

Report

Democratic Services Committee

Part 1

Date: 20 November 2015

Item No: 1

Subject Independent Remuneration Panel Draft Report

Purpose To consider making representations about the report

Author Chief Democratic Services Officer

Ward No Wards / All members affected

Summary In accordance with the requirements of Section 147 of the Local Government (Wales) Measure 2011 (“the Measure”), the Panel’s draft Annual Report, including proposals which would have effect for the municipal year 2016-2017 has now been published on its website.

Generally the Committee has taken the view that the IRP should fix salaries nationally with no element of local discretion. Nevertheless the Committee may wish to comment on the underlying principles, rather than the actual salary levels.

Perhaps the most significant change is the limit on the number of Cabinet Members who can receive the full salary. Essentially this would mean the Leader, Deputy and four Cabinet Members receiving the full salary with a reduced rate for the others. This report discusses this further below

The report also proposes a two-level approach to committee chairs with a reduced level being introduced (£2,000 per annum lower). It says that the upper level should be paid nly where there is “exceptional responsibility”.

The report proposes a reduction in the payment to the Leader of the Opposition by £2,000.

The letter which accompanies the report refers to a ‘remit letter’ from its ‘sponsor’ minister. Members may take a view on the independent panel receiving a remit letter.

Proposal To consider the proposed response and to approve or amend it

Action by Head of Democratic Services

Timetable In line with the deadline

This report was prepared after consultation with:

- Chief Executive
- Monitoring Officer

- Head of Finance
- Head of People & Business Change

Background

The report deals with payments to various members of the Council as follows:

Cabinet Members

As identified in the summary above, perhaps the most significant change is the limit on the number of Cabinet Members who can receive the full salary.

It is perhaps interesting to Members that the IRP accept that the size and composition of Cabinets is a matter for each Council, but then they effectively rule that you shouldn't need more than 5 full-time members of the Cabinet along with the Leader.

This is further complicated as the Scheme of Members Allowances has to be approved by full Council, then the decision on which of the 5 posts attracts the higher salary would have to be made by Council, not the Leader – even though the Leader has delegated power to select his Cabinet and allocate their portfolios. Members may consider this as a potential inconsistency.

The principle of this restriction, and how it would work in practice, is probably worthy of comment

The Monitoring officer also points out in his comments that the rationale for the IRP's proposal (Ministerial remit letter aside) is that some Cabinet Members are deemed to have greater responsibility than others. But some councils operate cabinet models with collective responsibility for decision-making with little or no delegation to individual cabinet members. Therefore, there's no distinction in terms of individual responsibility as they all participate equally in collective executive decisions taken at Cabinet meetings. This means that applying the IRP's proposal would be very difficult – unless the implication is that you shouldn't need any more than 5 if all you do is take collective decisions!

According to WLGA figures, these restrictions on Cabinet Member salaries would only save £156k across the whole of Wales

Committee Chairs

The report proposes two-tier salaries for Committee Chairs, and mentions that the upper salary should only be paid for "exceptional responsibility".

The report offers no definition or guidance on what is meant by "exceptional responsibility".

Members will be aware that the Council has discretion not to pay any salaries for Committee chairs. The Panel recognises however that Scrutiny is important and expresses the view that Scrutiny chairs should continue to be recognised. It makes no comment however, nor offers any guidance on whether they are important enough to be paid at the higher band.

Members may feel that there really needs to be clearer guidance on what "exceptional responsibility" means. Otherwise, we could end up paying all chairs at the lower level on the basis that there is nothing "exceptional" in their roles.

Leader of the Opposition

There is a proposal to reduce the payment to the Leader of the main opposition party. The report mentions that the range of responsibilities and accountability for this post varies. It goes on to say that it is important to make payment for this post

Leader of other parties

To qualify for a salary, the member would need to lead a group made up of at least 10% of the council membership. This represents no change.

Basic Salary

No change is proposed to the basic salary of £13,300.

Civic Roles

The Council maintains discretion on whether and what amount to pay the Mayor and Deputy.

In general terms the changes are as follows

	2015-2016	2016-2017	Comments
Basic Salary	£13,300	£13,300	No change
No of eligible Senior salaries for Newport	18	18	No change
Leader (In Newport)	£48,000	£48,000	No change
Deputy Leader (In Newport)	£33,500	£33,350	The Deputy leader is included as one of the maximum of 5 posts that can be paid the full Cabinet Member allowance. As it is the Deputy Leader post there is a premium of 15%. This reduces the payment by £150.
Cabinet members in Newport	All at £29,000	4 at £29,000 Remainder at £26,100	Currently 7 Cabinet members receive the full allowance of £29,000. This number will need to reduce to 4 in Newport with the remainder receiving the reduced amount.
Committee Chairs	All at £22,000	Level 1 Chairs £22,000 Level 2 Chairs: £20,000	The Council is to determine which chairs qualify for the full allowance and which are reduced to Level 2. The Panel says it is a matter for the Council but they expect level 1 salary to reflect "Exceptional Responsibility".
Leader of the Opposition	£22,000	£20,000	A reduction of £2,000.
Civic Leaders	£21,500 Mayor £16,000 Deputy	£21,500 £16,000	The Council must determine if they wish to pay their Civic Leaders .

Potential response for discussion

This potential response is included to assist discussion only

- The Democratic Services Committee considers that the independent remuneration panel should fix salaries nationally with no element of local discretion
- The Committee is concerned about the independence of the report, given the remit letter provided by the minister

- The IRP accepts that the size and composition of Cabinets is a matter for each Council, but then they effectively rule that you shouldn't need more than 5 full-time members of the Cabinet along with the Leader.
- The Scheme of Members Allowances has to be approved by full Council, then the decision on which of the 5 posts attracts the higher salary would have to be made by Council, not the Leader – even though the Leader has delegated power to select his Cabinet and allocate their portfolios. Members may consider this as a potential inconsistency.
- Clear guidance on what is meant by “exceptional responsibility” when considering the level of salaries to Chairs of Committees

Financial Summary

There is no financial cost to making a response but the proposals in the report would clearly impact on the budget for salaries paid to the elected members, depending on decisions taken by the Council

Risks

Should the Council not provide a response to the draft report, clearly the ability to comment and influence the final decisions will be lost. The opportunity to ask for clarity or guidance will also be lost.

Links to Council Policies and Priorities

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

Options Available

1. To respond based on the suggested response set out in the report
2. To amend the suggested response after consideration of the report
3. Not to respond after consideration of the report.

Preferred Option and Why

1. The response set out in the report reflects the officers' views of the need for greater guidance to help the Council take decisions within the Panel's determinations
2. Members would wish to consider the proposals set out in this report and may wish to amend the proposed response.
3. Members may conclude not to respond

The preferred option is either option 1 or 2 as should we make no response the ability to comment and influence the final decisions will be lost. The opportunity to ask for clarity or guidance will also be lost.

Comments of Chief Financial Officer

There is no financial cost to making a response but the proposals in the report would clearly impact on the budget for salaries paid to the elected members, depending on decisions taken by the Council

Comments of Monitoring Officer

There are no specific legal issues arising from the Report. The IRP has statutory power under Section 147 of the Local Government (Wales) Measure 2011 to set Members Allowances. They have invited comments on their draft proposals for 16/17. DSC have previously expressed the opinion that it would

not be appropriate to comment on the amounts of basic and senior salaries being proposed by the IRP and have taken the view that all salaries should be prescribed by the IRP and not left to the discretion of individual councils. However, the existing scheme does give an element of local discretion and these draft proposals would take that principle even further.

The most contentious point of principle is the proposal to restrict the number of senior salaries to only 5 Cabinet Members. On the one hand, the IRP accept that the size and composition of Cabinets is a matter for each Council, but then they effectively rule that the Council should not require more than 5 full-time Cabinet Members, regardless of the how executive functions are being discharged – which will vary considerably within different authorities. Newport operates a system of both collective Cabinet decisions for certain matters (e.g. cross-cutting issues and major policies) and a scheme of delegation to the Leader and Cabinet Members for certain executive policy/strategic decisions within their individual portfolios. Although it is possible to identify individual responsibility, it is still problematic deciding which portfolios are deemed to have more responsibility than others. There is also the issue about who makes this judgement and takes the decision. Because the Scheme of Members Allowances and the size of the Cabinet has to be approved by full Council, then the decision on which of the 5 posts attracts the higher salary would have to be made by Council, even though the Leader has delegated power to select his Cabinet and allocate their portfolios – another potential inconsistency.

The rationale for the IRP's proposal is that some Cabinet Members are deemed to have greater responsibility than others. But some other councils operate cabinet models with collective responsibility for decision-making with little or no delegation to individual cabinet members. Therefore, there is no distinction in terms of individual responsibility as they all participate equally in collective executive decisions taken at Cabinet meetings.

There is also an issue about the proposed two-tier system of salaries for Chairs of Committee and the principle that the higher salaries should only be paid where there is “exceptional responsibility”, but no guidance is provided as to when this might apply.

Staffing Implications: Comments of Head of People and Business Change

There are no staffing implications. There is no direct link to the Council's individual plans or policies as this is a national issue about payments to elected members.

Comments of Cabinet Member

No cabinet member is responsible for payments to elected members

Local issues

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

Scrutiny Committees

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

Equalities Impact Assessment

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

Children and Families (Wales) Measure

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

Consultation

Please use this section to include any comments received from wider consultation – including consultation with all elected members- this section, together with any responses:

Background Papers

Draft Independent Remuneration report

Dated: