

**REPORT OF THE COUNCIL BUSINESS MANAGEMENT COMMITTEE****ANNUAL REPORT OF THE INDEPENDENT REMUNERATION PANEL****2017-18****A. INTRODUCTION**

1. The Annual Report of the Independent Remuneration Panel was discussed at the Council Business Management Committee meeting of 26 February 2018 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's main recommendation is for the Basic Allowance to be increased by 2% to £16,592 for the coming year. The Panel will review the basic allowance again in the 2018/19 year, after the new ward arrangements have been in operation. Co-optees' allowances should also increase by 2%, in line with the Basic Allowance.
5. The Panel received limited new evidence on Special Responsibility Allowances and recommends that these remain unchanged. As in previous years, should further changes be made to the Constitution in May, the Panel will reconvene to consider any change in the new municipal year.
6. The Panel also recommends that a parental policy should be implemented, including provision for maternity/paternity/adoption leave.

**MOTION**

The recommendations made by the Independent Remuneration Panel on Page 4 of its Annual Report be accepted and implemented with effect from 22 May 2018.



## **COUNCILLORS' ALLOWANCES**

### **Annual Report of the Birmingham Independent Remuneration Panel 2017-2018**

**MARCH 2018**

**ANNUAL REPORT OF THE INDEPENDENT REMUNERATION PANEL**

**2017-2018**

**BIRMINGHAM CITY COUNCIL**

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## **FOREWORD**

The Independent Remuneration Panel met in late 2017 and early 2018 to review the basic allowance, in line with the principles set out in the full 'root and branch' review of the Member Allowances Scheme completed three years ago.

The Panel reviewed the evidence for the basic allowance, including that given by councillors in an open session in December 2017, and has recommended an increase of 2% for the coming year. The Panel will review the basic allowance again in the 2018/19 year, after the new ward arrangements have been in operation. Co-optees' allowances should also increase by 2%, in line with the Basic Allowance.

The Panel received limited new evidence on Special Responsibility Allowances and recommends that these remain unchanged. Following advice that the intention is to remove the roles of Assistant Leaders (subject to agreement by City Council), the Panel did not review these roles and does not expect that this SRA will form part of the Member Allowances Scheme in the new municipal year. As in previous years, should further changes be made to the Constitution in May, the Panel will reconvene to consider any change in the new municipal year.

In addition, the Panel was asked to consider whether a maternity/paternity/adoption leave policy should be introduced. After taking evidence from councillors, and reviewing practice elsewhere, the Panel agreed to recommend that such a policy should be implemented; and that that policy should include provision for maternity/paternity/adoption leave.

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.

Sandra Cooper,  
Chair  
March 2018

## RECOMMENDATIONS

1. The Basic Allowance increases by 2% to £16,592.
2. The Special Responsibility Allowances remain unchanged (as shown in Appendix 1).
3. The co-optee allowances increases by 2% (as shown in Appendix 1).
4. The independent carers' allowance (hourly rate) continues to be increased in line with the Living Wage, currently at £8.75 per hour; and that this allowance remains linked to the Living Wage in future years.
5. The professional care (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.
6. Travel expenses and Subsistence Allowances continue to reflect the Council's Scheme for officers.
7. The City Council brings in a policy for maternity, paternity and adoption leave for elected members, covering both the Basic Allowance and the Special Responsibility Allowance.
  - The Panel recommends that Members shall continue to receive their Basic Allowance in full during parental leave for six months subject to review and possible six month extension. If, however, an election is held during Members' parental leave and they are not re-elected, or decide not to stand for re-election, the basic allowance will cease from the date when they are no longer a Member.
  - The Panel recommends that Members entitled to a Special Responsibility Allowance continue to receive this allowance during parental leave in line with the City Council employee policy (i.e. for weeks 1 to 6, 90% of the SRA, and weeks 7 to 18, 50% of the SRA).. If, however, an election is held during Members' parental leave and they are not re-elected, or decide not to stand for re-election, or are removed from the post which attracts the SRA, the SRA will cease from the date when they are no longer a Member or no longer hold the post.

## MEMBERS' ALLOWANCES

### 1. 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 2018/19.

The Panel reaffirms the principles of the Birmingham Councillors' 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.

### Setting the 2018/19 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.

Having reviewed the chosen comparator, the Panel has agreed to retain the link with ASHE. Applying the ASHE rate would result in an increase of £1,731 (approx. 10%). However, in considering whether to recommend such an increase, the Panel also took into account other factors.

	<b>CURRENT RATE</b>	<b>ASHE 2017</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>	132.93	147.72	135.70	
<b>Gross Rate</b>	<b>20,737.08</b>	<b>23,044.32</b>	<b>21,169.20</b>	
<i>Less public service discount 25%</i>	5,184.27	5,761.08	5,292.30	
<b>TIME ELEMENT</b>	<b>15,552.81</b>	<b>17,283.24</b>	<b>15,876.90</b>	
<b>ADDITIONAL EXPENSES ELEMENT</b>	715.00	715.00	715.00	
<b>BASIC ALLOWANCE</b>	<b>16,267.00</b>	<b>17,998.00</b>	<b>16,592.00</b>	<i>rounded</i>

In November 2017 the Panel met with the Group Secretaries and, in December 2017, the panel held an open session for all councillors. The majority of councillors the Panel spoke to were in favour of an increase: the suggestions ranging from a 2% rise to a 23% rise. Most, however, were in favour of a modest rise, perhaps in line with that of council officers.

The main reason for this was to reflect the anticipated increased workloads with the reduction of the number of councillors and introduction of one and two member wards in May 2018. Other reasons for an increase cited included: the loss of the councillor pension scheme; the reduced support available to members from the council and the need to attract younger councillors. Councillors also suggested that additional allowances for licensing or scrutiny members should be considered to reflect the increased workloads expected with the reduction in the number of councillors to carry out these and other council governance responsibilities. Another suggestion was that travel and other expenses are converted into an increased allowance for all councillors, as it was reported that there is some reluctance amongst members to claim these, as these are published annually. Members also raised the disparity in allowances for sitting on outside bodies.

The Panel also asked members whether the current assumption of three days a week for council work was correct; the majority concurred that it was.

Finally, the Panel again reviewed the current basic allowance alongside that for councillors in the core cities and in the West Midlands region, and found that Birmingham's basic allowance remains amongst the highest in this comparator group.

Given the combination of these factors, the Panel is therefore recommending that the Councillors' Basic Allowance increase by 2%. There have been a number of years with no increases, and in the light of this the recommended 2% is considered to be modest and appropriate.

The Panel will review the basic allowance in the 2018/19 year, after the new ward arrangements have been in operation, and will take further evidence from councillors.

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

The Panel received limited evidence on special responsibility allowances and were of the view that these should remain unchanged, in line with the basic allowance.

The Panel notes the removal of the posts of District Committee Chairs from the Constitution and that these will no longer be part of the Members Allowance Scheme.

The Panel had intended to review the posts of Assistant Leaders in this municipal year; however we have been advised of the intention to remove these roles (subject to agreement by City Council). Our expectation therefore is that this SRA will not form part of the Member Allowances Scheme in the new municipal year.

Should further changes be made to the Constitution in May, the Panel will reconvene to consider any change in the new municipal year.

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

The Panel took no new evidence on co-optee allowances and was of the view that these should remain in line with the basic allowance. Therefore the Panel recommends an increase of 2% for co-optees allowances.

### **4. 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 £8.75 per hour.

The Panel therefore recommends that this continues for 2018/19 and that this continues to track the Living Wage in the future.

The professional care (hourly rate) is based on the Council's rate for a Care Assistant. After making enquiries, the Panel found that the rate is now graded as a Grade 2 post and agreed to take the mid-range spinal point currently at £8.81 per hour (at time of writing).

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

The Panel considered the proposal that travel and subsistence allowances form part of the Basic Allowance; but decided against this change. The Panel therefore 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.

### **6. Parental Leave Policy**

At the start of the year, the Panel undertook to consider submissions with regards to a maternity policy.

The current position, in line with s.85 Local Government Act 1972, is that a Councillor who is absent from all meetings of the Council and any committees of which they are a member for a period of six months automatically ceases to be a member of the Council unless they have been given leave of absence by the Council before the expiry of that six month period. The responsibility for compliance with these requirements lies with the individual councillor.

Reviewing evidence from other local authorities (including Camden and Brent), and submissions from councillors, the Panel agreed to support the introduction of a maternity, paternity or adoption leave ("parental leave") policy for Birmingham councillors, and that this is agreed by City Council at or before the Annual General Council meeting in May 2018.

The Panel recommends that Members shall continue to receive their Basic Allowance in full during parental leave for six months subject to review and possible six month extension. If,

however, an election is held during Members' parental leave and they are not re-elected, or decide not to stand for re-election, the basic allowance will cease from the date when they are no longer a Member.

Similarly, Members entitled to a Special Responsibility Allowance will also continue to receive this allowance during parental leave in line with the City Council employee policy (i.e. for weeks 1 to 6, 90% of the SRA, and weeks 7 to 18, 50% of the SRA). If, however, an election is held during Members' parental leave and they are not re-elected, or decide not to stand for re-election, or are removed from the post which attracts the SRA, the SRA will cease from the date when they are no longer a Member or no longer hold the post.<sup>1</sup>

The Panel expects that any replacement to cover the period of absence is appointed by Council or the Leader of the Executive (or in the case of a party group position, the party group) then that individual will be entitled to claim an SRA for that period of absence.

The policy should also mirror the City Council's policy with regards to shared maternity/paternity rights.

The Panel will review this in light of any future evidence.

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<sup>1</sup> Legal advice was obtained in determining these recommendations.

## Appendix 1: Proposed Members' Allowances Rates (from May 2018)

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

	<b>£</b>
Baseline per Day Rate	135.70
Basic Allowance	<b>16,592.00</b>
Time Element	15,877.00
Additional Expenses Element	715.00

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

Baseline per week (£1,125.30 discounted by 15%)	956.51
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#### **STRATEGIC LEADERSHIP**

Leader of the Council (rounded up)	50,000.00
Deputy Leader of the Council	40,000.00

#### **STRATEGIC SHARED RESPONSIBILITY**

Cabinet Member	25,000.00
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#### **RESPONSIBILITY FOR CHAIRING KEY REGULATORY, OVERVIEW & SCRUTINY COMMITTEES**

Chair of the Planning Committee	15,000.00
Chair of Licensing & Public Protection Committee	15,000.00
Leader of the Largest Qualifying Opposition Group	15,000.00
Chair of an Overview & Scrutiny Committee	12,500.00
Assistant Leaders*	10,000.00

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

Deputy Leader of the Largest Qualifying Group	7,000.00
Chair of the Audit Committee	5,000.00
Chair of the Trusts and Charities Committee	5,000.00
Leader of Other Qualifying Opposition Groups	5,000.00
Deputy Leader of Other Qualifying Opposition Groups	2,500.00
Lead Opposition Spokesperson (Shadow Cabinet)	2,500.00
Political Group Secretaries	2,500.00

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

*\* We are advised that these posts will be removed before May 2018.*

<b>CO-OPTEE ALLOWANCES</b> ( <i>per annum</i> )	£
Chair of the Standards Committee	1,020.00
Member of an Overview & Scrutiny Committee	848.00
Member of the Standards Committee	568.00

<b>CARERS' ALLOWANCES</b>	
Independent care – hourly rate with effect from October 2017	8.75
Professional care with supporting documentation – hourly rate	8.81

**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: Membership of the Independent Remuneration Panel**

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

Sandra Cooper, Citizen Representative, Stirchley

### ***Council Appointees***

David Grainger

Sajid Shaikh

### ***Citizen Representatives***

Graham Macro, Sutton Coldfield

Jacqui Francis, Kings Norton

Rose Poulter, Moseley and Kings Heath (Deputy Chair)

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

Former Elected Member Malcolm Cornish

Honorary Alderman Peter Kane