

REPORT OF ADMINISTRATION & DEMOCRATIC SERVICES MANAGER

SUBJECT: INDEPENDENT REMUNERATION PANEL FOR WALES DRAFT ANNUAL REPORT 2016/17

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 2017/18 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 deadline for responses to the draft Annual Report is the 28th November 2016. A copy of this report has been submitted to the Chairman of the Panel as a holding response until Members have had an opportunity to consider the matter.

Draft Annual Report 2017/18

A copy of the draft Annual Report can be found on the Panel's website: <http://gov.wales/docs/dsjlg/publications/161003-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:

- there will be a slight increase of £25 in the level of Basic Salary remuneration for the forthcoming year;
- Senior Salaries will not increase, but these post holders will receive the uplift in the Basic Salary element of their remuneration;
- the two-tier Senior Salary for the Deputy Chair of the National Park Authority and Committee Chairs will remain;
- a provision will be introduced to allow authorities to make arrangements to cover long-term sickness absence of Senior Salary holders;
- subject to certain criteria being met, the provision available to principal councils to apply for specific or additional Senior Salaries that do not fall within the

- current remuneration framework will be extended to National Park Authorities, 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.

The Panel has also determined that these changes will take effect from the 1st April 2017, which is a change to previous years.

Senior Salaries and additional Senior Salaries

This matter arose at the Member/Officer meeting with the Chairman of the Panel earlier in the year, when it was reported that neither Chair of the two Review Committees were currently remunerated as the Authority would have paid five Senior Salaries – one more than that stipulated in the Panel’s determinations. However, it was pointed out at the meeting that the Authority had, in previous years (and prior to the Panel being established) split a Senior Salary between Chairs of the ‘smaller’ Committees and Members asked whether this could be possible under the current regulatory framework.

The Panel’s conclusion has been to extend the provision previously available to principal councils to apply for additional Senior Salaries, subject to certain criteria. However, it should also be noted that the draft Annual Report for the forthcoming financial year clearly stipulates that a Senior Salary can be paid to a Deputy Chair and up to two Committee Chairs “where there is significant and sustained responsibility”.

Members’ opinion is sought as to whether the Chairs of the Audit and Corporate Services Review Committee and the Operational Review Committee should both be eligible for a Senior Salary and, if so, at what level of remuneration (i.e. Level 1 [£7,325], Level 2 [£6,025] or whether a Senior Salary should be split between both Chairs).

Implementation date

Up until the current financial year, the date from which the Panel’s determinations take effect has been the date of the Authority’s Annual General Meeting (AGM). However, the Panel has determined that, due to the fact that elections for principal councils will take place on the 4th May 2017, the implementation date for National Park Authorities will be the 1st April 2017.

The Panel Chair is concerned that all County Council Members across Wales will receive their (albeit modest) increase on the 5th May while, if the AGM date is adhered to, Authority Members will not receive their increase for several weeks. He also reasons that payments to County Council nominated Members would cease on the 4th May as their Council membership would cease if they were not re-elected. He also reasons that the Authority would not know who its membership was until the County Council had had the opportunity to consider the matter at its first meeting after the election. However, Provision 61(3) of the Natural Environment and Rural Communities Act 2006 amends Schedule 7 to the Environment Act 1995 and states:

“(3) In paragraph 2 (local authority members), for sub-paragraph (6) substitute:

“(5A) Sub-paragraph (5B) applies to a person who retires from being a member of a council by virtue of an election.

(5B) Sub-paragraph (5)(A) does not terminate his office as member of a National Park Authority until:

- (a) three months after he retires from being a member of the council, or
- (b) if earlier, the day on which the National Park Authority receives notice of a proposed replacement appointment;

but if he is re-elected he is eligible for re-appointment to the National Park Authority.””

I would, therefore, argue that the implementation date could remain the date of the AGM as Members will continue their membership until such time as we hear from the County Council. In addition, the different implementation date for National Park Authority and County Council Members has never been raised as an issue in the past – even when there has been an increase in Salaries previously. It would also make things administratively simpler in terms of amendments to the payroll system.

Financial considerations

The resource implications associated with the Panel’s determinations are minor and can be met from existing budgets.

RECOMMENDATION:

Members’ opinion is sought as to:

- (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, in particular in relation to possible additional Senior Salaries and the implementation date.**

Background Documents

Extract from the Independent Remuneration Panel for Wales’ Annual Report 2017/18: consultation draft

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Implementation of Determinations

Elections for principal councils and community and town councils will take place on 4 May 2017. The effective dates for the implementation of the determinations contained in this Report are:

- For principal councils:
 - Basic salary holders - 5 May 2017, (subject to the member having signed the declaration of acceptance)
 - Senior salary holders - following the first annual meeting of the new council.
- For National Park Authorities –With effect from 1 April 2017
- For Fire and Rescue Authorities – With effect from the Annual Meeting of the Authority
- For community and town councils - 5 May 2017 (subject to the member having signed the declaration of acceptance)

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 12	page 26	page 30	page 40
Committee Chairs	page 14	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 41
Presiding Members	page 18	N/A	N/A	N/A
Mileage	page 38	page 38	page 38	page 41
Other Travel Costs	page 38	page 38	page 38	page 41
Subsistence Costs	page 39	page 39	page 39	page 42
Costs of Care	page 35	page 35	page 35	page 43
Family Absence	page 24	page 24	page 24	N/A
Sickness Absence	page 36	N/A	N/A	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
Financial Loss Allowance	N/A	N/A	N/A	page 42
Statement of Payments	page 78	page 78	page 78	Page 78
Schedule of Remuneration	Page 76	Page 76	Page 76	Page 76
Salaries of Chief Executives and Chief Officers	Page 45	N/A	N/A	N/A

² Not Applicable

7. Payments to Members of National Park Authorities

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 National Park Authorities (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 4.

Table 4: 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 County Borough 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 Although public sector funding continues to be constrained the Panel considers that a modest increase in the basic salary is justified and has determined there shall be an increase of £100 (which equates to 0.75%) from 1 April 2017 in the level of basic salary for members of principal councils. This will help to limit further erosion of relative levels of remuneration in the basic salary paid in recognition of the duties expected of members.

7.8 Therefore, there is a corresponding increase of £25 on the basic salary for members of NPAs from 1 April 2017.

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.

7.10 In 2014, the Panel 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 £7,325 or £6,025, commensurate with the significant and sustained duties to be discharged in a particular role.

7.11 During 2016, the Panel met with members and officers of the 3 NPAs. Feedback was received during the Panel's visits about the importance of

members' attendance at meetings and the impact non-attendance can have. The Panel is minded to consider this further during 2016/17.

Additional Senior Salaries

- 7.12 Feedback was also 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.
- 7.13 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 is extending 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.

7.14 The Panel has made the following determinations:

Determination 24: The basic salary for NPA ordinary members should be £3,625

Determination 25: The senior salary of the chair of an NPA should be £12,325

Determination 26: 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: £6,025 or £7,325

Determination 27: 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 28: Members must not receive more than one NPA senior salary.

Determination 29: An NPA senior salary is paid inclusive of the NPA basic salary and must reflect significant and sustained responsibility

Determination 30: 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.

9. Payments to co-opted Members of Principal Councils, National Park Authorities and Fire & Rescue Authorities⁵

- 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. 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.
- 9.3 The determinations are set out below:

Determination 38: Principal councils, NPAs and FRAs must pay the following fees to co-opted members (Table 6) (who have voting rights).

Table 6: 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)

Determination 39: Reasonable time for pre meeting preparation is eligible 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 40: Travelling time to and from the place of the meeting can be included in the claims for payments made by co-opted members (up to the maximum of the daily rate).

Determination 41: 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.

⁵ This section does not apply to co-opted members of community and town councils.

Determination 42: Meetings eligible for the payment of fees include 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.

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.

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. (Similar provision for Community and Town Councils is given in section 13 as there is a different approach to such members, principally that provision is permissive.)

Determination 43: 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 shall only be made on production of receipts from the carer.

- 10.2. The reimbursement of the costs of care is intended to enable any person whose ability to participate as a member of an authority would be limited by their responsibilities as a carer, or for a member to receive care support to enable that individual to carry out their role. The Panel recognises that there is some sensitivity concerning the publication of this legitimate expense and has reflected this in the options for publication as set out in Annex 4. However, the Panel urges authorities to promote this reimbursement and encourage greater take-up of this support to facilitate increased engagement amongst authority members.
- 10.3. Such provision would be especially relevant to those individuals in sectors of the population that are currently under-represented in local government but who may become engaged when awareness of the support available for the costs of care becomes more widely known.

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 him/her the senior salary.
 - Replacing the member who therefore loses the senior salary (but retains the basic salary).
- 11.3. The Panel has considered this and is amending the Framework to provide 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 but not co-opted members.

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 that 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.