

# Birmingham City Council

## Council Business Management Committee

23 March 2020



**Subject:** Annual Report of the Independent Remuneration Panel

**Report of:** Acting City Solicitor

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Does the report contain confidential or exempt information? ☐ Yes ☒ No

If relevant, state which appendix is exempt, and provide exempt information paragraph number or reason if confidential :

### 1 Executive Summary

- 1.1 This report summarises the recommendations of the Independent Remuneration Panel following the annual review of the City Councillors' Allowances Scheme and sets out the proposed motion to be considered by the City Council.
- 1.2 A full copy of the Independent Remuneration Panel's Annual Report is attached.

### 2 Recommendations

- 2.1 That the Council's Business Management Committee:

- Receives the annual report of the Independent Remuneration Panel;
- Recommends the following motion to the City Council:

The recommendations made by the Independent Remuneration Panel on Page 4 of its Annual Report be accepted and implemented with effect from 19 May 2020.

### 3 Background

- 3.1 An Independent Remuneration Panel (IRP) was established by the City Council at its meeting on 2nd July 2001. There are now eight members of the panel made up of four Citizen Representatives; two appointed and two co-opted members. An allowance is paid to each panel member.

- 3.2 The 2019/20 Annual Report of the IRP is attached to this report. Committee is reminded that the council must have full regard to the recommendations within the report.
- 3.3 The Panel has worked consistently within the requirements of the Local Government Act 2000 and the accompanying Statutory Guidance and Regulations on Councillors' allowances.

#### **4 2019/20 Report and Recommendations**

- 4.1 Last year the Panel committed to re-establish the link to the comparator agreed in 2013, after several years of no increases, with the intention to bring the basic allowance back to parity with ASHE over the remaining years of this four year electoral term. In this year's report, the Panel confirms its recommendation to incrementally increase the basic and special responsibility allowances to "catch up" with the ASHE comparator. This results in a recommended 4.4% increase for basic and special responsibility allowances for the 2020 municipal year.
- 4.2 In addition, the City Council asked the Panel to look at a number of specific issues including the role of Licensing Sub Committee Chairs, and the level of special responsibility allowances paid to Opposition Leaders and Deputies, Group Secretaries and Whips. The report includes recommendations on these.
- 4.3 As in previous years, and before coming to a conclusion for the 2020/21 year, the Panel invited evidence from a number of sources, including face to face meetings with the Leader and Deputy Leader of Labour, Leader of the Conservatives and Deputy Leader of the Liberal Democrats, written submissions and face to face meetings with Councillors, including those from single and two member wards. The Panel also reviewed allowances paid by other local authorities including other core city allowances.
- 4.4 A member of the Panel will attend and present the report at Committee, and at Council, if required.

#### **5 Appendices**

- 5.1 Appendix 1: Annual Report of the Birmingham Independent Remuneration Panel 2019-2020



## **COUNCILLORS' ALLOWANCES**

### **Annual Report of the Birmingham Independent Remuneration Panel 2019-2020**

**MARCH 2020**

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

**2019-2020**

## **BIRMINGHAM CITY COUNCIL**

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## FOREWORD

Birmingham City Council continues to be responsible for a range of vital services for people, communities and businesses across the city. Many of those services are statutory, such as social services, planning, pest control and licensing. Others are undertaken with partners to provide enhanced services which benefit not only Birmingham and the West Midlands but impact nationally and internationally, such as staging the Commonwealth Games in 2022. The 101 City Councillors all have a significant role to play in governing the city as well as working at a ward level to help communities deliver local priorities.

The principal purpose of the Independent Remuneration Panel is to make recommendations to the City Council on the basic and special responsibilities allowances paid to Councillors – our recommendations are on page 4 of this report. Before making the final recommendations set out in this report the Panel reviewed a significant amount of evidence on a range of relevant matters, including comparator allowances paid by the other six metropolitan authorities in the West Midlands, Core Cities and a representative sample of other local authorities. We also noted reviews undertaken to the Constitution last year, together with the development of the Assurance Framework (July 2019) and its first Review which was shared with the Secretary of State for Housing, Communities and Local Government in October 2019. The Framework addresses the challenges identified by Sir Bob Kerslake in 2014 and the improvement and transformational changes the Council is committed to implementing. The Panel also invited all Councillors to meet with us on a confidential basis to discuss matters relating to our work programme and/or submit written information.

Whilst the basic allowance paid to Councillors in Birmingham does not and should not represent a wage, the Panel believes that it should keep pace with increases in local income levels. Whilst very mindful of the financial pressures the Council is dealing with, we are recommending that the basic allowance and special responsibility allowance is increased in line with the Annual Survey of Hours and Earnings (ASHE, the measure/comparator adopted by the Panel in 2013). Last year the Panel committed to re-establish the link to the comparator, after several years of no increases, with the intention to bring the basic allowance back to parity with ASHE over the remaining years of this four year electoral term. The Panel confirms its recommendation to incrementally increase the basic and special responsibility allowances to “catch up” with the ASHE comparator. This results in a recommended 4.4% increase for basic and special responsibility allowances for the 2020 municipal year.

In addition, the City Council at its meeting on 2<sup>nd</sup> April 2019 asked the Panel to look at a number of specific issues including the role of Licensing Sub Committee Chairs, the role of Opposition Parties, and the level of special responsibility allowances paid to Opposition Leaders and Deputies, Group Secretaries and Whips. Our report includes recommendations on all these matters, plus a note of related matters which arose during our review of the evidence.

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

Rose Poulter, Chair – Independent Remuneration Panel

March 2020

## RECOMMENDATIONS

1. The Basic Allowance increases by 4.4% to £17,954.
2. The Special Responsibility Allowances increase by 4.4% (as shown in Appendix 1).
3. The level of responsibility assigned to each of the following Special Responsibility Allowances are increased as follows:
  - Leader of the Opposition: increase from 25% to 30% of the Leader's responsibility;
  - Deputy Leader of the Opposition: increase from 14% to 17% of the Leader's responsibility;
  - Leader of the Other Qualifying Opposition Groups: increase from 10% to 14% of the Leader's responsibility;
  - Lead Opposition Spokesperson: increase from 5% to 10% of the Leader's responsibility;
  - Deputy Leader of the Other Qualifying Opposition Groups increase from 5% to 7% of the Leader's responsibility;
  - Group Secretaries: increase from 5% to 7% of the Leader's responsibility.
4. A new Special Responsibility Allowance is created for Chairs of Licensing Sub-Committees and is set at 10% of the Leader's responsibility.
5. The co-optee allowances increase by 2% (as shown in Appendix 1).
6. The independent carers' allowance (hourly rate) continues to be raised in line with the Living Wage, currently at £9.30 per hour, and that this allowance remains linked to the Living Wage in future years.
7. The professional care allowance (hourly rate) continues to be raised in line with the Council's rate for a Care Assistant (Grade 2 post) taking the mid-range spinal point, currently at £9.87 (at time of writing).
8. Travel expenses and Subsistence Allowances continue to reflect the Council's Scheme for officers.

## **MEMBERS' ALLOWANCES**

### **1. Background**

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

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

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

### **2. 2019/20 Annual Report**

This report is the Panel's annual report for the allowance scheme for 2020/21. The Panel met on a regular basis between September 2019 and February 2020 to consider evidence for the 2020/21 allowance scheme, and based the recommendations on fairness, from the information received.

### **3. Basic Allowance**

As in previous years, the Panel has worked within the requirements of the Local Government Act 2000 and the accompanying Guidance and Regulations on members' allowances in making its recommendations for 2020/21.

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

1. The promotion of a healthy democracy by reducing financial disadvantage as a barrier to people from a wide range of backgrounds and a wide range of skills standing for election or serving as Councillors.
2. The maintenance of an ethic of voluntary public service and the need to reflect this within the Basic Allowance (BA) paid to all Councillors.
3. Councillors should not expect nor receive a full-time salary.

The Basic Allowance covers the following range of activities

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

- ♦ Service as the representative of the City Council or its Committees on outside bodies for which no separate remuneration is made.
- ♦ The time element of the Basic Allowance based on a gross commitment of no more than 3 days per week with a public service discount of 25%.

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

#### **4. Setting the 2020/2021 Basic Allowance**

In last year's report, the Panel set out its rationale for recommending an increase in the basic allowance to re-establish the link to the comparator agreed as part of the "root and branch" review of 2013. To move straight to the ASHE 2018 figure would have resulted in a 10% rise on the 2017/18 basic allowance. The Panel's intention there was to bring the basic allowance back to parity with ASHE over the remaining years of this four year electoral term.

As in previous years and before coming to a conclusion for the 2020/21 year, the Panel invited evidence from a number of sources, including face to face meetings with the Leader and Deputy Leader of Labour, Leader of the Conservatives and Deputy Leader of the Liberal Democrats, written submissions and face to face meetings with Councillors, including those from single and two member wards. The Panel also reviewed allowances paid by other local authorities including other core city allowances.

The evidence received confirmed the Panel's approach to remuneration. In addition, the Panel also noted the following comments:

- A number of Councillors raised concerns about the lack of central support for members, particularly for those in single member wards;
- Comments were also made regarding additional pressures on those in two-member wards where one of the two members held a position of additional responsibility, or is off sick for a significant time, which put extra demands on their time;
- The changes to how the Council undertakes democratic and governance functions following Kerslake continue to impact on a range of roles and responsibilities. The improvement journey has influenced levels of responsibility as have changes to wards

Therefore, the Panel recommends:

That for the next municipal year (May 2020 to May 2021) the basic allowance increases by 4.4%, with future years increases to be determined by the Panel on an annual basis. This figure is in line with the 2.2% increase in the ASHE figures (between 2018 and 2019 the ASHE figures increased by 2.3%) plus a 2.2% step-up to start to bring the allowance in line with the ASHE figure. This is a reasonable move this year, all other factors being taken into account, with future years increases to be determined by the Panel on an annual basis.



**Table 1: Basic Allowance and ASHE**

	<b>CURRENT RATE</b>	<b>ASHE 2019</b>	<b>PROPOSED RATE</b>	
Gross min. time (3 days x 52 weeks)	156.00	156.00	156.00	days
x Baseline per day	141.13	153.58	147.34	p.a.
Gross Rate	22,016.28	23,958.48	22,985.04	
Less public service discount 25%	5,504.07	5,989.62	5,746.26	
<b>TIME ELEMENT</b>	<b>16,512.21</b>	<b>17,968.86</b>	<b>17,238.78</b>	
ADDITIONAL EXPENSES ELEMENT	715.00	715.00	715.00	
<b>BASIC ALLOWANCE</b>	<b>17,227.00</b>	<b>18,684.00</b>	<b>17,954.00</b>	Rounded

## 5. Special Responsibility Allowances (SRA)

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

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

Following evidence received this year, the Panel examined the percentage level of responsibility assigned to six roles and recommends that each receive an increase in that percentage level this year, as set out below:

- Leader of the Opposition: increase from 25% to 30% of the Leader's responsibility;
- Deputy Leader of the Opposition: increase from 14% to 17% of the Leader's responsibility;
- Leader of the Other Qualifying Opposition Groups: increase from 10% to 14% of the Leader's responsibility;
- Lead Opposition Spokesperson: increase from 5% to 10% of the Leader's responsibility;
- Deputy Leader: of the Other Qualifying Opposition Groups increase from 5% to 7% of the Leader's responsibility;
- Group Secretaries: increase from 5% to 7% of the Leader's responsibility;

For each of these, it was recognised that recent changes in how the Council undertakes democratic and governance functions has had an impact on the range of roles and responsibilities undertaken by these postholders, resulting in a greater level of responsibility held. The Panel considered evidence in relation to Party Whips, but did not feel that a strong enough case was made.

In addition, a new Special Responsibility Allowance is recommended for the Chair of Licensing Sub-Committees. This is the first time the Panel has looked in detail at this role and believes that the level of responsibility taken in practice by the two Chairs (the third being chaired by the Chair of the Licensing and Public Protection Committee) in chairing significant licensing meetings and dealing with subsequent actions of appeals merits some recognition.

However, the Panel notes that this is not reflected in the Constitution, and the Council Business Management Committee should consider formalising this role alongside the introduction of the Special Responsibility Allowance.

The Panel therefore recommends that the two Chairs of Licensing Sub-Committee receive a Special Responsibility Allowance equivalent to 10% of the Leader's responsibility.

In line with the recommendations last year, and the approach to the Basic Allowance set out above, the Panel further recommends an increase of 4.4% within the current banding (as set out in Appendix 1) for all Special Responsibility Allowances.

*Table 2*

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

## **6. Co-optees' Allowances**

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

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

## **7. Carers' Allowances**

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

In 2015, the Panel recommended that the Independent Carers' Allowance adopt the change from the National Minimum Wage to the Living Wage, currently at £9.30 per hour.

The Panel therefore recommends that this continues for 2020/21 and that this continues to track the Living Wage in line with the Council.

The professional care allowance (hourly rate) continues to be based on the Council's rate for a Care Assistant, Grade 2 post, mid-range spinal point at £9.87 per hour (at time of writing).

## **8. Travel expenses and Subsistence Allowances**

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

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

## **9. Parental Leave**

The Panel took some partial information on the Parental Leave Policy and undertakes to keep under review the detail of the Parental Leave Policy to take account of implementation experience and legal advice taken and shared by other relevant parties.

## **10. Work Programme in 2020/21**

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

- A review of the banding (table 2)
- Review the detail of the Parental Leave Policy to take account of experience and legal advice taken and shared by other relevant parties.
- Review the time commitment of participation on the Appeals Panel

## Appendix 1: Proposed Members' Allowances Rates (from May 2020)

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

	£
Baseline per Day Rate	147.34
Basic Allowance	<b>17,954.00</b>
Time Element	17,238.78
Additional Expenses Element	715.00

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

Baseline per week (£1,228.23 discounted by 15%)	1,044.00
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#### **STRATEGIC LEADERSHIP**

Leader of the Council	54,288.00
Deputy Leader of the Council	41,600.00

#### **STRATEGIC SHARED RESPONSIBILITY**

Cabinet Member	27,144.00
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#### **RESPONSIBILITY FOR CHAIRING KEY REGULATORY, OVERVIEW & SCRUTINY COMMITTEES**

Chair of the Planning Committee	16,286.00
Chair of Licensing & Public Protection Committee	16,286.00
Leader of the Largest Qualifying Opposition Group	16,286.00
Chair of an Overview & Scrutiny Committee	13,572.00

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

Deputy Leader of the Largest Qualifying Group	9,229.00
Chair of the Audit Committee	5,429.00
Chair of the Trusts and Charities Committee	5,429.00
Chairs of the Licensing Sub Committees	5,429.00
Leader of Other Qualifying Opposition Groups	7,600.00
Deputy Leader of Other Qualifying Opposition Groups	3,800.00
Lead Opposition Spokesperson (Shadow Cabinet)	5,429.00
Political Group Secretaries	3,800.00

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

<b>CO-OPTEE ALLOWANCES</b> ( <i>per annum</i> )	£
Chair of the Standards Committee	1,061.00
Member of an Overview & Scrutiny Committee	882.00
Member of the Standards Committee	590.00

### **CARERS' ALLOWANCES**

Independent care – hourly rate	9.30
Professional care with supporting documentation – hourly rate	9.87

*Where applicable figures have been rounded.*

### **TRAVEL EXPENSES AND SUBSISTENCE ALLOWANCES**

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

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

#### ***Car Mileage Rates***

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

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

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

***Mileage Rates***                      ***20p per mile Other Travel Expenses***

Rail Travel (supporting receipt required)                      Standard Class Fare

Taxi, Tube and Bus Fares, Car Parking, Toll Charges  
(Supporting receipts if possible)                      Actual Cost

If a travel pass is provided by the Council the recipient must make a contribution of 40% towards the total cost met by the Council. The recipient also forgoes the right to claim for travel allowances or expenses for duties undertaken in the area covered by the pass or to make use of transport services provided directly by the Council, unless the relevant travel service is not available, or there are health and safety reasons.

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

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

Rose Poulter (Chair)

### ***Council Appointees***

David Grainger

Sajid Shaikh

### ***Citizen Representatives***

Sandra Cooper

Veronica Docherty

Jacqui Francis (Deputy Chair)

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

Honorary Alderman Fergus Robinson

Honorary Alderman Stewart Stacey