

ISLE OF ANGLESEY COUNTY COUNCIL	
Report to	Meeting of the Board of Commissioners
Date	5 September 2011
Subject	Independent Remuneration Panel for Wales – Draft Report for 2012-13
Portfolio Holder(s)	Byron Davies
Lead Officer(s)	David Elis-Williams
Contact Officer	David Elis-Williams
Nature and reason for reporting	
<p>Need to respond to consultation. Need to consider potential impact on local democratic structures.</p>	
A – Introduction / Background / Issues	
<ol style="list-style-type: none"> 1. The Independent Remuneration Panel (IRP) for Wales now has (or will have) new powers under the Local Government (Wales) Measure 2011 to prescribe the level of payments to members, instead of recommending maximum allowances. They have published in July 2011 a draft of the report that is intended to apply in 2012-13, as a basis for consultation. 2. The full draft report is available on the Panel's website and a hard copy has been placed in the Members' Lounge. The Appendix reproduces a brief provided by the WLGA which summarises the main points. 3. The main point is that the new salaries will become mandatory, instead of the Council having discretion as to how much to pay up to a maximum. 4. Responses have been requested by the Panel by 5 October. Additionally the WLGA will consider the matter at its Co-ordinating committee on 30 September and it would be appropriate to feed this authority's views into that debate. 	

5. Although the report is consultative only at this point, it may be necessary to bear in mind its proposals in the development of democratic structures at Anglesey. If the IRP's proposals were to be implemented as they are, changes to the Isle of Anglesey County Council constitution would be required.

B - Considerations

1. Intervention

- 1.1 This Council is now a "special case" because of the current intervention and allowances have been restricted for that reason. The IRP proposals would continue the current restrictions until such time as the intervention is changed or brought to an end.
- 1.2 Assuming that this is accepted, this report concentrates on what the position would be at Anglesey in 2012-13 after the end of intervention and a return to the 'normal' political structure.

2. Number of Senior Posts

- 2.1 Under the terminology of the measure "Senior Salaries" will replace Special Responsibility Allowances and also include the allowances paid to Civic Heads (Chairman and Vice Chairman of the Council).
- 2.2 A significant and potentially contentious change is to the limit for how many senior salaries can be paid. At present, the maximum number is 50% of the membership, so 20 for Anglesey, and the Civic Heads allowances are additional to that. Under the proposals for 2012-13, the number at Anglesey will be limited to 15, this to include the Civic Heads. This limitation would apply even without changing the total membership of the Council.
- 2.3 The Local Government (Wales) Measure 2011 also introduces a requirement to have a Democratic Services Committee, which the IRP assume will also attract an allowance for its Chairman.

2.4 Out of 15 allowances, this means that 6 are taken up by the following posts :-

Chair of the Council
Vice-Chair of the Council
Chair of Planning and Orders Committee
Chair of Audit Committee
Chair of Democratic Services Committee
Principal Opposition Group Leader

(This assumes that the Council will continue to decide, as now, that the Licensing Committee Chair should not carry an entitlement to an allowance).

2.5 This leaves only 9 senior salaries left for the Executive and Scrutiny Committee chairs. The number of these can be variable, but the Council constitution defines five scrutiny committees and allows the Leader to appoint up to ten Executive members (including Leader and Deputy Leader). This means that 15 posts need to be reduced to 9, and the constitution amended for that.

2.6 At the same time, it is made abundantly clear in the IRP report that to be an Executive member is a full-time commitment.

2.7 This is likely to be an unpopular restriction to the ability of local authorities to determine their internal democratic structure, and most likely to be opposed by local authorities. The Board of Commissioners may wish to respond to this effect.

2.8 Nevertheless, it is likely that this restriction or something similar will be introduced from 2012. The Council's forward planning for its democratic structures from 2012 will need to take this into account.

3. Costs

3.1 In order to estimate likely costs, it is necessary to make some assumptions as to how the Council will limit its number of senior salaries. In the table, it is assumed for the purpose of illustration that the Council will adopt an Executive of six members (including Leader and Deputy Leader) and three Scrutiny Committees.

3.2 Comparison is made against what the allowance scheme for 2011-12 would have been, had it not been for the changes brought about by intervention. This reflects the 10% cut to allowances made in March 2011.

3.3 The comparison in the table shows the rates of allowances increasing to the newly prescribed salary figures. However, because the overall number of senior salaries is cut, the total cost of councillors remuneration compared to the base increases only by £15k in a full year. Clearly, if the number of senior salaries were to be increased without a commensurate reduction in their value, that would increase the total cost to the authority.

4. Co-optees

4.1 This Council so far has not adopted remuneration for co-opted members. The proposals for 2012-13 now make this mandatory for voting co-opted members – i.e. those on standards committees and co-opted on education scrutiny and crime and disorder scrutiny committees.

4.2 These are to be remunerated according to attendance on a full-day or half-day rate. Taking account of normal meeting cycles and attendance rates, assuming each to be a half-day rate, would lead to a projected costs of around £4k a year, additional to the costs in the table attached.

4.3 The Local Government (Wales) Measure 2011 also introduces a requirement for voting co-opted members on Audit Committees, who may be remunerated. However the IRP report makes no mention of these co-optees so it is not clear what, if anything, ought to be paid.

4.4 The Local Government Measure allows either a councillor or a co-optee to be the Chair of the Audit Committee. This introduces an additional complication as it is not clear whether a lay Chair should be paid the same as a Councillor Chair, nor whether, if there is a lay chair, that still “uses up” one of the Senior Salaries against the total allowable.

4.5 Response to the Panel ought to draw attention to this ambiguity.

4.6 The view of the Audit Committee, when consulted on this specific point, was that the co-opted members ought not to be remunerated. That view should be relayed to the Panel.

5. Travelling and Subsistence

5.1 The proposals for 2012-13 extend the circumstances where travelling allowances can be claimed to include travelling to undertake ward or constituency functions on the business of the authority. This is in response to representations from councillors with large rural wards that they were not reimbursed under the previous definition of “approved duties”. The authority may limit the circumstances in which this is paid. It is difficult to estimate to what extent this is likely to be taken up in Anglesey, although it is fair to say that many members currently do not claim for travelling within the county at all.

5.2 Another change introduced is to bar claiming for subsistence for duties undertaken within the authority’s boundaries . This is already a feature of the Anglesey scheme, so the change should make no difference here.

6. Accountability and Reporting

6.1 The IRP proposals largely reproduce current legislation in relation to the publication of details of councillors’ remuneration. These are also brought together in a “Schedule of Member Responsibility and Remuneration” with additional supplementary information.

6.2 Among this is an expectation the councils will adopt both “a statement of the basic responsibility of a councillor” and “role descriptors of senior salary officer holders” – i.e. job descriptions for councillors. Individual councillors are expected to prepare their own annual reports for publication on the website. In each case the guidance states that the authority must publish whether it has been done; that stops short of making job descriptions and annual reports compulsory.

6.3 There are, in general, more onerous requirements as to administration and publicity. Once the 2012-13 report is finally confirmed, it is likely that this authority’s scheme, and some administrative practices, will require thorough revision.

7. Responding to the Consultation

7.1 This report principally concerns democratic structures and is of immediate concern to elected members. Consequently, views have been sought from Group Leaders and the Council Chair (representing unaffiliated members).

7.2 Feedback has been received from the Original Independents group to this effect :-

- Opposed to reduction in senior salaries when many demands on many members;
- Opposed to removal of discretion to remunerate civic heads;
- Need for democratic renewal to attract diverse groups who may have other time commitments;
- Full time roles must have contractual safeguards;
- Welcome for travelling costs by members in large rural wards;
- Concern that proposals may undermine partnership working;
- Concern that proposals will not help recruitment and retention and will weaken executive function;
- Need to respond in conjunction with other authorities and WLGA.

7.3 The Plaid Cymru group responded :-

- Preferring to retain the status quo;
- That the notion of full-time councillors would not support democratic renewal because it would deter people with other commitments;
- That councils should determine allowances payable;
- That payment of travelling within wards would be difficult.

7.4 Both groups said these have initial responses and that members may wish to have further input.

7.5 The Board of Commissioners may wish to consult further with elected members before finalising a response to both the IRP and the WLGA.

8. Implications for the Authority

8.1 While the report is by no means final, it indicates a direction of travel which is likely to be confirmed in the final version. Councillors after the 2012 elections are likely to be treated more as professionals - with a salary rather than an allowance and accountable via a statement of responsibility. There will be fewer in senior roles, but the most senior of these, i.e. Executive members, are expected to be full-time occupants of the role.

8.2 As this authority reviews its constitution and refreshes its democratic structure, it must accommodate this direction of travel.

C – Implications and Impacts		
1	Finance / Section 151	Author of report; no additional comment
2	Legal / Monitoring Officer	No comment
3	Human Resources	Not applicable
4	Property Services (see notes – separate document)	Not applicable
5	Information and Communications Technology (ICT)	Not applicable
6	Equality (see notes – separate document)	One of the principles of the Independent Remuneration Panel is to try to encourage participation of those who are significantly under-represented as local authority members. Little discretion is given to this authority to vary their recommendations, so there would be no need for a separate equalities impact assessment by this authority.
7	Anti-poverty and Social (see notes – separate document)	One of the principles of the Independent Remuneration Panel is to take account of earnings of the Welsh electorate. See also comment above.
8	Communication (see notes – separate document)	Ultimately there will be requirement as to publication. Not applicable at this stage.
9	Consultation (see notes – separate document)	Group leaders were consulted in drafting this report and there may be a need for further internal consultation before the consultation response is completed.
10	Economic	Not applicable
11	Environmental (see notes – separate document)	Not applicable
12	Crime and Disorder (see notes – separate document)	Not applicable

C – Implications and Impacts

13	Outcome Agreements	Not applicable
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CH - Summary

The report outlines the main issues for Anglesey arising out of the consultative report of the Independent Remuneration Panel for Wales.

D - Recommendation

To consult further with elected members and respond to the consultation.

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Date - 17 August 2011

Appendices:

WLGA Briefing
Table of Costs

Background papers

WLGA Briefing

Independent Remuneration Panel Report – July 2011

Background

- The IRP has a range of new powers following the Local Government (Wales) Measure 2011
- IRP were concerned about the financial impact across Wales should they set allowances/salaries at the current maximum levels, given many authorities were paying below those levels. The IRP estimated that there would be an additional cost of c£1.87m across Wales if all authorities had to pay at current prescribed levels. There would clearly be a differential impact across authorities depending on current remuneration levels – a number already pay at the recommended maximum level.
- WLGA Leaders discussed the above issue at Coordinating Committee in March and their preferred option, which was communicated to the IRP, was that IRP should continue with its policy of setting salaries across Wales, but postpone this decision and any rises until the wider local government pay restraint had been lifted.
- **The IRP's report is being consulted upon, with a closing date of 3rd October.**
- WLGA will consider a draft response at Coordinating Committee on 30th September, in advance of the close of consultation.

Summary of Key Proposals:

- 'Allowances' renamed as 'salaries'
- Reduction of Prescribed Basic Salaries by 5% and reduction of prescribed Senior Salaries by 10%. The proposals will have differential impacts across Wales:
 - 10 councils will see reductions (of up to £693) and 12 councils will see basic salaries rise (up to £1,833)
 - 15 councils will see Executive salaries reduced between £3,051 and £332, 7 councils will see increases of between £8,901 and £74.
 - 8 Leaders' salaries will reduce by between £5,085 and £127.
- Reduction in the number of Senior Salaries available to authorities from 'no more than 50% of council' to 17 in larger (Group A) authorities, 16 in Group B authorities and 15 in smaller (Group C) authorities.
- The overall financial impact of the proposals would be a saving of over £1m across Wales
- Family Absence introduced, allowing the temporary suspension of the above cap on senior salaries.
- The remuneration framework is also extended to cover National Park and Fire and Rescue Authorities
- The Senior Salary framework is also extended to cover Civic Heads (and their Deputies) and (post-Measure) Chairs of Democratic Services Committees, which would be included in the above Senior Salary limits.
- The IRP has allowed authorities flexibility in terms of Committee Chairs (Band 3) qualifying for Senior Salaries, as these are not specified in the Report, but can be 'defined by the Council'
- Leaders and Cabinet Members are deemed as full-time roles. The Report states that they should therefore 'consider very carefully whether they are able to effectively

discharge any further public responsibilities they may hold elsewhere'. Leaders and Cabinet Members not able to claim allowances on National Park and Fire Authorities.

- Annual public declaration of payments to members must include remuneration from all public service nominations and appointments.
- 'Approved duties' of travel expenses has been extended to include 'ward duties'.
- Although the Annual Report takes effect from 1st April 2012, the IRP suggests that changes should not be implemented until the date of the AGM in each council.

Comments:

Timescale

- The Report's publication at the beginning of August, with a consultation period of only 8 weeks, provides limited opportunity for both informal and formal discussion within authorities.

Salary Reduction

- The IRP's proposals will be challenging for all authorities:
 - a number will see a reduction in members' remuneration
 - in others, councillors' remuneration will increase which will result in a financial impact on the authority and media/public interest for candidates/members in the run-up to the 2012 elections
- Reducing councillor salary levels in 10 councils (c554 members) will do little to encourage the retention or recruitment of new candidates, this goes against WG's local democracy agenda and the recent Local Government Measure 2012.
- Councillors have had a pay freeze for 2 years already and many will now get a substantial pay cut.
- The proposals fundamentally undermine the IRP's original methodology and principles around the value of councillor role, which was set at 3/5^{ths} of the Welsh median gross earnings.
- The IRP has long observed that Leaders and Cabinet Members are generally full-time roles, however, this report suggests that given such members are remunerated for a full-time role they should not receive additional senior salaries from other bodies. The report and accompanying letter also suggests that given their responsibilities and time constraints, leaders and cabinet members should not undertake roles on other bodies – this is again at odds with current local practice and the WG agenda of collaboration; partnership and collaboration is a fundamental feature of such senior roles.

Cap on Number of Senior Salaries

- The proposed reduction of number of Senior Salaries payable is arbitrary and no explanation is given around rationale for proposed number of senior salaries other than as part of the efficiency agenda.
- Whilst the IRP seeks to stress 'managing with less' efficiency agenda, it appears to overlook the sensitivities of managing local politics and, crucially, does not appear to reflect the local or statutorily necessary governance arrangements in councils:
 - The number of Senior Salaries has been reduced from a maximum of 50% to 15-17 members depending on the size of the authorities.
 - A number of authorities already work well below the 50% maximum, and a number have reduced the size of cabinets or qualifying committee positions according to prevailing local circumstances. However, this cap will affect a number of authorities and limits local flexibility around managing necessary governance arrangements or responding to new roles and responsibilities.

- Larger authorities are particularly limited by this cap, with the percentage of Senior Salary holders reduced to 23% in Group A authorities. The range across Welsh authorities eligible for Senior Salaries is 23%-45% of council members. This compares to the National Assembly for Wales where 53% of members will receive SRAs in the current term (from 2011-12).
- Some new 'qualifying' senior salaries have been introduced by recent legislation and previously by the IRP's own Annual and Supplementary Reports. The current report itself introduces 3 new qualifying positions.
- Based on qualifying positions from this and previous IRP Annual Reports it is surprising that the IRP would seek to limit Senior Salaries to 15-17 in number, as an authority could reasonably allocate up to c25 senior salaries in 2012-13:
 - 1 x Leader
 - Up to 9 x further Cabinet Members (including Deputy Leader)
 - 1 x Chair of Council/Mayor (*as introduced by IRP Report*)
 - 1 x Vice-Chair of Council/Deputy Mayor (*as introduced by IRP Report*)
 - 1 x Chair of Planning Committee
 - 1 x Chair of Licensing Committee
 - 1 x Chair of Audit Committee
 - 1 x Chair of Democratic Services Committee (*as introduced by IRP Report*)
 - c5 x Chairs of Overview and Scrutiny Committees
 - 1 x Group Leader (Largest Opposition Group)
 - c2-3 x Group Leaders (Other Groups, not less than 10% of all council members)
 - Other roles previously approved by IRP as demanding Senior Salary eg. Chairs of Pension Committees or Appeals Panels
 - There is scope for senior salaries for new joint committees as a result of recent legislation e.g. Joint scrutiny chairs.
 - *Chair of Standards Committee is also payable, however as a co-optee appointment it is not included in the above cap.*
- The proposals therefore mean that if the IRP were to specify a maximum number of Senior Salaries of between 15-17:
 - members carrying out senior roles will have to voluntarily forgo their senior salary entitlement, or
 - councils would reduce the number of specific qualifying positions, which could impact on the recruitment and retention of individuals for key posts of responsibility, or
 - councils will have to significantly reduce the size of cabinets and/or the number of scrutiny committees. This would:
 - increase pressure and responsibility on fewer executive members at a time of unprecedented challenge for local authorities,
 - reduce the number of scrutiny committees at a time when the Welsh Government is promoting scrutiny's role and when they are expected to undertake significant new responsibilities, in particular responding to the collaborative agenda and exercising their duty to scrutinise all public services.

MEMBERS' ALLOWANCES - EFFECT OF DRAFT IRP REPORT FOR 2012-13

Allowances as adopted by the Council in March 2011 before being reduced as a result of intervention				
	No.	£	Total Allowance £	Potential Cost £
Basic Allowance	40	11664		
Civic allowances:				
Council Chair	1	6453	18117	18117
Council Vice-chair	1	4608	16272	16272
Special Responsibility Allowances:				
Leader	1	24912	36576	36576
Deputy Leader	1	13701	25365	25365
other Executive members no. up to	8	12454	24118	192944
Chair of Scrutiny Committees	5	7473	19137	95685
Chair of Planning and Orders Committee	1	7473	19137	19137
Chair of Audit Committee	1	7473	19137	19137
Chair of Licensing Committee		not paid		
Principal Opposition Group Leader	1	7473	19137	19137
Total SRAs	18			
Civic allowances	2			
Basic allowances only	20		11664	233280
Total cost				675650
of which -				
Basic Allowances				466560
Civic allowances				11061
Executive SRAs				138245
Non-Executive SRAs				59784
				675650

IRP Prescribed rates for 2012-13 assuming Executive reduced to 6 and Scrutiny to 3				
	No.	Salary £	Potential Cost £	
Number of councillors	40			
Senior salaries:				
Council Chair	1	19035	19035	19035
Council Vice-chair	1	14805	14805	14805
Leader	1	42300	42300	42300
Deputy Leader	1	29820	29820	29820
other Executive members no. up to	4	25660	102640	102640
Chair of Scrutiny Committees	3	21910	65730	65730
Chair of Planning and Orders Committee	1	21910	21910	21910
Chair of Audit Committee	1	21910	21910	21910
Chair of Licensing Committee				
Principal Opposition Group Leader	1	21910	21910	21910
Chair of Democratic Services Committee	1	21910	21910	21910
Total Senior salaries	15			
Basic salary	25	13175	329375	329375
Total cost				691345
of which -				
Basic salary element in all salaries				527000
Seniority for Civic responsibilities				7490
Seniority for Executive responsibilities				95710
Seniority for non-Executive responsibilities				61145
				691345