

REPORT OF ADMINISTRATION & DEMOCRATIC SERVICES MANAGER

**SUBJECT: INDEPENDENT REMUNERATION PANEL FOR WALES DRAFT
ANNUAL REPORT 2019/20**

Purpose of Report

To inform Members of the consultation draft Annual Report of the Independent Remuneration Panel for Wales (the Panel) on the proposed level of Members' salaries for 2019/20 and to seek their views thereon.

Introduction/Background

The Independent Remuneration Panel for Wales was appointed in January 2008 by the (then) Welsh Assembly Government Minister for Social Justice and Local Government under the provisions of *The Local Authorities (Allowances for Members) (Wales) Regulations 2007*. The Panel was established on a permanent basis to determine the maximum levels of allowances payable by county and county borough councils.

Following the passing of the Local Government (Wales) Measure on the 10th May 2011, the Panel's remit was extended to include National Park Authorities, Fire and Rescue Authorities and 'civic heads' in local authorities. Not only that, Section 142 of the Measure extended the Panel's powers to enable it to prescribe payments rather than determine the maxima as it had done previously.

The Panel has now published its draft Annual Report for 2019/20 and the deadline for responses is the 27th November 2018. A copy of this report has been forwarded to the Panel, and it has agreed that we can submit our response (if any) following the meeting today (28th November).

Draft Annual Report 2019/20

A copy of the draft Annual Report can be found on the Panel's website: <https://gov.wales/docs/dsjlg/publications/181002-irp-draft-report-en.pdf>. Those extracts of the report that are relevant to this Authority are appended for Members' information but, in essence, the Panel has decided that:

- the Basic Salary will increase by £60 to £3,735 per annum. (Members who have read the Panel's draft report or the appendix attached will notice an error in paragraph 7.7 on page 26, where it stipulates a Basic Salary increase of £268 per annum. This increase is applicable to Principal Councils and has not been subject to reduction in accordance with the previous findings of the Panel that the work of a National Park Authority Member equates to 42 days' service per annum);
- Senior Salaries will not increase, but these post holders will receive the uplift in the Basic Salary element of their remuneration. Therefore, the Senior Salary for the Chair of the Authority will be £12,435 per annum;

- the two-tier Senior Salary for the Deputy Chair of the National Park Authority and Committee Chairs will remain, i.e. Level 1 will equate to £7,435 and Level 2 will equate to £6,135 per annum;
- subject to certain criteria being met, the provision to apply for specific or additional Senior Salaries that do not fall within the current remuneration framework will remain, and
- there will be no increases in payments to co-opted Members of Standards Committees, reimbursement of costs of care or travel and subsistence costs when on official business.

These changes will take effect from the 1st April 2019.

Financial considerations

The resource implications associated with the Panel's determinations can be met from existing budgets.

RECOMMENDATION:

Members' opinion is sought:

- (a) whether to submit a response to the Independent Remuneration Panel for Wales' draft Annual Report and, if so**
- (b) the content of such a response.**

Background Documents

Extract from the Independent Remuneration Panel for Wales' Annual Report 2019/20: consultation draft

(For further information, please contact Janet Evans, Administration & Democratic Services Manager on extension 4834 or by e-mailing janete@pembrokeshirecoast.org.uk)

Author: Janet Evans, Administration & Democratic Services Manager
Consultee: Tegryn Jones, Chief Executive and Rhys Stephens, Monitoring Officer



To:

Leaders and Chief Executives of County and County Borough Councils
Chairs and Chief Executives of National Park Authorities
Chairs and Clerks of Fire and Rescue Authorities
Chair and Chief Executive of One Voice Wales
Leader and Chief Executive of Welsh Local Government Association
Head of Democratic/Members Services of County and County
Borough Councils, National Park Authorities and Fire and Rescue Authorities
Community & Town Councils

2 October 2018

Dear Colleague

Independent Remuneration for Wales – Annual Report 2019/20

The Panel's draft Annual Report for 2019/20 is attached. We would appreciate and welcome comments during the consultation period which ends on 27 November 2018.

Last year the Panel visited all 22 principal councils and met over 400 elected members and many chief officers. We have taken account of many of the issues that were raised during the visits and published a report on our findings. The report is available on the Panel's website.

The draft Report contains proposed changes to our remuneration framework including a small increase in the basic salary and some significant changes in respect of community & town councils.

We will consider all of the responses to this draft prior to producing the final Report for publication in February 2019.

Yours sincerely

John Bader

Chair



Independent Remuneration Panel for Wales

Annual Report

DRAFT

February 2019

Mae'r ddogfen yma hefyd ar gael yn Gymraeg.
This document is also available in Welsh.

Introduction



This is the eleventh Annual Report of the Independent Remuneration Panel for Wales (the Panel), and the eighth published under the requirements of the Local Government (Wales) Measure 2011(as amended).

1. As with all the Panel's Annual Reports the determinations on member remuneration are underpinned by the principles set out in Section 1.
2. The Panel has consistently expressed its view that maintaining the democratic values of local governance cannot be cost-free. Members of local authorities (including co-opted and appointed members) are there to represent the interests of local people, undertake the governance of local communities, and secure appropriate value-for-money public services for local tax-payers through effective scrutiny for which they are accountable to their community. These are significant and important tasks for members of the relevant authorities within the Panel's remit. Payments to members are made available to encourage a diversity of willing and able people to undertake local governance through their elected, appointed or co-opted roles.
3. In determining the level of payments to members of local councils, the Panel seeks to meet the principle of '*acceptability*' by ensuring that these are not '*so great as to require a significant diversion of resources from key council priorities*'. But Section 142(8) of the Measure is more explicit on '*affordability*' when it states that "*when setting an amount¹ ...the Panel must take into account what it considers will be the likely financial impact of doing so on relevant authorities*". Meeting the requirement of the Measure in regard to affordability has been a challenge for the Panel, not least because of public interest in the payments made to members. The Panel acknowledges that the issue of affordability – in relation both to relevant authorities' service budgets and to the electorate's disposable incomes – is likely to impact on the public perception of any increases to members' payments.
4. However, payments to members for their time, worth and responsibility must be, and must be seen to be, fair to those undertaking the role. In 2009 the Panel aligned members' payments to the median gross earnings of all full-time employees resident in Wales as reported in the Annual Survey of Hourly Earnings (ASHE). The basic salary at that time was set at three-fifths of the All Wales Median Salary and senior salaries were set at multiples of this annual median salary. In setting these salaries the Panel recognised that there was an unpaid public service contribution.
5. During our visits to all principal councils last year many members expressed the view that, compared with a traditional paid employment the basic salary is too low to attract younger people and to encourage greater diversity. They also pointed out the significant differences between remuneration and support

available to elected members in other levels of government in Wales. They proposed that the level of the basic salary should therefore be raised significantly in recognition of the importance of the role of an elected member of a principal council.

6. The financial constraints on the public sector and particularly local authorities has meant that the link with average Welsh earnings has not been maintained. The Panel considers that this has undervalued the worth of elected members. To avoid further erosion in relation to average earnings the Panel has decided to increase the basic annual salary to £13,868 (an increase of 1.97%).
7. The salaries of leaders and members of the executive have not been increased for several years (except for the increase in the basic element). We consider that holders of these posts have significant functional responsibility and compared to remuneration of many other public sector roles are not well paid. We have therefore proposed a modest increase of £800 (inclusive of the £268 increase in the basic salary).
8. From the discussions during our visits to the principal councils it is clear that very few members are utilising the provision in the Framework to reimburse the costs of care. It appears that some members are still reluctant to claim all that they are entitled to support them in their role, because of concerns about the adverse publicity this can attract (see Annex 4 for the publication options). We urge Democratic Services Committees to take steps to encourage and facilitate greater use of this element of our Framework so that members concerned are not financially disadvantaged.
9. The Panel has continued to contribute wherever possible to enhancing diversity in local government in Wales through its determinations. To take this a step further the Panel has produced a leaflet for prospective candidates on the remuneration of members of councils. We are pleased that several councils have added this leaflet to their website.
10. We have continued to engage with community and town councils and met with several representative groups earlier in the year. We also convened 4 sessions with council clerks to provide an opportunity for clarification about administrative matters. As a result we propose further amendments to our Framework in respect of community and town councils. The proposed determinations for community and town councils are in Section 13.
11. The Local Government (Democracy) (Wales) Act 2013 amended the Local Government (Wales) Measure 2011 by inserting Section 143A. This requires that any principal council or fire and rescue authority that intends to change the salary of its Head of Paid Service must consult the Panel unless the change is in keeping with changes applied to other officers. Section 143A also enables the Panel to take a view on anything in the Pay Policy Statement of an authority that relates to the salary of the Head of Paid Service (normally the Chief Executive or Chief Fire Officer). The Local Government (Wales) Act 2015 extended this responsibility, on a temporary basis to Chief Officers of principal authorities. The Panel's approach to its use of these powers is set out in Section 15 of this Report and accords with the guidance issued to the Panel by the Welsh

Government.

12. Since assuming the additional responsibility in respect of changes to the salaries of chief officers of principal councils the Panel has dealt with several submissions each year. The Panel's decisions in the past year are at Section 15.

¹ <http://www.legislation.gov.uk/mwa/2011/4/contents/enacted>

2. Annual Report Summary Page

Type of Payment	Type of Authority			
	Principal Councils	National Park Authorities	Fire and Rescue Authorities	Community and Town Councils
Basic Salary	page 12	page 26	page 30	N/A ²
Senior Roles	page 15	page 26	page 30	page 42
Committee Chairs	page 15	page 26	page 30	N/A
Opposition Groups	page 15	N/A	N/A	N/A
Civic Heads and Deputies	page 16	N/A	N/A	page 44
Presiding Members	page 17	N/A	N/A	N/A
Mileage	page 38	page 38	page 38	page 43
Other Travel Costs	page 38	page 38	page 38	page 43
Subsistence Costs	page 39	page 39	page 39	page 43
Costs of Care	page 35	page 35	page 35	page 44
Family Absence	page 24	N/A	N/A	N/A
Sickness Absence	page 36	page 36	page 36	N/A
Joint Overview and Scrutiny Committees	page 22	N/A	N/A	N/A
Pension	page 23	N/A	N/A	N/A
Co-optees	page 33	page 33	page 33	N/A
Specific or Additional Allowances	page 20	page 27	page 31	N/A
Payments to Community and Town Councillors	N/A	N/A	N/A	page 40
Compensation for Financial Loss	N/A	N/A	N/A	page 43
Statement of Payments	page 79	page 79	page 79	page 79
Schedule of Remuneration	Page 77	Page 77	Page 77	N/A
Salaries of Chief Executives and Chief Officers	Page 50	N/A	Page 50	N/A

² Not Applicable

7. Payments to Members of National Park Authorities (NPAs)

Structure of National Park Authorities

- 7.1 The 3 National Parks in Wales - Brecon Beacons, Pembrokeshire Coast and Snowdonia were formed to protect spectacular landscapes and provide recreation opportunities for the public. The Environment Act 1995 led to the creation of the 3 corresponding NPAs. In managing the National Park, the Authority has 3 main purposes:
- to protect the natural beauty of the Park;
 - to help visitors enjoy and understand it;
 - and to foster the wellbeing of local people.
- 7.2 National Park Authorities have a committee of Members who are either elected members nominated by the Principal Councils within the National Park area or are members appointed by the Welsh Government through the Public Appointments Process. Welsh Government appointed and council nominated members are treated equally in relation to remuneration.
- 7.3 The structure of the Members' Committee at each of the 3 national parks is set out in Table 5.

Table 5: Membership of Welsh National Park Authorities

National Park Authority	Total Membership	Principal Council Members	Welsh Government appointed Members
Brecon Beacons	24	16: Blaenau Gwent County Borough Council – 1 Carmarthenshire County Council – 2 Merthyr Tydfil County Borough Council – 1 Monmouthshire County Council – 2 Powys County Council – 8 Rhondda Cynon Taf County Borough Council - 1 Torfaen County Borough Council – 1	8
Pembrokeshire Coast	18	12: Pembrokeshire County Council – 12	6
Snowdonia	18	12: Conwy County Borough Council – 3 Gwynedd Council – 9	6

- 7.4 In addition, Standards Committees of NPAs have Independent Co-opted members whose remuneration is included in the Framework as set out in Section 9.

7.5 In considering remuneration of members of NPAs, the Panel has based its determinations on the following key points:

- NPAs manage their work via formal authority meetings, committees and task and finish groups. Each has a Development/Management/Planning Committee, and other committees include Performance and Resources and Audit and Scrutiny. Ordinary NPA members are members of at least one committee as well as being involved in site visits and inspection panels.
- There is an expectation that members will participate in training and development.
- The Chair of an NPA has a leadership and influencing role in the authority, a representational role similar in some respects to that of a civic head and a high level of accountability. The chair is not only the leader of the authority but is also the public face of the particular national park and is the link with the Minister and AMs with whom they have regular meetings. The role requires a high level of commitment and time.

Basic and senior salaries

7.6 The Panel has previously determined that the role of ordinary members of an NPA should be aligned to the basic salary of a member of a principal council, and that the time commitment required is a notional 42 days per year. This remains the basis of the Panel's determinations.

7.7 The Panel has determined there should be an increase of £268 (which equates to 1.97%).

7.8 The Panel note salaries to members of NPAs and principal councils have become misaligned. This is due to cumulative rounding of increases in previous years, the Panel wishes to correct this. Therefore, the salary for ordinary members of NPAs will increase to £3,735.

7.9 The Panel has also previously determined that the remuneration of an NPA Chair should be aligned to that part of a Band 3 Level 1 senior salary received by a committee chair of a principal council. This salary will increase to £12,435.

7.10 The Panel has provided local flexibility so that an NPA can decide at which of two levels the roles of deputy chair and up to 2 other committee chairs can be remunerated. An NPA may choose to pay its deputy chair and/or committee chairs a salary of either £7,435 or £6,135, commensurate with the significant and sustained duties to be discharged in a particular role.

Additional Senior Salaries

- 7.11 Feedback was received during the Panel's visits to NPAs that its determination that up to two NPA Committee Chairs could receive a senior salary could be restrictive in the NPAs discharging their governance requirements.
- 7.12 The Panel allows principal councils greater flexibility to apply for specific or additional senior salaries that do not fall within the current Remuneration Framework. The Panel extends this provision to NPAs as reflected in the following principles:
- a. Applications will have to be approved by the authority as a whole (this cannot be delegated) prior to submission to the Panel.
 - b. There must be clear evidence that the post/posts have additional responsibility demonstrated by a description of the role, function and duration.
 - c. Each application will have to indicate the timing for a formal review of the role to be considered by the authority as a whole.
- 7.13 The Panel has made the following determinations:

Determination 16: The basic salary for NPA ordinary members shall be £3,735.

Determination 17: The senior salary of the Chair of an NPA shall be £12,435.

Determination 18: An NPA senior salary can be paid to a Deputy Chair and up to two committee Chairs where there is significant and sustained responsibility. This can be paid at either of the following levels to be decided by the authority to reflect the appropriate responsibility £7,435 or £6,135.

Determination 19: The Panel has determined to include a provision for NPAs to apply for specific or additional senior salaries that do not fall within the current Remuneration Framework.

Determination 20: Members must not receive more than one NPA senior salary.

Determination 21: An NPA senior salary is paid inclusive of the NPA basic salary and must reflect significant and sustained responsibility.

Determination 22: Members of a principal council in receipt of a Band 1 or Band 2 senior salary cannot receive a salary from any NPA to which they have been appointed.

The Panel's determinations on Travel and Subsistence, Reimbursements of Costs of Care and Family Absence are now set out in separate sections of this Annual Report.

Note: Family absence does not apply to Welsh Government appointed members and local authority nominees are covered by their principal council so NPAs are not required to make any arrangements in this respect.

9. Payments to Co-opted Members of Principal Councils, National Park Authorities and Fire & Rescue Authorities ⁷

- 9.1 The Panel has determined that a daily/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). The level of payments is equivalent to the current daily rates for chairs and members of the Welsh Government's Band 2 sponsored bodies. The Panel notes there has been no uplift in these payment levels across such bodies since 2010.
- 9.2 Principal councils, NPAs and FRAs can decide on the maximum number of days in any one year for which co-opted members may be paid. Recognising the important role that co-opted members have, payment must be made for preparation time, committee and other types of meetings as well as other activities, including training, as set out in Determination 31.
- 9.3 The determinations are set out below and principal councils, NPAs and FRAs must tell co-opted members the name of the appropriate officer who will provide them with the information required for their claims; and make the appropriate officer aware of the range of payments that should be made.

Determination 30: Principal councils, NPAs and FRAs must pay the following fees to co-opted members who have voting rights (Table 7).

Table 7: Fees for co-opted members (with voting rights)

Chairs of standards, and audit committees	£256 (4 hours and over) £128 (up to 4 hours)
Ordinary members of standards committees who also chair standards committees for community and town councils	£226 daily fee (4 hours and over) £113 (up to 4 hours)
Ordinary members of standards committees; education scrutiny committee; crime and disorder scrutiny committee and audit committee	£198 (4 hours and over) £99 (up to 4 hours)
Community and town councillors sitting on principal council standards committees	£198 (4 hours and over) £99 (up to 4 hours)

Determination 31: Reasonable time for pre meeting preparation is to be included in claims made by co-opted members the extent of which can be determined by the appropriate officer in advance of the meeting.

Determination 32: Travelling time to and from the place of the meeting is to be included in the claims for payments made by co-opted members (up to the maximum of the daily rate).

Determination 33: The appropriate officer within the authority can determine in advance whether a meeting is programmed for a full day and the fee will be paid on the basis of this determination even if the meeting finishes before four hours has elapsed.

Determination 34: Fees must be paid for meetings and other activities including other committees and working groups (including task and finish groups), pre-meetings with officers, training and attendance at conferences or any other formal meeting to which co-opted members are requested to attend.

Support for co-opted members

- 9.4 The Panel's visits to principal councils in 2017 identified some good practice in how the important role of co-opted members was reflected in the communication and support they receive. In the best cases, they received the same range of support as elected members, enabling them to undertake their role fully. However, concerns were raised in several councils where the Panel's Determinations were not being fully implemented and there was limited support available for co-opted members.

Determination 35: The Panel has determined that each authority, through its Democratic Services Committee or other appropriate committee, must ensure that all voting co-opted members are given as much support as is necessary to enable them to fulfil their duties effectively. Such support should be without cost to the individual member.

The Panel's determinations on Travel and Subsistence, Reimbursement of Costs of Care and Family Absence are now set out in separate sections of this Annual Report.

⁷ This section does not apply to co-opted members to community and town councils.

10. Reimbursement of Costs of Care

- 10.1 This section applies to members of principal councils, National Park Authorities, Fire and Rescue Authorities and to co-opted members of these authorities. The same provision for Community and Town Councils is given in section 13.
- 10.2 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 people from becoming and remaining a member of an authority or limit their ability to carry out the role.
- 10.3 The Panel recognises the issues relating to the publication of this legitimate expense. This is reflected in the options for publication as set out in Annex 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.

Determination 36: All authorities must provide for the reimbursement of necessary costs for the care of dependent children and adults (provided by informal or formal carers) and for personal assistance needs up to a maximum of £403 per month. Reimbursement must be for the additional costs incurred by members in order for them to carry out their approved duties. Reimbursement shall only be made on production of receipts from the carer.

11. Sickness Absence for Senior Salary Holders

- 11.1 The Family Absence Regulations (approved by the National Assembly in 2014) are very specific relating to entitlement and only available for elected members of principal councils. Absence for reasons of ill-health is not included.
- 11.2 Instances have been raised with the Panel of senior salary holders on long term sickness and the perceived unfairness in comparison with the arrangements for family absence. In consequence, councils are faced with the dilemma of:
- Operating without the individual member but still paying them the senior salary.
 - Replacing the member who therefore loses the senior salary (but retains the basic salary).
- 11.3 The Panel's Framework provides specific arrangements for long term sickness as set out below:
- a) Long term sickness is defined as certified absences in excess of 4 weeks.
 - b) The maximum length of sickness absence within these proposals is 26 weeks or until the individual's term of office ends, whichever is sooner (but if reappointed any remaining balance of the 26 weeks will be included).
 - c) Within these parameters a senior salary holder on long term sickness can, if the authority decides continue to receive remuneration for the post held.
 - d) It is a decision of the authority whether to make a substitute appointment but the substitute will be eligible to be paid the senior salary appropriate to the post.
 - e) If the paid substitution results in the authority exceeding the maximum number of senior salaries payable for that authority as set out in the Annual Report, an addition will be allowed for the duration of the substitution. (However this would not apply to Merthyr Tydfil or the Isle of Anglesey councils if it would result in more than 50% of the membership receiving a senior salary. It would also not apply in respect of a council executive member if it would result in the cabinet exceeding 10 posts - the statutory maximum).
 - f) When an authority agrees a paid substitution the Panel must be informed within 14 days of the decision of the details including the specific post and the estimated length of the substitution. The authority's Schedule of Remuneration must be amended accordingly.
 - g) It does not apply to elected members of principal councils who are not senior post holders as they continue to receive basic salary for at least

six months irrespective of attendance and any extension beyond this timescale is a matter for the authority.

- 11.4 This arrangement applies to members of principal councils, National Park Authorities and Fire and Rescue Authorities who are senior salary holders, including Welsh Government appointed members, but does not apply to co-opted members.

Note:

The Family Absence Regulations apply to elected members in cases of maternity, new born, adoption and parental absences from official business. They do not apply to Welsh Government appointed members of National Park Authorities.

12. Reimbursement of Travel and Subsistence Costs when on Official Business

- 12.1 This section applies to members of principal authorities, National Park Authorities, Fire and Rescue Authorities and to co-opted members of these authorities. (Similar provision for Community and Town Councils is contained in section 13 as there is a different approach to such members, principally that the provision is permissive.)
- 12.2 Members may claim reimbursement for travel and subsistence (meals and accommodation) costs where these have arisen as a result of undertaking official duties. Expenses reimbursed to members by their local authority are exempt from Income Tax and employee NICs.
- 12.3 The Panel is aware that in some instances members with disabilities have been reluctant to claim legitimate travel expenses because of an adverse response following the publication of their travel costs. As an alternative, travel arrangements could be made directly by the authority in such circumstances.
- 12.4 The Panel has determined there will be no change to mileage rates which members are entitled to claim. All authorities may only reimburse travel costs for their members undertaking official business within and/or outside the authority's boundaries at the current HM Revenue and Customs (HMRC) rates which are:

Reimbursement of mileage costs

45p per mile	Up to 10,000 miles in a year by car
25p per mile	Over 10,000 miles in a year by car
5p per mile	Per passenger carried on authority business
24p per mile	Motor cycles
20p per mile	Bicycles

- 12.5 Where a member who is on official business is driven by a third party (not a member or officer of that authority), the member can claim mileage at the prescribed rates plus any parking or toll fees provided the authority is satisfied that the member has incurred these costs.

Reimbursement of other travel costs

- 12.6 All other claims for travel must only be reimbursed on production of receipts showing the actual cost and will be subject to any requirement or further limitation that an authority may determine. Members should always be mindful of choosing the most cost effective method of travel.

Reimbursement of subsistence costs

£28 per day	Day allowance for meals, including breakfast, where not provided in the overnight charge
£200 per night	London
£95 per night	Elsewhere
£30 per night	Staying with friends and/or family

- 12.7 These rates are in line with Welsh Government rates. Recommended practice is that overnight accommodation should usually be reserved and paid for on behalf of members by the relevant authority, in which case an authority may set its own reasonable limits and the limits which apply when an individual member claims in arrears for overnight accommodation costs do not then apply.
- 12.8 All authorities must continue to reimburse subsistence expenses for their members up to the maximum rates set out above on the basis of receipted claims except for occasions when members stay with friends and/or family.
- 12.9 There may be instances where an authority has determined that travel costs within its boundaries are payable and require a journey to be repeated on consecutive days. Where it is reasonable and cost effective to reimburse overnight accommodation costs, instead of repeated daily mileage costs, then it is permissible to do so.
- 12.10 It is not necessary to allocate the maximum daily rate (£28 per day) between different meals as the maximum daily rate reimbursable covers a 24 hour period and can be claimed for any meal if relevant, provided such a claim is accompanied by receipts.

Car Parking for Members

Several councils have specific arrangements for their members in respect of car parking. The Panel considers that it is a matter for individual councils to determine arrangements including payments to and from members providing that it is a decision made formally by the council.