**REPORT AND RECOMMENDATIONS OF THE INDEPENDENT REMUNERATION PANEL**

**TO SALFORD CITY COUNCIL**

**WEDNESDAY 18TH JULY 2012**

**REVIEW OF ALLOWANCES FOR THE CITY MAYOR AND DEPUTY CITY MAYOR**

1. **PURPOSE OF THE INDEPENDENT PANEL**
	1. The Independent Panel was established under the Local Authorities (Members Allowances) (England) Regulations 2003 to review the Members’ Allowance Scheme and to make recommendations to the council regarding the scheme.
	2. Following the election in Salford of a City Mayor in May 2012, the scheme of allowances must also be amended to take account of this new role and to comply with the statutory requirement that the allowance of the elected mayor is subject to review by an independent panel for a final decision by full Council.
	3. The Panel were tasked with reviewing and making recommendations in two stages. The first stage was to present recommendations for consideration for the posts of City Mayor and Deputy City Mayor to the July meeting of council and for all other member positions to September council.
2. **TERMS OF REFERENCE**
	1. The terms of reference for the Panel are as follows: -
* The Independent Remuneration Panel is established in fulfilment of the Local Authorities (Members Allowances) Regulations 2003.
* The Panel are responsible for monitoring the Members’ Allowance Scheme and will make recommendations to the council about the scheme.
* The Scheme covers Members’ allowances which include a basic allowance, special responsibility allowances, carers’ allowance, travel allowances and an allowance for co-optees.
* The Panel will review the allowance for the City Mayor and Deputy City Mayor and will make recommendations to Council for a final decision.
* The Panel will consider information from a wide range of sources and must be satisfied that they have been provided with relevant material to enable recommendations to be formulated.
* The Panel will meet as required to consider evidence and develop recommendations with a degree of telephone and email contact to finalise recommendations.
* The Panel will be supported by officers of the City Council as appropriate.
1. **REVIEW PROCESS**
	1. The Panel felt it was important to have a clear methodology for the review and as well as being advised by senior officers, expert advice was sought from Richard Penn who has more than 40 years local government experience in senior positions including Chief Executive. In 2008 he was appointed by the Minister for Local Government as the Chair of the Independent Remuneration Panel for Wales and has recently been appointed as Chair for another four years. This Panel sets the remuneration framework for all 22 unitary authorities in Wales as well as the Welsh Fire and Rescue Authorities and National Park authorities. Consequently, the Panel felt that he had the necessary credentials to offer some quality assurance on the methodology followed.
	2. The methodology followed is set out below.
* Understand the context in which the roles are operating
* Understand the nature of the roles in terms of powers, responsibilities and accountability.
* Having sized the roles, consider the market rates and comparators in pay terms.
* Consider the new and evolving opportunities that a mayoral model of governance provides.
* Consider consultation feedback from elected members.

**Context**

* 1. The Panel spent a good deal of time understanding the governance arrangements for the City Council particularly in light of the very different operating model which prevails under a directly elected mayor. The Panel were briefed comprehensively on the Mayoral Team and portfolio responsibilities and importantly on the key differences between the role of an elected mayor and a council leader, including developing the Panel’s understanding of the executive responsibilities of the role. This helped to shape thinking in terms of the scale of the posts of City Mayor and Deputy City Mayor and the Panel were particularly mindful of the significant legal powers, executive responsibilities and consequently accountabilities, of the role.

**Nature of the roles**

* 1. In terms of the evidence gathering, the Panel considered information from a wide range of sources. The starting point was to consider the role, powers and responsibilities of the City Mayor and Deputy City Mayor with reference to the Constitution and the role descriptions for each post. In this context, the panel were briefed on the regional and national appointments that both the City Mayor and Deputy City Mayor undertake as part of their roles.
	2. The Panel noted that all of Salford City Council’s executive functions are vested in the elected mayor, who can choose to exercise the functions himself or delegate specific executive functions as appropriate. Even where these are delegated, the Mayor can withdraw this delegation at any time or on any delegated decision. These executive functions account for around 90% of the Council’s responsibilities, with the remaining 10% deemed to be non-executive such as planning and development control functions, licensing and registration and indeed making and amending any Members Allowance Scheme.
	3. Throughout the review the Panel considered the evidence against the roles of both the City Mayor and the Deputy City Mayor. Having reviewed the role of the Deputy City Mayor, the Panel concluded that this was much more closely aligned to the City Mayor responsibilities than those of the Assistant Mayors. It is quite clear that this role will also require a full-time commitment from the postholder.
	4. The Deputy City Mayor supports and where necessary represents the Mayor in all his functions including acting as Deputy Chair of Cabinet. Constitutionally he assumes all of the powers and executive functions in the absence of the City Mayor. In addition, the Deputy has an extensive portfolio of responsibilities as well as a lead role in regional and national fora, including his lead and continuing role in the governance of Greater Manchester Police.
	5. The usual arrangement for the remuneration of a Deputy Mayor or Deputy Leader is to apply a percentage to the quantum of payment for the substantive role and this approach is considered appropriate in these circumstances.

**Pay data**

* 1. The existing Members Allowance Scheme which has been in operation since 2006 was considered as well as the Schemes for the other nine Greater Manchester authorities. Whilst it was acknowledged that these were not mayoral authorities, the information was considered a useful benchmark to inform the process.
	2. It was very helpful to review the Members Allowance Scheme, including the special responsibility allowances for elected mayors and deputies, for all 15 other Mayoral authorities in England. This was considered in terms of the type of authority, the population served and the financial turnover.
	3. The other aspect of pay to consider was the City Council’s Pay Policy Statement which provided information on the officer pay structure, including senior manager’s pay and the ratios set down in the Hutton report on Fair Pay in the Public Sector.

**New and evolving opportunities**

* 1. The Panel were mindful of two recent research reports:
* Elected Mayors and City Leadership – a summary report of the Third Warwick Commission exploring the role of elected mayors in providing strategic leadership to cities (University of Warwick, April 2012)
* What can elected mayors do for our cities? – Institute for Government, March 2012.
	1. These reports were very useful in assisting the Panel to understand the new and evolving opportunities that this governance model can provide. In the report “What can elected mayors do for our cities?”, the commentators cite evidence that based on an assessment of the 15 mayoral authorities, the main benefits are increased visibility of political leadership, greater stability and a more decisive, coherent and outward-looking approach.
	2. The Panel were also drawn to the proposition in the report that mayoral democratic mandates are stronger and come from a wider constituency. Unlike councillors, who are elected by one of many wards, each of which contain several thousand voters, mayors are elected by tens and potentially hundreds of thousands of voters in an area. The total electorate in Salford is just over 173,000 which also represents three parliamentary constituencies. This can only strengthen the position of a City Mayor in negotiations with others and gives a unique role for the sub-region in convening, influencing and lobbying central government and associated authorities. This may be as a result of the fact that mayors are able to spend less time on internal council politics unlike council leaders who depend on their colleagues for selection.

**Consultation**

* 1. Whilst there is nothing set down in the regulations to require consultation with members, the Panel sought to consult with all elected members. Consequently, an email was sent from the Assistant Director (HR) on behalf of the Panel to all elected members informing them of the data and information that the Panel would be considering and asking them to respond to two questions: -
* Given the very different model of governance, are there any other aspects or information the panel should consider in forming their recommendations?
* Your views on the current scheme and any suggestions on how it might be improved.
	1. It is understood that the City Mayor and Deputy City Mayor took a conscious decision not to take part in the consultation process. The Panel are very grateful to those members who did respond and would be happy to accept further feedback for the second stage of the review.

**4. CONCLUSION**

4.1 A report on Members Remuneration that was part of the work of the Councillors Commission in 2008 emphasised that member remuneration should not be seen as an incentive for service as a councillor, but nor should lack of appropriate remuneration be a barrier. Remuneration arrangements should attract people from a wide range of backgrounds and with a wide range of skills to serve as councillors. Those who participate in and contribute to the democratic process should not suffer unreasonable financial disadvantage as a result of doing so. Councillors should be compensated for their work which should have regard to the full range of commitments and the complexity of their roles, particularly where additional responsibilities are accepted. The Panel were very clear that whilst the City Mayor is not a councillor, exactly the same principles and sentiments apply to that role.

4.2 The Panel acknowledges that maintaining the democratic values of local government is not cost free. Councillors are elected to represent the interests of local people and to undertake the governance of local communities. It is right that they receive remuneration for the contribution they make, including appointments to outside bodies by virtue of their role of elected member.

4.3 It is quite clear that both of these roles will require a full-time commitment from the postholders and consequently the level of remuneration is an important factor to get right albeit there will always be a significant degree of passion for public service acting as a prime motivator to those taking on such roles.

**5. RECOMMENDATIONS**

5.1 That the City Mayor special responsibility allowance be set at £69,000 with effect from 4th May, 2012.

5.2 That the Deputy City Mayor special responsibility allowance be set at 65% of the City Mayor’s allowance representing £44,850 with effect from 4th May 2012.

5.3 That the City Mayor and Deputy City Mayor do not receive the basic allowance in addition to the special responsibility allowance.

5.4 That there should be a mid-term review undertaken by the Panel once the roles have evolved and there is greater clarity on the extent of roles and responsibilities. This should be concluded by the start of the municipal year 2014/15.

5.5 That the allowances should benefit from any cost of living increases applied through the NJC pay award.

**Report of the Independent Remuneration Panel: -**

Keith Barnes, Pro-Vice Chancellor, University of Salford

Jayne Bessant, Chief Executive, St Ann’s Hospice

Maria McGeoghan, Director, Scott Partnership

Clive Memmot, Chief Executive, Greater Manchester Chamber of Commerce

**July 2012**