



COUNCILLORS' ALLOWANCES

Fifth Report of the Birmingham Independent Remuneration Panel

February 2006

ANNUAL REPORT OF THE INDEPENDENT REMUNERATION PANEL

BIRMINGHAM CITY COUNCIL

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FOREWORD

The organisation and development of the City of Birmingham is a complex and demanding task. The City's financial budget is comparable with that of a FTSE 100 company.

The management of the City is undergoing a major change with the devolution of certain services and policy decisions to local districts. The objective is to make the Council more responsive to varying local needs whilst at the same time improving understanding and accountability between the elected Members of Council and their constituents. The devolution process is still at a relatively early stage but it should become increasingly effective as the local district organisations, which have been set up, develop their own priorities. The effect of these changes may well increase the demands placed on individual Councillors, but at this relatively early stage the effect on them is still unclear.

There is no doubt that the job of a Councillor is both interesting and stimulating. However, the Council needs to keep the demands generated by the devolution process under control.

A. SUMMARY

B. RECOMMENDATIONS

- B1** The Council should review the demands that it makes on a back bench Councillor – both collectively and individually – and consider ways of working such that the requirements can be achieved within a time consistent with a part-time role.
- B2** The Basic Allowance for 2006/7 should be £15,148 in accordance with the average adult wage rate for all full-time employees of 4.8% as published in the current Annual Survey of Hours and Earnings (Ashe) index rate for the Birmingham area.
- B3** The Special Responsibility Allowances for 2006/07 should be increased in line with the Birmingham area average adult wage rate of the top 10% of full-time earners of 5% as published in the current Annual Survey of Hours and Earnings (Ashe) index.
- B4** A Special Responsibility Allowance of £2,187 per annum is awarded to the District Committee Chairperson.
- B5** The Chairperson of the Public Protection Committee receives an increase in the current Special Responsibility Allowance to £10,937 per annum.
- B6** The role of the Deputy Leader of the smaller Group in a coalition administration should be awarded a Special Responsibility Allowance of £5,468 per annum.
- B7** No Special Responsibility Allowance is awarded to Political Group Secretaries.
- B8** No special one-off allowance or Special Responsibility Allowance is awarded to Councillors of the Licensing Committee.
- B9** No Special Responsibility Allowance is awarded to ‘Shadow’ Portfolio Posts at this stage.
- B10** The Council should consider broadening the definition of ‘approved’ Councillors’ activities for which expcst7-lae he 5 -1.15 TD0ngham area averaTho[(e2e4xpc)- c5.79642.

C. INTRODUCTION

C1 This year's report discusses the demands currently placed on back bench Councillors and the impact of Devolution on their role.

C2

D. ROLE OF THE BACK BENCH COUNCILLOR

- D1** At the present time 75 Councillors are employed and 45 have no job. From the job description of those who are employed it appears that 37 of the Councillors are in a position to decide their own pattern of work e.g. this includes those who own their own businesses or who are self-employed, 20 are employed in the public sector who may be expected to be sympathetic to the needs of public service and 19 are employed in the private sector in positions where it is likely there would be some potential restriction on the time available for Council duties. In this latter category no more than two or three appear to be engaged in manual occupation.
- D2** The results of the Birmingham Councillors' survey, which had a 53% response rate, were included in the Panel's first report in 2001. The responses showed that Councillors in a fulltime job who accounted for 36% of the survey spent an average 29 hours per week on council duties and Councillors with no job which accounted for 39% of the survey spent an average of 44 hours on Council duties. After taking verbal evidence in 2001 the Panel then concluded that whilst many Councillors chose to spend more time on Council duties the average time needed to undertake the basic role of a Councillor, which might include membership of a number of committees, was 26 hours or three days per week.
- D3** This year 31 Councillors responded to the survey, 2 have given separate written evidence and the Panel has met 17 Councillors who have given verbal evidence. In aggregate we have received written or verbal evidence from 37 Councillors, 31% of the total complement of Councillors.
- D4** Section H of the City Council's Constitution describes the role of a back bench Councillor but does not address the question as to how much time is necessary to fulfil the role effectively. From the responses we have received it is clear that some Councillors believe that it is no longer possible to complete the role effectively in 3 days per week. Councillors have a variety of duties and roles including attendance at regular meetings of the full City council, usually membership of one 'central' Committee, membership of their District and Ward Committees, membership of ad hoc task forces, involvement in local case work and meetings with Ward constituents either on an individual basis or collectively.
- D5** The Panel has always recognised that some Councillors will chose to spend more than 26 hours per week but it is not clear whether the current demands on Councillors mean that it is no longer possible to discharge their role effectively on a minimum of 26 hours per week. The main thrust of the representations received is that the Council's policy of Devolution, which is widely supported, has resulted in increased workloads and time commitment without a corresponding reduction in commitments to 'centrally' organised meetings.
- D6** The Panel views the possible implications with concern. If it is indeed the case that a significant increase in time commitment in excess of 26 hours is necessary for a back bench Councillor to carry out the role effectively, then not only will it prove to be a deterrent to potential new candidates, it will further limit the sectors of the population from whom candidates can be drawn. It is difficult to envisage an employer from either the public or private sector viewing such a situation with

equanimity when faced with a request from an employee for co-operation in supporting his candidature to become a Councillor.

D7 It is also clearly contrary to the Government's intentions behind the Act of 2000 that the role of the back bench Councillor should not be full-time.

D8 **The Panel therefore recommends** that the Council review the demands that it makes on a back bench Councillor - both collectively and individually - to determine what time is necessary to carry out the role effectively. If necessary, the objective should be to reallocate roles and responsibilities to allow the role to be achieved effectively in 26 hours. This will not, and of course should not, inhibit any individual Councillor from devoting more time if he or she so wishes.

E. ACCOUNTABILITY TO THE LOCAL ELECTORATE

- E1** On a number of occasions the Panel has recommended that the Council implements performance reviews. The Panel believes that the devolution process, which will increase responsiveness to local needs, will also significantly improve accountability to the local community.
- E2** The Panel understands that the Council is undertaking a number of

F. ALLOWANCES

Basic Allowance

- F1 The Panel has received representations from 37 Councillors. It is not clear whether or not this implies that the remaining 83 Councillors are satisfied with the existing Allowances Scheme.
- F2 Whilst the Panel accepts that there are many demands placed on the back bench Councillor, it believes that the current Basic Allowance is set at an appropriate level.
- F3 At the present time there is a public service discount of 25% to reflect the public service nature of a Councillor's role and that, as a consequence, there should be a significant voluntary element. It is clear that the concept of a public service discount is widely accepted.
- F4 **The Panel therefore recommends** that the Basic Allowance for 2006/7 should be £15,148 in accordance with the Birmingham area average adult wage rate for all full-time employees of 4.8% as published in the current Annual Survey of Hours and Earnings (Ashe) index.

Special Responsibility Allowances (SRAs)

- F5 The Panel gave careful consideration to a number of roles undertaken by Councillors to determine whether they justified a recommendation to the City Council for a Special Responsibility Allowance.
- F6 To assist in their deliberations, the Panel referred to the Guidance on Members' Allowances from the Office of the Deputy Prime Minister, which 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"

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.”

F8 The posts that the Panel has considered for a change and in some cases recommends that a Special Responsibility Allowance be awarded, or changed from the existing position, are as follows:

- **District Committee Chairperson**

It is clear that the post of District Committee Chairperson is still evolving as the system of devolution develops. At present there also appears to be significant differences as to how far Devolution has developed in different Districts. This may be explained in part by the variation in the time that individual District Directors have been in post. Nevertheless **the Panel is** satisfied that the post has developed sufficiently to justify **recommending** that a Special Responsibility Allowance be awarded to the District Committee Chairperson and at this stage the Panel recommends it should be set at £2,187 per annum, the same level as the Deputy Leader of Other Qualifying Opposition Groups.

It is the Panel's intention to review this in future years, as the role of the indivi

- **Members of the Licensing Committee**

The Panel is aware that following the introduction of Local Government Acts evidence shows that some Local Authorities have paid Special Allowances to Councillors of the Licensing Committee to compensate them for the extra work that they have had to undertake in implementing the change in local licensing arrangements under the Licensing Act 2003. The transition period for the granting of new licences ended on 24 November 2005.

The Licensing Committee set up 4 new

- F9** In general, with the exception of the specific posts mentioned above, the Panel believes that the existing Special Responsibility Allowances are at the correct level. It may be that, in the future, as the devolution process develops and if the balance of responsibility between central and local functions changes, this will impact on the Special Responsibility Allowances for some posts.
- F10** **The Panel therefore recommends** that, as in previous years, the Special Responsibility Allowances for 2006/07 should be increased in line with the Birmingham area average adult wage rate of the top 10% of full-time earners of 5% as published in the current Annual Survey of Hours and Earnings (Ashe) index.

H. CONCLUSIONS

- H1** In concluding this year's review of the Allowances Scheme for Birmingham City Councillors, the Independent Remuneration Panel recommends a review of the demands currently placed on back bench Councillors to ensure that they align with the Council's priorities and that the minimum time commitment required to carry out the role effectively should be contained, if possible, to 3 days per week.
- H2** The Panel welcomes the emphasis being placed on reporting the activities of

CO-OPTEE ALLOWANCES [per annum]

| | |
|--|-----|
| Member of an Overview & Scrutiny Committee | 773 |
| Member of the Standards Committee | 309 |
| Chair of the Standards Committee | 519 |

CHILDCARE AND DEPENDANT CARERS' ALLOWANCE

| | |
|--|------|
| | £ |
| Independent care of a child (under the age of 14) - maximum hourly rate of | 5.05 |
| Professional care of a dependent relative - maximum hourly rate of | 6.06 |

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 | 38.70p per mile |
| | - after 8,500 miles | 11.70p per mile |
| Car 1000cc and above | - first 8,500 miles | 42.00p per mile |
| | after 8,500 miles | 11.80p per mile |

Supplement for Official Passenger 0.30p per mile

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

Motorcycle Mileage Rates

| | |
|----------------------------|-----------------|
| Motorcycle up to 150cc | 19.35p per mile |
| Motorcycle 151cc and above | 23.22p per mile |

Bicycle Mileage Rates

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

Other Travel Expenses

| | |
|--|---------------------|
| Rail Travel [supporting receipt required] | Standard Class Fare |
| Taxi, Tube and Bus Fares, Car Parking, Toll Charges [supporting receipts if possible] | Actual Cost |

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.

April 2006

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 TD06804 scn84.42 takon n si rof and

- Transparent and audited performance measures should exist that are open to public scrutiny and demonstrate better performance and value for money.

Methodology

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

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

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

Expenses

- The Council should meet a standard range of general expenses [such as telephone and home office costs] that Councillors incur directly when undertaking their role. To avoid a prol

- 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 t

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 main features are:

- 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 Birmingham Independent Remuneration Panel comprises:

Linda Elliot of Moseley, Birmingham Citizen Representative.

Ray Way, former President of 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.

Valerie Hackett, Council appointee.

Roger McKenzie, Trades Union Representative.

Ray Way was appointed as Chair of the Panel in August 2005.

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.

February 2006