

Report

Newport City Council

Part 1

Date: 4 April 2016

Item No:

Subject **Members Scheme of Remuneration: Independent Remuneration Panel Annual Report**

Purpose This report highlights the remuneration options for the Members Scheme of Remuneration for 2017 - 2018 and asks the Council to determine the level of remuneration of those members receiving Special Responsibility Allowances and to determine any allowances for the City's Mayor and Deputy Mayor for the coming year.

Author Chief Democratic Services Officer

Ward No Wards / All members affected

Summary The Independent Remuneration Panel for Wales (IRPW) is the body tasked with setting the remuneration levels for Councils in Wales.

The Independent Remuneration Panel makes determinations in relation to Basic and Senior Salaries and also the rates and conditions for expenses paid by public authorities.

Until last year, the Council had no discretion to amend any of these values, with the exception of the payment bandings used to pay the mayor and deputy mayor. The Panel's report retains an element of flexibility to the Remuneration Panel's determinations as described below.

In summary the Remuneration Panel's report includes the following changes:

- **Basic Salaries** – a 'very modest increase of 0.75% to the basic salary' for councillors. This is the first increase for 3 years and 'follows the slight easing of restraint in the pay of public sector employees'. It represents a £100 increase in the Basic salary for councillors (to £13,400)
- **Senior Salaries** – No increase is determined for senior salaries. The Panel has continued to determine a two – tier system of payments. The Democratic Services Committee remains concerned at the two levels of payments for Cabinet Members and Committee Chairs created in February 2016 as expressed in response to the consultation on the IRP report last year. The Democratic Services Committee recommends no change in the position in Newport.
- **Sickness Absence for Senior Salary Holders** – this is proposed in response to feedback from members and authorities. The approach will operate in a similar way to the current 'family absence' provisions. This proposal was broadly welcomed by WLGA members

- **Care Allowances** – The IRP has been concerned for a number of years about the low take up of this allowance.

The IRP has renamed 'Care Allowances' as 'Reimbursement of costs of care' to try to separate it from being perceived as part of an individual councillors' salary or allowances.

As to timing, given the elections next May, the IRP's determinations (once finalised) will come into force as follows:

- Basic salary and senior salary holders - 8 May 2017, (subject to the member having signed the declaration of acceptance of office)

A table is set out below to assist discussions on the determinations.

Proposals

- To adopt the determinations of the Independent Remuneration Panel
- To determine that all Senior Salary holders (Cabinet Members and Chairs of Committees will continue to be paid at the higher level as described in the table 1 below
- To determine that the Mayor and Deputy Mayor shall be reimbursed at level 2 and as set out in the table below at 'Determination 3"
- To note the IRP has determined that Care allowances shall be renamed 'Reimbursement of Costs of care"

Action by Head of Democratic Services

Timetable In line with the deadline

This report was prepared after consultation with:

- Democratic Services Committee
- Chief Executive
- Monitoring Officer
- Head of Finance
- Head of People & Business Change

Background

The determinations are as follows:

| Number | Determination | Comments |
|-----------------|---|--|
| Determination 1 | <p>Basic Salary in 2017/18 for elected members of principal councils shall be £13,400.</p> <p>The cap on the number of Senior Salaries remains the same. In Newport this equates to a maximum of 18 senior salaries</p> | <p>This is a rise of £100.</p> <p>No change</p> |
| Determination 2 | <p>The Panel has determined that senior salary levels in 2017/18 for members of principal councils shall be as set out in the table below</p> | <p>The Democratic Services Committee remains concerned at the two levels of payments for Cabinet Members and Committee Chairs created in February 2016 as expressed in response to the consultation on the IRP report last year.</p> <p>In general, as Senior Salaries include the Basic Salary element, they have all raised by £100 in line with determination 1. There has been no further change to Senior Salaries.</p> |

Table 1: In general terms the payments are as follows

NB: All payments shown include the basic salary of £13,400.

| | 2016-2017 | 2017-2018 | Comments |
|--|---|---|---|
| Basic Salary | £13,300 | £13,400 | Increase by £100 per annum or 0.75% |
| No of eligible Senior salaries for Newport | 18 | | No change |
| Leader (In Newport) | £48,000 | £48,100 | No change other than the increase in basic salary |
| Deputy Leader (In Newport) | £33,300 | £33,400 | No change other than the increase in basic salary |
| Cabinet Members in Newport | £29,100 or £26,200 to be determined by Council | £29,100 or £26,200 to be determined by Council | <p>No change other than the increase in basic salary</p> <p>Council determined last year that all Cabinet Members in Newport receive the full allowance of £29,000. No change is recommended by the Democratic Services Committee</p> |
| Committee Chairs | <p>Level 1 Chairs £22,000 or</p> <p>Level 2 Chairs: £20,000</p> | <p>Level 1 Chairs £22,100 or</p> <p>Level 2 Chairs: £20,100 To be determined by Council</p> | <p>No change other than the increase in basic salary</p> <p>Council last year determined that in Newport all Chairs would receive the Level 1 payment</p> <p>No change is recommended by the Democratic Services Committee</p> |

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| Leader of the Opposition | £22,000 | £22,100 | No change other than the increase in basic salary |
| Leader of other Groups | £17,000 | £17,100 | To qualify for this, the individual must lead a group that comprises at least 10% of the total membership of the Council. In Newport that would be a group of 5 or more elected members. |

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| Determination 3 | <p>The Panel has determined that (where paid) civic salaries at the following levels are payable (Table 3) and will be applied by principal councils as each considers appropriate, taking account of the anticipated workloads and responsibilities.</p> <p>In Newport this would mean payment at level 2 and inclusive of basic salary would be:</p> <p>Mayor: £21,600 Deputy: £16,100</p> | <p>The Council maintains discretion on whether and what amount to pay the Mayor and Deputy.</p> <p>The Council has in the past determined to pay the Mayor and Deputy at level 2 of the IRP's table of responsibility levels. The Democratic Services Committee recommended that the position remains unchanged.</p> |
| Determinations 4 and 5 | These determinations do not apply in Newport | |
| Determination 6 | The Panel has determined that each authority, through its Democratic Services Committee, must ensure that all its 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 and email facilities and electronic access to appropriate information. | This operates within Newport and Members of the Democratic Services Committee are provided with an annual report by the Head of Democratic Services. |
| Determination 7 | The Panel has determined that 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 toward the cost of support which the authority has decided necessary for the effectiveness and/or efficiency of members. | This operates within Newport |
| Determination 8 | The Panel has determined to include a provision for specific or additional senior salaries that do not fall within the current | The total number of senior salaries cannot exceed fifty percents of the membership. |

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| | Remuneration Framework. | <p>Applications will have to be approved by the authority as a whole (this cannot be delegated) prior to submission to the Panel.</p> <p>There must be clear evidence that the post/posts have additional responsibility demonstrated by a description of the role, function and duration.</p> <p>Each application will have to indicate the timing for a formal review of the role to be considered by the authority as a whole</p> |
| Determinations 9, 10, 11, 12, 13, 14 , 15 and 16 | These proposed determinations relate to payments to Chairs and Deputy Chairs of Joint Overview and Scrutiny Committees; Sub Committees and Task and Finish Groups of Joint Committees. No changes are proposed from existing arrangements | This represents no change |
| Determination 17 | The entitlement to join the Local Government Pension Scheme (LGPS) shall apply to all eligible elected members of principal councils. | This represents no change |
| Determinations 18, 19, 20, 21 22 and 23 | These proposed determinations relate to arrangements for payments relating to family absence | <p>The Democratic Services Committee made its view known on the whole issue of family absence last year. The view was that the existing 6-month rule is adequate.</p> <p>These determinations represent no change in the arrangements</p> |
| Determinations 24 to 37 | Determinations 24 to 30 relate to the National Parks Authorities and Determinations 31 to 37 relate to the Fire and Rescue Service | |
| Determination 38 | <p>Principal Councils, NPAs and FRAs must pay the following fees to Co-opted Members (who have voting rights)</p> <ul style="list-style-type: none"> • Chairs of Standards and Audit Committees £256 (4 hours and over) : £128 (up to 4 hours) • Ordinary members of Standards Committee who also Chair Standards Committees for Community/Town Councils £226 daily fee (4 hours and over) : £113 (up to 4 hours) | No change is proposed. |

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| | <ul style="list-style-type: none"> • 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. | This represents no change. The Head of Law and Regulation has been appointed as the appropriate officer |
| 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). | This represents no change |
| 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. | The Council has determined the Monitoring Officer as the appropriate officer. |
| 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. | No Change is proposed. |
| 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. | <p>This represents no change but the Panel urges authorities to promote this reimbursement and encourage greater take-up of this support to facilitate participation amongst existing authority members and encourage diversity among future elected members.</p> <p>The IRP has determined to rename 'Care Allowances' as 'Reimbursement of costs of care' to try to separate it from being perceived as part of an individual councillors' salary or allowances.</p> |
| Determinations 44 - 51 | Determinations 44 - 51 relate to Community / Town Councils. | No comments offered |

Reimbursement of Travel and Subsistence costs

The Panel has determined that 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.

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.

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:

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

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

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

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|----------------|--|
| £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 |

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.

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.

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.

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.

Monitoring compliance

The Panel will monitor the compliance with the determinations in this Annual Report by relevant authorities against the following requirements:

- (i) A relevant authority must maintain an annual **Schedule of Member Remuneration** (IRPW Regulations 4 and 5).
- (ii) A relevant authority must make arrangements for the Schedule's publication within the authority area (IRPW Regulation 46) and send the Schedule to the Panel as soon as practicable as 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 Panel as soon as possible after the amendment is made.

Financial Summary

The IRPW determination to increase Basic Salary by £100 per Councillor will add £5,000 per annum. This will need to be accommodated within existing budget resources.

Risks

The Council must deliver an increase in basic salaries of £100, adding £5,000 to the cost of members allowances. This will need to be met from existing resources.

Links to Council Policies and Priorities

There is no direct link to Newport's individual policies or plans as this is a national issue about payments to Councillors

Options Available

1. To adopt the determinations and the recommendations of the Democratic Services Committee
2. To amend the recommendations of the Democratic Services Committee

Preferred Option and Why

1. Members would wish to consider the proposals set out in this report and may wish to amend the proposed response.
2. Members may conclude to adopt the recommendations of the Democratic Services Committee which has made its representations to the panel.

Comments of Chief Financial Officer

The IRPW determination to increase Basic Salary by £100 per Councillor will add £5,000 per annum. This will need to be accommodated within existing budget resources.

Comments of Monitoring Officer

There are no specific legal issues arising from the Report. The IRP has statutory power under Section 147 of the Local Government (Wales) Measure 2011 to set Members Allowances.

The Democratic Services Committee offered comments on their draft proposals for 17/18, with the revised basic salaries. Democratic Services Committee (DSC) have previously expressed the opinion that it would not be appropriate to comment on the amounts of basic and senior salaries being proposed by the IRP and have taken the view that all salaries should be prescribed by the IRP and not left to the discretion of individual councils.

The existing scheme does give an element of local discretion

The IRP has determined an increase in the basic salary by £100 to reflect the fact that salary levels have not kept pace with average earnings. However, the IRP recognises that the allowances have to be "affordable" in accordance with the Measure.

Despite the concerns expressed by DSC and the fact that no Welsh Councils pay differential salary levels to Cabinet Members, the IRP continues with two-tier level of payment, according to responsibility. However, all Cabinet Members in Newport continue to be paid at level 1.

They also continue with the two-tier system of salaries for Chairs of Committee. The Council has a discretion as to whether to pay these senior salaries to Committee Chairs and, if so, at what level.

The only two additional provisions relate to sickness absence and care costs. The proposal for senior salaries to be paid for up to 26 weeks in the event of extended sickness absence, and for an additional allowance to be paid to any substitute during this period, is equivalent to the existing family absence provision. In practice, the 6 months disqualification rule and internal cover arrangements may well render this unnecessary. Currently, care allowances are paid as part of the member's salary and the payment is identified in the annual statement of allowances. The IRP feel that this publicity may have

discouraged eligible councillors from claiming the payment and, therefore, considered that it should be paid as a separate reimbursement of care costs rather than as part of a member's salary.

Comments of Head of People and Business Change

There are no specific HR or equalities issues arising from the report as the appointment to posts attracting senior salaries is a political decision by the Council. There are no specific issues in the response in relation to the Wellbeing of Future Generations Act , although those appointed to Cabinet posts in particular will need to consider the principles of the Act as part of the decision making process.

Comments of Cabinet Member

No cabinet member is responsible for payments to elected members

Local issues

There are no local issues arising from the report as it affects all members of the Council.

Scrutiny Committees

The consideration of the proposals in this report fall to the Democratic Services Committee

Equalities Impact Assessment

No Equalities Impact Assessment was undertaken as the report is suggesting a response to proposed determinations that would affect elected members only

Children and Families (Wales) Measure

No part of this report impacts directly on Children and young people.

Consultation

The Democratic Services Committee was consulted on the draft report

Background Papers

Independent Remuneration report

Dated: 16 November 2016