



DEMOCRATIC SERVICES COMMITTEE - 20TH NOVEMBER 2019

SUBJECT: INDEPENDENT REMUNERATION PANEL DRAFT ANNUAL REPORT 2020/21

REPORT BY: HEAD OF DEMOCRATIC SERVICES AND DEPUTY MONITORING OFFICER

1. PURPOSE OF REPORT

- 1.1 To report and seek the views of Members on the Independent Remuneration Panel for Wales' (the Panel) draft report for 2020/21 which includes updated draft determinations relating to Principal Councils. The views of the Committee will be communicated to the Panel prior to the response deadline of 10th December 2019.
- 1.2 The Panel's final determinations for 2020/21 will be published in February 2020, and members will be fully appraised of the final report following its publication.

2. SUMMARY

- 2.1 By way of background, the Panel is a statutory body and was established by Welsh Government in January 2008 to determine the scope and salaries, allowances and expenses payable to Councillors and Co-opted Members. The Local Government (Wales) Measure 2011 gave the Independent Remuneration Panel for Wales, additional powers to prescribe Members' remuneration. This was a significant change to the well-established practice of Members determining their own scheme of allowances within the maximum sums prescribed by the Panel. There are however currently no options relating to levels of remuneration for Principal Councils which require a decision by individual Councils.
- 2.2 The Panel subsequently received further powers following the introduction of the Local Government (Democracy) (Wales) Act 2013, including the ability to make recommendations about the pay of Heads of Paid Service for County Borough Councils and Fire and Rescue authorities.
- 2.3 A copy of the Panel's draft report for 2020/21 which details the determinations proposed for the year is attached at Appendix 1. The purpose of this report is to highlight the updated determinations relating to Principal Councils together with a general overview of the determinations. A summary of all of the new and updated determinations are set out in Annex 5 of the draft report which include determinations for Principal Councils, National Park Authorities, Fire and Rescue Authorities and Community and Town Councils. In the case of Principal Councils the following determinations have been updated.
 - 2.3.1 **Determination 1**
The proposed basic salary in 2020/21 for elected members of principal councils shall be £14,218 with effect from 1st April 2020.
 - 2.3.2 **Determination 2**
Senior salary levels in 2020/21 for members of a principal council shall be as set out in Table 5 with effect from 1st April 2020.

- 2.3.3 **Determination 3**
Where paid a Civic Head must be paid a Band 3 salary of £22,918 and where paid a deputy Civic Head must be paid a Band 5 salary of £17,918 with effect from 1st April 2020.
- 2.3.4 **Determination 4**
Where appointed and if remunerated, a Presiding Member must be paid a Band 3 senior salary of £22,918.
- 2.3.5 **Determination 7**
Members in receipt of a Band 1 or Band 2 senior salary cannot receive a salary from any NPA or FRA to which they have been appointed. They remain eligible to claim travel and subsistence expenses and reimbursement of costs of care.

3. RECOMMENDATIONS

- 3.1 Democratic Services Committee Members are asked to comment on the Panel's draft determinations for 2020/21.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 The comments will be used to make representations to the Independent Remuneration Panel before **10th December 2019**. Individual Members or political groups may also make representations to the Panel and a copy of the draft report has been sent to all Councillors.

5. THE REPORT

- 5.1 The Panel is a statutory body established by Welsh Government in January 2008 to determine the scope and salaries, allowances and expenses payable to Councillors and Co-opted Members. The Local Government (Wales) Measure 2011 gave the Independent Remuneration Panel for Wales, additional powers to prescribe Members' remuneration. This was a significant change to the well-established practice of Members determining their own scheme of allowances within the maximum sums prescribed by the Panel.
- 5.2 The Panel subsequently received further powers following the introduction of the Local Government (Democracy) (Wales) Act 2013, including the ability to make recommendations about the pay of Heads of Paid Service for County and County Borough Councils and Fire and Rescue authorities.
- 5.3 The purpose of this report is to highlight the updated determinations relating to Principal Councils together with a general overview of the determinations. The closing date for comments on the draft report is 10th December 2019. All comments received will be fully considered by the Panel who may make further changes to the content of the draft Report as a result.
- 5.4 A copy of the Panel's Draft Annual Report is attached at Appendix 1.
- 5.5 In relation to the determinations of the Panel relevant to principal Councils, there are currently no options relating to levels of remuneration which require a decision by Council. Levels of payments to which members are entitled cannot be varied by a vote of Council.
- 5.6 Furthermore, only an *individual member* may communicate in writing to the proper officer (the Chief Executive) if as an individual they wish to decline all or part of the payment to which they are entitled. It is however a matter for each authority to make their own arrangements to report the provisions of the Final report issued by the Independent Remuneration Panel for Wales.

5.7 Part 3 Payments to Elected Members of Principle Councils: Basic, Senior and Civic Salaries

- 5.7.1 When making financial determinations for this Annual Report the Panel considered the progression of the variety of benchmark figures outlined in this section of the report for the period 2012 to 2019. As shown in Table 1 on page 10 of the draft Report, the gap between the level of basic remuneration for elected members of principal councils and relevant indicators of rises in income and costs of living indicators has continued to grow. From 2017 the Panel began action to narrow this trend and limit the rate of erosion. Any adjustments in recent years have been in keeping with the Panel's principle that its determinations should be affordable and acceptable.
- 5.7.2 The report states that although public sector funding continues to be constrained the information in Tables 1 and 2 supports the Panel's consideration that a further increase in the basic salary is justified. It has determined there shall be an increase for 2020/21 of £350 a year which equates to 2.5%, a point midway between RPI and CPI. The proposed increased applies to the basic salary for members of principal councils in recognition of the duties expected of elected members. The Panel considers that the financial constraints on the public sector and particularly local authorities have meant that the link with average Welsh earnings has not been maintained, which has undervalued the worth of elected members. The increase is proposed to avoid further erosion in relation to average earnings.
- 5.7.3 In terms of senior salaries no additional increases will be paid to senior salary holders in 2020. Such members received an uplift in last year's annual report and senior salary holders will receive only the basic salary element increase ie **£350.00**.
- 5.7.4 The proposed updated payments are summarised as follows

Determination 1 (UPDATED)

20/21

Basic Salary	Proposed	Existing
	£14,218 from 1 st April 2020	£13,868

Determination 2 (UPDATED)

Members will note that Caerphilly Council falls within Group B where the salaries proposed are as follows which will also come into effect from 1st April 2020.

Senior Salaries (inclusive of basic salary)

	Proposed	Existing
Band 1 Leader	£49,450	£49,100
Deputy Leader	£34,950	£34,600
Band 2 Executive Members	£30,450	£30,100
Band 3 Committee Chairs (if remunerated)	£22,918	£22,568
Band 4** Leader of largest opposition group	£22,918	£22,568

Band 5 **		
Leader of other political groups	£17,918	£17,568

**The stipulation for this payment is that an opposition group leader or any other group leader must represent at least 10% of the council membership before qualifying for a senior salary. This requirement remains unchanged under the draft report.

Determination 3 (UPDATED) Civic Heads and Deputies

The Panel had previously allowed councils to vary salaries of Civic Heads and deputy Civic Heads, however councils strongly expressed to the Panel that elected members do not wish to make decisions that require Councils themselves to make such choices and options were removed in 2019. A council may decide not to apply any civic salary to the post of Civic Head and or deputy Civic Head. Members are reminded that these posts are not included within the cap.

The proposed updated determination in the draft report is as follows

Where paid a Civic Head must be paid a Band 3 salary of £22,918 and where paid a deputy Civic Head must be paid a Band 5 salary of £17,918 with effect from 1st April 2020.

Determination 4 (UPDATED) Presiding Members

The draft report proposes that where appointed and if remunerated, a Presiding Member must be paid a Band 3 senior salary of £22,918. There has been no change to Determination 5 in that a deputy Presiding Member will not be remunerated. Caerphilly does not have the posts of Presiding Member or deputy.

Determination 7 (UPDATED)

This determination already stipulated that members in receipt of a Band 1 or Band 2 senior salary cannot receive a salary from any NPA or FRA to which they have been appointed. The Panel are proposing that this determination is further clarified by adding the following sentence "They remain eligible to claim travel and subsistence expenses and reimbursement of costs of care".

Supporting the work of Local Authority Elected Members

- 5.7.5 In terms of supporting the work of local authority elected members, the Panel has reiterated its determinations in respect of the support that must be provided; this should be based on an assessment of the needs of its members and should be without cost to the individual member.
- 5.7.6 All members should be provided with adequate telephone, email and internet facilities giving electronic access to information (not only within council offices and within office hours). In keeping with its existing responsibilities the draft report highlights that it is the duty of Democratic Services Committees to fund or provide support necessary to enable a Councillor to discharge their role reasonably and safely. This may require the funding of appropriate security measures to protect councillors from personal risk or significant threat.

Specific or additional senior salaries

- 5.7.7 Councils can apply for specific or additional salaries which do not fall within the current Remuneration Framework.

Job Share Arrangements

5.7.8 Job share for executive members is permissible and each sharer will be paid an appropriate proportion of the salary group in Table 5. However the statutory maximum cannot be exceeded so each job sharer will count towards the maximum.

5.8 Part 4 Joint Overview and Scrutiny Committees (JOSC)

5.8.1 Little use has been made of these arrangements, and so the payment is no longer included in the framework.

5.9 Part 5 Pension provision for Elected Members of Principal Councils

5.9.1 The entitlement to join the Local Government Pension Scheme (LGPS) shall apply as previous reports and applies to all eligible elected members of principal councils.

5.10 Part 6 Entitlement to Family Absence.

5.10.1 There is no change to this entitlement. An elected member can retain a basic salary when taking family absence. When a senior salary holder is eligible for family absence he/she will continue to receive the salary for the duration of the absence. It is a matter for the authority to decide whether or not to make a substitute appointment in accordance with the relevant determinations set out in Part 6.

5.11 Part 9 Payments to Co-opted Members

5.11.1 The Panel has determined that a daily or half daily fee is appropriate remuneration for the important role undertaken by co-opted members of authorities with voting rights (this includes the co-opted member from a Town or Community Council) and there is no change to the fees already prescribed. Reasonable preparation time can be included in claims made which is determined by the appropriate officer in advance of the meeting. Travelling time can also be included up to the daily rate. The Council can decide on the maximum number of days in any one year for which co-opted members may be paid and in respect of Caerphilly this has been limited to a maximum of 10 days.

5.12 Part 10 Reimbursement of Costs of Care

5.12.1 The purpose of this section is to enable people who have personal support needs and or caring responsibilities to carry out their duties effectively as a member of an authority. The Panel believes that additional costs of care required to carry out approved duties should not deter any individual from becoming and remaining a member of an authority or limit their ability to carry out the role.

5.12.2 Members, including co-opted members should be entitled to reimbursement of their care costs, up to the maximum of £403 per month, for activities that the individual council has designated official business or an approved duty which might include preparation and travelling time. It is a matter for individual authorities to determine specific arrangements to implement this.

5.12.3 The Panel however, recognises the issues relating to the publication of this legitimate expense. This is reflected in a change to the requirements for publication set out in Annex 4. In this respect the Panel has decided that relevant authorities should only publish the total amount reimbursed during the year. The draft report states that it is a matter for each authority to determine its response to any Freedom of Information requests it receives, however from the Panel's perspective it is not intended that details of individual claims should be disclosed. It is of course a matter for each council to establish how to respond to any requests for information received.

5.12.4 To support current members and to encourage diversity the Panel urges authorities to promote and encourage greater take-up of the reimbursement of costs of care.

5.13 Part 11 Sickness Absence for Senior Salary Holders

5.13.1 The Panel's Framework provides specific arrangements for long term sickness for senior salary holders. A senior salary holder on long term sickness can if the authority decides continue to receive remuneration for the post held with a maximum of 26 weeks or until the member's term of office ends. It will be a decision of Council whether to make a substitute appointment but the substitute will be eligible to be paid the senior salary appropriate to the post. If the paid substitute member results in the authority exceeding the maximum number of senior salaries an addition will be allowed for the period of substitution. The Panel must be informed within 14 days of the decision and the Schedule of Remuneration amended accordingly.

5.14 Part 12 Reimbursement of Travel and Subsistence costs when on Official Business

5.14.1 The Panel are not making any changes to their determination in respect of these costs, details of which are set out on pages 39-40 of the draft report.

5.15 Part 13 Payments to members of Community and Town Councils.

5.15.1 These payments are in general a matter for Community and Town Councils to consider. However, the Panel are currently considering an apparent inconsistency between determinations 42 and 51 affecting Bands 1 and 2 senior salary holders from principal councils. The payment of £150 in determination 42 is mandated to every member, however determination 51 does not include the right to this payment for Bands 1 and 2.

5.16 Part 15 Salaries of Heads of Paid Service of Principal Councils and Fire and Rescue Authorities and Chief Officers of Principal Councils

5.16.1 Section 63 of the Local Government (Democracy)(Wales) Act 2013 inserted Section 143A into the Local Government (Wales) Measure 2011 which enables the Panel to take a view on anything in the Council's Pay Policy Statements that relates to the salary of the Head of Paid Service (usually the Chief Executive). The Panel also has a general power to review the Pay Policy Statements of authorities so far as they relate to the Heads of Paid Service (and Chief Officers until 2020)

5.16.2 If a Principal Council intends to change the salary of the Head of Paid Service/Chief Officer it must consult the Panel unless the change is in keeping with changes applied to other officers of that authority (whether the change is an increase or decrease). The authority must have regard to the recommendation(s) of the Panel when reaching its decision. The Panel can seek information it considers necessary to reach a conclusion and the authority is obliged to provide it. The Panel may publish any recommendation that it makes. The decisions made in 2019 are set out on page 52 of the draft report.

5.17 Conclusion

5.17.1 The report provides a general overview of the draft report from the Independent Remuneration Panel for Wales with details of the updated determinations relating to Principal Councils together with a general overview of the determinations. A full copy of the draft report is annexed which will enable members to consider and offer comments during the consultation period which expires on 10th December 2019.

6. ASSUMPTIONS

6.1 No assumptions are necessary as this report reflects the content of the draft report from the Independent Remuneration Panel for Wales.

7. LINKS TO RELEVANT COUNCIL POLICIES

- 7.1 Elected Members establish strategic direction and decide upon all policies and strategies so that the Council can achieve all of its objectives, as well as monitoring performance against those objectives. Members are entitled to receive remuneration prescribed by the Independent Remuneration Panel for Wales ("the Panel").
- 7.2 The Independent Remuneration Panel for Wales' determinations relating to councillors and co-opted members for 2020/21 contributes to the Well-being Goals within the Well-being of Future Generations (Wales) Act 2015 by ensuring that Members are remunerated and supported to carry out their role. The determinations include a basic allowance for all councillors, support for carers, and family absence arrangements with the aim to encourage a broader spectrum of people, and thereby contribute to the following goals:
- A prosperous Wales
 - A resilient Wales
 - A healthier Wales
 - A more equal Wales
 - A Wales of cohesive communities

8. WELL-BEING OF FUTURE GENERATIONS

- 8.1 This Panel report contributes to the Well-being Goals as set out in paragraph 7 above. It is consistent with the five ways of working as defined within the sustainable development principle in the Act to encourage more diverse representation among Councillors and Co-opted Members. A more representative group should be better able to take into account the Wellbeing Goals when reviewing services and policies and consider the positive and negative impacts upon future generations, long term community resilience and economic, environmental and social capital.

9. EQUALITIES IMPLICATIONS

- 9.1 No Equalities Impact Assessment has been undertaken as the Independent Remuneration Panel for Wales has the power under the Local Government (Wales) Measure 2011 to set Members Allowances. The purpose of this report is to seek the views of the Democratic Services Committee only and convey a response to the Panel within the timeframe provided.

10. FINANCIAL IMPLICATIONS

- 10.1 The proposals within the Panel's draft report is to increase salaries for all members by £350 per member per annum. There is a potential shortfall within existing budgets of circa £17,000. This shortfall is based on the assumption that all members accept the pay award and there is maximum attendance for co-opted members at the maximum number of meetings. This is a fluid situation which can change year on year. Should a shortfall occur for the year 2020/21 it will be funded from members' reserves.

11. PERSONNEL IMPLICATIONS

- 11.1 There are no personnel implications associated with this report.

12. CONSULTATIONS

- 12.1 Consultation has been undertaken as listed below and any responses received have been incorporated into the report.

13. STATUTORY POWER

13.1 Local Government and Housing Act 1989, the Local Government Act 2000, Local Government Wales Measure 2011, Local Government (Democracy) (Wales) Act 2013 and Family Absence for Members of Local Authorities Wales Regulations 2013.

Author: Lisa Lane Head of Democratic Services and Deputy Monitoring Officer
Consultees: Cllr Gez Kirby, Vice Chair Democratic Services Committee
Cllr Barbara Jones, Interim Leader
Christina Harrhy, Interim Chief Executive
Richard Edmunds, Corporate Director Education and Corporate Services
Robert Tranter, Head of Legal Services and Monitoring Officer
Stephen Harris, Interim Head of Corporate Finance and Section 151 Officer
Dave Roberts Principal Accountant

Appendices:

Appendix 1 draft Annual Report of the Independent Remuneration Panel

Background Papers:

Report to Council 17 April 2018 Independent Remuneration Panel for Wales Annual Report 2018/2019 Agenda item 10

Report to Democratic Services Committee 26th November 2018 – Independent Remuneration Panel for Wales draft report 2019/20.