



AGENDA ITEM: 17

NORTH WALES FIRE AND RESCUE AUTHORITY

17th October 2011

INDEPENDENT REMUNERATION PANEL FOR WALES

Report by Colin Everett, Clerk to the Authority

Purpose of Report

- 1 To note the Independent Remuneration Panel's Draft Annual Report 2011 and recommendations which affect the authority and the response made by the Clerk. (Appendix 1 and 2 refers.)

Background

- 2 The Independent Remuneration Panel (IRP) published its draft Annual Report 2011 in July, for consultation.
- 3 The IRP's draft Annual report is the first since the IRP gained a range of new powers following the Local Government (Wales) Measure 2011. In this report the Panel has made determinations on the range and level of allowances for members of Local Authorities, National Park Authorities and Fire Authorities.

Considerations

- 4 In summary, the Panel's decisions about the remuneration of members will affect North Wales Fire and Rescue Authority as follows (full details are shown in Appendix 3):

Salaries

- Members currently receiving the basic allowance will be paid for a time commitment of 16 days per year at a Basic Salary rate of £1,350 per annum
- The Chair of the Authority will be paid a Welsh FRA Senior Salary aligned with the Band 3 salary (£10,085)

- The vice-chair of the Authority will be paid a Senior Salary aligned with the Band 4 salary (£5,095)
 - The Chair of a FRA main committee will be paid a Senior Salary aligned with the Band 4 salary (£5,095) (this will not apply to NWFRA as the Chair of the Authority is also the Chair of the Executive Panel)
 - The Chair of another FRA committee can be paid a Senior Salary at a rate of £3,400 (this would apply to the chair of the Audit Committee as the only Standing Committee other than the Executive).
- 5 Independent members of the Standards Committee will be paid a daily fee capped at a maximum of 4 full days per year on the following rate:
- Standards committee Chair £256 daily fee (£128 for ½ day)
 - Independent member £198 daily fee (£99 for ½ day).

Travel and Subsistence Allowances

- 6 Members will recall discussing mileage and care allowances at the June meeting and voted in favour of keeping the mileage allowance at 40p per mile and pay a care allowance of up to £100 per month.
- 7 The IRP recommends that a care allowance of up to £403 per month can be claimed and that FRAs should pay mileage in accordance with the current HMRC rate of 45p per mile.
- 8 Subsistence rates will remain at £28 per day – day allowance for meals, including breakfast where not provided in the overnight charge.

Contentious Issues

- 9 The limit of 3 Special Responsibility Allowances (SRAs) is too inflexible.
- 10 The proposal that an Executive member of a constituent authority will no longer qualify for an additional allowance or SRA is unreasonable.

- 11 Whether Fire and Rescue Authorities choose to award an SRA for their Vice Chair should be a matter for local choice.

Financial Implications

- 12 If the Panel's decisions are implemented as outlined above, the Authority will need to increase the members' salary budget by approximately £10,500 per annum.

Recommendation

- 13 Members are asked to:
 - (a) note the report and await the outcome of the consultation response;
 - (b) note the Welsh Local Government Association response attached at Appendix 4.

5. Payments to Members of Welsh Fire and Rescue Authorities

Background

5.1 Established in 2004, the statutory framework of the three Welsh fire and rescue authorities (FRAs) allowed the indexation of their member allowances at the average increase obtaining in their constituent local authorities. With the inception of the Panel in 2008 FRAs were further obliged to take the determinations of the Panel into account in setting members' remuneration. When representatives of the FRAs met with Panel members in 2009 they made clear their wish for the Panel's remit to be extended to cover their members' remuneration.

Current Context

5.2 Following the extension of the Panel's remit under the Local Government (Wales) Measure 2011, the Panel invited written submissions from FRAs on their current member allowance schemes and followed this up with a visit to each authority – Mid and West Wales FRA, North Wales FRA and South Wales FRA – during March and April 2011. At these visits Panel members met with the FRA chair and usually a committee chair in the absence of the deputy-chair. The Panel also and separately met with senior officers.

5.3 Those interviewed were clear that they would wish to be included in the Panel's national framework in 2012/2013. This presents an ideal opportunity for a new scheme of member remuneration to be put in place because it would coincide with the election of new local councils, from which 25 councillors from the 6 constituent councils forming the Mid and West Wales FRA, 28 councillors from the 6 constituent councils forming the North Wales FRA and 24 councillors from the 10 constituent councils forming the South Wales FRA, would be nominated, usually for a 4 year term.

5.4 Some key points from the visits that underpin the Panel's proposals for FRA member remuneration in 2012/2013 are that:

- A committee structure is now evident in all Welsh FRAs, but chairs of committee do not receive an SRA as these have only been available for the chair and vice-chair of each authority¹. FRAs committees vary in function, with finance, audit, and human resources most commonly in place.
- Involvement of ordinary members in the work of FRA committees, working groups and associated training/development has improved

¹ The Local Authorities (Allowances for Members of Fire Authorities) (Wales) Regulations 2004.

their understanding of FRA core functions and has improved attendance and participation at meetings of the full authority. The responsibility of FRA members equates to their role as committee members in local authorities, and there is some limited constituency contact work in relation to FRA matters. The time commitment claimed to be a minimum requirement for ordinary FRA members varied from between 12 and 16 days a year.

- There appears to be no distinct, sustained, senior responsibility role for the vice-chairs of FRA committees other than to act in the chair's absence. FRA senior members who met with the Panel were made aware that whilst there is no provision in the Panel's framework for the remuneration of committee vice-chairs there is provision for a deputy role to be remunerated where there is evidence of a distinct role of sustained and senior responsibility – for example, a deputy leader or a deputy chair of a council.
- Two of the FRA chairs are also executive office holders in their home authorities.
- The time commitment of a FRA chair was estimated at between 3-8 days per month. There was common agreement that the responsibility included an important representational element akin to that of a civic head of a local authority. In respect of policy responsibility the Panel concluded that the leadership role of a FRA chair equated best with that of a Band 3 chair in a local authority.
- FRAs hope that the Panel would prescribe and equalise the actual level of FRA Basic and Senior Salaries² and that FRA remuneration would be aligned to that pertaining in local authorities. Members drew attention to what was perceived as a low level of remuneration for the responsibility discharged, a situation exacerbated by the fact that FRA allowances have been held at a standstill for some time (bar indexation) pending any extension of the Panel's remit.
- Allowances to independent members of standard committees are paid in one FRA, but that travelling expenses are available in all.
- Travel and allowances are available in all FRAs but there are different maxima.

Welsh FRAs: Basic and Senior Salaries

5.5 Having considered the evidence gathered at the visits to the three Welsh FRAs, the Panel has decided that:

² Using the terms 'Basic Salary' and 'Senior Salary' in place of 'Basic Allowance' and 'Special Responsibility Allowance' used hitherto in Welsh fire and rescue authorities.

- The worth and responsibility of ordinary members of the Welsh FRAs should be aligned to the Basic Salary of a local authority member, and be paid for a time commitment of 16 days per year.
- The time, worth and responsibility of the chair of a Welsh FRA should be aligned to the Senior Salary of a Band 3 functional office holder in a local authority (that is, to that part of the Band 3 Senior salary which is not the Basic Salary of a local authority member).
- The time, worth and responsibility of a deputy chair of a Welsh FRA where there is distinct and sustained senior responsibility should be aligned to the Senior Salary of a Band 4 functional office holder in a local authority (that is, to that part of the Band 4 Senior Salary which is not the Basic Salary of a local authority member).
- The time, worth and responsibility of a committee chair of a Welsh FRA is such as to warrant alignment to the Senior Salary of a Band 4 functional office holder in a local authority (that is, that part of the Band 4 Senior Salary which is not the Basic Salary of a local authority member).
- The Panel accepts that the assumed part-time commitment of a local authority councillor in receipt of a Basic Salary or a Band 3 or 4 Senior Salary allows sufficient time for such a councillor to undertake the part-time duties of a Welsh FRA ordinary member or senior office holder. However, it is the Panel's view that those local authority members who are also council executive office holders (and remunerated by the Panel on an assumed full-time basis) need to consider carefully whether the additional time commitment of ordinary or senior membership of a Welsh FRA can be properly met. The Panel's conclusion is that this required time commitment cannot be properly met and that the role should not be additionally remunerated.

5.6 The Panel has decided that, for 2012/13, the Basic Salary set out below shall be paid to all Welsh FRA members, and the Senior Salaries set out below shall be paid up to a maximum of 3 Welsh FRA members appointed in the office of Chair, Deputy Chair and Committee Chair:

- A Welsh FRA Basic Salary of £1,350 payable to all ordinary FRA members ($16/156 \times £13,175$).
- A Welsh FRA Senior Salary of £10,085 payable to the Chair of a Welsh FRA (£1,350 + £8,735).
- A Welsh FRA Senior Salary of £5,095 payable to the Deputy Chair of a Welsh FRA (£1,350 + £3,745).
- A Welsh FRA Senior Salary of £5,095 payable to the main Committee Chair of a Welsh FRA (£1,350 + £3,745).

- A Welsh FRA Senior Salary of £3,400 payable to the Chair of another Committee of a Welsh FRA (£1,350 + £2,050).

Welsh FRA Basic and Senior Salaries: related matters

5.7 The Panel stipulates that:

- Members must not receive more than one FRA salary.
- A FRA Senior Salary is paid inclusive of the Welsh FRA Basic Salary.
- A local authority member who is also a council executive office holder should not be additionally remunerated for a role as an ordinary or senior member of an FRA.
- It is accepted that many FRA members devote more time to their FRA duties than the time commitments noted above. As with local authority members this additional time is acknowledged by the Panel as unpaid public service.

The Panel's decisions for Welsh FRA Co-opted Member payments

5.8 The Panel notes the non-payment to date of remuneration to independent members of standards committees in FRAs. However, it is the Panel's view that the worth and responsibility of such co-opted members needs to be recognised to the same extent as they are for their counterparts in local authorities. As a consequence, the Panel has decided to introduce a daily fee for co-opted members with voting rights.

5.9 The level of payments to co-opted members of local authorities is derived from a calculation made by the Panel as to time commitment, with an assessment of responsibility analogous to the daily rates for the Chair and Members of the Welsh Government's Band 2 Sponsored Bodies. The Panel considers that this is also the appropriate basis for payment of co-opted members of FRAs, but that payment to co-opted chair and co-opted members should be prescribed to recognise the importance of the function. It is open to co-opted chairs and members to forgo part, or all, of their payments if they so wish.

5.10 The Panel has decided therefore, that for 2012/13, FRAs shall provide:

Chair, Standards Committee (FRA authorities)	£256 daily fee (£128 for ½ day)	(3 Welsh fire and rescue)
Ordinary member (FRA)	£198 daily fee (£99 for ½ day)	(as above)

These payments are capped at a maximum of 4 full days a year for any individual co-opted member.

Reimbursement of Care, Travel and Subsistence Expenses

5.11 In respect of expenses arising from Care, Travel and Subsistence, the Panel has decided that the provision for reimbursement of expenses currently in place for local authorities, be put in place for FRAs in 2012/13. Hence the Panel has decided that:

- All FRAs shall make provision for the reimbursement of necessary expenses for the care of dependant children and adults (provided by informal or formal carers) up to a maximum of £403 per month, when claimed on the basis of receipts by the FRA member or co-opted member as necessary for the fulfilment of FRA duties. Payments shall only be made to actual and receipted costs.
- all FRAs shall continue to reimburse travel expenses for their members undertaking approved duties / official business at current HMRC rates which are:
 - 45p per mile – up to 10,000 miles.
 - 25p per mile – over 10,000 miles.
 - 5p per passenger mile – passenger supplement.
 - 24p per mile – private motor cycles.
 - 20p per mile – bicycles.

5.12 All other claims for travel, such as bus and taxi fares, shall continue to be accompanied by receipts showing the actual expense, and are subject to any requirement or further limitation that an FRA may determine. Members and co-opted members should always be mindful of choosing the most cost-effective method of travel.

5.13 All FRAs should continue to reimburse subsistence expenses for their members and co-opted members on the maximum rates set out below and paid on the basis of receipted claims:

- £28 per day – day allowance for meals, including breakfast where not provided in the overnight charge.
- £150 - London overnight.
- £120 - Cardiff overnight.
- £95 - elsewhere overnight.
- £25 – overnight staying with family or friends.

(FRAs may continue to charge individual members and co-opted members for subsistence where refreshments are provided by the authority at meetings.)

5.14 Wherever possible, overnight accommodation should be reserved and paid for by the FRA itself. It is not necessary to allocate the maximum daily rate (£28 per day) between different meals, as the maximum daily rate reimbursable covers a 24 hour period and can be claimed for any meal if relevant, *provided such a claim is supported by receipts.*

Richard Penn
Chair Independent Remuneration Panel for Wales
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Dear Richard

Independent Remuneration Panel for Wales – Response to Draft Annual Report 2011

Thank you for the opportunity to comment on the recommendations of the Panel for Members' Allowances.

Firstly the North Wales Fire and Rescue Authority fully supports the forward response of the Welsh Local Government Association as our representative body.

Secondly the specific issues we need to highlight are:

- The Authority strongly objects to the proposal that an Executive Member of a constituent authority will no longer qualify for an additional allowance or SRA with the Fire and Rescue Authority. The Fire and Rescue Authority is a separate legal entity and service and it should have recognition and status; this should be supported by remuneration through allowances as is the case now. The Panel will unintentionally undermine the status of the Authority and the importance of the service if this proposal were to go ahead;
- Whether Fire and Rescue Authorities choose to award an SRA for their Deputy Chair should be a matter for local choice within those proposals; and
- The limit of 3 SRAs is too inflexible. If an Authority were to operate both an Audit Committee and a Scrutiny Committee (we do not - the two are combined) then a limit of 3 is too low.

We strongly recommend that the proposals are reviewed based on the above comment.

We would appreciate a full reply on these comments once the Panel has digested the many responses it will have received and finalised its proposals.

Yours sincerely

Colin Everett
Clerk to the North Wales Fire and Rescue Authority

Appendix 3

Overview of the Independent Remuneration Panel's Recommendations

1. Fire Authority Members Allowances

Role	Existing NWFRA Allowance	Proposed IRP Allowance	Variance
Ordinary Member	£1,142.76	£1,350	Increase £207.24
Chair of the Fire Authority	£9,743.64	£10,085 (Band 3)	Increase £ £341.36
Vice/Deputy Chair of the Fire Authority	£7,488.60	£5,095	Decrease £2,393.60
Main Committee Chair	No specific committee chair allowance payable. Basic members allowance received only of £1,142.76	£5,095	Increase £3,952.24
Other committee chair	No specific committee chair allowance payable. Basic members allowance received only of £1,142.76	£3,400	Increase £2,257.24
<u>NB</u>			
<ul style="list-style-type: none"> • Members must not receive more than one salary • A FRA senior salary is paid inclusive of the FRA Basic salary • A local authority member who is also a council executive office holder should not be additionally remunerated for a role as an ordinary or senior member of a FRA. This would mean that Members would no longer receive any salary at all for discharging their public duties at the FRA. • Only 3 'senior' salaries are payable, e.g. Chair, Vice Chair and Main Committee Chair; or Chair, Main Committee Chair and other Committee Chair 			

2. Standards Committee

Role	Existing NWFRA Allowance	Proposed IRP Allowance	Variance
Chair of Standards Committee	£362.50 per annum	£256 daily fee (£128 for a half day)	Based on an average* of 2 x Standards committee meetings per year, this will be an increase of £149.50
Ordinary/Independent Member of Standards Committee	£190 per annum	£198 daily fee (£99 for a half day)	Based on an average* of 2 x Standards committee meetings per year, this will be an increase of £206.00
<p>NB – These payments are capped at a maximum of 4 full days a year for an individual co-opted member</p> <p>* Average attendance – calculation is based on 2 x half day Standards meetings, and a full day to reflect training/attendance at conferences = an average of 2 full days</p>			

3. Reimbursement of Care, Travel and Subsistence Expenses

3.1 Care Allowances

Role	Existing NWFRA Allowance	Proposed IRP Allowance	Variance
Ordinary Member	£100 per month (maximum)	Max £403 per month	Increase £303
Chair of the Fire Authority	£100 per month (maximum)	Max £403 per month	Increase £303
Vice/Deputy Chair of the Fire Authority	£100 per month (maximum)	Max £403 per month	Increase £303
Ordinary/Independent Member of Standards Committee	£100 per month (maximum)	Max £403 per month	Increase £303

4. Travel Allowance

<u>NWFRA</u>	<u>IRP</u>	<u>Variance</u>
<p><u>Car</u></p> <p>Mileage Allowance 40p per mile (as agreed at FRA Annual meeting June 2011)</p>	<p><u>Car</u></p> <p>current HMRC rates:</p> <p>45p per mile – up to 10,000 miles</p> <p>25p per mile – over 10,000 miles</p> <p>5p per passenger mile – passenger supplement</p> <p>24p per mile – private motor cycles</p> <p>20p per mile - bicycles</p>	<p>Reduction of 20p per mile over 10,000 miles</p>

5. Subsistence Allowance

<u>NWFRA</u>	<u>IRP</u>	<u>Variance</u>
<p><u>Subsistence</u></p> <p><u>Day Allowance:</u></p> <p>£28 over a 24 hour period (with time limits)</p> <p><u>Overnight Allowance:</u></p> <p>£150 – London overnight</p> <p>£120 - Cardiff overnight</p> <p>£95 - all other locations</p>	<p><u>Subsistence</u></p> <p><u>Day Allowance:</u></p> <p>£28 per day</p> <p><u>Overnight Allowance:</u></p> <p>£150 – London overnight</p> <p>£120 - Cardiff overnight</p> <p>£95 - all other locations</p> <p>£25 – overnight stays with family and friends</p>	<p>None, other than specific £25 for overnight stay at family and friends abode</p>

Note – FRAs may continue to charge individual members and co-opted members for subsistence where refreshments are provided by the authority at meetings

Note – where possible overnight accommodation should be reserved and paid for by the FRA itself.

Date/Dyddiad: 3rd October 2011
Please ask for/Gofynnwch am: Steve Thomas
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Richard Penn,
Chair, Independent Remuneration Panel for Wales,
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Dear Richard,

WLGA Response: Draft Annual Report December 2011

Thank you once again for meeting with the WLGA Coordinating Committee last Friday to discuss your draft Annual Report. Leaders were reassured that you were engaging and seeking views and that you and the Panel are already reconsidering the proposals on Senior Salaries in particular.

It is clear however that leaders and authorities continue to share significant concerns about a number of your draft proposals and the WLGA's response to your consultation is enclosed. Given these concerns, leaders also agreed that the WLGA would write to the Minister for Local Government and Communities requesting that he directs the Panel (in accordance with Section 149 of the Measure) to reconsider its proposals.

I would also like to comment on two additional points you raised at Friday's meeting: the impact of the Local Government Measure 2011; and your encouragement that authorities 'back-up their assertions with evidence'.

The 2011 Measure was mentioned frequently during discussions. Although it is reflected in your Draft Report with the inclusion of the new Democratic Services Committee Chair and changes to the Panel's remit and role, you suggested that it was too late to consider its impact on the roles and responsibilities of members, which was something that you would consider in next year's Annual Report. I disagree; these issues should be dealt with in this Annual Report as a matter of practice and on a point of principle. Members' new powers and duties are clearly outlined in the Measure, these include collaboration (both in terms of executive functions and scrutiny), the (potential) delegation of executive functions to members and the significant new responsibilities on members with the significant new duty to scrutinise public services. These new powers and duties come

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into force from next April, which coincides with the implementation of your proposed new framework of allowances. It therefore follows that members should be remunerated accordingly from that date for any new responsibilities that they are expected to undertake – a year's delay would neither be fair nor necessary.

With regards your repeated point that authorities' consultation responses should be supported by evidence, we would argue that the burden of proof actually lies with the Panel itself. Authorities will of course provide evidence (which was previously available to the Panel) regarding the proposed capping of senior salaries. It is however for the Panel to provide evidence in support of its own proposals, particularly where they deviate from the Panel's own established precedents and given they will make significant and far-reaching changes to local democratic and governance arrangements. We have noted in our attached consultation response that the Panel's own evidence-base appears limited and unclear. There is also a wider general concern about how consistently the Panel has applied its own methodology and framework of principles.

The WLGA is prepared to meet with the Panel again to discuss the draft proposals prior to the publication of the final Annual Report.

I look forward to hearing from you.

Yours sincerely,

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

Steve Thomas CBE
Chief Executive

cc

Leaders and Chief Executives, Welsh county and county borough councils
Chairs and Chief Fire Officers, Welsh Fire and Rescue Authorities
Chairs and Chief Executives, Welsh National Park Authorities



Independent Remuneration Draft Annual Report

December 2011

Introduction

1. The WLGA represents the 22 local authorities in Wales and the Fire and Rescue Authorities, Police Authorities and National Parks Authorities are associate members.
2. The WLGA has had a constructive relationship with the Independent Remuneration Panel since its establishment.
3. The WLGA recognises the level of engagement and dialogue with councillors and authorities, both on an individual and collective basis, during recent years and the contribution the IRP has made in recognising and valuing the increasingly complex and challenging role of the modern councillor.
4. The IRP's draft Annual Report is based in parts on its 2010 Moving Forward Report, which anticipated its new powers through the 2011 Measure and built on extensive consultation and dialogue with authorities. Some recommendations therefore can be broadly welcomed.
5. The WLGA however has strong concerns and reservations about a number of the IRP's key proposals, in particular around the potential impact on the perceived value of councillors and the serious implications for council's governance arrangements. It also raises a number of questions with regards the approach and consistency of the IRP's methodology in determining councillors' remuneration both in this draft Report and in future years.

Salary Prescription

6. The WLGA recognises there are a range of views on the adoption of the term 'salary' (in place of 'allowance'), however, it is broadly accepted that this term is broadly understood by the public, reflects more accurately a councillor's entitlement to remuneration and is in line with the terminology used for payments made to AMs and MPs. A number of members and authorities have raised wider concerns about the legal ramifications and employment status of such a term, which the IRP should seek to clarify in its final Report.
7. The WLGA has previously endorsed the IRP's intention to prescribe salaries rather than setting maximum salary levels. However, the WLGA is concerned about the timing and approach to prescription, particularly in advance of the 2012 elections and during a period of public sector pay restraint. The WLGA advised the IRP that the preferred approach was that the IRP should postpone prescription involving any uplift of salaries until a time when the wider local government pay restraint had been lifted.

8. The WLGA recognises that the IRP's remit and role is challenging, particularly in the current economic climate, period of public sector pay restraint and given the varying levels of members' allowances paid across Welsh local authorities.
9. The IRP's decision to prescribe basic and senior salaries at a new level for 2012-13 however causes a number of significant challenges and inconsistencies that could have been avoided had it adopted the WLGA's preferred approach.
10. Financially there are a number of 'winners and losers', both in terms of impact on individual members and impact on authorities. The IRP itself recognises this issue in the draft report, however, the WLGA believes that the proposals are potentially divisive and recognises that individual members and authorities may well have differing views depending on personal or local financial impacts.
11. The report reduces councillor salary levels in 10 councils (c554 members). In the run-up to next May's elections this may have an impact on the retention of serving councillors and potentially on the recruitment of new candidates; many councillors have effectively had a pay freeze for the past 2 years and some (those that are re-elected) will receive what a significant pay cut from next year. This decision therefore appears to contradict the Welsh Government's agenda around promoting local democracy and participation in the recent Local Government (Wales) Measure 2011.
12. Conversely, councillors' salaries will increase in a number of authorities. Although councillors elected at next May's election will financially benefit, there will be inevitable public, media and political interest during the electoral campaign about increases in members allowances during a period of public sector pay restraint, which will distract from key local policy or service concerns or priorities.
13. The IRP's decision to set Basic Salaries at a new reduced level raises a number of questions around methodology and future direction for setting councillors' salaries.
14. Whilst the IRP's decision to reduce basic salaries has been made in the context of the current economic climate and with an aim of mitigating local financial increases and reducing the national financial implications, the decision to reduce basic allowances in particular is not only contrary to the IRP's previous rationale but has been made during a period when councillor responsibilities are actually increasing.
15. The IRP has previously recognised the increasingly complex and challenging role of the modern councillor, however, in setting basic allowances for 2012-13 the IRP appears not to have considered the changing role and responsibilities of councillors following the Local Government (Wales) Measure 2011.
16. Council's overview and scrutiny committees will have a duty to scrutinise 'designated persons' which is interpreted to mean all (or at least most) public service deliverers. Committees will also have powers to compel the attendance of or information from such designated persons. This therefore significantly enhances the role and responsibilities of councillors in exercising their community leadership and scrutiny roles.

17. Similarly, Section 56 of the Measure permits councils to delegate executive functions to any member, either in relation to the member's electoral division or in relation to the member's official membership of an outside body or partnership. Whilst this power is yet to be commenced, and individual councils will be required to decide whether or not to adopt such arrangements, the IRP may need to consider the implications of such localised decisions on either Basic Salaries or the number of Senior Salaries payable in each authority.
18. The IRP's longstanding and well-understood rationale and comparator for calculating allowances was that councillors should receive 3/5ths of the Welsh median gross salary. The IRP itself stresses that it was reluctant to move further away from this comparator, given that it has frozen allowances in recent years (whilst median salaries have increased) and given not all councils have paid at the maximum rate allowable. The IRP's further departure from this comparator, particularly given this figure remains at the 2009-10 Welsh median salary, means however that there is less clarity around what value is placed on the role of a modern councillor and also what the comparator and mechanism for future years will be.
19. As it currently stands, the 2012-13 salaries will be based on the formula: 3/5ths of the 2009-10 Welsh median gross salary, minus 5%. It is not clear how the IRP will move forward in future, particularly should the wider public sector pay restraint be lifted. Will the IRP establish a new comparator or will it seek to narrow the gap with the Welsh median gross salary either by returning to contemporaneous figures, or by restoring the 5% reduction?
20. The link to the Welsh media gross salary has been stretched to such an extent that it is no longer a realistic comparator and is apparently no longer a key factor in shaping the IRP's determinations.
21. The IRP's departure from its previous methodology and rationale and the overall reductions to Basic Salaries and Senior Salaries (and the consequential national savings of an estimated £1m) suggests that its central objective was to reduce the overall costs of councillor remuneration nationally, rather than to set a scheme of salaries that gave adequate recognition of and recompense to councillors.
22. Given the IRP's methodology and rationale is unclear, the IRP's draft Annual Report and determinations appear to be at odds with the IRP's own framework of Principles of Remuneration notably simplicity, remuneration and fairness:

"Simplicity

2.2 The Framework is clear and easily understandable. This is essential for the Panel to communicate effectively its priorities to all those who are affected by, or have an interest in, its work.

Remuneration

2.3 The Framework provides for payment to members of public authorities who carry a responsibility for serving their identified communities of geography and of interest. The level of remuneration should not act as a barrier to taking up or continuing in post. The Framework provides additional recompense for those who are given greater levels of responsibility.

Fairness

2.6 As an essential test of the Framework's fairness, the Panel ensures that its decisions on remuneration for members take account of the annual earnings of the Welsh electorate. The Framework will be capable of being applied consistently to members of all public authorities as a means of ensuring that levels of remuneration are fair, affordable and generally acceptable."

Senior Salaries: Managing More with Less

23. The WLGA has significant concerns with the draft Annual Report's proposals around capping senior salaries. Whilst councils are already applying the 'managing more with less' concept in everything they do (including allocating senior responsibility allowances), the manner in which the IRP has applied this concept to Senior Salary determinations in an arbitrary manner is problematical on grounds of legality, principle and practicality.
24. The IRP has set arbitrary Senior Salary Bands based on council size; there is no explanatory rationale as to how the IRP decided upon those figures, other than seeking to apply the 'managing more with less' concept and, seemingly, to reduce the overall financial impact of prescription on those authorities currently paying below the current maximum allowance levels.
25. Hitherto, the flexibilities in legislation allowing 'not more than 50% of council members' to receive senior responsibility allowance has worked well. In reality, most councils do not pay anywhere near these levels given the IRP has limited and specified the types of senior council roles qualifying for special responsibility allowance. The prescribed ratio has however allowed a significant level of local flexibility in determining appropriate local governance arrangements.
26. Whilst the IRP has previously removed the specific link between councillor remuneration and that of the National Assembly for Wales, it is a significant anomaly that the IRP's proposals to cap Senior Salaries to between 23-45% of members in each council compares to the National Assembly's 53% of members currently entitled to a senior salary.
27. The WLGA does not believe the IRP has the power to set specific figures for senior salaries; under the legislation it has the power to set 'fixed proportions' of council membership who would be entitled to senior salaries.
28. Section 142 (4) of the Local Government (Wales) Measure 2011 states "... the Panel may determine that payments in respect of a particular matter or matters may not be paid to more than a fixed proportion of the Members of an Authority" and Section 142(5) states that this proportion "...may not exceed fifty per cent unless the consent of the Welsh Ministers has been obtained". Whilst Section 142(9) provides the IRP with some flexibility: "The Panel may...make different determinations under subsection (4)...in relation to authorities of different descriptions or different authorities of the same description.", this permits the IRP to allocate different proportions between different authorities, not to substitute specific numbers for proportions as it has done in its draft Annual Report.

29. In specifying narrow Senior Salary bands, the WLGA believes that the IRP has gone beyond its statutory remit by effectively seeking to determine or at least constrain local governance arrangements. Local authorities are best placed to decide on the most appropriate governance arrangements required to conduct business effectively, this includes the constitutional structures as well as the number of members required to exercise executive, scrutiny and statutory functions accordingly.
30. The arbitrary 'three sizes fits all' approach runs contrary to Welsh Government policy and legislation and also undermines the IRP's own determinations:
- The IRP's draft Annual Report itself introduces three new qualifying posts, including Mayor, Deputy Mayor and Chair of Democratic Services Committees and it has previously agreed to additional local qualifying positions such as chairs of appeal panels.
 - The Local Government Act 2000 states that authorities can have cabinets of up to 10 members, whilst in practice some authorities have fewer cabinet members, it is a decision for local authorities based on local circumstances to determine the appropriate number of cabinet members to exercise executive functions accordingly.
 - There are also a range of senior posts that are essential to conduct statutory business, such as chair of audit, licensing and planning committees
 - In reality therefore the senior roles which may not be considered for remuneration, or at least reduced in number, as a result of the senior salary cap will be those that recent Welsh Government policy and legislation has sought to strengthen, notably overview and scrutiny chairs and chair of Democratic Services.
31. In evidencing the IRP's decision to propose a cap on senior salaries, the IRP Chair (in correspondence to the WLGA Chief Executive) notes that there are 'significant variations in current numbers of cabinet members...and functional chairs and opposition leaders'. The WLGA would argue that it is entirely appropriate that there is variation, as the current legislative arrangements allows local discretion and flexibility for authorities to manage their own governance arrangements, which includes taking into account financial 'managing with less' considerations as well as necessary governance arrangements and reflecting individual members' expertise, experience, wider commitments or issues of capacity.
32. Similarly, the IRP chair specifies examples of authorities and their current senior salaries that are near or below the proposed senior salary caps. There are two key issues which challenge the application of this assumption across all authorities:
- The IRP's own report itself introduces 3 new and additional qualifying senior roles which were not included in the IRP Chair's calculations;
 - The impact of next May's elections are not considered. New administrations and authorities may wish to revise current constitutional and governance arrangements, including the size of executives and number and range of committees. There may also be additional numbers of qualifying Group Leaders (those with 10% of council membership). On a related point, there may be political changes throughout a municipal year which could see the formation of new political groups and therefore additional qualifying Group Leaders.

33. Based on current council governance arrangements and qualifying positions from this draft and previous IRP Annual Reports, an authority could reasonably allocate up to c25 senior salaries from 2012-13:

- 1 x Leader
- Up to 9 x further Cabinet Members (including Deputy Leader)
- 1 x Chair of Council/Mayor
- 1 x Vice-Chair of Council/Deputy Mayor
- 1 x Chair of Planning Committee
- 1 x Chair of Licensing Committee
- 1 x Chair of Audit Committee
- 1 x Chair of Democratic Services Committee
- c5 x Chairs of Overview and Scrutiny Committees (councils could establish more if deemed appropriate locally)
- 1 x Group Leader (Largest Opposition Group)
- c2-3 x Group Leaders (Other Groups, not less than 10% of all council members)
- Other roles previously approved by IRP as demanding Senior Salary eg. Chairs of Pension Committees or Appeals Panels

34. Although the IRP notes that the proposed Salary Cap could be temporarily suspended to allow payment of additional senior salaries as part of the new duties around 'family absence', the Salary Cap as currently outlined appears to restrict other potential 'family friendly' policies such as job shares.

35. The IRP's proposal to cap senior salaries also appears inconsistent, both within the context of the draft report, but of more concern, with the IRP's principles and previous practice to recognise and recompense additional responsibilities.

36. In prescribing both salaries and senior salaries, the IRP has sought to bring a level of consistency across Wales and prevent what it describes as the 'unedifying, and potentially damaging, *'race to the bottom'*. The WLGA endorses the IRP's position on this matter. However, although the IRP has reduced the likelihood of this scenario *across* Welsh local authorities, the senior salary cap arguably encourages this *within* authorities. Members may seek to make political capital by forgoing their specified senior salary and thereby placing pressure on others to do the same, or may feel pressured to forgo part or all of their salary in order to allow someone else to receive their salary instead.

37. Since its establishment, the IRP has promoted and recognised the challenging role of the modern councillor and has sought to put in place a framework of allowances that recognises the commitment and responsibilities of councillors carrying out different and demanding roles. It is therefore concerning that the IRP appears to be deviating from this position by partially suspending its own Framework of Principles which should underpin its determinations.

38. In noting that a number of authorities currently operate above the proposed senior salary caps and that 'there is no restriction on the number of posts that a council may decide is necessary to manage the business of the council...the only restriction is on the number of posts that can be remunerated' (letter from IRP Chair to WLGA Chief Executive), the IRP is effectively recognising that members (over and above the cap) may exercise positions of significant responsibility but not be recompensed for them.

39. This approach appears to be contrary in particular to the IRP's principle of 'Remuneration':

"2.3 The Framework provides for payment to members of public authorities who carry a responsibility for serving their identified communities of geography and of interest. The level of remuneration should not act as a barrier to taking up or continuing in post. The Framework provides additional recompense for those who are given greater levels of responsibility."

40. The WLGA (and hitherto, the IRP) is of the view that if members carry out an additional responsibility, they should be recognised and recompensed accordingly. Conversely, councils may struggle to recruit members to key senior council roles if they members were expected to take on additional workloads and carry considerable additional responsibilities without any recompense or recognition.

41. The IRP Chair's letter to the WLGA has clarified that authorities have full discretion on how many functional senior posts are appointed, but that there is a cap on how many of those posts are remunerated. The draft Report is however open to wider interpretation, which may cause confusion if not amended, as it suggests that there is no discretion in paying qualifying senior salaries (emphasis added):

"Para. 3.21 Having regard to the time, worth and senior responsibilities of civic heads...the civic head is paid a senior salary...as follows..."

"Para 3.22 ...Senior Salaries set out below shall be paid"

Additional Roles of Leaders and Cabinet Members

42. The WLGA is concerned at the implications of the IRP's understanding of and recommendations around additional roles and salaries for 'Band 1 and 2 office holders' (leaders and cabinet members).

43. The IRP states that leaders and cabinet members 'require a full-time commitment' and are remunerated accordingly. The draft Annual Report goes further suggesting that '...office holders should consider very carefully whether they are able to effectively discharge any further public responsibilities they may hold elsewhere...'

44. Whilst the IRP suggests members should exercise their own discretion and judgment, its inclusion in the report intimates that the IRP does not fully recognise partnership as a key part of senior members' roles. This is concerning, given that partnership is a fundamental feature of modern public services and a key part of an executive member's remit. The executive role is increasingly complex and cannot be confined purely to 'internal' council business, but also to public service and community leadership. Similarly, the role of all councillors is increasingly deemed to be beyond the council chamber both in their community leadership roles, with proposed powers of 'councillor call for action' and, more formally, through scrutiny with a new public sector scrutiny duty.

45. Cabinet members are increasingly expected to perform roles with partner bodies, whether a liaison role, partnership role or a more formal role exercising functions on other bodies or partnerships. Partnership and collaboration is therefore a widely recognised role of modern executive members, whether it is participating on local or national organisations or partnerships, LSBs, on regional consortia or representing the council on other public bodies. Members should be encouraged to continue their wider, collaborative and partnership remit and it is appropriate that individual members can decide or could be appointed by council to work over and above this full-time commitment in roles on external bodies.
46. Extending the IRP's assertion about the full-time role of a cabinet member further, is the IRP suggesting that executive members should not continue employment with previous employers or continue external business commitments? A number of executive members are also self-employed business people. Such a proposal would be a barrier and a deterrent to people considering standing as a councillor or taking on a senior role. Given the financial insecurity of any political role, but particularly executive roles which do not receive the 'parachute payments' that other full-time politicians are entitled to, members cannot be expected to resign from such longer-term business commitments or forgo any long-term financial security.
47. There are further anomalies around how the matter of time commitment and additional recompense is considered for councillors by the IRP compared to how roles are understood and allowances are determined for other elected representatives such as Assembly Members or Members of Parliament. Such roles are remunerated for an assumed full-time role, however, some are appointed to positions of responsibility (and receive additional responsibility allowances accordingly) which they are expected to fulfil on top of their 'full-time' representative and legislative roles.
48. The IRP's particular focus in this proposal that recompense is effectively based on workload or time commitments for senior roles is also inconsistent with the IRP's rationale for previously removing senior responsibility allowances for vice-chairs of committees. When the WLGA put forward arguments around differential workloads, in particular around regulatory vice-chairs in urban authorities, the IRP previously stated that it could not consider workload as a factor in determining allowances but would only consider additional responsibility as a consideration.
49. In terms of remuneration, the IRP states that 'No member in receipt of a Band 1 or Band 2 Senior Salary should receive any additional salary for representing his/her council on a National Park or a fire and rescue authority.' Together with the IRP's assertion that executive roles are also deemed full-time, this raises implications for additional salaries that may or may not be claimed should a members hold other public offices.
50. The WLGA is concerned that the IRP is again appears to be selectively overlooking one of its key principles, 'Remuneration' (see paragraph 39 above).
51. If a member carries out an additional responsibility, whether within the council or on another public body, such as a national park authority or fire and rescue authority, he/she should be remunerated accordingly.

52. The IRP's proposal could have a specific impact on partner bodies, in particular the membership of national park authorities and fire and rescue authorities. Executive members' participation in these authorities is widely recognised to add value in terms of executive expertise and experience as well as policy and strategic links into constituent local authorities. Similarly, many authorities have benefited from experienced executive council members fulfilling senior roles within national park or fire and rescue authorities. The proposed preclusion of executive members also receiving any additional salary through their roles as an ordinary or senior member of a national park or fire and rescue authority is wrong in principle (as they will be undertaking additional responsibilities) and will dissuade relevant and experienced councillors from undertaking such roles.

Changes to Travel and Subsistence Allowances in relation to ward duties

53. The WLGA broadly endorses the proposed changes to travel allowances and the extension of approved duties to include ward duties. Whilst this may not be supported or applicable in all authorities, the proposals permit those authorities where it would be appropriate to choose to define 'official business' to include ward duties.

54. There is however some concern about how manageable the approach would be to implement, in particular the practicality and proportionality of any checks and balances that might be put in place for officers to handle potential claims appropriately and transparently. This may become an impediment to its introduction in some authorities.

55. Whilst the extension of travel allowances within ward is of particular relevance to rural authorities or members in rural wards, conversely the proposed restrictions to subsistence claims within county could impact on those members in larger or more rural authorities. Given the size, geographies and available transport options, it may be more appropriate, both financially and in terms of convenience, for members to claim for overnight allowance for example if located at a distant part of the county for a period. The WLGA therefore suggests that some discretion and flexibility be allowed for such circumstances.

Payments to Members of National Parks and Fire and Rescue Authorities

56. The WLGA welcomes the inclusion of National Parks and Fire and Rescue Authorities within the IRP's remit.

57. The WLGA also notes that the IRP's proposals around new basic and senior salaries will have a varied financial impact, both for individual members and for authorities.

58. The WLGA is concerned that the IRP's proposed senior salary cap also applies to Fire and Rescue Authorities and National Park Authorities. Notwithstanding the points of principle around local discretion and flexibility about appropriate governance arrangements outlined above, it remains unclear how the IRP came to determining the proposed caps for Fire and Rescue and National Park Authorities.

59. Similar to the proposals around senior salary caps for local authorities, there is inconsistency within the draft Report which states that Fire and Rescue Authorities may only pay a maximum of 3 senior salaries, even though 4 potential qualifying categories are included (Chair, Deputy Chair, Main Committee Chair and 'Chair of another Committee').
60. The WLGA has significant concerns about the proposed limitations on local authority executive members undertaking or being remunerated for additional duties either as an ordinary member or as a senior member of a national park or fire and rescue authority. These concerns are outlined in paragraph 52 above.
61. The IRP's rationale for setting 'time requirements' for member roles in Fire and Rescue and National Park Authorities is unclear. For example, the IRP was presented with anticipated/estimated 'time requirement' range of 36-60 hours per year for National Park Authority members, however, it is not clear why the IRP decided to settle on 42 hours for calculating remuneration (which was the mid-range of the Welsh Government Guidance estimate and which was below the lowest time commitment figure provided by members and authorities). Similarly, South Wales Fire Authority has suggested that members' commitments are significantly in excess of the 16 days per year that the IRP has stipulated for Fire and Rescue Authority Members.
62. The WLGA is also aware of a number of drafting corrections or technical clarifications in the IRP's draft Annual Report which have been highlighted in individual authorities' separate consultation responses.