

**ANNUAL COUNCIL:**

**24 MAY 2018**

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**REPORT OF THE CHIEF EXECUTIVE**

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**MEMBERS' REMUNERATION AND ALLOWANCES 2018/19**

**Reason for this Report**

1. To set out the determinations of the Independent Remuneration Panel for Wales (The Panel) with regard to the levels of Members' remuneration and allowances that are payable for the municipal year 2018/2019 and other associated matters, and for Council to agree those matters which are reserved for local determination by the Council.

**Background**

2. The Local Government Measure 2011 empowers the Independent Remuneration Panel for Wales (The Panel) to determine the level and scope of payments for elected Members of all authorities in Wales.
3. The Panel's Annual Report was published in February 2018 and the Council must implement the Panel's determinations in the report for 2018/19 from the date of its Annual Meeting. The report is available on the Independent Remuneration Panel for Wales website via the following link: <http://gov.wales/docs/dsjlg/publications/localgov/180226-annual-report-2018-en.pdf>

**Issues**

4. The Panel has consistently expressed its view that maintaining the democratic values of local governance cannot be cost-free, but payments to Members for their time, worth and responsibility must be, and must be seen to be, fair and affordable. 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.
5. In 2017, following the Local Elections, the Panel visited all 22 of the principal authorities, to provide an opportunity for a cross section of members including Cabinet Members, other elected members, co-optees and senior officers to comment on the Remuneration Framework and to put forward ideas for future consideration. Some of the issues raised have, wherever possible, been incorporated into the Panel's determinations.

6. The Panel has proposed a modest increase in the annual basic salary for Councillors in 2018/19 to £13,600 (an increase of 1.49%). No increase is proposed for senior salaries but these post holders will receive the uplift in the basic salary element. The financial constraints on the public sector have meant that the link with average Welsh earnings has not been maintained for a number of years, and the Panel considers that this has undervalued the worth of elected members and does not attract younger and more diverse candidates to stand for office.
7. The IRPW Annual Report 2016 introduced two levels of salary for members of councils' executives and committee chairs of principal authorities, Fire and Rescue Authorities (FRAs) and National Park Authorities (NPAs). This was to provide flexibility to enable authorities to reflect, in their schedules of remuneration, variations in the level of responsibility of portfolios and chairs. However as far as the payments to members of executives is concerned this flexibility has not been used other than in one case. Similarly it has not been taken on board in respect of chairs of committees. It was clear from the discussions that arose during the Panel's visits that almost all councils took the view that this arrangement was contrary to the desire for the Panel to be prescriptive in its determinations. The Panel accepts this and has therefore removed the two tier arrangement for executive members and for committee chairs.
8. From the discussions during the Panel visits to the principal councils it was clear that very few members were utilising the provision in the framework to reimburse the costs of care. It was found that some members are still reluctant to claim all that they are entitled to support them in their role, because of concerns about the adverse publicity this can attract. The Panel once again urges Democratic Services Committees to take steps to encourage and facilitate greater use of this element of the framework so that members concerned are not financially disadvantaged.
9. Since the Welsh Government introduced regulations relating to Family Absence of elected members of principal councils, the Panel has incorporated remuneration issues related to such absences in its framework. The Panel also introduced in 2017 arrangements to recognise the implications of long term sickness of senior salary holders and has made changes to provide more flexibility for authorities without undermining the principle of prescribing payments which still has continuing support.

#### Basic Salary

10. The Panel has determined that the Basic Salary that is payable to elected members of all principal councils in Wales will be **£13,600** in 2018/19.

#### Senior Salary

11. The Panel has determined that the Senior Salaries payable in 2018/19 by local authorities in population Group A (i.e. those with populations over 200,000, which includes Cardiff) are as follows:

**Table 1 - Senior salaries payable to Members of a principal Council**

<b>Bands of Responsibility</b>	<b>Role(s)</b>	<b>Senior Salaries determined by the Panel for 2018/19 (inclusive of Basic Salary)</b>
Band 1	Leader	£53,300
	Deputy Leader	£37,300
Band 2	Cabinet Members	£32,300
Band 3	Committee Chairs (if remunerated)	£22,300
Band 4	Leader of largest opposition group	£22,300
Band 5	Leader(s) of other political group(s) comprising at least 10% membership of the Authority (if remunerated)	£17,300

12. The level of Senior Salary set by the Panel is inclusive of Basic Salary and a member must not be paid more than one Senior Salary by his or her Authority. In addition, Cabinet Members in receipt of a Band 1 or Band 2 Senior Salary cannot receive a salary from the Fire & Rescue Authority should they be appointed to the Fire & Rescue Authority by Full Council.

#### Allocation of Senior Salary Positions

13. The Panel has determined that there is no change to the maximum number of the Council's membership that is eligible to receive a Senior Salary in 2018/19. In Cardiff (Population Group A), the maximum number of Senior Salary positions is **19**, excluding Civic Salary positions.
14. The Panel has taken the view that the payment to the Leader of the largest opposition group (subject to the political group comprising at least 10% membership of the Authority) is important for local democracy. The Panel has therefore continued its previous determination that a Band 4 Senior Salary must be paid.
15. In addition, it is a matter for individual authorities to determine which Chairs are paid at Band 3.
16. The Panel have stipulated that a Band 5 Senior Salary can be paid to the Leader of any other political group comprising of at least 10% membership of the Authority.
17. The Council at its Annual Meeting in May 2017 approved the allocation of 19 Senior Salary posts in 2017 /2018 as set out in Table 2 below. No change is proposed to the current allocation.

**Table 2 – Allocation of Senior Salaries**

<b>Bands of Responsibility</b>	<b>Role(s)</b>	<b>No. of Senior Salary Positions</b>
Band 1	Leader	1
	Deputy Leader	1
Band 2	Other Cabinet Members	8
Band 3	Scrutiny Committee Chairs	5
	Planning Committee Chair	1
	Licensing / Public Protection Committees Chair	1
Band 4	Leader of largest opposition group (Conservative Group)	1
Band 5	Leader of the Liberal Democrat Group	1
<b>Total</b>		<b>19</b>

Specific or Additional Senior Salaries

18. The Panel has also determined that a provision for ‘development posts’ is to be included within the Remuneration Framework. In accordance with guidance issued by the Panel, this allows principal councils to apply to the Panel for specific and additional Senior Salaries, which do not fall within the current Remuneration Framework or which could not be accommodated within the maximum number of Senior Salaries payable, for a ‘development post’ that a principal council considers to be important and involves a significant, sustained and additional responsibility. Any applications to the Panel must provide clear evidence that the post(s) have additional responsibility demonstrated by a description of the role, function and duration and would be subject to both approval and formal review by Full Council.
19. Some councils also raised with the Panel the possibility of operating some senior posts on a job share arrangement and the Panel were supportive of this provided that each ‘sharer’ will be paid 50% of the appropriate salary and the statutory maximum number of Cabinet Members (i.e. 10) is not exceeded, so both job sharers will count toward the maximum. The Panel must be informed of the details of any job share arrangements.

Civic Salary

20. The Panel has determined that the levels of Civic Salary (inclusive of Basic Salary) which are payable in 2018/19 should be increased in line with the increase in the Basic Salary and are to be applied by individual authorities as each considers appropriate, taking account of the anticipated workload and responsibilities of Civic Heads and Deputy Civic Heads:

**Table 3: Civic Salaries payable to members of principal councils**

<b>Responsibility Level</b>	<b>Civic Heads (inclusive of Basic Salary)</b>	<b>Deputy Civic Heads (inclusive of Basic Salary)</b>
Level 1	£24,300	£18,300
Level 2	£21,800	£16,300
Level 3	£19,300	£14,300

21. A Councillor must not be paid a Senior Salary and a Civic Salary.
22. It is proposed that a Level 1 Civic Salary will be paid by the Council in 2018/198 to both the Civic Head/Lord Mayor (£24,300) and Deputy Civic Head/Deputy Lord Mayor (£18,300), which would be commensurate with Cardiff's status as the Capital City of Wales and the associated civic responsibilities and workload during the municipal year.

#### Presiding Member and Deputy Presiding Member

23. The Local Government (Democracy) (Wales) Act 2013 allows local authorities to appoint an additional post of Presiding Member, in addition to a Civic Leader, who would Chair the business meetings of the Council. A Council may also appoint a Deputy Presiding Member.
24. Where appointed and if remunerated, the Panel has determined that a Presiding Member must be paid a Band 3 Level 1 Senior Salary (£22,300). The post would also count towards the maximum number of Senior Salaries which can be allocated by the Council (i.e. 19). The Panel has also determined that the position of Deputy Presiding Member will not be remunerated. The option of a Presiding Member / Deputy does not feature in the Council's current allocation of Senior Salaries.

#### Joint Overview and Scrutiny Committees (JOSCs)

25. Two or more authorities can establish joint scrutiny committees and decide whether or not the chairs of those committees (or a sub-committee of a joint scrutiny committee) will be paid. If they decide to make payments, the following determinations by the Panel will apply for 2018/19.
26. If a Senior Salary is paid for this role, the Panel has determined that the Chair of a JOSC is eligible for a Senior Salary of **£6,700**, which is equivalent to that part of a Band 3 Level 2 Senior Salary for a Committee Chair (i.e. £20,100), excluding the amount of Basic Salary (£13,400). In cases where the Chair of a JOSC is already in receipt of a Band 3, 4 or 5 Senior Salary the payment will be **£3,350**.
27. The Chair of a JOSC Sub Committee is eligible for a salary of **£1,675**. In cases where the Chair of the JOSC Sub Committee is already in receipt of a Band 3, 4 or 5 Senior Salary the payment will be **£837**. Payments to Chairs of JOSC Task & Finish Sub Committees are to be pro-rated to the duration of the task.

28. Payments made to a Chair of a JOSC or a Chair of a JOSC Sub Committee are additional to the maximum proportion of the Council's membership that is eligible to be paid a Senior Salary (i.e. 25% of membership). However, this should not exceed the statutory limit on Senior Salary payments of no more than 50% of a council's membership.
29. Deputy Chairs of JOSCs or JOSC Sub Committees are not eligible for payment. In addition, Co-opted Members of JOSCs or JOSC Sub Committees are not eligible for payment of a Co-opted Member fee unless they are appointed by an authority under Section 144(5) of the Local Government (Wales) Measure 2011 and have voting rights.

### Pensions

30. The Panel has determined that the entitlement to join the Local Government Pension Scheme (LGPS) shall apply to all elected members of principal councils.

### Co-opted Member Payments

31. The Panel has determined that there will be no change to the payments or fees which must be paid to Co-opted Members (provided that they are Co-opted Members with voting rights) in 2018/19.

**Table 4: Fees for co-opted members**

<b>Co-opted Members (with voting rights)</b>	<b>Co-opted Member Payments</b>
Chairs of: <ul style="list-style-type: none"> <li>Standards &amp; Ethics Committee;</li> <li>Audit Committee</li> </ul> (if chaired by independent/lay member)	£256 (4 hours and over) £128 (up to 4 hours)
Co-opted Ordinary Members of the Council's Standards & Ethics Committee who also chair standards committees for community councils	£226 (4 hours and over) £113 (up to 4 hours)
Ordinary Members of: <ul style="list-style-type: none"> <li>Standards &amp; Ethics Committee;</li> <li>Education Scrutiny Committee;</li> <li>Crime &amp; Disorder Scrutiny Committee;</li> <li>Audit Committee.</li> </ul>	£198 (4 hours and over) £99 (up to 4 hours)
Community and town councillors sitting on principal council committees	£198 (4 hours and over) £99 (up to 4 hours)

32. The level of Co-opted Member payments is equivalent to the current daily rates for chairs and members of the Welsh Government's Band 2 sponsored bodies. The Panel has noted that there has been no uplift in these payment levels across such bodies since 2010.

33. The Panel determined that a Council can decide on a maximum number of days for which Co-opted Members may be paid in any one year. Since 2013/14, the Council has agreed to cap the payments to Co-opted Members at a maximum of the equivalent of 10 full days a year for each Committee to which an independent/lay member has been co-opted (i.e. maximum payments totalling £2560 to Co-opted Member Chairs of Committees and £1980 to Co-opted Ordinary Members of Committees). It is proposed that this maximum or 'cap' of the equivalent of 10 full days a year for each Committee including Co-opted Members should be retained by the Council in 2018/19.
34. A full day meeting is defined by the Panel as over 4 hours and a half day meeting is defined as up to 4 hours. Eligible meetings include other committees and working groups (including task & 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.
35. Co-opted Members with voting rights can claim travel allowance for travelling time to/from the place of the meeting and reasonable time for pre-meeting preparation, the extent of which can be determined by the appropriate officer in advance of the meeting. The appropriate officer can also determine in advance whether a meeting is programmed for a full day (over 4 hours) and Co-opted Member payments will be made on the basis of this determination even if the meeting finishes before 4 hours has elapsed.
36. Co-opted Members are also eligible to claim for Travel and Subsistence Allowances and reimbursement of costs of care, where applicable.

### **Allowances**

37. The Panel has determined that the term 'allowance' is reserved for payments which are for the reimbursement of actual expenses (e.g. for care, travel and subsistence) which are necessarily incurred by Members and Co-opted Members when conducting their duties as part of official business.

### Reimbursement of Costs of Care

38. The Panel has determined that, for 2018/19, 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 payment of £403 per month**. 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.
39. Reimbursement of expenses will only be made on the basis of the submission of a monthly claim form listing the duties completed or official business undertaken, together with the production of receipts from the carer for the cost of the formal and informal care arrangements claimed. The Panel has confirmed that, as this is a contribution to actual monthly costs, this payment cannot be annualised.

## Travel Allowance

40. The Travel Allowance payable in 2018/19 continues to be linked to current HM Revenue & Customs (HMRC) rates and is unchanged and payable as follows:

<b>45p per mile</b>	Up to 10,000 miles in a year by car
<b>25p per mile</b>	Over 10,000 miles in a year by car
<b>5p per passenger per mile</b>	Passenger supplement
<b>24p per mile</b>	Motor cycles
<b>20p per mile</b>	Bicycles

41. Claims for the reimbursement of travel expenses incurred as part of official business will be payable on the completion of the relevant claim form and should be accompanied by VAT fuel receipts, where appropriate. All claims for other travel expenses (e.g. public transport) will only be reimbursed on production of receipts and are subject to any further requirements or limitations set by the Council.
42. Travel expenses paid to councillors by their local authority are exempt from Income Tax and employee National Insurance contributions.

## Subsistence Allowance

43. Subsistence Allowance will only be paid for 'out-of-county' expenses incurred as part of official business outside the Council's administrative boundaries. Payment of a subsistence allowance to a local authority member for the performance of official business within the boundaries of a county or county borough where s/he is a member should only be made when the authority is satisfied that it can be justified on economic grounds. This does not apply in respect of co-opted members of a local authority who live outside that authority.
44. In terms of Subsistence Allowance for the reimbursement of the cost of any meals within a 24-hour period, the Panel has determined that a **maximum of £28 per day** is payable in 2018/19 (including breakfast if not included in overnight accommodation costs), provided that any claim for expenses is supported by receipts.
45. In terms of Subsistence Allowance which is payable in 2018/19 for the reimbursement of the cost of overnight accommodation, the Panel has determined that the maximum levels payable be set in line with Welsh Government rates and paid as follows:

<b>Max. £200 per night</b>	Overnight stay in London
<b>Max. £95 per night</b>	Overnight stay elsewhere
<b>Max. £30 per night</b>	Overnight stay with friends and/or family

46. The Panel has confirmed that the above limits apply when an individual Member claims in arrears for the reimbursement of overnight accommodation costs and do not apply when the Council reserves and pays directly for overnight accommodation. However, costs incurred must still be within reasonable limits to be set by the local authority.

#### Entitlement to Family Absence

47. Members are entitled to the following periods of family absence under the Family Allowance for Members of Local Authorities (Wales) Regulations 2013:
- Maternity Absence – Available to pregnant Members who can take an absence period of up to a maximum of 26 weeks beginning any time between 11 weeks before up to the date of childbirth.
  - Newborn Absence – Available to a Member who is the father or, is married to, is the civil partner or is the partner of a child's mother and expects to have the main responsibility for the upbringing of the child. Up to two consecutive weeks are available to be taken within 56 days following a child's birth.
  - Adopter's Absence – Available to a Member who adopts a child. Up to two consecutive weeks are available to be taken within 56 days of a child being adopted.
  - New Adoption Absence – Available to a Member who is married to, the civil partner or partner of a person adopting a child and expects to have the main responsibility for the upbringing of the child. Up to two consecutive weeks are available to be taken within 56 days of a child being adopted.
  - Parental Absence – Available to a Member who has or expects to have responsibility for the care of a child and does not satisfy the criteria for Newborn Absence, Adopters Absence or New Adoption Absence. Up to three months can be taken in a single or a series of absences from the date a Member assumes responsibility for the care of a child under the age of 14 and ends 1 year later.
48. Members are entitled to retain their Basic Salary during any period of family absence irrespective of the attendance record immediately preceding the commencement of family absence.
49. When a Senior Salary holder is eligible for family absence he/she will continue to receive the salary for the duration of the absence. Should a Senior Salary holder take a period of family absence, a substitute appointment can be made to that Senior Salary post and a Senior Salary paid (an addition is then allowed to the maximum number of senior salaries allowed for the duration of the substitution, the schedule of remuneration must be amended and the Panel must be informed).

#### Sickness Absence for Senior Salary Holders

50. 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.

51. 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).
52. The Panel has considered this and has determined that the Framework be amended 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.
  - 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 37 six months irrespective of attendance and any extension beyond this timescale is a matter for the authority.
53. This arrangement applies to members of principal councils, National Park Authorities and Fire and Rescue Authorities who are senior salary holders, including Welsh Government appointed members, but does not apply to co-opted members

#### Supporting the Work of Local Authority Elected Members

54. The Panel has determined that each Authority, through its Democratic Services Committee, must ensure that all Members are given as much support as is necessary to enable them to fulfil their duties effectively. All Members should be provided with adequate telephone and email facilities and electronic access to appropriate information.
55. The Panel has further determined that such support should be provided without cost to individual Members. Deductions must not be made from Members' salaries as a contribution towards those support costs which the Authority has decided necessary for the effectiveness and/or efficiency of Members.

## Publication of Remuneration and Allowances Information

56. The Council is required to agree, publish and maintain an annual Schedule of Member Remuneration, which sets out details of the specific payments that it intends to make to Members and Co-opted Members in accordance with the levels of remuneration and allowances determined by the Panel. In accordance with the Panel Regulations, the Council is required to produce a schedule of payments to Members and Co-opted Members no later than four weeks following the Council's Annual Meeting and to publish the Schedule of Member Remuneration as soon as practicable after determining the schedule of payments for the year and not later than 31 July 2018. In order to comply with this timescale, the Council's Schedule of Member Remuneration for 2018/19 is to be submitted for consideration by Council on 21 June 2018.
57. Details of Members' remuneration and allowances, including expenses claims made by Members and payments made to Members who are appointed by the Council to other public bodies, will also be published on the Council's website. The Panel has determined that consistency can be improved by the use of a standard proforma. The Council is required to make arrangements for the publication of details of all remuneration and allowances paid to Members and Co-opted Members in 2017/18 by 30 September 2018.

## Election to Forgo Entitlement to Payment

58. It remains the right of any individual Member or Co-opted Member to independently and voluntarily opt to forgo all or any part of their entitlement to a salary, allowance or fee determined annually by the Panel in its Annual Report or any Supplementary Reports by giving notice in writing to the Proper Officer of the Council.

## **Legal Implications**

59. The legal framework is set by Part 8 of the Local Government (Wales) Measure 2011 ("the Measure"), under which the Independent Remuneration Panel for Wales ("the Panel") is given functions relating to payments to Councillors and Councillors' pensions (s.142 of the Measure). The Panel is required to publish an annual report on the exercise of its functions with respect to each financial year (s.143 of the Measure); and the Council must comply with the requirements imposed on it by the Panel's Annual Report (s.153 of the Measure). The requirements imposed on the Council by the Panel's Annual Report are set out in the body of the report.
60. All Members entitled to receive payment have a personal interest in this report which should be declared. However, paragraph 12.2 of the Code of Conduct states that you will not be regarded as having a prejudicial interest in any business of the Council relating to remuneration or an allowance or payment or pension made in accordance with the Local Government (Wales) Measure 2011 or the Local Government and Housing Act 1989. This means all Members may debate and vote on the recommendations in this report.

## Financial Implications

61. The report sets out the Members Remuneration and Allowances for 2018/19. The costs of these allowances can be contained within the budgetary allocation held for this purpose.

## RECOMMENDATIONS

The Council is recommended to

1. note the determinations of the Independent Remuneration Panel for Wales made in its Annual Report 2018, as set out in the report;
2. note that an annual Basic Salary of £13,600 is payable to all elected members for the municipal year 2018/19;
3. agree to allocate the maximum of 19 Senior Salary positions payable for 2018/19 as follows:

<b>Bands of Responsibility</b>	<b>Role(s)</b>	<b>No. of Senior Salary Positions</b>
Band 1	Leader	1
	Deputy Leader	1
Band 2	Other Cabinet Members	8
Band 3	Scrutiny Committee Chairs	5
	Planning Committee Chair	1
	Licensing / Public Protection Committees Chair	1
Band 4	Leader of largest opposition group (Conservative Group)	1
Band 5	Leader of the Liberal Democrat Group	1
<b>Total</b>		<b>19</b>

4. agree to set the Civic Salary payable in 2018/19 for the positions of Civic Head/Lord Mayor (£24,300) and Deputy Civic Head/Deputy Lord Mayor (£18,300) at Level 1 as prescribed by the Panel;
5. agree that the payment of Co-opted Member fees in 2018/19 should continue to be capped at a maximum of the equivalent of 10 full days a year; and
6. receive a report to approve a Schedule of Members' Remuneration 2018/19 at its next meeting.

## PAUL ORDERS

Chief Executive  
17 May 2018

## Background Paper

Independent Remuneration Panel for Wales Annual Report February 2018