



DEMOCRATIC SERVICES COMMITTEE - 22ND NOVEMBER 2021

SUBJECT: DRAFT REPORT OF THE INDEPENDENT REMUNERATION
PANEL FOR WALES FOR 2022/2023

REPORT BY: HEAD OF DEMOCRATIC SERVICES AND DEPUTY MONITORING
OFFICER

1. PURPOSE OF REPORT

- 1.1 To seek the views of the Committee on the Independent Remuneration Panel for Wales' (the Panel's) draft report for 2022/23 which will be communicated to the Panel prior to the response deadline of 26th November 2021.

2. SUMMARY

- 2.1 This report seeks members views on the draft Annual Report for 2022/23 attached at Appendix 1.
- 2.2 Members will note that a summary of the new and updated determinations is 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.
- 2.3 Amongst the proposals is an increase in the Basic Salary for members of Principal Councils from £14,368 to £16,800 together with an increase in senior salary payments as set out in paragraph 5.6.2 of this report. The draft report recognises that for several years payments to elected members of the 22 principal councils has not kept pace with the original comparator that was used to set the basic salary, or any other public sector comparison. As such the Panel has decided this is an opportune time to rectify this situation and to reinstate the link to the average welsh earnings as detailed in the draft report.
- 2.4 The Panel's final determinations for 2022/23 will be published in February 2022 and members will be fully appraised of the final report following its publication.

3. RECOMMENDATIONS

- 3.1 To comment on the Panel's draft Annual Report for 2022/23 attached at Appendix 1 which will be submitted to the Independent Remuneration Panel for Wales by the Head of Democratic Services by 26th November 2021.

4. REASONS FOR THE RECOMMENDATIONS

- 4.1 To ensure that members are aware of the content of the draft Annual Report 2022 to 2023 and are provided with an opportunity to comment on the proposals which will be considered by the Independent Remuneration Panel for Wales prior to the publication of their final report in February 2022.

5. THE REPORT

- 5.1 The Panel's draft Annual Report for 2022/23 and the Chairs' covering letter is attached at Appendix 1 to this report. This is the fourteenth Annual Report of the Panel.
- 5.2 The report recognises that local democracy and public services has a vital role to play in strengthening the resilience of local communities and economies as Wales emerges from the Covid pandemic and the Panel hold the firm belief that this is a reset moment for Welsh democracy.
- 5.3 The Panel has from the outset expressed the view that local democracy and the governance of public services are not cost free and need to be valued to enable everyone to participate with remuneration set at a level to encourage a diversity of willing and able people to undertake the local governance role. However, the Local Government (Wales) Measure 2011 requires the Panel to have regard to the financial implications of its decisions. The Panel has discussed the issue of affordability with representatives of the WLGA and the general consensus is that in the context of a Council's income and expenditure their determinations do not have a significant impact and accordingly the Panel consider that the proposals in the draft report meet the legislative requirement.
- 5.4 As set out in the draft report, payments for councillors in the 22 principal councils in Wales have not kept pace with comparators such as ASHE (Annual Survey of Hours and Earnings). Financial constraints on the public sector and local authorities over many years meant the link with average Welsh earnings could not be maintained. The Panel considers that this has undervalued the worth of elected members and that the time is right to restore this link as the most appropriate comparator. Members of principal councils will receive proportionately the same as the overall average amount that a Welsh constituent received in 2020, the Panel's view that this puts a fair value on the contribution made by local politicians and hopes overtime will encourage greater diversity in democracy. As the local elections will take place on 5th May 2022 the Panel believe that the 9th May 2022 is the best date to enact this "significant reset and invest in local democracy in Wales. Therefore the proposed increases in remuneration levels set out below will come into effect on this date.

2022-2023 Determinations

- 5.5 Annex 1 of the draft report sets out the full list of determinations and Annex 5 identifies all the updated or new determinations made in respect of Principal Councils, Fire and Rescue Authorities, National Park Authorities and Town and community Councils. Members comments are sought on the draft report in general however the following determinations are specifically brought to members attention.

- 5.6 The following determinations relevant to Principal Councils have been updated

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

5.6.1 Determination 1 Basic Salary: Basic Salary in 2022/23 for elected members of principal councils shall be £16,800

In 2009 the Panel decided the average work commitment of an elected councillor of a principal council was three working days. The maximum basic salary was set at £13,868. This reflected three fifths of the then median gross earnings of full-time male employees' resident in Wales as reported in the Annual Survey of Hourly Earnings (ASHE) published by the Office of National Statistics. The Panel considered it was appropriate to use this figure, as it was comparable with constituents' pay, adjusted for the part-time nature of the work of a member with no senior responsibilities. At the introduction of austerity measures, the basic salary was reduced to £13,175 and the link to ASHE was broken. Since then, there has been no connection between councillor and constituent pay. In 2019, the Panel took steps to stop the gap widening and reviewed options to move towards reinstating the link with ASHE or another suitable benchmark.

When making determinations for this Annual Report, the Panel considered the progression of the variety of benchmark figures outlined above for the period from 2013 to 2021 and the increases.

The Panel believes that local elections in May 2022 provide an opportune time to rectify the imbalance between the basic salary of councillors and the average salaries of their constituents. As such, the basic salary of councillors of principal councils elected in the May 2022 local elections will be reset to align with the 2020 ASHE. This will be £16,800.

5.6.2 Determination 2 Senior Salaries

These relate to payments to members of the executive, chairs of committees and the leader of the opposition. The limit on the number of senior salaries payable ("the cap") will remain in place and unchanged details of which are set out in Table 3 of the draft report. For Caerphilly this figure is 18 and will not be impacted by the reduction in the number of Councillors representing the Borough at the elections next May.

The Panel has also revisited the senior salary payments and sets out its reasoning as follows

Leader

It is widely recognised that the role of leader of a principal council is highly complex and carries a large and increasing level of responsibility. Leaders' pay is at the lower end of sector market comparators.

The Panel heard arguments that a leader's pay should be at or above a backbench MS or a Health Board Chair. The Panel has considered these arguments but has concluded that although the roles have some similarities, there are significant and crucial differences which are not helpful in making comparisons.

The Panel was very concerned that the current payment levels were often financially

unattractive and seen as a barrier to participation. For many willing and well-qualified people, a senior salary might necessitate a significant reduction in earnings. This is not in the spirit of diversity, inclusion, or democracy, or efficient for the effective running of principal councils. To start to address this, the Panel has re-set all senior salary payments for 2022-2023. The salary of a leader of the largest (Group A) council will be £63,000. All other payments have been decided in reference to this and are set out in Table 4 of the draft IRP report.

Executive

The Panel continues to take the view that executive members should be considered to be working the equivalent of full time (around 40 hours per week) but flexibly, and not necessarily nine to five. Continued discussions with members and officers in recent years have reinforced this conclusion.

Chairs of Committees

The Panel recognises that there is a significant variance in the responsibilities and functions of chairing different committees. Councils do not have to pay chairs of committees. Each council can decide which, if any, chairs of committees they pay. This allows councils to take account of differing levels of responsibility.

The Panel has considered the role element of the chair's salary. The move to a single level of chair payment in 2019 reduced the differentials with other senior payments. To reset this, the Panel has decided not to change the role element at the 2021 figure of £8,793 for 2022-2023. The basic salary increase will apply.

In conclusion, the Panel has determined that the Senior Salary levels in 2022/23 for members of principal councils is outlined below. Members will note the salary scale applicable to Caerphilly is Group B.

	Group A	Group B	Group C
Leader	£63,000	£56,700	£53,550
Deputy Leader	£44,100	£39,960	£37,485
Executive	£37,800	£34,020	£32,130

Committee Chair (if paid)	£25,593
Leader of largest opposition group	£25,593
Leader of Other Political Groups	£20,540

5.6.3 Determination 3 Civic Salaries

Where paid, civic heads must be remunerated at Band 3 level i.e. £25,593 and deputy civic heads at Band 5 i.e. £20,540. The current salaries are £22,918 and £17,918 respectively. Members are reminded that these posts are not included within the cap on senior salaries.

5.6.4 **Determinations 4 and 5 Presiding Members**

The report reminds Councils that, if a presiding member is appointed, they do not have to be remunerated. If they are remunerated the post will count towards the cap and be paid at a Band 3 senior salary of £25,593. The post of deputy presiding officer would not be remunerated.

5.6.5 **Determination 13 Assistants to the Executive**

The Local Government and Elections Act 2021 provides for principal councils to be able to appoint elected members to assist the executive in discharging its functions.

Such appointments are made by the leader of the council and can include:

- the number of assistants that may be appointed
- the term of office of the assistants
- the responsibility of the assistants

There are exclusions to the appointments as set out in the legislation and assistants are not members of the cabinet.

The Panel has given initial consideration to matters of remuneration for members appointed as assistants to the executive but has concluded that until there is more information in respect of the responsibilities attached to the posts it is not possible to decide on additional payments, if any. It is therefore proposed that this will be further considered when a council decides to make appointments and details of the specific responsibility is available.

To give effect to this without the requirement for a further formal report the following determination will apply.

Determination 13: The Panel will decide on a case-by-case basis the appropriate senior salary, if any, for assistants to the executive.

Note: If a senior salary payment is made, each will count towards the cap, however, the cap will be increased by the number of assistants receiving payments subject the statutory maximum of 50 per cent of the council's membership.

For completeness members will note the draft report refers to the job sharing provisions also set out in the Local Government and Elections Wales Act 2021 which makes specific provision for job sharing for executive leaders and executive members :

- a) requiring local authorities to include in their executive arrangements provision for enabling two or more councillors to share an office on an executive, including the office of executive leader
- b) changing the maximum number of members of an executive when members of the executive share an office and
- c) about voting and quorum where members of an executive share office.

For members of an executive: Each job sharer will be paid an appropriate proportion of the salary group as set out in Table 3 of the draft report (which for Caerphilly is set

at 18). The statutory maximum, as set out in the Act, for cabinets cannot be exceeded so each job sharer will count toward the maximum.

Under the Measure, it is the number of persons in receipt of a senior salary, not the number of senior salary posts that count towards the cap. Therefore, for all job share arrangements the senior salary cap will be increased subject to the statutory maximum of 50% of the council's membership. Where the arrangements would mean that the statutory maximum would be exceeded the Panel would need to seek the approval of Welsh Ministers.

5.7 Timing of the payments of remuneration above.

Members will be aware that typically the changes to remuneration take effect on 1st April in each year. However as the Panel's 2022/23 report coincides with the new municipal term following the elections in May 2022, there will be two different effective dates in respect of the determinations in the final report which is summarised as follows

For the period 1st April 2022 to 8th May 2022 all of the determinations contained in the annual report for 2020/21 will continue to apply to principal councils and town and community councils.

From the 9th May 2022 the determinations contained in sections 3 and 13 of the draft report attached will apply to principal and town and community councils.

For completeness members will note that for national park authorities and Welsh fire and rescue authorities the determinations in Sections 7 and 8 of the draft Report will apply from the new financial year, 1 April 2022.

- 5.8 On a general note, members are advised that levels of payments to which members are entitled cannot be varied by a vote of Council. 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. In relation to the final report Members will be fully appraised following its publication in February 2022. Following the elections in May next year a full report will be presented to the Annual Meeting of Council setting out the relevant salary payments and the posts to which they apply together with any ancillary matters arising from the final report.

5.9 Conclusion

Members will note the provisions of the draft Annual report as outlined above.

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. SUMMARY OF INTEGRATED IMPACT ASSESSMENT

- 7.1 No Integrated 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.

8. FINANCIAL IMPLICATIONS

- 8.1 Due to the local government Elections in May 2022 the proposed increases in salaries will not come into effect until 8th May 2022, the currently salary levels will be paid from 1st April up to that date and will be met from existing budget provision.

From 8th May 2022 the number of elected members will reduce from 74 to 69. Based on the existing numbers of senior and civic salary payments made costs could increase by approximately £180,000. This additional cost will need to be factored into the forthcoming budget round for the 2022/23 financial year.

9. PERSONNEL IMPLICATIONS

- 9.1 There are no personnel implications arising from this report.

10. CONSULTATIONS

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

11. STATUTORY POWER

- 11.1 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.

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Stephen Harris Head of Financial Services and Section 151 Officer
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Appendix 1 Link to draft report **Independent Remuneration Panel for Wales Draft Annual Report - February 2022** and covering letter