



## **COUNCILLORS' ALLOWANCES**

# **ANNUAL REPORT OF THE INDEPENDENT REMUNERATION PANEL**

**2007-08**

## **BIRMINGHAM CITY COUNCIL**

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## FOREWARD

The Independent Remuneration Panel met 7 times from the beginning of September 2007 until the conclusion of its review of Councillors' allowances in February 2008. The Panel received written and oral representations from 25 Councillors, as well as a number of senior officers.

Throughout this year's review, the Panel reaffirmed their view that the levels of Councillors' allowances should maintain a link with external comparators in order to attract as diverse a Membership as possible. Councillors, for their part, commented frequently throughout the review that their remuneration should reflect their increasing community leadership role and responsibilities. This year, the Panel reconfirmed the 25% element of voluntary service discount of allowances remained appropriate, as well as the average time commitment of 26 hours per week.

An area of Council business which continues to impact on the roles and responsibilities of Councillors is the Devolution and localisation of services to achieve excellence in local communities. Last year, the Panel commented that the Constituency Committees appeared to be exercising increasing and positive influence on the activities within local areas through partnerships. In addition, this year the Panel is of the opinion that the influence of the Constituency Chairmen is having an impact resulting in positive achievements evidenced by high levels of residents' satisfaction. This outcome places the Council in the upper quartile nationally as well as an improved local community cohesion indicator.

However, achieving a work/life/elected role balance can be very difficult, especially for those Councillors with full-time employment responsibilities. It is the case generally that the public's expectations and demands made of their elected representatives has increased. The Panel's remains concerned about the Council's failure to address the additional demands it has placed on Councillors and the consequential impact on their home/worklife balance.

## RECOMMENDATIONS

1. The Consumer Price Index (CPI) is applied to the City Councillors' allowances. The index should be kept under review.
2. The Basic Allowance (BA) for 2008-09 is increased to £15,847 in line with the CPI rate of 2.1% (as at December 2007).
3. The Special Responsibility Allowances (SRA) for 2008-09 are increased in line with the CPI rate of 2.1% (as at December 2007).
4. The SRA for Constituency Chairmen is increased slightly and in line with CPI rate to £4087 per annum.
5. The SRA for the Lead Opposition Spokespersons is confirmed in the Councillors' Allowances Scheme and increased slightly and in line with CPI rate to £2834 per annum.
6. The SRA for the Chairman of the Audit Committee is confirmed in the Councillors' Allowances Scheme and increased in line with the CPI rate to £6126 per annum.
7. An SRA for the Chairmen of the Overview and Scrutiny Sub Committees is confirmed in the Councillors' Allowances Scheme at £6126 per annum.
8. On the basis of no substantial new evidence, no Special Responsibility Allowance should be awarded to Political Group Secretaries.
9. Co-Opted Members' allowances are increased in line with the recommended index rate applied to the City Councillors' Basic Allowance.
10. The level of Co-Opted Members' allowance for the Chairman of the Standards Committee is increased in line with CPI rate of 2.1% (as at December 2007).
11. All care allowances should continue to be set in accordance with the annual national minimum wage levels relevant to the age of the carer, and reviewed as part of next year's work programme.
12. The Council should encourage the development and implementation of a set of measures as part of a systematic approach of peer performance reviews with its Membership.
13. Councillors should be encouraged to consider measures to enhance their transparency and accountability to the local electorate.
14. The Council should review the current range of support available for Councillors and Co-Opted Members to include a regular programme of training and development opportunities.
15. The Council should actively look at reducing the demands it makes on back bench Councillors – both collectively and individually – and give consideration to alternative more flexible ways of working such that the requirements of the role can be achieved within a time consistent with a part-time position.

16. The 'qualifying' number for Minority Groups on the City Council is reduced from 12 to 6 Members, i.e. 5% of the current Membership.
17. The Council endorses the Panel's proposed work programme for next year.

# ALLOWANCES

## Introduction

The main developments that have taken place since the Panel's last report are the:

- Council's commitment to 'Excellence in local Communities'
- Developing the Audit Committee;
- Introduction of two permanent Overview and Scrutiny Sub Committees.
- Councillors' Commission.

The Panel noted Council's decision not to implement all the Panel's recommendations from its previous review.

Last year, the Panel had intended to review the work of the Chairmen of Scrutiny Committees under the new arrangements as well as the work of the Chairmen of all Sub-Committees including the Chairmen of the new Scrutiny Sub-Committees. This year's work programme has been tailored to take account of the Council's priority areas following last year's review, as well as any national and local developments arising from the Councillors' Commission.

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

1. The promotion of a healthy democracy by the removal of financial disadvantage as a barrier to people from a wide range of backgrounds and a wide range of skills standing for election or serving as Councillors.
2. The maintenance of an ethic of voluntary public service and the need to reflect this within the basic allowance 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 members of the Council who have significant additional responsibilities over and above generally accepted duties of a councillor.

In particular the Guidance on Members' Allowances (Paragraphs 72 and 73) states that if the majority of members of a Council receive a special allowance the local electorate may rightly question whether this is justified. 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 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.

### **Indices**

At the Council meeting in June 2007, the Council did not agree to the Panel's recommendation that the Annual Survey of Hours and Earnings (ASHE) (Birmingham area rates) index was the most appropriate and therefore should continue to be applied to the City Councillors' allowances. Instead, the Council agreed that the level of Councillors' allowances should be increased in line with the annual staff award, which better reflected the local economic situation.

The Panel therefore reviewed the use of the Annual Survey of Hours and Earnings (ASHE) (Birmingham area rates), which had been the recommended index to be applied to the Councillors' allowances. The Panel considered the appropriateness of

The current Basic Allowance paid to Birmingham City Councillors remains the highest in the UK to support the promotion of a healthy democracy by enabling people from a wide range of backgrounds to serve as Councillors. The Panel continues to urge the Council to encourage greater diversity and inclusiveness in its Membership. It has always been one of the Panel's guiding principles for the Scheme to include a higher Basic Allowance which is accessible equally to all of the Council's Membership, rather than introduce a larger number of separate Special Responsibility Allowances.

It is clear that the concept of a public service discount is widely accepted by Members to reflect the public service nature of a City Councillor's role. At present, the time element of the Basic Allowance takes account of a public service discount of 25%.

Recognising the current public sector financial constraints, the Panel reaffirms that the current Basic Allowance remains set at an appropriate level, and applying the CPI rate of 2.1% as at December 2007 and **recommends**, therefore, that the Basic Allowance for 2008/9 should be £15,847.

### **Special Responsibility Allowances (SRAs)**

Following the decision of the Council in June 2007, the number of positions qualifying for an SRA rose to 51, or 42.5% of the Council Membership – a percentage within Government guidelines for good practice.

In addition, the Panel reconfirms that the City Councillors' Allowances Scheme only permits one SRA payable per Member.

The Panel considered in some detail a number of roles undertaken by Councillors to determine whether they justified a recommendation for a Special Responsibility Allowance, or some adjustment to current levels. The Particular posts together with the outcome of the Panel's deliberations are set out below:

- **Constituency Committee Chairman**  
This year has been one of co



- **Political Group Secretary**

Following the decision of the Council in June 2007 to introduce, for the first time, a Special Responsibility Allowance for this position, the Panel reconsidered the role and responsibilities of the Political Group Secretary. Two late submissions were received as part of this year's review.

In discussion, the Panel did recognise the prospect for this role to develop especially given the involvement in training and development, but at present time did not see sufficient justification for an SRA. Furthermore, the Panel confirmed its view that there was a significant Party Political element to this role. Research

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- **Chairman of Audit Committee**

The Audit Committee is now in its second Municipal year of operation. Previously the Committee met on a quarterly basis, but the frequency of meetings had since incr

## Other Allowances

- Following the Panel's meeting with one of the Council's Co-Opted Members, it recommends that **Co-opted Members'** allowances should be increased in line with the recommended CPI index rate of 2.1% (as at December 2007).
- Recognising that the Committee's changing powers and responsibilities from April 2008, it is the Panel's intention to consider the impact of the changes on the role of the **Chairman of the Standards Committee** as part of next year's review. Therefore, the current SRA should be increased in line with the CPI rate of 2.1% (as at December 2007).
- All **care allowances** should continue to be set in accordance with annual national minimum wage rate levels relevant to the age of the carer. It is the Panel's intention to review this as part of next year's review.

## Minority Groups

The City Councillors' allowances scheme set originally 12 as being the minimum number of Members required to 'qualify' as an Opposition Group in line with national guidance.

However, the large Membership of the City Council has resulted in this requirement being much greater than in other authorities with the consequential 'recognition' gap between the main Political Parties and smaller ones being much wider also. Research indicates that the average number of Members qualifying as an Opposition Group in other local authorities is usually between 4-6 Councillors.

The Panel is therefore recommending that the City Council considers reducing the 'qualifying' number for a recognised Opposition Group within the Allowances Scheme to 6 Councillors, i.e. 5% of its current Membership, thereby contributing towards the promotion of a healthy and inclusive democratic framework for Birmingham.

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outcomes experienced by those taking part to the wider benefit of the Council as a whole.

However, Councillors themselves have to take some responsibility and contribute towards the development of a meaningful training and development programme, including supportive roles such as mentoring and coaching particularly newly elected Members. The Panel urges the Council to demonstrate its support for the training and development of its Membership by considering measures which build sufficient time capacity for Councillors to undertake the necessary activities.

The Panel will continue to monitor the Council's progress.

## NEXT YEAR'S PROGRAMME OF WORK

Notwithstanding any additional requests from the Council, in 2008-09 the Panel proposes to review:

- The additional expenses element of the Basic Allowance.
- The impact of new legislation on the role of the Members of the Standards Committee and in particular the Chairman.
- The impact of new legislation on the role of Councillors.
- Carers' allowances

The Panel will continue to monitor and report back on:

- The index applied to Councillors' allowances.
- on the role of Councillors, in terms of the amount of their allowances in W€

**PROPOSED MEMBERS ALLOWANCE RATES [from 1 April 2008]**

<b><u>BASIC ALLOWANCE</u></b> [per annum unless otherwise stated]	£
<b>Baseline per Day Rate</b>	<b>129.50</b>
<b>Basic Allowance</b>	15,847
Time Element	15,152
Additional Expenses Element	695
<b><u>SPECIAL RESPONSIBILITY ALLOWANCES</u></b> [per annum unless otherwise stated]	£
<b>Baseline per Week Rate</b>	<b>1,048.14</b>
<b>The Executive [Leader and Cabinet]</b>	
Leader of the Council	54,503
Deputy Leader of the Council	40,877
Cabinet Member	30,522
<b>Local Executive</b>	
Chair of a Constituency Committee	4,087
<b>Overview and Scrutiny Committees</b>	
Chairman of Co-ordinating Overview & Scrutiny Committee	21,365
Chairman of an Overview & Scrutiny Committee	13,735
Chairman of an Overview & Scrutiny Sub Committee	6,126
<b>Regulatory Committees</b>	
Chairman of the Planning Committee	16,024
Chairman of the Licensing Committee	13,735
Chairman of the Personnel Appeals Committee	11,446
Chairman of the Public Protection Committee	11,446
Chairman of the Audit Committee	6,126
<b>Opposition Groups</b>	
Leader of the Largest Qualifying Opposition Group *	13,735
Deputy Leader of the Largest Qualifying Opposition Group *	7,085
Lead Opposition Spokesperson ('Shadow' Cabinet Member)	2,834
Leader of Other Qualifying Opposition Group *	5,723
Deputy Leader of Other Qualifying Opposition Group *	2,289
(* A Qualifying Opposition Group is one with a minimum of 6 Councillors)	
<b>Coalition Arrangements</b>	
Deputy Leader of the minority Group in a coalition administration	3,538



<b><u>CO-OPTEE ALLOWANCES [per annum]</u></b>	<b>£</b>
Chairman of the Standards Committee	544
Member of an Overview & Scrutiny Committee	809
Member of the Standards Committee	324

<b><u>CHILDCARE AND DEPENDANT CARERS` ALLOWANCE</u></b>	<b>£</b>
Independent care of a child (under the age of 14) - maximum hourly rate of	5.52
Professional care of a dependent relative - maximum hourly rate of	7.33

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**TRAVEL ALLOWANCES AND SUBSISTENCE EXPENSES**

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

**TRAVEL ALLOWANCES AND EXPENSES**

**Car Mileage Rates**

Car up to 999cc	- first 8,500 miles	42.90p per mile
	- after 8,500 miles	13.30p per mile
Car 1000cc and above	- first 8,500 miles	46.90p per mile
	- after 8,500 miles	13.60p per mile
Supplement for Official Passenger		0.30p per mile
If car mileage is claim and4e		

## **Subsistence Allowances and Expenses**

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

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

## **Principles for the Councillors' Allowances Scheme**

### **Background**

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

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

### **Scheme Objectives**

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

### **Basis of Scheme**

- Maintain the ethic of voluntary public service and reflect this within the Basic Allowance paid to all Councillors and the Co-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 of the Panel should be arrived at following a logical, impartial

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.

The panel looked at comparisons with, our near neighbours, the core cities and Kent.

The councils are listed below;

Bradford

Bristol

Coventry

Kent

Kirklees

Leeds

Leicester

Liverpool

Manchester

Newcastle Upon Tyne

Nottingham

Sandwell

Sheffield

Walsall

Wolverhampton

**Membership of the Independent Remuneration Panel**

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

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

The Panel is supported by an Independent Advisor.

The current membership is as follows:

**Chairman of the Panel**

Graham Macro, Citizens' Representative, Sutton Coldfield

**Council appointees:**

Stephen Shute\*

Paul Wilson\*

**Citizen Representatives:**

Sandra Cooper, Stirchley

Subat Khan, Ward End

Michael Tye, Handsworth.

Roger McKenzie, Trade Unions' Representative.

\*Appointed on 5 February 2008

April 2008