

LG 07

Communities, Equality and Local Government Committee

Local Government (Wales) Bill: Stage 1

Response from: Independent Remuneration Panel for Wales

Local Government (Wales) Bill

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Written Evidence from the Independent Remuneration Panel for Wales

The Independent Remuneration Panel for Wales (IRPW) has considered the Local Government (Wales) Bill and has agreed the following as written evidence to the Communities, Equality and Local Government Committee concentrating on those sections of the Bill that have implications for the Panel's work and its future functions.

About the Independent Remuneration Panel for Wales

The Panel is independent of central and local government and was established to determine the range and levels of allowances payable by county and county borough councils to their councillors and co-opted members with voting rights. The Panel's remit was extended under the Local Government (Wales) Measure 2011 to include the remuneration of members of national park authorities, fire and rescue authorities, and community and town councils in Wales. The Panel consists of a Chair, appointed by the Minister and four other members. The Panel must produce an annual report setting out its remuneration framework every year, and may produce supplementary reports at any time.

Section 63 of the Local Government (Democracy) (Wales) Act 2013 amended the 2011 Measure by inserting section 143A which enables the Panel to take a view and make recommendations, in relation to Principal Councils and Fire and Rescue Authorities, on anything in their Pay Policy Statement which relates to the salary of a Head of Paid Service. Principal Councils and Fire and Rescue Authorities are obliged to then have regard to any recommendation the Panel makes in relation to what is in their Pay Policy Statement concerning Chief Executives' pay.

The current Panel members, both individually and collectively, have considerable experience and knowledge of local government in Wales both as officials and as elected members and have appreciated the wider implications of the Local Government (Wales) Bill.

Implications of proposed mergers on remuneration of elected members

The Bill's proposal to enable mergers of the existing 22 Principal Councils has potentially significant implications for the remuneration generally of councillors and, in particular, of those holding senior positions in the new authorities. At this stage the likely size (in terms of councillor numbers) of each of the merged councils has not been determined although the Panel has assumed that there is likely to be a reduction from the current total of 1254 councillors.

The Panel has analysed the populations and revenue budgets of the new authorities as proposed by the Williams Commission. This analysis indicates that there will be considerable and significant variations in the size of authorities with populations ranging from over 470,000 to just over 100,000 and revenue budgets (based on current estimated figures) ranging from over £600m to £230m.

The Panel would need to take these variations into account when considering the appropriate levels of remuneration of leaders, members of the executive and other senior post-holders as there will be significant differences in the levels of responsibility. The outcome of reviews to be undertaken by the Local Democracy and Boundary Commission for Wales and the resultant representation ratio of members to electorate could also impact on the Panel's consideration of appropriate remuneration. The Panel will also continue to have regard to affordability and reasonableness in all its determinations.

It is not inconceivable that in future the IRPW might have to consider bespoke remuneration frameworks for each council once the Bill has been implemented and the Panel is ready to respond to these issues when the detailed decisions about the size of councils and electorates emerge. To develop and maintain individual frameworks would increase the workload of the Panel considerably and the provision for increasing the Panel's membership from five to six in Section 36 of the Bill is welcomed by the Panel.

The salaries of Chief Executives and Chief Officers of the proposed shadow authorities

The Panel notes the intention to extend the current powers in respect of salaries of Heads of Paid Service (Chief Executives) and Chief Officers to the shadow authorities. If it is considered appropriate to develop/extend the powers of the IRPW in this way, it will be important to examine the skill set of the Panel members to ensure that there is the necessary capacity to undertake this wider role. Once again, taking these extra responsibilities into account, the IRPW welcomes Section 36 of the Bill which would increase its membership from five to six, particularly given the far greater number of officers for which the Panel would become responsible in relation to their salaries.

Diversity within council membership

The Panel's visits during 2013 to each principal council in Wales demonstrated that there are major issues in respect of diversity in the representative role. The current balance of gender, age and ethnicity is clearly not representative of the population of Wales or of individual local authority areas. We recognise that this is not unique to local government, but the proposed reform provides an opportunity to influence this situation.

The Panel supports the proposals at Section 37 of the Bill and considers that the survey of local authority candidates is a will provide useful benchmarking data regarding diversity in local government in wales.

Richard Penn

Chair of the Independent Remuneration Panel for Wales