

West Midlands Combined Authority

Independent Members Remuneration Panel

Supplementary Report May 2023

1. Introduction

1.1. In May 2022, the Independent Remuneration Panel (IRP) submitted a report which made recommendations regarding a range of topics specified in its brief, namely the allowances to be paid to the elected mayor: the deputy mayor: the chairs of the Audit, Risk and Assurance, Overview and Scrutiny and Transport Delivery Committees respectively: and the members of the last of these committees.

In October 2022, the recommendations relating to the elected mayor and the chairs of Audit, Risk and Assurance and Overview and Scrutiny were agreed by the Board and the recommendation relating to the deputy mayor referred back to the Panel. The Panel's recommendation regarding allowances to members of the Transport Delivery Committee was deferred pending the outcome of the WMCA internal Transport Governance Review, which was then in progress. That Review has now issued its report. In addition, the government has indicated in its recently issued Levelling Up and Regeneration Bill (para 6.7) that it will issue new guidance which permits the payment of allowances to those involved in overview and scrutiny activities in Combined Authorities.

1.2. The Panel's membership is Steve Leach, Emeritus Professor of Local Government at De Montfort University (chair): Rose Poulter, Chair of the Birmingham City Council IRP: and Sylvia Parkin, member of the City of Wolverhampton and Sandwell IRPs.

The Panel was reconvened in May 2023 and asked, in the light of these new circumstances, to make recommendations on allowances to be allocated to the deputy mayor: to the members of the three committees specified above : and to the six 'Member Champions' proposed within the re-named Transport Delivery Overview and Scrutiny Committee. This report is focused on these specific issues and should be seen as a supplementary report to that submitted by the Panel in 2022. The other topics dealt with in that report (e.g., the elected mayor's allowance) are not revisited here. Where appropriate, reference back to the content of that report is included in this report.

1.3 The Panel is grateful to Julia Cleary, Head of Governance and Corporate Support for facilitating its meeting on 17th May 2023 and for providing a helpful briefing to the panel and copies of a range of relevant WMCA reports. The Panel also drew on the evidence it assimilated for its 2022 report where appropriate.

2. The Deputy Mayoral Allowance.

2.1. The main reason for the reference back of the Panel's recommendation regarding the Deputy Mayoral allowance (which was pitched at £31,675 – one third of the recommended mayoral allowance) was that it failed to take account of the Board's view that this allowance should not result in the overall allowance of the

deputy mayor (including the basic allowance received in their parent authority) exceeding the total allowances (basic plus SRA) received by any of the seven West Midlands council leaders who are members of the WMCA Board. In fact, this was a view with which the Panel was in agreement (see para 4.15 of its 2022 report). But due to a technical error in the calculation, for which the Panel apologises, its recommendation did not meet this condition.

2.2. The wide-ranging and demanding responsibilities of the deputy mayor were highlighted in para 4.10 of the Panel's 2022 report, as was the finding that the value of his contribution was widely acknowledged and appreciated throughout the authority. The Panel was clear that these findings should be recognised by the recommendation of a substantial SRA, within the limits proposed by the Board.

In October 2022, the Board recommended as an interim measure a deputy mayoral allowance of £10,000. The Panel's recommendation is that this allowance should be doubled to £20,000, which would result in the overall allowance received by the deputy mayor (including their basic allowance) rising to £30,500, which is £5,000 below the lowest combined (basic plus SRA) leaders' allowances within the seven West Midlands councils. It is recommended that this increase should be backdated to October 2022, when the mayoral allowance was agreed.

3. The Two Overview and Scrutiny Committees and Audit and Risk Committee.

3.1. It is clear from the Levelling Up and Regeneration Bill that the government intends to strengthen the role of overview and scrutiny in Combined Authorities and, to this end, will make provision for CAs to provide remuneration to those councillors from the constituent authorities who have been co-opted to serve on one or other of such committees. The Panel applauds this concern on the part of central government and WMCA to move in this direction. Overview and scrutiny is a crucial ingredient of accountability and good government in any local authority, not least in an indirectly elected authority (elected mayor apart) such as WMCA, where the 'holding to account' process is less transparent than in a directly elected council. The panel was made aware of concerns within WMCA about the effectiveness of overview and scrutiny in its interviews for the 2022 report and is pleased to learn that this issue will now be addressed.

3.2. However, in considering how these intentions should be reflected in the remuneration provisions for the three committees concerned, the Panel recognised a number of problems involved in taking advantage of these remuneration opportunities. Its' main concern is over the inconsistencies that would become apparent between the opportunity for remuneration on the WMCA committees and the lack of it on parallel committees in local authorities. There are no local authorities of which the Panel is aware which have an allowances scheme which rewards all members of an overview and scrutiny committee, or indeed any committee of the council. The existing government guidance provided to local authority panels would make this outcome virtually impossible to recommend. This guidance strongly advises that no more than a third of councillors should receive SRAs in any given council. The basic allowance is intended to cover a wide range of council activities

including membership of an overview and scrutiny (and indeed any other) committee.

3.3. As a result, the Panel would not be at all surprised if committed, active members of overview and scrutiny committee members in the seven West Midlands councils felt aggrieved at the fact that colleagues of theirs who sit on a WMCA overview and scrutiny committee were receiving an allowance when they were not, despite carrying out the same kind of work. It would appear that the government has given little if any thought to the inconsistency between its proposals for remunerating membership of overview and scrutiny committees in combined authorities and the fact that this is currently impossible to introduce in local authorities.

3.4. However, it would clearly be of benefit to WMCA to take advantage of the remuneration opportunities provided by the government. It is likely that the financial incentive involved will act as an incentive to involvement in and commitment to the overview and scrutiny role on the part of those who take advantage of it, although other less pecuniary motivations will hopefully also play a part. The Panel therefore recommends that an allowance be paid to all members from constituent authorities who serve on the three committees, with SRAs also payable to committee chairs and, in the case of the Transport Delivery Overview and Scrutiny Committee, to the six 'Scrutiny Champions'.

3.5. At what level should these allowances be pitched? There are two precedents of which the Panel is aware. The first is the West Yorkshire CA, which allocates what it terms a 'basic allowance' of £4,500 to members of its Transport Committee (whose remit is broadly comparable in scope to the existing WMCA Transport Delivery Committee) and of £1,350 to members of its Overview and Scrutiny Committee. The other is of course the existing WMCA Transport Delivery Committee, prior to its re-definition with a new role set. Here the 'basic allowance paid to all committee members is £4,060.

3.6. The Panel was clear that there should be equivalence of status for each of the three scrutiny committees involved and hence a consistent approach to the payment of allowances. The differential in allowances between the two West Yorkshire committees is not favoured, especially given that, in WMCA, the transport delivery role is now to be given an overview and scrutiny title. The two West Yorkshire allowances average out at a figure close to £3,000 and this, in the Panel's view, would be an appropriate level to apply here; substantial enough to act as an incentive for those for whom this is important, but not so large as to discourage those who do the job unremunerated in the constituent councils.

3.7. The Panel also felt that the term 'Co-optees Allowance' should be used, rather than 'basic allowance'. The latter term carries with it the implication that WMCA is a directly elected local authority, which is not the case. In reality, the councillors who sit on the three scrutiny committees will be operating as co-optees to an outside body (a practice of which there will be many other examples in their own authorities), and their designation should reflect this reality.

3.8. There should also be put in place mechanisms which make it possible to ascertain to what extent the committees and the councillors who sit on them are 'adding value'. At the very least, attendance records should be maintained of each committee's members and significant cases of absenteeism reported back to the parent council. If an allowance is being paid, regular attendance can reasonably be expected.

3.9. The point made above about 'equivalence of status' should also be applied in relation to the SRAs paid to the three committee chairs. In its 2022 report, the Panel recommended an SRA of £9,500 (10% of the mayoral allowance) for the chair of Audit, Risk and Assurance and £6,650 for the chair of Overview and Scrutiny, both of which were agreed by the Board. The Panel sees no reason to recommend a change in the former allowance, but in the interests of consistency, recommends that the chairs of the Overview and Scrutiny Committee and the Transport Delivery Overview and Scrutiny Committee be allocated the same SRA. In the case of the former, an increase in workload would certainly be expected as the responsibilities of WMCA continue to expand. In the case of the latter, there would be a significant reduction in the SRA currently payable to the Chair of the Transport Delivery Committee (£16,467). But a figure of this level would be totally out of line with what chairs of scrutiny committees currently receive elsewhere. In the 15 all- or most-purpose authorities which form comparators for Cheshire East, the average SRA allocated to chairs of overview and scrutiny committees is around £8,000. SRAs for this function in authorities in the West Midlands would be broadly comparable with this figure. £9,500 can be justified as a figure of this order of magnitude. An SRA of £16,467 could not; it is well above the average.

3.10. The Panel was given details of the proposal to designate six 'scrutiny champions' within the Transport Delivery Overview and Scrutiny Committee, who would also chair the sub-groups to be set up to deal with the topics which they champion. Scrutiny champions have been adopted in a relatively small number of authorities, but there is as yet little evidence about the way in which the role has been interpreted, or its effectiveness. In principle, the role merits an SRA, but the way it is interpreted and the value it adds need to be monitored. The Panel's view was that, in the absence of precedents or evidence, the SRA for these positions should be set at £4,750 - half that of the committee chairs- but that this recommendation should be reviewed after a year of operation, when it should be clearer how it was being interpreted and how effective it was proving.

3.11. No equivalent positions have been proposed in either the Audit, Risk and Assurance Committee nor the Overview and Scrutiny Committee, so there is no basis for further SRA recommendations in these two committees. However, if in either case 'task and finish' groups were to be established to study in depth particular issues, there would be a case for allocating SRAs to the chairs of such groups. Evidence from other councils suggests that this is often a challenging and time-consuming responsibility, which merits an SRA. £2,375 - 25% of the chairs allowance - would be a possible 'best estimate', subject to a review after a year. If either of these committees decided to establish scrutiny champions (more likely in the Overview and Scrutiny committee than in Audit) then these positions should

attract an SRA of £4,750, the same as that recommended for equivalent positions in the Transport Delivery Overview and Scrutiny Committee.

3.12. If a councillor from a constituent council ends up on two of the three committees, they should be entitled to two co-optees allowances, which should be seen as 'the rate for the job'.

3.13. All the allowances recommended above should be updated annually on the basis of the average increase in salaries (private and public sector in previous financial year in the West Midlands, as published in the Annual Survey of Household Earnings (ASHE) as set out in para 4.32 of the Panel's 2022 report.

4. Summary of recommendations

(1) The SRA paid to the deputy mayor should be increased to £ 20,000 and backdated to October 2022.

(2) The SRA paid to the Chairs of each of the Audit, Risk and Assurance Committee, the Overview and Scrutiny Committee and the Transport Delivery Overview and Scrutiny Committee should be set at £9,500.

(3) The SRA paid to the six Scrutiny Champions operating within the Transport Delivery Overview and Scrutiny Committee should be set at £4,750.

(4) A Co-optees Allowance of £3,000 should be paid to all members of constituent authorities who serve on the three Committees specified above.

(5) All these allowances should be updated annually on the basis of the average increase in salaries in the West Midlands (ASHE) see 3.13 above.

Other advisory suggestions.

*Mechanisms should be introduced to monitor and publish attendance of co-optees on the three Committees.

*A review should be carried out annually of the extent to which the work of the three Committees and of the six Scrutiny Champions on the Transport Delivery Overview and Scrutiny Committee is proving effective and 'adding value'.

*If either the Audit, Risk and Assurance Committee or the Overview and Scrutiny Committee were minded to introduce Scrutiny Champions, these positions should attract the same SRA as for Transport Delivery i.e. £4,750.

*If any of the three Committees were to establish 'task and finish' groups to study a particular issue in depth, then an SRA of £2,375 should be paid to the Chair of the group, so long as this role is not filled by a Committee Chair or Scrutiny Champion.

*If a councillor from a constituent authority is co-opted onto two of the three Committees, he or she should be entitled to two Co-optees Allowances.