

Independent Members Remuneration Panel

**Final Report submitted to
Watford Borough Council**

November 2017

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Introduction

The role of the Independent Members Review Panel [IMRP], under the Local Authorities [Members Allowances] [England] Regulations 2003, is to make recommendations to the Council as to the responsibilities or duties in respect of which allowances should be available and the amount of such allowances. In doing so, the IMRP is able to look at various elements of the Members' Allowance Scheme and, as Watford has an elected Mayor, the allowances and salary, and pension requirements of this position is also part of our review.

We received some written and personal submissions from the Liberal Democrat and Labour Groups plus the Mayor and Manny Lewis, the Managing Director. We also had access to comparative data from a number of other Councils to draw current comparison to analyse Mayoral Salaries, Councillor Expenses and Allowances and this did provide some insight into salaries and allowances in other Councils throughout the UK. Whilst it was acknowledged that this information did not give any definitive answers it was useful in enabling the panel to compare levels of allowances and the Mayoral salary and to contribute towards our final decisions.

We were also provided with the 2014/2015/ 2016 Watford Borough Council Members end of year self-assessments which had been completed by almost all Councillors and this gave us an insight into the roles covered, levels of activity and commitment during that period.

All four panel members were involved in the 2014 report and two of the four panel members were involved in the 2012 review, so it was felt that the panel had a good mix of previous experience and continuity to make effective decisions. The main remit of the panel was to review all the information available to it and to consider it in the wider context of both the business of the council and economic decisions facing it in the coming years. As recommended by previous panels our brief was to undertake a four year review, although the panel still questions whether recommendations could be fairly delivered for the entire term, taking into account current uncertainties in the economy particularly, with the unknown effect of Brexit.

The recommendations are made in good faith and without prejudice.

The IMRP would like to thank all those who took the time to submit personal or written submissions. The Panel would also like to commend Caroline Harris, Democratic Services Manager & Paul Bateman Member Development and Civic Officer for their invaluable support throughout the process.

Finally, I would like to thank the rest of the panel for their excellent contributions throughout the process.

Lee Walsingham

Lee Walsingham
Chairman
Independent Members' Remuneration Panel

Remit & Panel Members

Remit

The Independent Remuneration Panel is appointed under the Local Authorities [Members Allowances] [England] Regulations 2003, to make recommendations to the Borough Council as to the responsibilities or duties in respect of which allowances should be available and the amount of these allowances. The Independent Members Remuneration Panel [IMRP] has been in existence since 2000 and whilst initially it met annually to consider the operation of the members' remuneration scheme and to make any recommendations on any proposed changes if appropriate, the previous and this review are for four year terms.

The Panel

Lee Walsingham [Chair]
Hazel Bentall
Barry Mathiason
Gill Crowson

All members of the panel are independent of the Borough Council. The number [4] is consistent with previous years. All members previously sat on the previous panel with two members having also sat on earlier panels.

Areas to be reviewed

The panel have been asked to undertake a four year review of the following:

- a) Elected Mayor's salary
- b) Travel allowance for the Elected Mayor
- c) Mayoral pension Contributions & future level of pension
- d) Level of basic allowance
- e) Special responsibility allowances
- f) Travelling and subsistence allowance
- g) Co-optees' allowances
- h) Care of Children and dependants

Information and Submissions

Information Available

The following documents were made available to the panel before meeting:

- a) Terms of reference
- b) Authority comparisons
- c) First IMRP report 2000

- d) IMRP report 2013
- e) Council Resolution 2014
- f) Committee information
- g) Current Scheme
- h) Members Diaries
- i) Role Profiles
- j) Councillors estimated Hours
- k) Members' Self Assessments 2012 - 2016
- l) Committee Information
- m) Local Authority Members Allowances

The panel has met four times:

13 July 2017 – to establish timetable, identify information required.

11 September 2017 – to review requirements, to receive written & personal submissions from Manny Lewis, Dorothy Thornhill, Liberal Democrat Group Cllr Peter Taylor & Cllr Watkins, Labour Group Cllr Nigel Bell

29 October 2017 - further analysis of submissions and finalising of panel recommendations

2 November 2017 – Finalisation of report for submissions.

Submissions

Submissions were made in writing by the Liberal Democrat Group (LD) [Appendix 1], plus a written submission from Rt. Hon Sajid Javid MP, Secretary of State for Communities & Local Government. In a written response to the government's position on the provision of pension provisions to elected mayors The Rt Hon Sajid Javid MP, Secretary of State for Communities & Local Government, stated that although formal membership of local government schemes was not allowable as the Mayor was an office holder not an employee, other forms of financial provisions should be made to compensate for this.[See Appendix 2]. There was also a written submission from Managing Director - Manny Lewis regarding Mayor Thornhill's pension [See Appendix 3], whilst personal submissions were given by Peter Taylor [LD], Mark Watkins [LD], & Nigel Bell [Lab] & Dorothy Thornhill, Elected Mayor of Watford & Manny Lewis.

The Liberal Democrat Group's written submission expressed the view that **basic allowances and those for special responsibilities** should continue to be frozen at current levels. They considered that this represents a fair balance between the need for restraint and providing certainty for councillors on the level of allowances they will receive for carrying out their duties.

The Group was still of the view that the past and current level of allowances has made a difference in attracting a more representative range of councillors.

In respect of the **Group Leaders** allowance, they currently receive £100 per group member, but this is capped at £2000. It was felt that the more members in the group, the more complex the responsibilities became and that there was no logic to a cap and that the allowance should just be based on numbers in the group.

In respect of the **Chairman's** allowance this has been frozen for several years at £2720 but because of the nature of the expenditure required in representing Watford at events, (and recent experience suggested that post holders could be out of pocket), the suggestion was that this should be raised to £4,000.

In respect of the **Mayor's salary** it was still thought that the level of MP's salaries was a good guideline, although because of previous voluntary salary freezes there was no longer a direct link, it was nevertheless a useful guideline. It was felt that to ensure that the widest range of candidates would consider undertaking the Mayor's role that the Mayor's salary should be maintained at its current levels but rise in line with local government awards

In respect of the Mayor's pension it had been previously been established that the Mayor should receive a pension but a change in legislation in 2015 meant that these payments could not continue and were stopped.

In the current climate of all individuals receiving pensions it was felt that this was not acceptable and that other provisions should be made to compensate for these lost payments.

[See appendix 1]

In their verbal submission Cllr's Taylor & Watkin's emphasised the key points in their written submission and answered a number of questions from the panel.

Labour Group Leader Cllr Nigel Bell said that typically members devoted 25 hours per week to their duties in his verbal statement & stated that he felt **the remuneration scheme should stay largely unchanged**, feeling that an increase was not justified.

He felt that the basic allowance was reasonable, as was Portfolio Holders and Chairs Special Responsibility Allowances. He did feel that there was **a case for the introduction of a Dependent Carers Allowance.**

He felt that **Chairman's & Vice Chairman's allowances should remain unchanged** and that the cap on the **Group Leaders allowance should remain unchanged**

Cllr Bell considered that the **Mayoral salary** was not justified and should be about £40,000 as per Chair of Hertfordshire County Council. He did however feel that **the Mayors salary should be pensionable.**

In her presentation to the panel, **Mayor Dorothy Thornhill** stated that she felt that the role of Chairman had had been allowed to evolve and she felt that the nature of the role should be reviewed.

In respect of Group Leaders this was a particularly significant role in a Mayoral Authority and the larger the group, the more difficult it was to manage.

She believed that there should be some link between the Mayor's salary & MPs and that it was important that the Mayor's salary was set for the full term of office.

Mayor Thornhill gave the panel an overview of actions taken in respect of her pension contributions and presented a written response from Sajid Javid MP which in precis is detailed below [letter can be seen in Appendix 2]:

In a written response to the government's position on the provision of pension provisions to elected mayors Rt Hon Sajid Javid MP, Secretary of State for Communities & Local Government, stated that although formal membership of local government schemes was not allowable as the Mayor was an office holder not an employee, other forms of financial provisions should be made to compensate for this. [See Appendix 2]

Manny Lewis presented a written submission to give clarification on the facts around Pension contributions for Mayor Thornhill and attended the meeting to give any clarification required by the panel, and his responses to queries were very helpful in reaching a conclusion on this matter.

[Full submission see Appendix 3]

The panel found the submissions of great benefit in ascertaining the overall views of each party, and in getting a more thorough understanding of the roles and current responsibilities under review.

The panel felt that the personal submissions were of particular value as they enabled questions to be asked and immediate answers obtained to deal with any points which needed clarification.

For further supporting information see Appendix 5 Minutes of IMRP meeting 11 September 2107

Considerations and Conclusions

The panel deliberated on all submissions given, plus the wide ranging information provided by Caroline Harris & Paul Bateman, and other factors such as the current economic climate , potential prospects for the general & local economy over the next four years, plus the degree of uncertainty being created by Brexit negotiations..

Quadrennial Review

Although it was agreed that this should be a four year review, the panel have some concerns about this considering the economic climate and how it may change over the next four years.

Whilst the Panel feels that any recommendations made now should fully reflect the economic climate of the past few years, it is very difficult to predict how the economy will change particularly in years three and four of this review period.

The panel suggests that its findings should be examined after two years and if there are significant changes in the economy, particularly in the area of pay and inflation, an interim review should be considered by the Council at that time.

Mayoral Salary

On reviewing the duties of the role and hearing the submissions made, the Panel firmly agreed that the role needs a competitive remuneration to attract future candidates of the right calibre and gravitas, and this is particularly relevant with a new Mayor due to be elected in 2018.

The link to MP's salaries has some relevance as a guide but as this is now set by an independent panel, this was no longer appropriate as it could potentially lead to a significant increase outside the Borough Council's and its electorate's control. Currently the Mayor receives £65,738 whilst a backbench MP receives £74,000.

The panel again thought that there should be no direct link to a backbench MP's salary, although it is a figure that should be taken into consideration in any future reviews of the Mayor's salary.

Comparisons show that the salary is still competitive against similar roles, although it was felt that in future there should be some mechanism to allow some level of increase in line with public sector pay awards.

It is the panel's recommendation that the Mayor's salary should remain currently unchanged [subject to any amendments needed to resolve issues related to pension contributions] and should remain unchanged for the period 2018 /19 and from then be linked to local government pay increases.

Pension Payments for the elected Mayor

Due to changes in government legislation agreed pension payments to the Mayor ceased in 2015, Prior to this the Mayor had been entitled to either be part of the Local Government Pension Scheme or opt to join a private pension scheme, which the Mayor had chosen to do. Changes to legislation removed the rights for the Mayor to receive these pension contributions from October 2015.

Whilst these contributions had been agreed as part of the Mayor's terms and conditions, on taking legal advice the council felt that these payments could no longer be maintained and were stopped. It was agreed in 2015 that this situation should be reviewed. There are two key issues to consider, firstly whether there was a case to raise the salary to compensate for the loss of pension benefits. Secondly, if this was the case whether retrospective payments covering 2015 to 2018 should be made to the Mayor.

In considering this, the panel took careful consideration of all submissions made with particular emphasis on the information supplied by Manny Lewis [Appendix 4] plus the letter received from Rt. Hon. Sajid Javid [Appendix 2]

It is the panel's recommendation that there should be a contribution for pension payments added to the Mayor's salary equivalent to the employer's pension contributions made in the local government pension scheme.

It should be shown that that there is a pension contribution as part of the salary in the allowance scheme.

In respect of the current Mayor there should be back pay of pension contributions October 2015 to May 2018 at the prevailing pensions contribution rate during that period.

Travel Allowance for the elected Mayor

It is the panel's recommendation that the Mayor's travel allowance should remain currently unchanged.

Amount currently being received £500

As receipts for this allowance are submitted, it is recommended that these should be reviewed annually to ensure expenditure has not significantly changed in relation to the allowance being paid.

Levels of basic allowance

Whilst the level of basic allowance at £7,209 has not been increased since 2003 this figures is still seen as relatively competitive, and does not appear to have any detrimental effect on attracting new councillors.

It was the Panel's opinion that whilst it was not recommending an immediate increase in the basic allowance, it should in future be linked to local government pay settlements and be increased accordingly. It was felt that this should come into effect in April 2019

Special responsibility allowance

Following the information provided to the panel it was not felt that any immediate increase was required for these allowances.

It was the Panel's opinion that whilst it was not recommending an immediate increase in SRA , it should in future be linked to local government pay settlements and be increased accordingly. It was felt that this should come into effect in April 2019

Chairman & Vice Chairman

Both the roles have had their allowances frozen for several years whilst costs involved to incumbents has risen significantly.

It was the Panel's opinion that:

- ***Chairman – increase allowance to £4,000 [currently £2720 plus basic tax reimbursement at standard rate]***
- ***Vice Chairman – increase allowance to £2000 [currently £1330 plus basic tax reimbursement at standard rate]***
- ***That mention of basic tax reimbursement at standard rate should be removed.***

Group Leaders Allowance

In respect of the Group Leaders allowance, they currently receive £100 per group member, but this is capped at £2000. **It was felt that the more members in the group, the more complex the responsibilities became and that there was no**

real logic to the current cap of £2000 and that the allowance should now be paid at £100 per group member irrespective of the number of members

Travelling & subsistence allowance

It is the Panel's recommendation that these payments should remain unchanged.

These reflect actual costs incurred and should remain linked to council staff allowances and the panel could see no reason for these to be changed.

Co-optees' allowances

It is the Panel's recommendation that these payments should remain unchanged.

Care of Children and Dependants

It was felt that following the submissions made that the introduction of some form of allowance would be beneficial to broaden the appeal of the councillor's role.

It is the Panel's recommendation that council Officers should draw up a scheme for implementation based on:

- ***Use of national minimum wage***
- ***It should require receipts***
- ***Not be allowable for family members/ members of the household, unless at discretion of the Monitoring Officer***

For draft suggested Carers plan see Appendix 5

Following discussions, it was established that the introduction would not have a significant impact on budget spend, but would ensure increased inclusivity for a number of councillors to allow attendance at certain events by being able to take advantage of these allowances.

SUMMARY OF PANEL'S RECOMMENDATIONS

- **ELECTED MAYOR'S SALARY** - should remain currently unchanged [subject to any amendments needed to resolve issues related to pension contributions] should remain unchanged for the period 2018 /19 and from then linked to local government pay increases.
- **ELECTED MAYOR'S PENSION**. - there should be a contribution for pension payments added to the Mayor's salary equivalent to the employer's pension contributions made in the local government pension scheme. It should be shown that there is a pension contribution as part of the salary in the allowance scheme. In respect of the current Mayor there should be back pay of pension contributions October 2015 to May 2018 at the prevailing pensions contribution rate during this period.
- **TRAVEL ALLOWANCE FOR THE ELECTED MAYOR** - This should remain unchanged.
- **LEVEL OF BASIC ALLOWANCES** - whilst it was not recommending an immediate increase in the basic allowance, it should in future be linked to local government pay settlements and be increased accordingly.
- **SPECIAL RESPONSIBILITY ALLOWANCES** - whilst it was not recommending an immediate increase in the basic allowance , it should in future be linked to local government pay settlements and be increased accordingly .
- **CHAIRMAN & VICE CHAIRMAN** - **Chairman** – increase allowance to £4,000 [currently £2720 plus basic tax reimbursement at standard rate]
Vice Chairman – increase allowance to £2000 [currently £1330 plus basic tax reimbursement at standard rate]
Mention of basic tax reimbursement at standard rate should be removed.
- **GROUP LEADERS ALLOWANCE** – The allowance should be paid at £100 per group member irrespective of the number of members.
- **TRAVELLING AND SUBSISTENCE ALLOWANCES** - These should remain unchanged.
- **CO-OPTEE'S' ALLOWANCES** - These should remain unchanged.
- **CARE OF CHILDREN AND DEPENDANTS** - Council Officers should draw up a scheme for implementation based on use of national minimum wage. It

should require receipts. It should not be allowable for family members/
members of the household, unless at discretion of the Monitoring Officer