

Appendix 2

Independent Remuneration Panel

**Final Report submitted to
Watford Borough Council**

January 2014

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Introduction

The role of the Independent Review Panel [IRP], 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 IRP is able to look at various elements of the Members' Allowance Scheme and, as Watford has an elected Mayor, the allowances and salary of this position is also part of our review.

We received some written and personal submissions from the Liberal Democrat, Labour and Green Groups plus the Mayor and Manny Lewis, the Managing Director. A report was also commissioned from Croner Reward to analyse Mayoral Salaries, Councillor Expenses and Allowances and whilst this did provide some insight into salaries and allowances in other Councils throughout the UK, the panel was generally disappointed with level of detail in the initial report and further clarification had to be requested. This when eventually received, was of some help in enabling us to compare levels of allowances and the Mayoral salary and to contribute towards our final decisions.

We were also provided with the 2012/2013 Watford Borough Council Members end of year self assessments which had been completed by almost all Councillors and once again this gave us a good insight into the roles covered, levels of activity and commitment during the past year..

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, continuity and fresh input. 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 the previous panel in 2012 our brief was to undertake a four year review, although the panel did question whether our recommendations could be fairly delivered for the entire term, because signs of improvements in the overall economy could change general economic circumstances and result in decisions being made now becoming less relevant in 2/3 years.

The recommendations are made in good faith and without prejudice.

The IRP would like to thank all those who took the time to submit personal or written submissions. The Panel would also like to commend Pat Thornton, Democratic Services Manager and her team 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
Chairman

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 Remuneration Panel [IRP] has been in existence since 2000 and has normally met annually to consider the operation of the members' remuneration scheme and to make any recommendations on any proposed changes if appropriate. Last year's panel proposed that 2013 should be a four year review.

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. Two members have previously sat on the panel with LW and GC being selected after an interview process held by Carol Chen, Head of Democracy and Governance, and Pat Thornton, Democratic Services Manager.

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) Level of basic allowance
- d) Special responsibility allowances
- e) Travelling and subsistence allowance
- f) Co-optees' allowances
- g) Care of Children and dependants
- h) Provision of IT equipment, broadband and payment of telephone
- i) Pensions – membership of LGPS

Information and Submissions

Information Available

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

- a) First IMRP report 2000
- b) IMRP report 2012
- c) Council Resolution 2013
- d) 2013/14 Scheme
- e) Role Profiles
- f) Councillors estimated Hours
- g) Members' Self Assessments 2012/13
- h) Committee Information
- i) Local Authority Members Allowances England Regs 2003
- j) Croner Reward – Report on National Mayoral Salaries & Councillors Expenses and Allowances

There was a presentation by Croner Reward on Mayoral Salaries & Councillor Expenses and Allowances plus a detailed report was supplied. Further information was requested following the presentation by Croner Reward as the panel felt it did not provide sufficient detail to enable adequate comparisons with current amounts being offered by similar councils to Watford.

The panel has met three times:

2 October 2013 – for initial Croner Reward Presentation and to establish terms of reference.

29 October 2013 - Councillors' Submissions

6 November 2013 – final Croner Reward information, Submission by Manny Lewis and panel deliberations.

Submissions

Submissions were made in writing by the Liberal Democrat (LD) [& Labour Groups and Mayor Thornhill, whilst personal submissions were given by Iain Sharpe [LD], Derek Scudder [LD], Helen Lynch [LD], Nigel Bell [Labour Group] & Ian Brandon [Green Group]. Manny Lewis also appeared before the panel to address it in his role as Managing Director of the Council

The Liberal Democrat Group's written submission expressed the view that allowances 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 of the view that the past and current level of allowances has made a difference in attracting a more representative range of councillors.

The Panel thought it was useful to see samples of members' diaries showing the time spent on Council business.

The LD Group also provided the Panel with a written submission on the Mayoral salary. This recommended a continued link to an MP's salary for a fixed period of 4 years. They felt that the salary should be set at a level which attracts a person of the right calibre.

The Labour Group's written submission suggested that the Panel look at the changing responsibility of portfolio holders and the Mayor. They recognised the historical level of allowances in Watford but considered that account must be taken of the time spent by members on Council work. They made no comment on the Mayoral salary.

There were no other written submissions.

The Mayor's personal submission highlighted the fact that this position was unique; there is no job description; the electorate voted for the position knowing the details of the salary; the workload and stress level is high; the Mayor is the face of the Council and has to deal with residents, the media, Councillors and Council staff. She felt that in order to fulfil the role adequately, a high level of commitment is necessary.

The Panel heard personal submissions from the Mayor; 3 LD Councillors; 1 Labour Councillor and 1 Green Group Councillor. The Councillors were able to amplify the written submissions (where applicable) and also answer wide-ranging questions raised by members of the Panel.

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 clarify any points which needed clarification.

Considerations and Conclusions

The panel deliberated on all submissions given, plus wide ranging information provided by Pat Thornton, Democratic Services Manager and colleagues, some of the figures provided by Croner Reward, and other factors such as the current economic climate plus potential prospects for the general & local economy over the next four years.

The panel was also mindful of the considerable economic activity being generated by a number of infra structure developments such as the Croxley Rail Link & the Health Campus Development and the levels of activity this could potentially generate within the Borough of Watford over this period.

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 difficult 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 strongly 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 inflation, an interim review should be considered by the Council at that time. If the economy has shows a marked recovery over the next two years decisions made in 2013 may need re-examination and amendment.

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.

The salary has previously been linked to MP's salaries and whilst in comparing the two jobs, there is some degree of logic in this, it was felt that now that MP's salaries are to be 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 £66,396, although MP's salaries are due to rise by 11% to just under £73,000 after the election in 2015 and this is already receiving considerable negative press.

It is felt that whilst there should no longer be a direct link to a backbench MP's salary, it is a figure that should be taken into consideration in any future reviews of the Mayor's salary.

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

Comparisons show that the salary is still competitive against similar roles being just over the average of 15 sampled elected mayor roles.

If the economic climate does continue to improve, the Council may decide that if we are called upon to undertake an interim review of Councillor allowances then the Mayoral salary should also be examined. This would ensure that the salary had not become uncompetitive in the market place due any general upturn in salary levels particularly within the public sector. Careful consideration would have to be given if this was the case as there will have been a mayoral election where the candidates stood knowing the salary level for the role and their term of office.

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 (it was set by the panel in 2011 at £1000 subject to annual review and has now been reduced to £500 to reflect the Mayor's annual spend)

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 figure is still greater than 8 sampled councils in Hertfordshire although it now falls in the lower quartile of councils in the national survey commissioned by Croner Reward.

Following the submissions made to the panel, we are of the opinion that there should be no reduction in this allowance and that the current level is still at a sufficiently attractive level to retain or attract councillors.

It was the Panel's opinion that in the current climate the basic allowance should again be frozen.

As previously mentioned, if the economic climate does continue to improve we recommend that there be an interim review of this decision before the end of the four year period to ensure that the allowance has maintained its comparative position with other councils.

Special responsibility allowance

Information supplied by Croner Reward demonstrated that whilst allowances, when compared on a national level appear in the lower quartile of payments, they still compare favourably with the figures for Hertfordshire based councils.

It is the Panel's recommendation that the bands of payment should remain unchanged subject to the recommendation below relating to the Vice-Chair of Overview and the Chair of the Scrutiny and Audit Committees.

From the submissions made and information supplied the panel had one recommendation to make in respect of two roles within these bands:

The Vice Chair of Overview & Scrutiny is currently on Band 2a [£7930] but from what we understand rarely chairs meetings, whilst the Chair of Audit who does regularly chair meetings is on Band 2 [£2884].

If it is within our brief to make a recommendation and the information we have is correct we would suggest that the bands for these two roles should be reversed.

The Panel therefore recommends that the Vice-Chair of Overview and Scrutiny Committee be remunerated at Band 2 and the Chair of the Audit Committee be remunerated at Band 2(a)

Travelling & subsistence allowance

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

These reflect actual costs incurred and are currently 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

The panel when considering this item felt that there was not enough information available to judge whether the payment of such an allowance to Councillors would have any major impact on the attraction and retention of councillors, or whether it would have any significant effect on the diversity of applicants.

On balance it was thought that having a competitive basic allowance was a more important factor in ensuring the right balance of councillors from across the community.

Provision of IT equipment, broadband and payment of telephone allowance

This was originally a telephone allowance, but has become more complex with the introduction of email accounts and mobile phones. There is currently a monthly allowance of up to £23.00 towards communication costs.

The panel felt that this was an area where a more formal policy should be established and it was suggested that in time this should be reviewed by Democratic Services.

Pensions – membership of LGPS

This is still subject to a separate review by Government so the panel was not able to consider this item.

SUMMARY OF PANEL'S RECOMMENDATIONS

- **ELECTED MAYOR'S SALARY** - This should remain unchanged. The salary should no longer be linked with the salary of MPs.
- **TRAVEL ALLOWANCE FOR THE ELECTED MAYOR** - This should remain unchanged.
- **LEVEL OF BASIC ALLOWANCES** - These should remain frozen at the current level.
- **SPECIAL RESPONSIBILITY ALLOWANCES** - Save for the Vice-Chair of Overview and Scrutiny Committee's allowance being amended to Band 2 and the Chair of the Audit Committee's allowance being amended to Band 2(a), all other SRAs should remain unchanged.
- **TRAVELLING AND SUBSISTENCE ALLOWANCES** - These should remain unchanged.
- **CO-OPTEE'S ALLOWANCES** - These should remain unchanged.
- **CARE OF CHILDREN AND DEPENDANTS** - There should be no change to the current position; no allowance for this category.
- **PROVISION OF IT EQUIPMENT, BROADBAND AND PAYMENT OF TELEPHONE CHARGES** - This should be reviewed by the Democratic Services Department of the Council.
- **PENSIONS** - As this subject is still subject to a review by the Government, no decision was taken.