

BRIDGEND COUNTY BOROUGH COUNCIL

REPORT TO DEMOCRATIC SERVICES COMMITTEE

21 OCTOBER 2021

REPORT OF THE HEAD OF DEMOCRATIC SERVICES

INDEPENDENT REMUNERATION PANEL FOR WALES DRAFT ANNUAL REPORT 2022/23

1. Purpose of report

- 1.1 The Independent Remuneration Panel for Wales (IRPW) has issued its draft Annual Report 2022/23 for consultation. The Democratic Services Committee is requested to provide its views in respect of the draft report. Any response will be submitted to the IRPW and the Welsh Local Government Association by the deadline of 26 November 2021. A copy of the draft report is shown at **Appendix A**.

2. Connection to corporate well-being objectives / other corporate priorities

- 2.1 This report assists in the achievement of the following corporate well-being objective under the **Well-being of Future Generations (Wales) Act 2015**:-

Smarter use of resources – ensure that all resources (financial, physical, ecological, human and technological) are used as effectively and efficiently as possible and support the creation of resources throughout the community that can help to deliver the Council's well-being-objectives.

Supporting a successful sustainable economy– taking steps to make the county borough a great place to do business, for people to live, work, study and visit, and to ensure that our schools are focused on raising the skills, qualifications and ambitions of all people in the county borough.

3. Background

- 3.1 In accordance with the requirements of Section 147 of the Local Government (Wales) Measure 2011, the IRPW has published its draft Annual Report setting out its determinations for the municipal year 2022/23.
- 3.2 In order to meet the requirement of the Measure to publish its final report in Spring 2022 the IRPW has requested that any representations or comments about this report should be received no later than 26 November 2021. The IRPW has advised that representations or comments received after this date may not be considered.
- 3.3 The IRPW remains firmly of the 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 value-for money public services for local tax-payers through effective scrutiny. These are significant and considerable tasks for members of relevant authorities within the Panel's remit. Publicly funded remuneration is made available to encourage a diversity of willing

and able people to undertake local governance through their elected, appointed or co-opted roles.

4. Current situation/proposal

4.1 The draft report proposes some changes to the current remuneration prescribed for Elected Members at Principal (County Borough) and Town and Community Council levels. The following paragraphs summarise the key elements of the report.

4.2 The Basic Salary

4.2.1 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.

4.2.2 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. 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.

Determination 1

Basic salary in 2022/23 for elected members of principal councils shall be £16,800.

4.3 Senior Salaries

4.3.1 The IRPW has revisited its previous decisions in respect of the senior salaries paid to these post holders. The number of senior salaries available to this Authority remains unchanged at 18. The Panel recognises that years of no or low increases has meant the pay of senior salary holders is significantly and increasingly lower than many relevant comparators.

4.3.2 Leaders

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 are often financially unattractive and are 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.

4.3.3 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.

4.3.4 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.

Determination 2:

The Panel has determined that senior salary levels in 2022/23 for members of principal councils shall be as outlined below.

Basic salary (payable to all elected members) £16,800			
	Group A Cardiff, Rhondda Cynon Taf, Swansea	Group B Bridgend, Caerphilly, Carmarthenshire, Conwy, Flintshire, Gwynedd, Newport, Neath Port Talbot, Pembrokeshire, Powys, Vale of Glamorgan, Wrexham	Group C Blaenau Gwent, Ceredigion, Denbighshire, Merthyr Tydfil, Monmouthshire, Torfaen, Isle of Anglesey
Senior salaries (inclusive of basic salary)			
Band 1 Leader	£63,000	£56,700	£53,550
Deputy Leader	£44,100	£39,690	£37,485
Band 2 Executive Members	£37,800	£34,020	£32,130

Basic salary (payable to all elected members) £16,800	
Band 3 Committee Chairs (if remunerated):	£25,593
Band 4 Leader of Largest Opposition Group	£25,593
Band 5 Leader of Other Political Groups	£20,540

4.4 Civic Salaries

4.4.1 A council may decide not to pay any civic salary to the posts of civic head and or deputy civic head. If paid, civic heads must be remunerated at Band 3 level and deputy civic heads at Band 5 (as above).

4.4.2 Civic heads are senior posts within councils which are distinct from political or executive leadership. In addition to chairing major meetings the civic head is the authorities' 'first citizen' and 'ambassador' representing the council to a wide variety of institutions and organisations. The Panel's requirement that members should not have to pay for the cost of the support needed to carry out their duties applies also in respect of deputy civic heads.

Determination 3: Where paid, a Civic Head must be paid a Band 3 salary of £25,593.

Determination 4: Where paid, a Deputy Civic Head must be paid a Band 5 salary of £20,540

4.4.3 In addition to the prescribed list above the following criteria must also be met:

- a) An elected member must not be remunerated for more than one senior post within their authority;
- b) An elected member must not be paid a senior salary and a civic salary;
- c) All senior and civic salaries are paid inclusive of basic salary;
- d) If a council chooses to have more than one remunerated deputy leader, the difference between the senior salary for the deputy leader and other executive members should be divided by the number of deputy leaders and added to the senior salary for other executive members in order to calculate the senior salary payable to each deputy leader;

- e) Members in receipt of a Band 1 or Band 2 senior salary cannot receive a salary from any National Park Authority (NPA) or Fire and Rescue Authority (FRA) to which they have been appointed.
- f) Members in receipt of a Band 1 or Band 2 salary cannot receive any payment from a community or town council of which they are a member.

4.5 Supporting the work of local authority elected members

- 4.5.1 The Panel expects support provided should take account of the specific needs of individual members. The Democratic Services Committee are required to periodically review the level of support provided. The Panel would expect any proposals to be forwarded to the full council as to what is required. Any proposal will have regard to the determinations below.
- 4.5.2 The Panel considers it necessary for each elected member to have ready use of email services and electronic access to appropriate information via an internet connection. The Panel does not consider it appropriate that elected members should be required to pay for internet related services to enable them to discharge their council duties.

Determination 10:

Each authority, through its Democratic Services Committee must ensure that all its elected members are given as much support as is necessary to enable them to fulfil their duties effectively. All elected members should be provided with adequate telephone, email and internet facilities giving electronic access to appropriate information.

Determination 11:

Such support should be without cost to the individual member. Deductions must not be made from members' salaries by the respective authority as a contribution towards the cost of support which the authority has decided necessary for the effectiveness and or efficiency of members.

4.6 Specific or additional senior salaries

- 4.6.1 The IRPW has allowed for greater flexibility through the provision for authorities to apply for specific or additional senior salaries that do not fall within the current remuneration framework, or which could not be accommodated within the maximum number of senior salaries relating to the authority.
- 4.6.2 Guidance to local authorities on the application process was issued in April 2014 and incorporated the following principles:
 - a. The total number of senior salaries cannot exceed fifty percent of the membership;
 - b. Applications will have to be approved by the authority as a whole (unless this

has been delegated within Standing Orders) prior to submission to the Panel;

- c. There must be clear evidence that the post or posts have additional responsibility demonstrated by a description of the role, function and duration.
- d. Each application will have to indicate the timing for a formal review of the role to be considered by the authority as a whole.

**Determination 12:
Principal councils can apply for specific or additional senior salaries that do not fall within the current framework.**

4.7 Joint Overview and Scrutiny Committees (JOSC)

- 4.7.1 Little use has been made of the arrangements for JOSCs. Therefore, the Panel has decided to delete the payment from the Framework. If, in future, a JOSC is formed by an individual council and it wishes to remunerate it can apply using the arrangements contained in paragraph 4.6 above.

**Determination 14:
The salary level for a chair of a Joint Overview and Scrutiny Committee shall be £8,793.**

**Determination 15:
The salary level for a vice chair of a Joint Overview and Scrutiny Committee shall be £4,396.**

4.8 Pension Provision for Elected Members of Principal Councils

- 4.8.1 The Local Government (Wales) Measure 2011 provides a power to the IRPW to make determinations on pension entitlement for elected members of principal councils.

**Determination 16:
The entitlement to join the Local Government Pension Scheme (LGPS) shall apply to all eligible elected members of principal councils.**

- 4.8.2 Elected Members are exempt from auto-enrolment in the LGPS and will still be required to opt into the scheme.

4.9 Entitlement to Family Absence

- 4.9.1 Regulations relating to Family Absence for Elected Members of Councils were approved by the National Assembly for Wales in November 2013. The IRPW considered the implications for the remuneration of members who are given absence under the terms of the Welsh Government Regulations.

Determination 17:

An elected member is entitled to retain a basic salary when taking family absence under the original regulations or any amendment to the regulations irrespective of the attendance record immediately preceding the commencement of the family absence.

Determination 18:

Where a senior salary holder is eligible for family absence, they will continue to receive the salary for the duration of the absence.

Determination 19:

It is a matter for the authority to decide whether or not to make a substitute appointment. The elected member substituting for a senior salary holder taking family absence will be eligible to be paid a senior salary, if the authority so decides.

Determination 20:

If the paid substitution results in the authority exceeding the maximum number of senior salaries which relates to it, as set out in the Panel's Annual Report, an addition to the maximum will be allowed for the duration of the substitution.

Determination 21:

When a Council agrees a paid substitution for family absence the Panel must be informed within 14 days of the date of the decision, of the details including the particular post and the duration of the substitution.

Determination 22:

The Council's Schedule of Remuneration must be amended to reflect the implication of the family absence.

4.10 Co-opted Members

4.10.1 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.

4.10.2 The IRPW has not made any changes to the payments or determinations relating to Co-opted Members (**Determinations 37 – 42 of the Report**).

4.11 Contributions towards Costs of Care and Personal Assistance (CPA)

4.11.1 This 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.

Determination 43:

All relevant authorities must provide a payment towards necessary costs for the care of dependent children and adults (provided by informal or formal carers) and for personal assistance needs as follows:

Formal (registered with CIW) care costs to be paid as evidence

Information (unregistered) care costs to be paid up to a maximum rate equivalent to the hourly rates as defined by the Living Wage Foundation at the time the costs are incurred.

This must be for the additional costs incurred by members to enable them to carry out official business or approved duties. Each authority must ensure that any payments made are appropriately linked to official business or approved duty. Payment shall only be made on production of receipts from the care provider.

4.12 Sickness Absence for Senior Salary Holders

4.12.1 The IRP'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. This would 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 IRPW 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.

4.13 Reimbursement of Travel and Subsistence Costs when on Official Business

4.13.1 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 National Insurance Contributions (NICs).

4.13.2 The IRPW 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.

4.13.3 The IRPW 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.

4.14 Compliance with Panel Requirements

4.14.1 The Authority must implement the Panel's determinations in this report from the date of its annual meeting or a date specified within the Annual Report.

4.14.2 The IRPW will monitor the compliance with the determinations in its Annual Report by relevant authorities against the following requirements:

- (i) The Authority must maintain an annual Schedule of Member Remuneration;
- (ii) The Authority must make arrangements for the Schedule's publication within the authority area and send the Schedule to the IRPW as soon as practicable and not later than 31 July in the year to which it applies;
- (iii) Any amendments to the Schedule made during the year must be conveyed to the IRPW as soon as possible after the amendment is made;
- (iv) The Authority must make arrangements for publication within the authority area of the total sum paid by it to each member and co-opted member in respect of salary (basic, senior and civic), allowances, fees and reimbursements in a Statement of Payments as soon as practicable and no later than 30 September following the close of the year to which it relates. It must be submitted to the IRPW no later than that date.

4.15 Salaries of Heads of Paid Service of Principal Councils and Fire and Rescue Authorities and Chief Officers of Principal Councils

4.15.1 Section 63 of the Local Government (Democracy) (Wales) Act 2013 amended the Local Government (Wales) Measure 2011 by inserting section 143A. This enables the IRPW to take a view on anything in the Pay Policy Statements of these authorities that relates to the salary of the head of paid service (The Chief Executive). Section 39 of the Local Government (Wales) Act 2015 further amended the Measure extending this function to include Chief Officers of Principal Councils. The Welsh Government has issued amended guidance to the IRPW which sets the basis on which the Panel will carry out the function contained in the legislation.

4.15.2 The functions of the IRPW and the requirements on authorities established by the

legislation and the subsequent guidance are:

- a) If a principal council intends to change the salary of the head of paid service or chief officer, it must consult the IRPW unless the change is in keeping with changes applied to other officers of that authority (whether the change is an increase or decrease). 'Salary' includes payments under a contract for services as well as payments of salary under an employment contract;
- b) The authority must have regard to the recommendation(s) of the Panel when reaching its decision;
- c) The IRPW may seek any information that it considers necessary to reach a conclusion and produce a recommendation. The authority is obliged to provide the information sought by the Panel;
- d) The IRPW may publish any recommendation that it makes. It is the intention that, in the interests of transparency, it will normally do so;
- e) The IRPW's recommendation(s) could indicate:
 - approval of the authority's proposal
 - express concerns about the proposal
 - recommend variations to the proposal

4.15.3 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). It is important to note that the Panel will not decide the amount that an individual head of paid service will receive.

4.16 Job Sharing Arrangements

4.16.1 Section 58 of the Local Government and Elections (Wales) Act 2021 established new arrangements for job sharing executive leaders and executive members. The Act makes provision:

- 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 executive members when members of the executive share an office and;
- c) about voting and quorum where members of an executive share office.

4.17.2 The 2021 Act also 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 appointed, the term of office and the responsibility of the assistants.

Determination 13:

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

5. Effect upon policy framework and procedure rules

5.1 There is no effect upon the policy framework and procedure rules in respect of this report.

6. Equality Act 2010 implications

6.1 The protected characteristics identified within the Equality Act, Socio-economic Duty and the impact on the use of the Welsh language have been considered in the preparation of this report. As a public body in Wales, the Council must consider the impact of strategic decisions, such as the development or the review of policies, strategies, services and functions. It is considered that there will be no significant or unacceptable equality impacts as a result of this report.

7. Well-being of Future Generations (Wales) Act 2015 implications

7.1 The well-being goals identified in the Act were considered in the preparation of this report. It is considered that there is no significant or unacceptable impact upon the achievement of well-being goals/objectives as a result of this report.

8. Financial implications

8.1 The proposed changes to the remuneration of Elected Members for the 2022-23 financial year will potentially increase the financial commitment required from this Authority.

8.2 A full assessment of the financial impact to the Council in respect of Elected Members' remuneration will be required. The assessment will also be required to consider the potential changes which may occur as a result of the Local Government Elections in May 2021. Any additional costs will be a budget pressure for the service in 2022-23 and will need to be considered when finalising the Medium Term Financial Strategy and addressed as part of the budget setting process for that year

9. Recommendations

9.1 It is recommended that the Committee:

- a. Note the content of the report;
- b. Provide any response in respect of the IRPW Draft Annual Report 2022-23;
- c. Approve that any response of the Committee be submitted to the IRPW and the WLGA by the deadline of 26 November 2021.

**Interim Head of Democratic Services
October 2021**

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