing discussions that the role varied from Political Group to Political Group, but nonetheless there was a significant party political element.

Consequently, the Panel reaffirms its previous decision and is unable to **recommend** a Special Responsibility Allowance for the role of the Political Group Secretary.

- **'Shadow' Portfolio Posts**

Once again, the Panel gave careful consideration to the role of the 'official' Opposition Councillors, and in particular the 'Shadow Cabinet', and whether the eight 'Shadow Cabinet' Members should be awarded an appropriate SRA.

The Panel accepted that, in the interest of good governance of the City Council and local democracy, it was important to have a robust and adequately resourced Opposition. Opposition is about challenging and providing the necessary checks and balances to hold the Executive to account.

The Panel was informed that Birmingham's 'Shadow Cabinet' Members hold additional executive/director roles as they are also appointed to the same outside organisations as their respective opposite Cabinet Members providing checks and balances of Council funding by these organisations.

In addition, the Panel understands that Members of the 'Shadow Cabinet' undertake the role of 'Lead Member' on the relevant Overview and Scrutiny Committees.

The introduction of Devolution and Localisation has led to the 'Shadow' role being extended to include the 10 'Local Executive' Committees (Constituency Committees) involving increased levels of local neighbourhood engagement, and the scrutinising of the central Local Services Plan as well as the 10 local ones. This has created additional workloads and subsequent time commitment for the Members of the 'Shadow Cabinet'.

Furthermore, the Panel accepts that, given the size of the City Council, the 'Shadow' Leader and Deputy are required to be a full-time team and reviewed the level of the existing SRAs for these main Opposition positions.

During its deliberations, the Panel agreed that the level of SRA for Members of the 'Shadow Cabinet' should reflect the importance and value of good governance and be adequate to recognise the 'lead shadow' Overview and Scrutiny role as well as the representative role on outside bodies.

Good governance practice is vital for the effective operation of Local Authorities. The Panel recognised the important role played by the 'Shadow Cabinet' Members, although this was only one part of the 'checks and balances' picture in the governance structure of the City Council – Overview and Scrutiny Committee Members performing another vital part.

The Panel is therefore **recommending** that for this year with effect from 1 April 2007:

- The level of SRA for the Leader of the Largest Opposition Group remains unchanged, except for the annual rise in accordance with the agreed index.
- The level of SRA for the Deputy Leader of the Largest Opposition Group should be increased to a level equal to 50% of the SRA accorded to the Leader of the Largest Opposition Group, i.e. £6,890.
- An SRA of £2,297 be awarded for Members of the 'Shadow Cabinet'.

As part of its work programme for next year, the Panel plans to undertake a wider review of the role of Opposition in the authority, including the roles and responsibilities of all post holders providing the valuable 'checks and balances'. As part of the review, the Panel will consider the current range and levels of SRAs awarded at present.

- **Chairman of Audit Committee**

During its last review, the Panel agreed to consider the roles and responsibilities of the Chairman of the Audit Committee, once it had been established and was fully operational.

The Audit Committee has been established within the City Council's governance structure since the beginning of the current Municipal Year.

The Panel learnt that the Audit Committee is still feeling its way and Members are getting to understand its role. Currently, the City Council's Constitution allows for 4 meetings a year. The Committee has met three times so far.

The Panel does recognise the valuable and important role that this Committee has started to play and that the role of the Chairman is still subject to considerable development. It is therefore **recommending** a temporary SRA of £6,000, for one year only, be awarded to reflect the potential importance of this role. The post will continue to be monitored closely by the Panel and its progress will form part of next year's review.

- **Chairman of Overview and Scrutiny Sub Committee**

The Panel were asked to look at the case of the proposed new Overview and Scrutiny Sub Committees to replace the current Task and Finish Panels.

The Panel **recommends** that the roles and responsibilities of the Chairmen of the proposed Overview and Scrutiny Sub Committees will be examined as part of a wider review into the roles of the Chairmen of all Sub Committees and the

checks and balances mechanisms and their supporting roles. Such a review

ACCOUNTABILITY TO THE LOCAL ELECTORATE – COUNCILLORS' PERFORMANCE MEASUREMENT

On a number of occasions the Panel has recommended that the Council implements performance reviews. Last year, the Panel concluded that measures introduced so far, such as enhanced website pages for Councillors, a modern casework management system, together with enhanced reporting by the Cabinet Members, Chairpersons of the Regulatory Committees and other Lead Members to the City Council would improve transparency and accountability between Councillors and the local electorate.

Furthermore, the Panel believes that the continuing development of the devolution process will also increase responsiveness to local needs, as well as significantly improving accountability to the local community.

However, so far during the current review, the Panel has not perceived any further concrete developments towards improving transparency and accountability and therefore **urges the Council** to give careful consideration to the following suggested measures, which are in place in many authorities across England and Wales:

- Councillors' attendance at meetings displayed on the Council's website.
- Regular reports by Councillors to their Constituents – say half yearly - on their respective website pages.

The Panel urges all Councillors to make full use of their enhanced website pages to keep the local electorate informed of what's happening in their area and the role their elected representative is undertaking on their behalf. Such measures should be considered, especially as the Devolution programme moves forward, and the likely consequential increase in Councillors' workloads and ultimate performance.

The Panel will continue to monitor progress in this important area.

NEXT YEAR'S PROGRAMME OF WORK

Notwithstanding any additional requests from the Council, a major part of the Panel's 2007-08 review will cover the roles and responsibilities of those post holders involved in the 'checks and balances' mechanisms forming a very important part of the authority's governance arrangements. In addition, the review will cover:

- The role of the 'Opposition', including the role and current level of remuneration for the Chairmen of the Overview and Scrutiny Committees.
- The role, responsibilities and current level of remuneration for the Chairmen of all Sub Committees, including the newly established Overview and Scrutiny Sub Committees.

The Panel will also consider the current levels of remuneration paid to Co-opted Members.

Finally, the Panel will continue to monitor and report back on:

- The developing role and responsibilities of the Chairman of the Audit Committee.
- The Council's Devolution programme and the consequential impact on the roles of the Constituency Chairmen and backbench Councillors.
- Support arrangements for all Councillors.
- Accountability to the local Electorate including the introduction of enhanced Councillors' performance measures.

CO-OPTEE ALLOWANCES [per annum]

Chair of the Standards Committee	544
Member of an Overview & Scrutiny Committee	807
Member of the Standards Committee	323

CHILDCARE AND DEPENDANT CARERS` ALLOWANCE

£

Independent care of a child (under the age of 14) - maximum hourly rate of	5.35
Professional care of a dependent relative - maximum hourly rate of	6.42

TRAVEL ALLOWANCES AND SUBSISTENCE EXPENSES

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

TRAVEL ALLOWANCES AND EXPENSES**Car Mileage Rates**

Car up to 999cc	- first 8,500 miles	39.70p per mile
	- after 8,500 miles	12.10p per mile
Car 1000cc and above		

Subsistence Allowances And Expenses

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

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

Principles for the Councillors' Allowances Scheme

Background

The Panel felt that there should be a set of principles that can be used as a logical,

- Adequately resourced training and development opportunities should be

their role. To avoid a proliferation of claim based systems this should be done by the payment of a lump sum on top of the Basic Allowance.

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

Administration and Review

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

Membership of the Independent Remuneration Panel

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

- 7 members selected from a public advertisement.
- 1 representative of the Trades Unions.
- Panel Members are appointed for a 3-year term of office.
- Appointment of an Independent Advisor with wide experience of reviews of councillors' allowances

The current membership is as follows:

Ray Way, Council appointee and Chairman of the Panel.

- * Vacancy, Council appointee.
John Warburton, former Chief Executive of the Birmingham Chamber of Commerce.

Subat Khan of Ward End, Birmingham Citizen Representative

Graham Macro of Sutton Coldfield, Birmingham Citizen Representative

- * Sandra Cooper of Stirchley, Birmingham Citizen Representative.
- * Michael Tye of XXXXXXXXXXXXX, Birmingham Citizen Representative
- ** Hanifa Shah of Small Heath, Birmingham Citizen Representative

Roger McKenzie, Trades Union Representative.

Dr Declan Hall of INLOGOV (University of Birmingham), special adviser to the Panel.

- * New appointment with effect from 1 September 2007.
- ** Appointment expires on 31 August 2007.

April 2006