

**Manchester City Council
Report for Resolution**

Report to: Council – 23 September 2015

Subject: Members' Allowance Scheme

Report of: The City Solicitor

Purpose of Report:

To enable the Council to consider the report and recommendations of the Independent Remuneration Panel in relation to aspects of the Council's Members' Allowance Scheme.

Recommendations

1. To consider the supplementary report and recommendations of the Independent Remuneration Panel
2. To adopt the recommendations of the Panel set out in paragraph 2 of this report
3. To instruct the City Solicitor to amend the Council's Members' Allowance Scheme set out in Part 7 of the Council's Constitution accordingly.

Wards Affected: All

Community Strategy Spine	Summary of the contribution to the strategy
Performance of the economy of the region and sub region	N/A
Reaching full potential in education and employment	N/A
Individual and collective self esteem – mutual respect	N/A
Neighbourhoods of Choice	N/A

Full details are in the body of the report, along with any implications for:

- Equal Opportunities Policy
 - Risk Management
 - Legal Considerations
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Financial Consequences for the Revenue and Capital Budgets

There will be a small increase in the revenue budget to reflect the indexation of the basic allowance and special responsibility allowances in line with this year's officer pay rise of 2.2%.

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Background documents (available for public inspection):

The following documents disclose important facts on which the report is based and have been relied upon in preparing the report. Copies of the background documents are available up to 4 years after the date of the meeting. If you would like a copy please contact one of the contact officers above.

Constitution of the Council - May 2015

1.0 Background

1.1 The Independent Remuneration Panel (IRP) of Manchester City Council (MCC) was asked by the Greater Manchester Combined Authority (GMCA) to make recommendations to GMCA as to the allowance which should be payable to the Greater Manchester Interim Mayor. When the IRP met in May, the opportunity was taken to ask the Panel to produce a supplementary report on three relatively minor aspects of the MCC Members' Allowances Scheme which required clarifying, given the length of time since the IRP had last met.

1.2 The issues concerned were:

1.2.1 Dependants' Carers Allowance (DCA)

The Scheme provides that where members are undertaking specific duties and expenditure in arranging care for their child/children under the age of 14 and/or dependants they may claim a DCA. This is capped at a maximum of 14 hours a week and at the national minimum wage. In March 2014, the Council adopted for its own employees a Manchester Minimum Wage equivalent to the "Living Wage", currently £7.85 per hour. The IRP were asked to consider whether it would be more appropriate if the cap in the Manchester Scheme was increased to reflect the Manchester Minimum Wage.

1.2.2 Broadband Allowance

The Scheme currently provides for an allowance to be payable to members who use their own broadband connection for Council business rather than have a line provided by the Council. The payment is currently £15.00 per month (£180.00 p.a.). The Panel were asked to clarify that the allowance payable should be the actual cost of the broadband up to a maximum of £15.00 per month (£180.00) and dependent on evidence of expenditure incurred.

1.2.3 Indexation of Allowances

The Scheme provides for the automatic updating of the basic allowance and special responsibility allowances in line with the percentage increase for the Financial year of local authority employees at spinal column point 49. However, the Members' Allowances Regulations only allow such indexation to apply for 4 years without a further recommendation from the IRP. Therefore, there is a need for such a recommendation for the Scheme to be adjusted to reflect this year's officer pay settlement.

2.0 The Panel's Report

2.1 The Panel produced their supplementary report in August. The report is attached. The Panel made the following recommendations:

- 1) That the maximum hourly rate for care costs within the Dependants Carers' Allowance be aligned with the Manchester Minimum Wage Policy for a

- “fully fledged” employee of the Council, currently £7.85 per hour.
- 2) That the Broadband Allowance is amended so that it is paid for the actual cost of a Members’ Broadband up to a maximum of £15.00 per month and is only paid upon a member providing proof of the cost they are incurring.
 - 3) That the following indices are adopted and applied to the remuneration and allowances paid to Members of Manchester City Council:-
 - a. Basic Allowance, SRAs and Co-optees Allowance – indexed to the annual percentage salary increase for local government staff (at SCP 49) to be implemented from the start of the financial year, for which year it is applicable
 - b. DCA – the maximum hourly rate claimable to be indexed to the Manchester Minimum Wage
 - 4) That (without prejudice to the separate implementation date in relation to 3(a), ie 1 April 2015 being the start of the financial year) the other recommendations should be implemented from 23 September 2015.

3. Future Review

- 3.1 It should be noted that the supplementary report does not constitute a comprehensive review of the Members’ Allowances Scheme. The last comprehensive review was in 2008 and therefore members may wish to consider the most appropriate date for the whole scheme to be reviewed.

4. Recommendations

- 4.1 The recommendations appear at the front of this report.

A Review of

**Dependants' Carers' Allowance,
Broadband Allowance**

and

Indexation of Allowances

for

Manchester City Council

A Supplementary Report

by the

Independent Remuneration Panel

**Dr Declan Hall (Chair)
Clive Memmott
Stephanie Thomas**

August 2015

The Regulatory Context: Requirement to Consult Panel

1. This supplementary report arises out of the proceedings and recommendations made by the statutory Independent Remuneration Panel (the Panel) appointed by Manchester City Council to advise on the Council's allowances scheme.
2. The Panel was convened under *The Local Authorities (Members' Allowances) (England) Regulations 2003 (SI 1021)* (the 2003 Regulations – which replaced the 2001 Regulations). These regulations, which arise out of the relevant provisions in the *Local Government Act 2000*, require all local authorities to set up and maintain an Independent Members' Remuneration Panel to review and provide advice on their Members' Allowances Scheme. All Councils are required to convene their Remuneration Panel and seek its advice before they make any changes or amendments to their members allowances scheme and they must 'pay regard' to the Panel's recommendations before setting a new or amended Members' Allowances Scheme.
3. In particular, the Panel has been reconvened in accordance with the 2003 Regulations [19.1], which state that before an authority:

.... makes or amends a scheme, the authority shall have regard to the recommendations made in relation to it by an independent remuneration panel.

Terms of Reference

4. The Panel was given the following terms of reference:
 - To consider whether Manchester City Council should adopt the Manchester Minimum Wage as the basis of the rate of reimbursement for claims under the Dependants' Carers' Allowance (DCA)
 - Reconsideration of the current basis of the Broadband Allowance.
 - To consider whether fresh authority should be provided for the Council to index it allowance.

The Panel

5. Manchester City Council reconvened its Independent Remuneration Panel, consisting of the following members:
 - Declan Hall (Chair): a former lecturer at the Institute of Local Government, the University of Birmingham, currently an independent consultant who specialises in Members Allowances and support
 - Clive Memmott: Chief Executive of Greater Manchester Chamber of Commerce

- Stephanie Thomas: Regional Manager UNISON North West with responsibility for Greater Manchester, East Lancashire and Cumbria.

How the Panel approached the review

6. The Panel convened on 12 May 2015 at Manchester Town Hall where considered a briefing paper on the terms of reference and a presentation from Rodney Lund, Assistant City Solicitor as well as comparative practice where relevant.
7. As with all previous reviews the overarching principle that has underpinned the work of the Panel is to ensure that the Manchester City Council Members' Allowances scheme should seek to reduce financial barriers to becoming and remaining an elected Member.

The Dependants' Carers' Allowance (DCA)

8. Currently, the DCA permits a Member to claim towards the independent care of a child under the age of 14 or for the care of a dependent relative. The maximum hourly rate claimable is the minimum wage as of summer 2014 - the last date the Council was permitted to index this allowance. This currently stands at £6.50 per hour. A maximum of 14 hours per week is payable and only one claim may be made per household.
9. To support a claim made a Member needs to provide:
 - Name(s) of person for whom care was provided;
 - The age of the person for whom care was provided if a child or children were under 14 years old;
 - The name and address of the person providing the care (this cannot be a member of the immediate family or household);
 - A receipt.
10. In 2008 the Council made the decision to adopt the Manchester Minimum Wage Agreement, which defined the Council's policy with regard to its lowest paid employees. In March 2014 the Council extended and redefined the concept of the Manchester Minimum Wage to align it with the 'Living Wage', including it within the Council's Pay Policy Statement (see appendix)
11. Since adopting the Pay Policy Statement the Council further resolved, in March 2014, to:
 - support the principle of both introducing and maintaining a Living Wage for all of the Council's directly employed staff, and of this being a requirement in contracts and sub-contracts, including agency workers and school staff;
 - ask all those it contracts and sub-contracts, now and in future (including agency workers and school staff) whether they currently pay a Living Wage and if they are willing to do so;

- launch a member-led task and finish group to oversee the implementation of the Living Wage as far as possible, and to investigate:
 - if the Council can require contractors to pay a Living Wage on a case-by-case basis for all existing and future contracts;
 - whether the Council should apply for accreditation from the Living Wage Foundation; and
 - how the Living Wage can be extended out across Greater Manchester.
 - ensure the terms of implementing a Living Wage are negotiated through the recognised trade union(s);
 - encourage members to urge the partner organisations they engage with – such as schools, colleges and housing associations – to pay the Living Wage;
 - to publish annually the most detailed statistics possible on low-paid staff who the Council directly employs, contracts, sub-contracts, hires as agency staff and school staff; and on low pay in general across Manchester and Greater Manchester.
12. Given the Council's commitment to the Manchester Minimum Wage, and its resolve to encourage other employers across the city to adopt comparable policies, the Panel considers that it is only logical and consistent that the maximum hourly rate for care costs within the DCA be aligned with the Manchester Minimum Wage Policy for a 'fully fledged' employee of the Council, currently £7.85 an hour. The Panel notes that a number of councils have made similar changes to the maximum rate claimable under their DCA, namely link it to a local or national version of the 'living wage'.
13. This change also removes an ambiguity in the wording of the current scheme as to what maximum applies to younger people providing childcare for councillors. The current wording of "the maximum hourly rate will be the minimum wage" has been interpreted to mean the minimum wage that would apply given the age of the person providing the service to the councillor, where their age is disclosed. There is no age differentiation in the Manchester Minimum Wage policy so this will enable councillors to payout and recover the Manchester Minimum Wage in all circumstances.
14. In 2012/13 and 2013/14 there were no claims submitted for childcare allowance. However, the Panel was informed that a couple of councillors claimed the allowance in 2014/15. On this basis, the cost of making this change will not be significant in the overall budget for members' allowances and expenses.
15. **The Panel recommends that the maximum hourly rate for care costs within the DCA be aligned with the Manchester Minimum Wage Policy for a 'fully fledged' employee of the Council, currently £7.85 an hour.**

Broadband Allowance

16. In its report of 2008 the Panel said:

We heard evidence of how the Council supports Members' use of IT. Some Members have a data line provided to their home by the Council but others use their own broadband service for Council business. We recommend that the Council introduces a new expenses payment of £15 per month (£180 per year) payable to those councillors who do not have a Council provided data line in their homes and who can evidence that they have their broadband service at home that they use to access the Council's systems.

17. That allowance has proved very effective and the Council no longer needs to provide any dedicated data lines to councillors' homes; all rely on their own broadband for access to the Council's data services.
18. However, since 2008 the provision of broadband services has changed significantly. To reflect that change the Panel was asked to consider whether the allowances scheme should be amended to make clear that it is paid for actual cost *up to a maximum* of £15 per month, with a further proviso that it is only paid upon a Member providing of proof of the cost they are incurring, rather than a flat rate paid to all irrespective of how much their broadband service actually costs them.
19. The Panel notes that since 2008 the provision of broadband services have developed to such an extent it may now be considered a 'standard' utility in that the vast majority of people now have broadband and the real marginal costs of broadband use of a Members' own broadband for council related duties is either zero or negligible. An indication of this is the move to discontinue a separate Broadband Allowance altogether in many allowances schemes with the Basic Allowance deemed sufficient to cover such costs.
20. However, the Panel recognises at that this stage as the recommendation stands it removes the potential profit element of the Broadband Allowance and will result in a small but real saving to the Council. The Panel will return to whether the Broadband Allowance is still appropriate in principle when it undertakes its next full review of allowances.
21. **The Panel recommends that the Broadband Allowance is amended so that it is paid for actual cost of a Members' Broadband *up to a maximum* of £15 per month and is only paid upon a Member providing of proof of the cost they are incurring.**

The Indexation of Allowances

22. Regulation 10(5) of the "The Local Authorities (Members' Allowances) (England) Regulations 2003" states:

Where an authority has regard to an index for the purpose of annual adjustment of allowances it must not rely on that index for longer than a period of four years before seeking a further recommendation from the independent remuneration panel established in respect of that authority on the application of an index to its scheme.

23. In 2008 the Panel was asked to consider (amongst other things) the means by which the rate of allowances and expenses should be revised each year for a maximum of four years. At that time the Panel proposed that the annual cost of living increase for the principal allowances should continue to be linked to the local government pay settlement, specifically the percentage change for Spinal Column Point 49 on the national pay scale. That was accepted by the Council and has been included in the Council's Scheme of Allowances, as set out in Section 5 of Part 7 of the Council's constitution.
24. However, this decision has stood since 2008 and has not been revisited since. This means that the authority to index any allowances payable by Manchester City Council has now lapsed. Therefore the Panel was asked to consider if it appropriate to continue to index the allowances for Members using the local government pay settlement for employees, at Spinal Column Point 49 and relevant indices for other allowances.
25. The use of the local government pay settlement as the basis of indexation is in widespread use across Greater Manchester authorities and the other major cities. Authorities using it include:
- Salford, Trafford, Oldham, Stockport, Wigan, Tameside, Bolton, Leeds and Nottingham
26. In addition, by having indexation in place it avoids the need for periodic increases that go above and beyond what is publically acceptable.
27. **The Panel recommends that the following indices are adopted and applied to the remuneration and allowances paid to Members of Manchester City Council:**
- **Basic Allowance, SRAs and Co-optees Allowance:**
 - Indexed to the annual percentage salary increase for local government staff (at spinal column 49) to be implemented from the start of the financial year, for which year it is applicable.
 - **DCA:**
 - The maximum hourly rate claimable indexed to the Manchester Minimum Wage.

Implementation of Recommendations

28. **It is recommended that Manchester City Council implements the recommendations contained in this report from the date of their next full Council meeting following the publication of this report.**

Appendix

Extract from “Pay Policy Statement: 2014/15” adopted by the Council in March 2014

The Manchester Minimum Wage

The Council is concerned to ensure that wages (salaries) in the city can sustain families and individuals and underpin a thriving economy. In 2008 the Council adopted the Manchester Minimum Wage Agreement which defines and sets out the Council’s policy with regard to its lowest paid employees, and follows the practice of a number of private and public sector organisations across the city.

The Manchester Minimum Wage was reviewed in March 2014, taking account of various factors such as staff turnover, any NJC pay award, the ratio of low to high earners, the rates for the National Minimum Wage and the “Living Wage” at the time. Following this review, the Council’s approach to remuneration for our lowest paid employees was revised in line with the below.

Grade 1 on Manchester’s NJC pay spine consists of Spinal Column Points (SCPs) 6 and 7. SCP6 is paid as a ‘new starter induction and training rate’ for new employees and apprentices at levels 1-3 who have yet to complete their framework qualification. SCP7 is the Manchester Minimum Wage for fully fledged Council employees. The Council uses non-consolidated supplements to augment the NJC pay spine in order to pay staff at these levels.

SCP6 is currently agreed at a national level at £12,614. Manchester pays an additional non-consolidated payment of £525, for a total of £13,139 (£7.20 per hour).

SCP7 is currently agreed at a national level at £12,915. Manchester pays an additional non-consolidated payment of £1,040, for a total of £13,955 (£7.65 per hour).

The Manchester Minimum Wage will be reviewed annually, taking account of various factors such as staff turnover, any NJC pay award, the ratio of low to high earners, the rates for the National Minimum Wage and the “Living Wage” at the time.