

**REPORT OF THE COUNCIL BUSINESS MANAGEMENT COMMITTEE**

**ANNUAL REPORT OF THE INDEPENDENT REMUNERATION PANEL**

**2018-19**

**A. INTRODUCTION**

1. The Annual Report of the Independent Remuneration Panel was discussed at the Council Business Management Committee meeting of 18 March 2019 and a copy of the Panel's Report is attached as an Appendix to this Report.
2. The Panel has worked consistently within the requirements of the Local Government Act 2000 and the accompanying Statutory Guidance and Regulations on Councillors' allowances.
3. The City Council must have regard to the recommendations of an Independent Remuneration Panel before it can set up or amend its Members' Allowances Scheme. The Council is, of course, free to accept the Panel's recommendations in full, in part, or not all.

**B. PANEL'S RECOMMENDATIONS**

4. The Panel, having considered a range of evidence, is recommending that the link to the ASHE (Annual Survey of Hours and Earnings, place of work by local authority area (Birmingham) for a full time male comparator) is re-established. To move straight to the ASHE 2018 figure would result in a 10% rise on the 2017/18 basic allowance. The Panel's intention however, is to bring the basic allowance back to parity with ASHE over the remaining years of this four year electoral term.
5. The Panel therefore recommends that for the next municipal year (May 2019 to May 2020) the basic allowance increases by 4%, with future years increases to be determined by the Panel on an annual basis. This figure is in line with the 2% increase in the ASHE figures (between 2017 and 2018 the ASHE figures increased by 1.7%) plus a 2% step-up to start to bring the allowance in line with the ASHE figure.
6. The Panel received limited evidence on special responsibility allowances and were of the view that the approach outlined above should be taken, i.e. to bring the allowances back in line with the comparator. Therefore, the Panel recommends an increase of 4% within the current banding.

**MOTION**

The recommendations made by the Independent Remuneration Panel on Page 4 of its Annual Report be accepted and implemented with effect from 21 May 2019.



## **COUNCILLORS' ALLOWANCES**

### **Annual Report of the Birmingham Independent Remuneration Panel 2018-2019**

**MARCH 2019**

# ANNUAL REPORT OF THE INDEPENDENT REMUNERATION PANEL

2018-2019

## BIRMINGHAM CITY COUNCIL

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## FOREWORD

Local government operates and delivers services locally but within a setting which is influenced by national, European and global matters. This year the Panel's report is written against a backdrop of continuing financial complexities and challenges for all Councillors across local government. Here in Birmingham, Councillors are responsible for decisions which will impact on the UK and affect Birmingham's economy, environment and civil society for many years to come.

In May 2018 Birmingham also had the added challenge of implementing new governance arrangements – with Councillors now being elected for a four year term of office, new ward boundaries and each ward being represented by either a single Councillor or two, previously there were three per ward. Birmingham now has 101 Councillors representing 69 wards; previously there were 120, representing 40 wards.

In considering our final recommendations to Birmingham City Council, the Panel took into account a broad range of issues, including comparators to core cities. We also took evidence from Councillors holding office as well as backbenchers, Councillors who had represented Birmingham for a number of years and those elected for their first term.

The written and verbal evidence we received confirms that the responsibilities and indeed workload of Councillors continue to become more complex. This includes attending meetings and events as a representative of the Council with local and national partners; together with work undertaken at ward level. Increasingly citizens use social media to contact Councillors and expect rapid responses to the issues they raise.

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 and not be subject to year on year reductions in real terms. 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) and also that a demonstrable commitment to the comparator is re-established. To move straight to the ASHE 2018 figure would result in a 10% rise on the 2017/18 basic allowance. The Panel's intention, however, is to bring the basic allowance back to parity with ASHE over the remaining years of this four year electoral term.

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

Rose Poulter, Chair  
March 2019

## RECOMMENDATIONS

1. The Basic Allowance increases by 4% to £17,227.00.
2. The Special Responsibility Allowances increase by 4% (as shown in Appendix 1).
3. The co-optee allowances increase by 2% (as shown in Appendix 1).
4. The independent carers' allowance (hourly rate) continues to be raised in line with the Living Wage, currently at £9.00 per hour, and that this allowance remains linked to the Living Wage in future years.
5. 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 £9.44 (at time of writing).
6. 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.

Last year the Panel was asked to consider maternity/paternity/adoption leave for Members, and the Panel agreed that such a policy should be implemented. A policy was introduced and adopted by the City Council, following the recommendation, as set out in the Members' Allowances Scheme.

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. 2018/19 Annual Report**

This report is the Panel's annual report for the allowance scheme for 2019/20. The Panel met on a regular basis between September 2018 and February 2019 to consider evidence for the 2019/20 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 2019/20.

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<sup>1</sup> and we have given this due regard in adopting it as a framework, while retaining the above.

#### 4. Setting the 2019/2020 Basic Allowance

The “root and branch” review of the basic allowance (October 2013) proposed that the ASHE (Annual Survey of Hours and Earnings), place of work by local authority area (Birmingham) for a full time male, is used to set the basic allowance. However, over the years that link has been eroded by smaller increases than the ASHE figures would have justified. The Panel has been reluctant to recommend an increase in years 2009 to 2017 to the Council due to the continuing budget pressures which have impacted on the Council's capacity to maintain the level of services previously provided to citizens. Thus the Council accepted the Panel's advice to either maintain or increase the basic allowance by 1 or 2% over the six years in question. As a consequence, this year the figures show a gap of just under £2,000 (see Table 1).

**Table 1: Basic Allowance and ASHE**

	<b>CURRENT RATE</b>	<b>ASHE 2018</b>	<b>PROPOSED RATE</b>	
<i>Gross min. time (3 days x 52 weeks)</i>	156.00	156.00	156.00	<i>days p.a.</i>
<i>x Baseline per day</i>	135.70	150.18	141.13	
<b>Gross Rate</b>	<b>21,169.20</b>	<b>23,428.08</b>	<b>22,016.28</b>	
<i>Less public service discount 25%</i>	5,292.30	5,857.02	5,504.07	
<b>TIME ELEMENT</b>	<b>15,876.90</b>	<b>17,571.06</b>	<b>16,512.21</b>	
<b>ADDITIONAL EXPENSES ELEMENT</b>	<b>715.00</b>	<b>715.00</b>	<b>715.00</b>	
<b>BASIC ALLOWANCE</b>	<b>16,592.00</b>	<b>18,286.00</b>	<b>17,227.00</b>	<i>Rounded</i>

As in previous years and before coming to a conclusion for the 2019/20 year, the Panel invited evidence from a number of sources, including face to face meetings with the Leader and Deputy Leader of Labour, Deputy Leader of the Conservatives and Deputy Leader of the Liberal Democrats, written submissions and face to face meetings with newly elected and re-elected Councillors, including those from single and two member wards, and the Chief Executive.

<sup>1</sup> Birmingham City Council, September 2018

The main messages were as follows, with further detail in Appendix 2:

- The responsibilities and workloads of all Councillors continue to increase - this has been exacerbated by the change in ward boundaries, resulting in a reduction to 101 councillors (previously 120) and the corresponding switch to single or two member wards from three member wards in May 2018.
- As society is continually relying on social media as a key means of communication so too are citizens as a means of communicating with Councillors. With this comes an expectation that Councillors should deal with citizen queries, issues and problems swiftly.
- Services previously available to citizens such as CAB, Age UK etc. and indeed services provided by the Council and other public sector providers have seen further cutbacks and decline, resulting in more people seeking assistance from their local Councillors.

In addition whilst the schemes for Councillors Allowances are not permitted to act as an incentive to being a Councillor, they should not be a financial disincentive, nor only open to those with independent means. In this context the Panel was also minded of the desirability to have a Council which reflects Birmingham's growing, diverse and young population. And whilst the basic allowance for Councillors in Birmingham does not and should not represent a wage, the Panel believe that it should not be subject to year on year reductions in real terms.

The Panel also reviewed other core city allowances, noted that Birmingham Councillors are on average responsible for 11,259 citizens, compared to Manchester 5,682, Liverpool 5,461 and Wolverhampton 4,332, and recognised relevant matters noted in the Kerslake Report including the role of Councillors as community leaders.

This year, the gap was such that the Panel was faced with two options either reconsider its chosen comparator or restore the link. The Panel, having considered all the evidence (including the impact of boundary changes on Councillors), agreed to re-establish the link to the comparator.

To move straight to the ASHE 2018 figure would result in a 10% rise on the 2017/18 basic allowance. The Panel's intention however, is to bring the basic allowance back to parity with ASHE over the remaining years of this four year electoral term.

The Panel therefore recommends:-

That for the next municipal year (May 2019 to May 2020) the basic allowance increases by 4%, with future years increases to be determined by the Panel on an annual basis. This figure is in line with the 2% increase in the ASHE figures (between 2017 and 2018 the ASHE figures increased by 1.7%) plus a 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.



## **5. Special Responsibility Allowances (SRA)**

The Panel received limited evidence on special responsibility allowances and was of the view that the approach outlined above should be taken, i.e. to bring the allowances back in line with the comparator.

Therefore, the Panel recommends an increase of 4% within the current banding (as set out in Appendix 1).

## **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 £9.00 per hour.

The Panel therefore recommends that this continues for 2019/20 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 £9.44 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. Work Programme in 2019/20**

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:

- Chairs of the three Licensing Sub-Committees,
- Leaders of the opposition
- Opposition role
- Co-optees, in particular the Chair of Standards Committee
- Special Responsibility Allowance roles

## Appendix 1: Proposed Members' Allowances Rates (from May 2019)

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

	£
Baseline per Day Rate	141.37
Basic Allowance	<b>17,227.00</b>
Time Element	16,512.21
Additional Expenses Element	715.00

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

Baseline per week (£1,170.31 discounted by 15%)	994.76
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#### **STRATEGIC LEADERSHIP**

Leader of the Council (rounded up)	52,000.00
Deputy Leader of the Council	41,600.00

#### **STRATEGIC SHARED RESPONSIBILITY**

Cabinet Member	26,000.00
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#### **RESPONSIBILITY FOR CHAIRING KEY REGULATORY, OVERVIEW & SCRUTINY COMMITTEES**

Chair of the Planning Committee	15,600.00
Chair of Licensing & Public Protection Committee	15,600.00
Leader of the Largest Qualifying Opposition Group	13,000.00
Chair of an Overview & Scrutiny Committee	13,000.00

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

Deputy Leader of the Largest Qualifying Group	7,280.00
Chair of the Audit Committee	5,200.00
Chair of the Trusts and Charities Committee	5,200.00
Leader of Other Qualifying Opposition Groups	5,200.00
Deputy Leader of Other Qualifying Opposition Groups	2,600.00
Lead Opposition Spokesperson (Shadow Cabinet)	2,600.00
Political Group Secretaries	2,600.00

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

**CO-OPTEE ALLOWANCES** (*per annum*)

	£
Chair of the Standards Committee	1,040.00
Member of an Overview & Scrutiny Committee	865.00
Member of the Standards Committee	579.00

**CARERS' ALLOWANCES**

Independent care – hourly rate	9.00
Professional care with supporting documentation – hourly rate	9.44

**TRAVEL EXPENSES AND SUBSISTENCE ALLOWANCES**

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

Day and Overnight 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: Summary of evidence from Members

The role of the Panel is to make a fair recommendation of the remuneration awarded for the role of a Member, not all the issues/comments raised were within this remit.

On Tuesday 5<sup>th</sup> February 2019, the Panel held an open session in order to give all Elected Members the opportunity to give views about remuneration matters. Thirteen Members attended and a further four Members submitted written evidence.

The main points made to Panel members were:

- **Workload increase:** raised by most Members, particularly those in single Member wards (though not all agreed). It was said that smaller wards and representatives per Councillor does not mean fewer meetings etc. Members raised both increased demands on time as an issue, and the level of expertise/knowledge required to deal with some issues and understand the complexity of some of the decisions the Council must take. Whilst some Members thought the three-day commitment was still about right, there are increasing numbers questioning that assessment. It was also recognised that the workload issues were not solely related to the changes to boundaries – though that was an issue – but to the nature of the populations and the demand on Councillors generally.
- **Balancing other commitments:** there was general agreement that it is impossible to have a full time job without it having a significant impact on being a Councillor; Members with children have chosen to leave because of the workload and balancing family life; there is a need to attract younger Members (Birmingham has a young population and this should be reflected in local democratic structures);
- **Job insecurity:** could lose role overnight and a significant proportion of your income gone. There should be some re-address (MPs get 6 months' pay after losing seat – sort of redundancy payment);
- **Support for Elected Members:** most Members referred to reduced support for both backbench Members and Cabinet Members; many do not use the Casework system introduced earlier this year; support needed included both administrator support (such as MPs have) and ward support (with the time and knowledge to support ward).
- **Pension:** the loss of Councillors' pensions was referred to by some Members.
- **Paternity Leave:** Was welcomed and in use.

The Panel also received mixed views on:

- The time element of the Basic Allowance based on a gross commitment of no more than 3 days per week.
- The Public Service Discount.
- The comparator used.
- The decision making process.
- The challenges around the new regime faced by Councillors.
- Job descriptions for Members.
- The variable working practices.

### **Appendix 3: Membership of the Independent Remuneration Panel**

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

Rose Poulter, Brandwood and Kings Heath

#### ***Council Appointees***

David Grainger

Sajid Shaikh

#### ***Citizen Representatives***

Sandra Cooper, Citizen Representative, Stirchley

Graham Macro, Sutton Coldfield

Jacqui Francis, Kings Norton (Deputy Chair)

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

Honorary Alderman Fergus Robinson

Honorary Alderman Stewart Stacey