



Independent Remuneration Panel for Wales

Initial Report

July 2008

Foreword

It has been my privilege to serve as Chair of the Independent Remuneration Panel for Wales since its appointment in January of this year. Those who sit on the Panel possess between them a wealth of local government experience, either as councillor, officer or academic, as well as a past and continuing involvement with many other public bodies in Wales and the rest of the UK. We have deliberated long and hard, receiving representations from across local government and other interested parties in Wales before reaching our conclusions.



This is our Initial Report. Some people may be surprised that at this point we have proposed what at first sight appears to be little change as a result of that hard work - modest increases in maximum rates of allowances plus a 'tidying' exercise on subsistence allowances and travel expenses – but that is only half the picture. We have also opened the door for local authorities to pay proper allowances to co-optees, who play such a significant role on council standards committees in particular. Significantly, we have also broken the link between councillors' allowances and Assembly Members' pay and allowances.

However, I see our work so far as set out in this report as very much a first step. Although our next report, to be produced by the end of this year, may do little more than deal with the uprating of allowances for the 2009/10 municipal year, it will set the context for the Panel to undertake a major consultation exercise next year, looking not simply at individual allowances but developing more deeply its thinking on councillors' remuneration and its function and purpose.

We have left far behind the era when being a councillor could be viewed as, at best, a type of voluntary work, or, at worst, a 'nice little earner' which filled the spare time of otherwise retired gentlemen. The role of a modern councillor is increasingly professional. The creation of cabinet models through the Local Government Act 2000 has enabled strong political leadership for each principal council that demands a more or less full-time commitment if it is to be done successfully. Similarly, those outside the cabinet are increasingly involved in the scrutiny of public services and the development of a community champion/leadership role for their localities.

Furthermore, we need to ensure that financial barriers do not stand in the way of attracting more people to consider serving in local government, especially those who are currently under-represented – women, young people, minority ethnic people and those with disabilities, for instance, as well as those who are in employment.

The Panel will undertake a programme of further work to determine whether the concept of 'allowances' and 'expenses', terms which underpin an attitude to public service which has passed its sell-by date, should be replaced by a salary for these important full and part-time jobs, together with proper job descriptions, performance appraisal, training and development as found in other areas of professional life.

For this reason, we are urging the Welsh Assembly Government at the earliest opportunity to seek legislative competence for the National Assembly over councillors' remuneration from the UK Parliament. It can then respond with full authority to the Panel's conclusions and decide how it wants councillors, who make their vital contribution to the work of local government in Wales, to be perceived and recompensed.

On behalf of the Panel I should like to place on record our appreciation of the excellent support for our work from the Panel Secretariat (Frank Cuthbert, Caroline Thomas and Amy Edwards).

I commend this Initial Report of the Independent Remuneration Panel for Wales to you.

A handwritten signature in black ink, appearing to read 'Richard Penn', written in a cursive style.

Richard Penn
Chair, Independent Remuneration Panel for Wales

BIOGRAPHIES



(Seated from left Rita Austin and Richard Penn. Standing from left John Bader, Gareth Newton and Declan Hall)

Following a public recruitment exercise, Richard Penn was appointed as Chair of the Panel and Dr Rita Austin, John Bader, Dr Declan Hall and Gareth Newton were appointed as Members. Dr Austin was subsequently chosen by the Panel to serve as its Vice-chair.

Richard Penn (Chair)

Richard Penn is the Commissioner for Standards for the National Assembly for Wales and was chief executive of Bradford City Council from 1989 to 1998 having started his local government career with the former Glamorgan County Council in 1971. He was Chairman of the South Wales Probation Board from 2001 to 2007 and has also served as a Commissioner with the Equal Opportunities Commission and the Legal Services Commission.

Dr Rita Austin (Vice-chair)

Rita Austin has extensive public service experience in local government, education, health and criminal justice agencies. She has served as a county councillor and is currently a member of a local health board.

John Bader

John Bader was Director of the Social Justice and Regeneration Department of the Welsh Assembly Government until his retirement in 2005. He is a member of the Boundary Commission for Wales and chairs Somer Community Housing Trust, based in Bath.

Dr Declan Hall

A lecturer at the Institute of Local Government, the University of Birmingham, Declan Hall has chaired or been a member of independent remuneration panels for English councils. He is currently a member of the Scottish Local Authorities Remuneration Committee and was chair of the Advisory Working Group on Councillors' Remuneration and Support for Northern Ireland.

Gareth Newton

A teacher by training, Gareth Newton was Director of Lifelong Learning with Rhondda Cynon Taf County Borough Council until his retirement in 2007. He is a member of the Wales Committee of the Big Lottery and a member of the Care Council's Registration and Conduct Committees.

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EXECUTIVE SUMMARY

THE PANEL'S DETERMINATIONS

Basic Allowances

1. For the Initial Report we have decided that the increase in the Basic Allowance should be based upon the relevant percentage increase in local government pay. Hence, the maximum level of the Basic Allowance for 2007/08 (£12,718 pa) will be increased in line with the 2.45% pay offer for local government staff in 2008/09. This results in a maximum Basic Allowance payable of £13,030 pa in 2008/09 (paragraph 6.10).

Special Responsibility Allowances (SRAs)

2. We consider the link between the remuneration level of council leaders and 'backbench' Members of the National Assembly for Wales to be no longer relevant (paragraph 7.12).

3. We have decided that SRAs payable in 2008/09 should be increased in line with the increase in the Basic Allowance, that is by 2.45%. Hence the maximum amounts payable for each SRA band, by population grouping are (paragraph 7.15):

	Group A		Group B		Group C		Group D	
	08/09	07/08	08/09	07/08	08/09	07/08	08/09	07/08
Band 1	£60,545	£59,097	£51,895	£50,654	£43,247	£42,213	£34,596	£33,769
Band 2	£48,434	£47,276	£41,516	£40,523	£34,597	£33,770	£27,679	£27,017
Band 3	£24,206	£23,627	£20,757	£20,261	£17,299	£16,885	£13,839	£13,508
Band 4	£14,532	£14,184	£12,454	£12,156	£10,378	£10,130	£8,304	£8,105
Band 5	£9,689	£9,457	£8,304	£8,105	£6,918	£6,753	£5,534	£5,402
Band 6	£4,844	£4,728	£4,153	£4,054	£3,460	£3,377	£2,768	£2,702

Care Allowances

4. In the interests of consistency, the level of Care Allowance payable in 2008/09 has been increased by 2.45%, in line with the Basic Allowance, to a maximum of £384 per month (paragraph 8.7).

5. We have further decided that the Care Allowance will remain as an allowance that contributes towards caring costs rather than a reimbursement of actual costs. Councillors will continue to be required to satisfy their councils that it is reasonable and appropriate for them to receive this allowance (paragraph 8.7).

Travelling Allowances

6. We have decided that, at this stage, travel allowances should continue to be claims based for undertaking approved duties, rather than made as lump-sum or some other form of payments (paragraph 9.7).

7. For 2008/09 we have decided that the maximum travel rates payable should be the rates set by HM Revenue & Customs for the use of private cars, motor cycles and pedal cycles plus any passenger supplement. Councils are therefore required to introduce these as maximum rates, thereby removing the historic catch-up link to the travel rates for Assembly Members (paragraph 9.8).

8. All other claims for travel, such as bus/taxi fares, should be accompanied by appropriate receipts showing the actual expense, subject to any requirement or limitation that a council may determine. That said council members should always be mindful of choosing the most cost-effective method of travel (paragraph 9.9).

Subsistence Allowances

9. We have set a day subsistence rate of a maximum of £26 per day, (including breakfast when not provided as part of overnight accommodation). This would be a reimbursement of actual costs, for approved duties with receipts to be provided (paragraph 9.12).

10. We have set the allowance for an overnight stay at a maximum of £105 for London and £90 for elsewhere, with receipts to be provided, for approved duties (paragraph 9.13).

11. A maximum of £25 is available for an overnight stay with friends or relatives whilst on approved duty (paragraph 9.14).

Co-optees' Allowance

12. We have decided that the new Co-optees' Allowance (payable only to co-optees with voting rights) should be set at two levels (paragraph 10.6).

13. For those co-optees who chair council committees the allowance is set at a maximum of £1,450 per year. For other co-optees the allowance is set at a maximum of £760 per year (paragraphs 10.7 and 10.8).

THE PANEL'S RECOMMENDATIONS

14. We feel strongly that the role of the councillor across Wales should be respected as a professional one. In the interests of equity and consistency the Panel encourages all councils to pay the maximum Basic Allowance and also the maximum SRAs, by band and population grouping, that we have set (paragraphs 6.11 and 7.16).

15. We recommend that all councils make the Care Allowance available, take steps to publicise its availability and ensure that administrative arrangements are not a limiting factor to take-up (paragraph 8.8).

16. Councils are also encouraged to ensure that their councillors (and in particular those newly elected) are made aware that the Care Allowance is available for the care of dependants over the age of 15 as well as for children (paragraph 8.8).

17. We recommend that councils make arrangements so that it would be normal practice for council members to arrange their overnight accommodation via the council's members' services department, using a central booking service for accommodation (paragraph 9.15).

18. We recommend that the Welsh Assembly Government seeks to make audit committees a statutory requirement with lay members accorded full voting rights and accordingly entitled to relevant remuneration (paragraph 10.9).

19. We recommend that the present pension arrangements should continue in that all current and future elected members of councils should be entitled to join the Local Government Pension Scheme and that their Basic Allowance, and where appropriate SRA, should be pensionable (paragraph 11.4).

20. We further recommend that all councils should now enable their councillors to join the Local Government Pension Scheme (paragraph 11.5).

21. To reflect the modern professional role of the councillor we consider that the term 'allowances' should be replaced by 'remuneration' and we would wish to see this adopted in any future legislative changes (paragraph 12.1).

22. We recommend to the Welsh Assembly Government that it seeks measure-making powers on councillors' allowances to enable the possibility of significant reform to the existing structure of these allowances. Such legislative change would provide the Panel with the ability to prescribe levels of allowances, rather than to set maximums (paragraph 12.1).

23. With regard to the publicity requirement concerning allowances in Regulation 25(2) and (3) of the 2007 Regulations, we recommend that 'As soon as practicable after the end of a year...' be regarded as at the time of the approval of the council's Statement of Account, which we understand is around the end of June. We further recommend that a council should publish details of the total sum of each allowance paid in that year to each council member both on the council website and in an appropriate newspaper (paragraph 12.2).

CHAPTER 1 - THE PANEL

1.1 The Independent Remuneration Panel for Wales, ('the Panel'), was appointed in January 2008 by the Welsh Assembly Government Minister for Social Justice and Local Government under the provisions of *The Local Authorities (Allowances for Members) (Wales) Regulations 2007*.

1.2 The Panel has been established on a permanent basis to prescribe the maximum levels of allowances payable by county and county borough councils. It consists of a Chair (appointed by the Minister), Vice-chair (elected by the Panel at its first meeting) and three others, with a quorum of three (including either the Chair or Vice-chair). Panel members are appointed for up to four years and can be reappointed.

1.3 The Panel has been categorised as a Band 2 body in accordance with the requirements of the Report of the Review of Remuneration and Expenses of Chairs and Members of Assembly Sponsored Public Bodies and NHS Bodies. Membership of the Panel is regarded as holding an office for tax and National Insurance purposes.

1.4 The Regulations require the Panel to meet within six weeks of its appointment and subsequently when and where it so decides, with a minimum requirement to meet at least once a year. Officials of the Welsh Assembly Government provide administrative support.

CHAPTER 2 - THE ROLE OF THE MODERN COUNCILLOR

2.1 To understand the context for the Panel's work it is helpful to examine how the role of councillors has developed in recent years since these developments have had an impact on our deliberations.

2.2 Sir Michael Lyons undertook one of the most extensive studies of local government in recent times. His term 'place-shaping' encapsulates his view that:

'the ultimate purpose of local government should not solely be to manage a collection of public services, but rather to pursue the well-being of a place and the people who live there by whatever means are necessary and available.'¹

2.3 '*Beyond Boundaries*', the review of local service delivery in Wales led by Sir Jeremy Beecham commented that:

'(local authorities must) lead the citizen model of public service delivery at local level by ... being the champions of citizens and communities, inspiring trust by giving more attention to the needs of citizens and service users, across service boundaries.'²

2.4 Elected members clearly perform a crucial role in achieving this. Their work has inevitably become more complex over recent years as local government has moved from being primarily a service provider towards a model which more strongly emphasises its leverage, brokering and influencing role.

2.5 Major changes to local government decision-making were introduced by the Local Government Act 2000 ('the 2000 Act'), which requires all councils in England and Wales to focus many decision-making powers on executives. New constitutions, most creating a separate executive, have been introduced. In Wales the majority of councils operate the leader and executive model, with three councils choosing to operate a non-executive model (consisting of a chairperson and board and known as 'alternative arrangements' or the 'fourth option')³. To provide appropriate checks and balances and as a means to enable non-executive councillors to have a policy development and review function there is also a statutory requirement for all councils to institute overview and scrutiny arrangements.

2.6 The separation of executive and overview and scrutiny roles is designed to make a clear distinction between the role of the political leadership (executive members) and the way that the leadership is held to account by non-executive members.

¹ Lyons, Michael (2007), Lyons Inquiry Into Local Government; *Place-shaping; A Shared Ambition For The Future of Local Government*.

² Beecham, Jeremy (2006): *Beyond Boundaries: Citizen-Centred Local Services in Wales*.

³ All references to leader, executive and non-executive arrangements include references to chair, board and non-board members under alternative arrangements unless stated otherwise.

2.7 In the new arrangements the role of councillors can be broken down into four categories:

- Decision-making.
- Overview and scrutiny.
- Ward representation and community leadership.
- Partnership working and representing the council on outside bodies.

Decision-Making

The role of an executive member is seen as a complex one and the current system for remuneration is based on the presumption that the positions of leader and executive members are full-time in the sense that it is difficult to maintain conventional employment.

All councillors are involved in meetings of the full council. In addition, those who serve on quasi-judicial committees, such as standards, planning and licensing, contribute in areas where councillors can make a real difference in shaping their communities.

Overview and Scrutiny

One of the most important roles for non-executive councillors created by the 2000 Act is to hold the executive to account through overview and scrutiny committees.

These exist largely to:

- consider and investigate broad policy issues and make reports and recommendations to the executive or council as appropriate;
- consider budget plans, proposed policy frameworks and other plans of the executive and make reports and recommendations, including recommendations proposing amendments to the executive or council as appropriate;
- provide advice to the executive on major issues before final decisions are made; and
- review decisions of the executive and how it is implementing council policy and make reports and recommendations including proposals for changes to policies or practice.

Ward Representation and Community Leadership

Councillors view their role in representing their community as one of the most important parts of their work and it is widely agreed that this role is time-consuming and demanding. Councillors can spend considerable time each week on ward work. The actual time commitment will depend on how active the councillor is and whether

s/he is in a multi-member ward, particularly one which consists of different political representation.

The role of community leader is also important both formally through councillors sitting on bodies such as local community groups and also by acting as a focus for community action.

Partnership Working and Outside Representation

Councillors have an important role as the link between the council and partner organisations. It is recognised that often a community issue cannot be dealt with in isolation and councillors (and indeed the council as an organisation) need to work in partnership with other public and voluntary sector bodies. This is particularly the case with the introduction of local service boards that bring together the main public agencies in each local authority area.

Councillors also make an important contribution as members of other bodies. Many are school governors and some hold the position of chair. In addition, councillors may be appointed to a range of external organisations such as local health boards, Police Authorities, Fire and Rescue Authorities, community health councils and the management committees of voluntary groups or charities.

2.8 The Panel perceives the role of the modern councillor as increasingly more complex and requiring a wide set of skills. This has set the context for the Panel's consideration of councillors' remuneration now and for the future.

CHAPTER 3 - LEGISLATIVE BACKGROUND

3.1 Part V of the 2000 Act (sections 99 and 100) makes provision for allowances and pensions. Under the newly devolved arrangements the Welsh Assembly Government was given power (transferred to Welsh Ministers through the provisions of the Government of Wales Act 2006) to introduce, for the first time, an entitlement to pensions for elected members of county and county borough councils ('councillors'). Further, it gave the Welsh Assembly Government powers on councillors' allowances and gratuities. It also introduced for the first time the concept of a care allowance.

3.2 The reform of allowances for community and town councillors was also made possible under the 2000 Act, as were changes to the existing regime for travel and subsistence and other expenses for all councillors, including members of Fire and Rescue Authorities. The Attendance Allowance was abolished for councillors, leaving them with the entitlement to a Basic - and if so qualified - a Special Responsibility Allowance ('SRA').

3.3 In most cases the 2000 Act amended the Local Government and Housing Act 1989 ('the 1989 Act') under which local authorities were already required to agree a scheme of allowances. It enabled local authorities to create independent remuneration panels or, in the case of Wales, a single national remuneration panel.

3.4 Following the introduction of the 2000 Act, the Assembly Minister for Finance, Local Government and Communities commissioned the Institute of Local Government ('INLOGOV') at the University of Birmingham to investigate councillors' remuneration and it produced a report in 2001 entitled 'Recognising Councillors' Worth to their Communities' which provided the starting point for later legislation by the National Assembly.

3.5 The next step for the Welsh Assembly Government was the approval of *The Local Authorities (Allowances for Members of County and County Borough Councils and National Park Authorities) (Wales) Regulations 2002* ('the 2002 Regulations') in July of that year. Revoking much of the previous legislation, the 2002 Regulations set out the rules for allowances in county and county borough councils ('councils'), as well as National Park Authorities ('NPAs'). They required councils and NPAs to make a scheme of allowances each year but also enabled them, for the first time, to backdate increases in the levels of allowances to the beginning of the financial year.

3.6 The Basic Allowance was to be paid to each councillor at the same level for each elected member of the council/NPA. SRAs could be paid to councillors whose responsibilities matched the categories described in the 2002 Regulations. The Care Allowance was introduced for those with children or dependant adults. Any co-opted member of a council/NPA could receive a Financial Loss Allowance.

3.7 The maximum amounts payable were not prescribed in the 2002 Regulations. Instead, the Welsh Assembly Government published Statutory Guidance that proposed maximum levels of payment for the different allowances and, in the case of SRAs, these would vary according to the population grouping of the council

concerned (see table at paragraph 7.6). The Statutory Guidance recommended that the maximum rates of SRA should increase in line with the percentage increase in the basic salary level of Members of the National Assembly for Wales ('AMs') and that the maximum annual increase in the Basic Allowance and the Care Allowance should be in line with the percentage annual increase in the average male non-manual wage in Wales (subsequently replaced by the 'Wales All Persons Average Wage'). The 2002 Regulations also tied mileage rates of travel allowances to those paid to AMs, or froze them until the AMs rates caught-up if a council's/NPA's rates were already higher than the AM rates.

3.8 In addition - and in keeping with one of the INLOGOV recommendations - the Welsh Assembly Government introduced a one-off scheme by which long-serving councillors could receive a payment if they stood down at the local government elections of 2004. This scheme, known as the Past Service Awards, was designed both to reward long-serving councillors for their many years of service on what were considered to be inadequate allowances, with no pension entitlement, and to create vacancies which could be filled by younger members. This formed part of the Welsh Assembly Government's efforts to bring about greater diversity in the council chambers of Wales.

3.9 The *Local Government (Gratuities) (Members of County Councils and County Borough Councils) (Wales) Regulations 2003* were made by the then Office of the Deputy Prime Minister in September of that year (in part under the Superannuation Act 1972, which is not devolved).

3.10 These Regulations allowed councils to pay a lump sum to a member who qualified under Assembly Regulations (see below). The gross amount was £1,000 for each year of service with a cap of £20,000. Service with a predecessor authority could be taken into account so long as it was continuous. Payment was not made until close of nominations for the 2004 elections.

3.11 *The Local Authorities (Allowances for Members of County and County Borough Councils) (Past Service Awards) (Wales) Regulations 2003* were approved by the National Assembly for Wales in the following month. Each council had to decide whether to operate the Scheme because the primary legislation limited the Assembly to this rather than giving it power to introduce a universal scheme. The Regulations disqualified any councillors who were also in paid political office, such as AMs or MPs, from receiving the payments. The Regulations set a minimum qualifying period of sixteen years. In the event eight councils operated the Scheme and a total of seventy-six councillors received Awards.

3.12 The Welsh Assembly Government next turned its attention to pensions. In November 2003 the National Assembly for Wales approved *The Local Authorities (Allowances for Members of County and County Borough Councils) (Pensions) (Wales) Regulations 2003* ('the 2003 Regulations'). These Regulations again, as required by the primary legislation (the 1989 Act as amended by the 2000 Act), left the final decision on entitlement to pensions to each council.

3.13 Councillors were allowed for the first time to join the Local Government Pension Scheme ('LGPS'). If they were admitted, their Basic Allowance and any

SRA would be treated as pensionable income. However, councils could only permit a councillor to join if this was in keeping with the recommendations of the Welsh Independent Remuneration Panel (WIRP) established under the 2003 Regulations for a temporary period of six months.

3.14 The WIRP was appointed by the Minister for Finance, Local Government and Public Services in August 2004, and reported in February 2005. It recommended that all current and future councillors should be eligible to join the LGPS.

3.15 Following the report from the WIRP - and having reviewed the existing regime - the Minister decided that it would be preferable to establish a permanent independent panel to decide on appropriate levels of allowances for councillors via a systematic review rather than have a system by which allowances were, in part, tied to those of AMs.

3.16 This led to the introduction of *The Local Authorities (Allowances for Members) (Wales) Regulations 2007* ('the 2007 Regulations'), approved by the National Assembly for Wales in March of that year. These Regulations replaced most of the extant legislation and included a number of 'tidying' provisions. They also introduced a requirement for authorities to withhold a member's allowance (Basic, SRA, Care, Co-optees' and Travel and Subsistence Allowances) during any period of suspension with the discretion to recover an allowance already received by a member for a period for which the member had been subsequently suspended/partially suspended. The Regulations also provided for the establishment of the Independent Remuneration Panel for Wales.

CHAPTER 4 - REMIT OF THE PANEL

Initial Report

4.1 The first task required of the Panel is to undertake a comprehensive review of the range and levels of allowances available to councillors and to produce its report ('the Initial Report') by the end of July 2008 which sets out:

- the responsibilities or duties which may attract an SRA;
- the responsibilities or duties which may attract a Co-optees' Allowance; and
- the maximum amounts of Basic Allowance, SRAs, Care Allowance, Travelling and Subsistence Allowances and Co-optees' Allowance.

4.2 The Panel is empowered to set different maximums for different councils and different maximum amounts of SRAs and Co-optees' Allowance for different responsibilities and duties.

Annual Reports

4.3 In each subsequent year the Panel must produce an annual report, which prescribes the maximum level of adjustment (uprating) that may be made to those allowances (by index or otherwise). Again, the Panel will be able to prescribe different maximum amounts for different councils. Each Annual Report must be produced by 31 December prior to the year in which the report relates.

Supplementary Reports

4.4 The Panel may produce supplementary reports at any time. Through such reports the Panel will be able to respond to specific requests from councils on any matter concerning the responsibilities and duties that may attract an SRA or a Co-optees' Allowance and the maximum level of all the allowances available to councillors.

General

4.5 The Panel is able to make recommendations in its Initial and Supplementary reports about pensions if and when the need arises.

4.6 The Panel is able in the performance of its functions to seek information or advice from any body or person. For the purposes of producing its Initial Report the Panel has been obliged to consider representations received from councils.

Requirement on Councils

4.7 Councils are required to amend their schemes of allowances to take on board the Panel's determinations within four months of the Welsh Assembly Government

receiving the Panel's Initial Report. The levels set by the Panel in their Initial, Annual and Supplementary Reports are statutory maximums which cannot be exceeded.

Welsh Assembly Government

4.8 Finally, although not contained within the Panel's statutory remit, the Welsh Assembly Government has made clear that it would welcome proposals from the Panel for further reform of the remuneration regime for councillors in Wales or any related matter, particularly any proposals which would be designed to encourage wider participation in Welsh local government.

CHAPTER 5 - GATHERING EVIDENCE

5.1 The Panel is empowered by the 2007 Regulations to seek information or advice from any body or person - but, for the purposes of producing its Initial Report, the Panel has been obliged to consider any representations received from councils. Accordingly, the Panel invited a large number of individuals, all councils and various representative organisations to submit their views.

5.2 Representations were particularly invited in relation to:-

- the responsibilities/duties for which SRAs and the new Co-optees' Allowance may be payable; and
- whether these allowances should attract different maximum amounts for different responsibilities/duties.

5.3 Consultees were also invited to comment on the maximum amounts payable for Basic, Special Responsibility, Care, Travel, Subsistence and Co-optees' Allowances, and whether the Panel should set different maximum levels for different councils.

5.4 Views were also invited on whether any changes were required to the existing pension arrangements for councillors.

5.5 Whilst the Panel's remit does not extend to the determinations of allowances specifically for members of NPAs and Fire and Rescue Authorities, their views were also invited as these authorities are required by the 2007 Regulations to have regard to the matters prescribed by the Panel in respect of the types and maximum levels of allowances payable by their constituent councils.

5.6 A number of individuals were invited to give their views in person whilst others submitted their views in writing in response to the Panel's consultation exercise. The Panel also met with the newly elected Welsh Local Government Association (WLGA) Party Group leaders on 27 June 2008.⁴

5.7 As part of its deliberations, and with a view to identifying best practice elsewhere, the Panel analysed the current situation with regard to allowances in England, Scotland, Northern Ireland and the Republic of Ireland.

5.8 A summary of the written responses to the consultation exercise is at Annex 2. The main issues raised in the consultation exercise also feature in the sections on the individual allowances below.

⁴ Annex 1 details those involved in the consultation exercise and the bodies whose representatives met with the Panel.

CHAPTER 6 - BASIC ALLOWANCE

Key issues

6.1 Under the provisions of the 2002 Regulations councils are able to pay their councillors a basic allowance.

6.2 Every councillor is entitled to receive the Basic Allowance and the level set by each council has to be the same for all of its councillors.

6.3 The maximum level of the Basic Allowance introduced under the 2002 Regulations was set in the Statutory Guidance, published by the Welsh Assembly Government in August 2002, at £10,200 pa. This figure notionally took into account IT, telecommunications and office costs that councillors were expected to pay out of their Basic Allowance. Councils had discretion to set their Basic Allowance at a level below £10,200 pa.

6.4 The 2002 Regulations enabled the maximum rate of Basic Allowance to be increased annually in line with an index adopted by each council. The Statutory Guidance recommended that the index be the 'Wales All Person Average Wage' as published in the Office for National Statistics' Annual Survey of Hours and Earnings. In April of each year, allowances could be increased in proportion to the increase in this index recorded for the previous year.

6.5 The 2002 Regulations enabled any increase in the Basic Allowance to take effect from the first of April each year with payments backdated accordingly.

6.6 The maximum rate of Basic Allowance payable for 2007/08 was £12,718 pa. On the basis of the wages index, councils could have increased their Basic Allowance by 1.3% from April 2008. However, given the impending production of the Panel's Initial Report, the Welsh Assembly Government recommended that the rates for allowances and travel be held at 2007/08 rates until such time as the Panel had made its determinations known.

6.7 Unlike the rates set under the Welsh Assembly Government's Statutory Guidance, to which councils were required to have regard, the rates set by the Panel are statutory maximums which cannot be exceeded.

Consultation

6.8 The main points raised in the consultation on Basic Allowance were:

- the current level of allowance has broad acceptance;
- it should be linked to a local authority pay band;
- it should be the same for all councils – although there was a minority view for it to be linked to council size;

- it should reflect the amount of time councillors are expected to put into the job, which some argued is (or should be) equivalent to full-time work; and
- it should be high enough to enable people to give up their jobs to become councillors without suffering undue financial loss.

The Panel's Determinations

6.9 Our Initial Report has to be produced by the end of July 2008 and therefore we are not in a position at this stage to undertake a fundamental review of the Basic Allowance. That will form part of our more wide-ranging consultation, commencing early 2009, when we will consider whether the level of Basic Allowance is appropriate for the demands placed on the modern councillor. Our priority now is to make decisions with regard to the existing framework of allowances.

6.10 For the Initial Report we have decided that the increase in the Basic Allowance should be based upon the relevant percentage increase in local government pay. Hence, the maximum level of the Basic Allowance for 2007/08 (£12,718 pa) will be increased in line with the 2.45% pay offer for local government staff in 2008/09. This results in a maximum Basic Allowance payable of £13,030 pa in 2008/09.

6.11 We feel strongly that the role of the councillor across Wales should be respected as a professional one. In the interests of equity and consistency the Panel encourages all councils to pay the maximum Basic Allowance we have set.

CHAPTER 7 - SPECIAL RESPONSIBILITY ALLOWANCES (SRAs)

Key issues

7.1 SRAs have been payable, under the 2002 Regulations, in addition to the Basic Allowance, to councillors who hold an office which is specified in the council's constitution and is included in the descriptions of councillors listed in the pay-bands set out in the Welsh Assembly Government's Statutory Guidance. These take into account the roles introduced into councils political structures by the provisions of the 2000 Act, which became operative in Wales in 2002.

7.2 The following bands describe the councillors who have been eligible to receive SRAs:

- Band 1** Directly elected mayors in a mayor and cabinet executive⁵
- Band 2** Leaders of councils in a leader and cabinet executive
Directly elected mayors in a mayor and manager executive
- Band 3** Chairs of Boards in councils operating alternative arrangements
Members of executives in leader and cabinet executives
- Band 4** Chairs of Overview and Scrutiny Committees
Leader of the Largest Opposition Group (as defined in the 2002 Regulations) i.e. not included in the executive or board
Members of boards (alternative arrangements)
Chairs of planning committees
Chairs of licensing committees (inserted by the 2007 Regulations)
Chairs of National Park Authorities
- Band 5** Chairs of council committees (not mentioned above)
Vice-chairs of scrutiny committees
Vice-chairs of planning committees
Vice-chairs of licensing committees (inserted by the 2007 Regulations)
Members of cabinets in mayor and cabinet executives
Vice-chairs of National Park Authorities
- Band 6** Vice chairs of council committees (not mentioned above)
Leaders of other political groups (as defined in the 2002 Regulations)⁶
Chairs and vice-chairs of committees of National Park Authorities.

⁵ There are currently no councils in Wales with a directly elected mayor.

⁶ The allowance for leaders of other political groups (as defined in the 2002 Regulations) under Band 6 shall be paid only if their respective groups consist of at least 10% of the council's membership.

Note 1: Where no single group is the largest opposition group the leaders of two or more other political groups with equal numbers of members shall be eligible to an equal share of the difference between the SRA for the leader of the largest opposition group and that payable to the leaders of other political groups.

Note 2: Deputy leaders of councils with executive structures, and vice-chairs of boards in those operating alternative arrangements, may receive an SRA of up to 10% greater than that available to other members of the executive or board respectively. If there is more than one such person, the 10% mark-up may be shared between them.

Note 3: Councils continue to have the ability to decide on an appropriate allowance (the civic allowance) for the expenses of the council chair and deputy chair, as provided for under sections 22 & 24 of the Local Government Act 1972.

7.3 Councils have been able to apply to the Welsh Assembly Government for approval of payment of SRAs to other descriptions of councillors, and have done so from time to time. For example, in the summer of 2005 the Minister for Finance, Local Government and Public Services agreed to a request from one council to pay an SRA to its new positions of Chairs of Area Panels.

7.4 No council is permitted to pay more than one SRA to any individual member of that council.

7.5 No more than 50% of all councillors in each council can receive an SRA and where there is an odd number of councillors the 50% figure can be rounded up to the next whole number. The 50% is calculated against the total number of seats on the council rather than the number of councillors in office at any time.

7.6 The maximum rates of payment available to councillors described in the bands outlined above (at paragraph 7.2) vary according to the population size of the council concerned. The grouping of councils by population bands has been based on the most recent results of the census of population. These population groupings are:

Group A	Population over 300,001	Cardiff
Group B	Population of 200,001 to 300,000	Rhondda Cynon Taf Swansea
Group C	Population 100,001 to 200,000	Bridgend Caerphilly Carmarthenshire Conwy Flintshire Gwynedd Neath Port Talbot Newport Pembrokeshire Powys Vale of Glamorgan Wrexham

Group D	Population up to 100,000	Blaenau Gwent Ceredigion Denbighshire Isle of Anglesey Merthyr Tydfil Monmouthshire Torfaen
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7.7 The Welsh Assembly Government's Statutory Guidance set the maximum rates payable for SRAs for 2002/03 by band and population grouping and the 2002 Regulations enabled these amounts to be increased annually. The Statutory Guidance proposed that this be in proportion to any increase in the basic salary level of AMs. The increase could apply from the effective date of the increase in AMs salaries and could, if necessary, be backdated subject to the proviso that such backdating could not apply for a period prior to the previous 1st April.

7.8 On the basis of the 2008 AMs salary increase, each council could have increased its SRAs by **9.74%** from April 2008. However, given the Panel's impending Initial Report, the Welsh Assembly Government recommended that the rates for allowances and travel be held at 2007/08 rates until such time as the Panel had made its determinations known.

7.9 The responsibility to set the maximum rates of SRAs now rests with the Panel. Unlike the rates set under the Welsh Assembly Government's Statutory Guidance, to which councils were required to have regard, the Panel's rates represent statutory maximums which must not be exceeded by councils. There may be different rates set for different councils and different rates for different responsibilities.

7.10 Councils remain bound by the 50% rule under the 2007 Regulations and are unable to pay more than one SRA to any councillor. Backdating will still be allowed to the previous April.

Consultation

7.11 The main points raised in the consultation about SRAs were:

- executive members should be treated as equivalent to full-time employees;
- executive members should be subject to performance appraisal by the leader of the council;
- keep/abolish population groups;
- keep/reduce number of responsibility bands;
- add seventh band to be used at council's discretion;
- give SRA to audit chair;

- remove scrutiny vice-chairs from list;
- chairs and board members should be treated the same as leaders and executive members;
- introduce differing rates for different executive/board responsibilities;
- allow greater local flexibility – some posts will be important in some councils but not others e.g. area committee chairs;
- there should be an SRA for lead members;
- there should be parachute payments for executive members (i.e. one-off payments to compensate for loss of senior office and associated income);
- there should be more executive members in larger authorities;
- a leader should receive 75% of a chief executive's pay; and
- in general, levels of allowances too low.

The Panel's Determinations

7.12 We agreed that our Initial Report should consider which posts should attract SRAs and whether SRAs should vary between councils. **We reviewed the link between the remuneration level of council leaders and 'backbench' AMs.** We understand that this link was established because it was considered that the roles in prospect were comparable. However, with the benefit of hindsight the Panel's considered view is that the roles are distinct and separate. **Accordingly, we consider the link to be no longer relevant.**

7.13 We have decided that amongst the issues which needed further consideration are the differentials between SRAs paid to executive and fourth option councils, whether to pay an SRA to an audit committee chair (and if so at what level) and whether there should be an SRA for lead members.

7.14 The Panel endorses the view that the remuneration of leaders should reflect their full-time roles and our expectation is that leaders and executive members should be available to perform their formal duties during office hours. We have decided not to make any changes to the council population bands and responsibility groupings for executive postholders at this stage but to return to these matters in the forthcoming consultation.

7.15 We have decided that SRAs payable in 2008/09 should be increased in line with the increase in the Basic Allowance that is by 2.45%. Hence, the maximum amounts payable for each SRA band by population grouping are:

	Group A		Group B		Group C		Group D	
	<i>08/09</i>	<i>07/08</i>	<i>08/09</i>	<i>07/08</i>	<i>08/09</i>	<i>07/08</i>	<i>08/09</i>	<i>07/08</i>
Band 1	£60,545	£59,097	£51,895	£50,654	£43,247	£42,213	£34,596	£33,769
Band 2	£48,434	£47,276	£41,516	£40,523	£34,597	£33,770	£27,679	£27,017
Band 3	£24,206	£23,627	£20,757	£20,261	£17,299	£16,885	£13,839	£13,508
Band 4	£14,532	£14,184	£12,454	£12,156	£10,378	£10,130	£8,304	£8,105
Band 5	£9,689	£9,457	£8,304	£8,105	£6,918	£6,753	£5,534	£5,402
Band 6	£4,844	£4,728	£4,153	£4,054	£3,460	£3,377	£2,768	£2,702

7.16 We feel strongly that the role of the councillor across Wales should be respected as a professional one. In the interests of equity and consistency the Panel encourages all councils to pay the maximum SRAs we have set for their population grouping.

CHAPTER 8 - CARE ALLOWANCES

Key issues

8.1 For the first time the 2002 Regulations enabled councillors to claim a care allowance if they could satisfy the council that they had dependant children under the age of 15 or a dependant aged 15 or over who required supervision. Initially councillors were not able to claim the allowance if they were in receipt of an SRA of more than £15,000 pa. However, this provision has been removed in the 2007 Regulations following representations from local government that it was a disincentive for those with caring responsibilities from taking senior posts.

8.2 The Welsh Assembly Government recommended in its 2002 Statutory Guidance that councils adopt a straightforward approach of paying a flat rate sum to any councillor who was eligible for the allowance and wished to claim it. For 2002/03 the maximum amount to be paid was set at £300 per month. Following uprating in line with the percentage annual increase in the Basic Allowance, the Care Allowance stood at £375 per month for 2007/08.

8.3 It was not intended that this allowance would reflect the actual costs incurred by councillors but was intended to represent a contribution towards caring costs which was administratively straightforward to operate. To require councillors to make claims against actual costs would have been administratively complex, would raise questions of equity and could lead to compliance issues. (There was, however, an alternative view that the wording of the 2002 Regulations suggested otherwise, i.e. that it should reflect actual costs.)

8.4 Under the 2002 Regulations councillors are not permitted to claim more than one Care Allowance unless they can satisfy their council that they need to make separate arrangements for the care of their dependants and need to pay for that care.

8.5 On the basis of the wages index applied to the Basic Allowance councils could have increased Care Allowances by **1.3%** from April 2008. However, given the Panel's impending Initial Report, the Welsh Assembly Government recommended that the rates for allowances and travel be held at 2007/08 rates until such time as the Panel had made its determinations known.

Consultation

8.6 The main points raised in the Panel's consultation about the Care Allowance were:

- it should be compulsory for councils to make the payments (the 2002 Regulations make this discretionary);
- it should not be paid to anyone whose total allowances exceed £20,000 pa;

- detailed claims should be required;
- the level should be such so as not to deter candidacy;
- it should be an allowance not a reimbursement;
- a number of respondents were under the impression that the Care Allowance is available only for childcare. At least one council has apparently only made the allowance available for childcare. (The 2002 Regulations make clear that this allowance is intended for dependent adults also.); and
- all councils should pay the same level of allowance.

The Panel's Determinations

8.7 We noted that not all the consultation responses on the Care Allowances sit comfortably with each other and some would require legislative change. However, **in order to maximise the take-up of this allowance and thereby help to reduce the barriers to representation, our determinations are:**

- **In the interests of consistency, the level of Care Allowance payable in 2008/09 has been increased by 2.45%, in line with the Basic Allowance, to a maximum of £384 per month.**
- **The Care Allowance will remain as an allowance that contributes towards caring costs rather than a reimbursement of actual costs. Councillors will continue to be required to satisfy their councils that it is reasonable and appropriate for them to receive this allowance.**
- We note that, in common with the Basic Allowance and SRAs, the Care Allowance is a taxable allowance.

8.8 We have noted that not all councils make this allowance available and that where it is available take-up is low. The variable arrangements for the payment of Care Allowance may inhibit its accessibility. **Consequently we recommend that all councils make this allowance available, take steps to publicise its availability and ensure that administrative arrangements are not a limiting factor to take-up. Councils are also encouraged to ensure that their councillors (and in particular those newly elected) are made aware that the allowance is available for the care of dependants over the age of 15 as well as for children.**

8.9 We have decided that the following should be subject to further consultation and consideration:

- whether the Care Allowance should continue to be available if we subsequently provide for a significance increase in the level of Basic Allowance payable;

- if the Care Allowance continues to be available, whether the Panel should re-instate the restriction that prevented councillors who were in receipt of an SRA above a certain level (that level was £15,000 pa) from receiving it;
- whether the availability of this allowance should be extended to include co-opted members;
- if the Care Allowance continues to be available, how, in the light of variations in administrative practice which affect accessibility, the allowance should best be paid;
- the eligibility of councillors to participate in a salary sacrifice scheme for the purposes of childcare allowances.

CHAPTER 9 - TRAVELLING AND SUBSISTENCE ALLOWANCES

Key issues

9.1 The 2002 Regulations entitled councillors and co-opted members ('council members') to reimbursement of expenses for travel and subsistence at rates determined by their individual council, whilst on approved duty. Approved duties are described in Regulation 2 of the 2002 Regulations⁷ as:

- (a) attendance at a meeting of the authority or of any committee of the authority or of any body to which the authority makes appointments or nominations or of any committee of such a body;*
- (b) attendance at a meeting of any association of authorities of which the authority is a member;*
- (c) attendance at any other meeting the holding of which is authorised by the authority or by a committee of the authority or by a joint committee of the authority and one or more other authorities;*
- (d) a duty undertaken for the purpose of or in connection with the discharge of the functions of an executive where the authority is operating executive arrangements within the meaning of Part II of the 2000 Act;*
- (e) a duty undertaken in pursuance of a standing order which requires a member or members to be present when tender documents are opened;*
- (f) a duty undertaken in connection with the discharge of any function of the authority which empowers or requires the authority to inspect or authorise the inspection of premises;*
- (g) attendance at any training or developmental event approved by the authority or its executive or board; and*
- (h) any other duty approved by the authority, or any other duty of a class so approved, undertaken for the purpose of, or in connection with, the discharge of the functions of the authority or of any of its committees.*

9.2 The 2002 Regulations provided that mileage rates must not exceed the rates paid to AMs unless they already exceeded those rates in 2002 in which case they were frozen until the National Assembly's rates caught up. AMs mileage rates are set at HM Revenue & Customs ('HMRC') approved rates. At the time of this Report mileage rates are 40p per mile reducing to 25p per mile after 10,000 miles.

9.3 Any other travel expenses are reimbursed on an 'actuals' basis, subject to the provision of receipts. However, councils are able to set ceilings. The Panel is

⁷ These descriptions are replicated in Regulation 2 of the 2007 Regulations.

pleased to note that most councils encourage the most cost-effective method of travel.

Consultation

9.4 The main points raised in the consultation about travel and subsistence allowances were:

- the Panel should keep to HMRC mileage rates;
- rates should encourage the use of environmentally friendly vehicles;
- rates should be the same as those for council officers;
- payment should be available for travel within the electoral division on local duties;
- the Panel should allow lump sum payments for travel and subsistence;
- standard rates should be imposed across all councils;
- subsistence allowance should be at the discretion of individual councils.

9.5 Again, some of these are contradictory and some - such as travel within electoral divisions, lump sum payments, and the imposition of standard rates - would require legislative change.

The Panel's Determinations

Travelling Allowances

9.6 We noted that this allowance is only available for approved duties as specified in the 2007 Regulations, and that the various definitions of approved duty in the Regulations (both 2002 and 2007) do not make specific reference to constituency work. That said, the broad definition at Regulation 2(h) of the Regulations (both 2002 and 2007) - 'any other duty approved by the authority, or any other duty of a class so approved, undertaken for the purpose of, or in connection with, the discharge of the functions of the authority or of any of its committees' - could be interpreted as extending the scope of approved duty.

9.7 We further noted that there is a wide-range of travel arrangements employed by councils and different methods of payment. **We have decided that at this stage travel allowances should continue to be claims based for undertaking approved duties, rather than made as lump sum or some other form of payments.**

9.8 **For 2008/09 we have decided that the maximum travel rates payable should be the rates set by HMRC for the use of private cars, motor cycles and pedal cycles plus any passenger supplement. Councils are therefore required**

to introduce these as maximum rates, thereby removing the historic catch-up link to the travel rates for AMs.

HMRC current rates are:

All vehicle sizes of private motor vehicle:

Up to 10,000 miles – 40p per mile

Over 10,000 miles – 25p per mile

Private motor cycles – 24p per mile

Pedal cycles – 20p per mile

Passenger supplement – 5p per passenger per mile.

9.9 All other claims for travel, such as bus/taxi fares, should be accompanied by appropriate receipts showing the actual expense, subject to any requirement or limitation that a council may determine. That said council members should always be mindful of choosing the most cost-effective method of travel.

9.10 We have decided that the following should be subject to further consultation and consideration:

- the availability of travel allowance for constituency duty; and
- the alternative models for the most cost effective methods of travel (with special consideration given to the level of CO² emissions).

Subsistence Allowances

9.11 We analysed the information provided by councils on their subsistence allowances. Nearly all councils responded to our request for this additional information and we were surprised at the wide variety in the amounts of allowances paid. In the interests of consistency our determinations below are based on the current average maximum payable by those councils.

Day Allowance

9.12 We have set a day subsistence rate of a maximum of £26 per day, (including breakfast when not provided as part of overnight accommodation). This would be a reimbursement of actual costs, for approved duties with receipts to be provided.

Overnight Subsistence Allowance

9.13 We have set the allowance for an overnight stay at a maximum of £105 for London and £90 for elsewhere with receipts to be provided, for approved duties.

9.14 **A maximum of £25 is available for an overnight stay with friends or relatives whilst on approved duty.** We note that this allowance features in many public sector schemes and we believe that it should also be available to council members when staying with friends/family, rather than in a hotel, for approved duties.

9.15 **We recommend that councils make arrangements so that it would be normal practice for council members to arrange their overnight accommodation via the council's members' services department using a central booking service for accommodation.**

9.16 We have decided that the following should be subject to further consultation and consideration:

- whether the subsistence allowance should be abolished (with the exception of the overnight allowance) and subsumed within a more generous allowance/salary; and
- if the subsistence allowance is to be retained whether it should continue to be available for duties undertaken within a local authority's boundaries.

CHAPTER 10 - CO-OPTEEES' ALLOWANCE

Key issues

10.1 This is a new allowance introduced by the 2007 Regulations. It replaces the Financial Loss Allowances which had been available under the 2002 Regulations. The Co-optees' Allowance is only available for co-optees with voting rights.

10.2 A co-opted member in this instance refers to someone who is appointed to a council committee or sub-committee but is not a councillor. As a minimum, these will be lay members of standards committees and church and parent governor representatives on education scrutiny committees. There may be others, particularly on audit committees. They are also entitled to receive travel and subsistence allowances on the same basis as councillors.

10.3 The Panel is empowered to set maximum levels for the Co-optees' Allowance and identify the responsibilities for which the maximums apply. With effect from four months after the production of the Panel's Initial Report councils may introduce this allowance for attendance at meetings or conferences in line with approved duties.

Consultation

10.4 The main points raised in the consultation about Co-optees' Allowance were:

- the Panel need to define who are to be treated as co-optees;
- there should be different maximums for different types of co-optees;
- the same maximums should apply to all councils.

The Panel's Determinations

10.5 As this is a new allowance we are setting the framework for the payment of this allowance.

10.6 We have decided that the Co-optees' Allowance (payable only to co-optees with voting rights) should be set at two levels.

10.7 For those co-optees who chair council committees (most notably standards committees) the allowance is set at a maximum of £1,450 per year. This figure is based on the assumption of four meetings a year plus the equivalent time of two meetings on chair duties multiplied by the current (2007/08) Band 2 Assembly Government Sponsored Bodies daily fee for chairs.

10.8 For other co-optees (including lay members of standards committees) the allowance is set at a maximum of £760 per year. This figure is based on the assumption of four meetings a year multiplied by the current daily fee for members of Band 2 Assembly Government Sponsored Bodies.

10.9 We recommend that the Welsh Assembly Government seeks to make audit committees a statutory requirement with lay members accorded full voting rights and accordingly entitled to relevant remuneration.

10.10 We will consult on whether co-optees without full voting rights should receive this allowance.

CHAPTER 11 – PENSIONS

Key issues

11.1 The 2003 Regulations allowed the National Assembly for Wales to enable councils to determine which councillors should be allowed to join the Local Government Pension Scheme (LGPS). The Welsh Independent Remuneration Panel (WIRP) set up to consider this matter recommended in its report dated February 2005 that:

‘All current and future elected members of county and county borough councils, including elected mayors, who are in receipt of basic and, where appropriate special responsibility allowances, should be deemed “eligible councillors” for the purposes of determining their entitlement to pensions’.

Most, but not all, councils agreed to do so.

11.2 The Panel has taken over the role of the WIRP and is empowered to review councillors’ entitlement to pensions and to make different recommendations to different councils. However, the final decision as to whether the entitlement should be offered to councillors remains with each council.

Consultation

11.3 The main points raised in the Panel’s consultation on pensions were:

- consensus that pensions are a good idea;
- the current arrangements should be retained;
- the age of entitlement to draw a pension should be lowered to that of council employees; and
- the level of contributions is too high for councillors to afford.

(Note: the latter two points relate to the rules of the LGPS and are not matters on which the Panel can decide. Nor are they devolved to the National Assembly for Wales.)

The Panel’s Determinations

11.4 We recommend that the present arrangements should continue in that all current and future elected members of councils should be entitled to join the LGPS and that their Basic and where appropriate SRA should be pensionable.

11.5 We further recommend that all councils should now enable their councillors to join the LGPS.

11.6 We have decided that the following should be subject to further consultation and consideration:

- whether we should recommend to the Welsh Assembly Government that powers should be sought to enable councillors to have an automatic right to join the LGPS;
- whether councillors who are members of other public bodies for which remuneration is received, such as Fire and Rescue Authorities and NPAs, should be able to join the LGPS.

CHAPTER 12 - OTHER RELEVANT MATTERS

12.1 The Panel has considered a number of other issues which were raised in the consultation:

- **to reflect the modern professional role of the councillor we consider that the term ‘allowances’ should be replaced by ‘remuneration’ and we would wish to see this adopted in any future legislative changes;**
- **we recommend to the Welsh Assembly Government that it seeks measure-making powers on councillors’ allowances to enable the possibility of significant reform to the existing structure of allowances. Such legislative change would provide the Panel with the power to prescribe levels of allowances, rather than to set maximums;**
- the question of whether remuneration levels are set at too low a level to attract people from the workforce will be considered further by the Panel (and, we understand, by the Expert Panel⁸ on widening participation);
- similarly parachute payments – designed to offset the impact of loss of office – will be considered by the Panel and the Expert Panel;
- a proposal that remuneration should be linked to performance has also been identified as a subject for future consideration by both Panels;
- the possibility of assistance to purchase vehicles will be given future consideration by the Panel;
- the issue of remunerating members who are also members of outside bodies has been referred for further consideration to the Panel and it is our intention to examine the remuneration for members of Fire and Rescue Authorities, NPAs and Police Authorities; and
- we will give further consideration to the payment of travel, office expenses, and staff support for councillors’ constituency duties.

⁸ The Expert Panel has been set up to consider the recommendations of the Report of the Councillors Commission, published in December 2007, and their appropriateness for implementation in Wales. (The Councillors Commission was established by the Secretary of State for Communities and Local Government in February 2007 to develop recommendations to encourage a more diverse and broader range of people to become councillors so that communities are better represented.) The Expert Panel will also consider other issues relevant to widening participation in local government in Wales which have not been considered by the Councillors Commission. The Panel is due to complete its work and report to the Minister for Social Justice and Local Government before the end of 2008. Richard Penn, Chair of the Independent Remuneration Panel for Wales, is a member of the Expert Panel.

12.2 With regard to the publicity requirement concerning allowances, in Regulation 25(2) and (3) of the 2007 Regulations, we recommend that ‘As soon as practicable after the end of a year...’ be regarded as at the time of the approval of the council’s Statement of Account, which we understand is around the end of June. We further recommend that a council should publish details of the total sum of each allowance paid in that year to each council member, both on the council website and in an appropriate newspaper.

CHAPTER 13 - FUTURE WORK PROGRAMME

13.1 We intend to publish a Supplementary Report before the end of December 2008 which will set maximum levels payable for all allowances for 2009/10.

13.2 As new administrations have been formed since May 2008, we intend to conduct a wider consultation exercise across Wales commencing early in 2009. This will give all members of the new administrations and other relevant stakeholders an open opportunity to respond to our more fundamental review of councillors' remuneration. This consultation will provide the basis for a further Supplementary Report to be published by the end of 2009 setting out our determinations for 2010/2011 and their underpinning rationale.

ANNEX 1: CONSULTEES AND RESPONDENTS

Those Consulted:-

Leaders of County and County Borough Councils
Chief Executives of County and County Borough Councils
Welsh Local Government Association
SOLACE Wales
Chairs and Chief Executives of National Park Authorities
Chairs and Clerks of Fire and Rescue Authorities
Chair and Chief Executive of One Voice Wales
National Association of Councillors
Equality and Human Rights Commission
CBI Wales
Institute of Directors
Institute of Welsh Affairs
Wales TUC
Wales Council for Voluntary Action
County Voluntary Councils in Wales
National Association of Black, Asian and Ethnic Minority Councillors
Wales Audit Office
Political Parties

Written Responses Received from:-

Caerphilly County Borough Council – Members
Ceredigion County Council - Member
Flintshire County Council - Members and Officers
Gwynedd Council
Monmouthshire County Council - Members
Neath Port Talbot County Borough Council - Member and Officer
Newport City Council – Member
Powys County Council – Members and Officer
Swansea City Council – Member and Officer
Vale of Glamorgan Council – Members
Wrexham County Borough Council - Officer
North Wales Fire and Rescue Service
South Wales Fire and Rescue Service - Officer
Brecon Beacons National Park Authority - Members
Powys Association of Voluntary Organisations – Officer

The Panel also Met with Representatives from:-

Welsh Local Government Association – Separate meetings with Officers and Group Leaders (latter post May 2008 local government elections)
National Association of Councillors
Equality and Human Rights Commission
Institute of Welsh Affairs

ANNEX 2: SUMMARY OF WRITTEN RESPONSES TO CONSULTATION EXERCISE

Basic Allowances

Elected Members in Senior Positions

- Rate should be the same for local government employees on Scale SCP4 (£11,577 pa).
- Should be a straightforward maximum across all councils.
- Payment should reflect modern demands of role, including time and skills required.
- Current level fine.
- Current level about right – but perhaps not for purposes of widening participation.
- Level should reflect that this is full-time job.

Elected Member

- Current level not high enough. Rate should be same as officers.

Local Authority

- Should be same for every councillor in every council. Level should reflect expectation on member to allocate substantial amount of time to council work. Current level works against widening participation.

Officer

- Current level doesn't attract an entirely representative group. May be case for linking level to size of local authority – either by population, electorate or budget.

Special Responsibility Allowances

Elected Members in Senior Positions

- Cabinet members who receive the maximum SRA should prove they work a minimum of 37 hours per week and have an annual performance assessment by their leader.
- Current SRA bands and groupings by population size about right. Should be an SRA for chair of audit committee. Question whether SRA necessary for scrutiny vice-chair. SRA bands for leader and cabinet members should be same for all councils irrespective of their population grouping. Should be fewer SRA bands with less difference between highest and lowest bands. Should be flexibility to set different levels for cabinet members. SRA should be available for lead members.
- Can't be a cabinet member and keep demanding job; should be some sort of parachute payment between losing cabinet post and returning to paid employment.

- Cabinet member is a full-time position and current SRA level doesn't equate to salary. Larger councils should have more cabinet members to reflect their greater responsibility/workload. Level of SRA for deputy leader should be increased – possibly to 50% of leader's SRA.
- SRA for leader should be increased to reflect that this is a full-time role with extreme responsibilities – should be 75% of chief executive's salary.
- Bandings about right but levels too low – don't reflect increased responsibilities and time-commitment. Support continuance of current 4 levels of payments by population size.

Elected Member

- Current arrangements should continue.

Local Authorities

- Although happy with current six bands, should be discretionary 7th. Maximums should be same for all councils and not linked to population. SRA bands for chair and board should replicate those for leader and cabinet. Should be more than one level of SRA payable for board/cabinet members (other than deputy leader) to reflect different responsibilities/duties. Should be SRA for chair of area committee.

Officers

- Current levels seem about right though doesn't attract an entirely representative group. May be case for linking level to size of local authority – either by population, electorate or budget.
- Existing structure is understood and works well – different levels reflect different responsibilities. SRAs should be available to leader, lead member/portfolio holder, board member, chairs and co-chairs and vice-chairs. Should be different maximum amounts for different duties/ time commitment.

Care Allowances

Elected Members in Senior Positions

- Shouldn't be available for those who receive a Basic and SRA totalling over £20,000 pa. More information should be provided when making claim.
- Current maximum is reasonable.
- Allowance helpful in encouraging those with dependants to stand for office. Should be minimum bureaucracy, as is possible under current arrangements. Should be no stigma attached to claim.
- Rate should be more realistic.

Elected Members

- Should be mandatory for purposes of widening participation.
- Should be available for caring of parents and partners as well as children.

Local Authority

- Level should be appropriate to attract those with caring responsibilities to stand for office.

Officer

- Although limited experience of this allowance, view is that level about right.

Authorities other than Local Authorities

- Same maximums should be prescribed for all councils.
- Care allowance essential for councillors and co-opted members.

Travelling and Subsistence Allowances

Elected Members in Senior Positions

- Maximums should be rates set by HMRC.
- Rate should encourage use of eco-friendly vehicles.
- Don't understand why member rate below officer rate. Allowance should be available for constituency work.
- Geographically small councils should return to lump-sum payments to cover in-area travel and subsistence – avoids bureaucracy. Helpful for rates to be linked to Assembly.
- Difficult to share transport in geographically large councils.
- Should be at discretion of each council.

Officer

- Current maximums appropriate.
- Travel and subsistence levels should be standardised for all councils and payable on mileage rate and receipt basis.
- Would welcome greater flexibility, particularly on accommodation.

Authorities over than Local Authorities

- Same maximums should be prescribed for all councils.
- Rates don't always keep up with cost of living.

Co-optees' Allowance

Elected Members in Senior Positions

- Need to clarify and define categories of co-optees – independent members of standards committees and their sub-committees, co-opted members of scrutiny, and audit. Simpler to have one level, linked to Basic Allowance. New allowance should help in widening participation.

- Role as defined in Regulations is too narrow – doesn't take into account citizen engagement.
- Should only be available for external members of standards committees - £1,000 pa, reflecting time commitment.

Elected Members

- Co-optees should be paid attendance allowance for duty on council committees and as governors.
- Should be variable amount dependent on time commitment.

Local Authorities

- Should include responsibilities for duties on standards and scrutiny committees. Should have different maximum amounts for different responsibilities/duties. Should assist with recruitment and retention of co-opted members.
- Welcome this new allowance to assist in recruitment. Should be paid for attending meetings. Different maximum payments should be set for different levels of responsibility.

Officers

- Should be job descriptions listing responsibilities/duties which should attract a different level of allowance. This new allowance should help recruitment.
- Should have different maximum amounts for different responsibilities/duties.
- Level paid should adequately reflect public service ethos.

Authorities Other Than Local Authorities

- Welcome new allowance for widening participation.
- Allowance should be for independent members of standards committees and same maximums should be prescribed for all councils.

Pensions

Elected Members in Senior Positions

- Should continue to be available for Basic Allowance and SRA.
- All councillors should be eligible to join.
- Contributions to LGPS too high.

Local Authority

- Current arrangements should continue.

Officers

- Age for members to draw pension should be reduced from 70 to that for other LGPS members.

- No issues of concern with current policy.
- 6% level should be retained.

General Comments

Elected Members in Senior Positions

- Meeting times should try to accommodate those in employment.
- Publicity requirements should cover all allowances, including those from outside bodies.
- Reference should be to 'remuneration' rather than 'allowances' – to reflect increasingly professional role of councillors. Need for role descriptions, annual reviews. Levels should encourage widening participation and should recognise sacrifices made in terms of family and career.
- Current levels unsatisfactory – don't reflect increasing time commitment and that roles becoming more professional – and so can't attract right calibre of person. Cabinet members – full-time positions, whilst back-benchers three days plus. Allowances should have link to MPs salaries.
- Can't attract young as allowances too low and time commitment high.
- Should be root and branch review as part of widening participation.
- Levels of allowances for NPAs and Fire and Rescue Authorities require further consideration – should be linked to higher allowances for Police Authority members.
- Current annual uplift confusing with separate rates for Basic and SRAs.

Elected Members

- Impossible for young people to become councillors – allowances poor and time-off from employer is non-starter. Should be more evening meetings.
- Difficult to balance work as councillor with other work.
- Allowances too low for 24/7 work.
- Existing allowance system fair.
- Welcome establishment of Panel. Panel should set maximums with councils having discretion to set rates up to those levels.
- Allowances should be available for those external bodies for which no remuneration is currently available.
- New councillors need better training – as part of making/reflecting that the role is becoming more professional.
- Members of the public should be invited to attend Panel meetings.

Local Authorities

- Welcome establishment of Panel for ensuring transparency and fairness. Should be standard procedure across all councils. Allowance system should encourage widening participation.
- Should have redundancy payment/exit interview for those not re-selected/elected.

Officers

- Panel should set maximum amounts, with councils having discretion to set allowances below maximums set.
- Councillors should have role descriptions based on WLGA's model job roles. Allowance paid should reflect public service ethos inherent in these roles.
- Allowance levels reasonable in current economic climate. Should be a fixed maximum allowance set for all councils, rather than this being different according to population or other criteria. Levels set by the Panel should be transparent and reasonable.

Authorities Other Than Local Authorities

- Levels of allowances should reflect widening participation.
- Panel's remit should be extended to include Fire and Rescue Authorities.
- But for now Panel could comment on level of allowances for chair and vice-chairs of Fire and Rescue Authorities which are specified in regulations. LGPS should be extended to include Fire and Rescue Authorities.
- Lack of clarity between allowances payable to members of Welsh and English Fire and Rescue Authorities.
- Remuneration received by members of NPA doesn't adequately recognise time and commitment.

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