



## WMCA Board

<b>Date</b>	18 March, 2022
<b>Report title</b>	Independent Remuneration Panel
<b>Portfolio Lead</b>	Finance - Councillor Bob Sleigh
<b>Accountable Chief Executive</b>	Laura Shoaf, West Midlands Combined Authority email: <a href="mailto:laura.shoaf@wmca.org.uk">laura.shoaf@wmca.org.uk</a>
<b>Accountable Employee</b>	Satish Mistry, Interim Director of Law & Governance email: <a href="mailto:satish.mistry@wmca.org.uk">satish.mistry@wmca.org.uk</a>
<b>Report has been considered by</b>	Linda Horne, Director of Finance email: <a href="mailto:linda.horne@wmca.org.uk">linda.horne@wmca.org.uk</a>

### Recommendation(s) for action or decision:

#### The WMCA Board is recommended to:

- (1) Agree to establish an Independent Remuneration Panel consisting of the membership as detailed in paragraph 3.5 of the report.
- (2) Agree the Terms of Reference for the review as detailed in section 4 of the report.

#### 1. Purpose

- 1.1 The purpose of this report is for the Board to agree to the commissioning of a review of allowances by an Independent Remuneration Panel.

#### 2. Background

- 2.1 Prior to the election of the first WMCA Mayor, the WMCA Board commissioned an Independent Remuneration Panel (IRP) review to advise on the appropriate level of remuneration and associated allowances for the position of Mayor and Deputy Mayor, the IRP reported back to WMCA Board on the 3rd March 2017.

- 2.2 The recommendations laid out in the IRP Report were accepted by the WMCA Board. They included a Mayoral allowance.
- 2.3 It was agreed by WMCA Board, as well as being considered to be best practice, that the Mayoral allowance would be reviewed before the beginning of the next Mayoral term. This review did not take place and it is now 5 years since the remuneration was considered.
- 2.4 It is therefore appropriate for an Independent Remuneration Panel to be convened again to advise on the allowances that should be paid by the Combined Authority at the earliest opportunity.

### **3. Independent Remuneration Panel**

3.1 The West Midlands Combined Authority (Functions and Amendments) Order 2017 states the following regarding an Independent Remuneration Panel:

- The Combined Authority may establish an independent remuneration panel to recommend allowances payable to the Mayor and the deputy Mayor.
- An independent remuneration panel must consist of at least three members none of whom -
  - (a) is also a member of the Combined Authority or is a member of a committee or sub-committee of the Combined Authority;
  - (b) is disqualified from being or becoming a member of the Combined Authority.
- The Combined Authority may pay the expenses incurred by an independent remuneration panel established under sub-paragraph (1) in carrying out its functions and may pay the members of the panel such allowances or expenses as the Combined Authority may determine.
- An independent remuneration panel must produce a report in relation to the Combined Authority, making recommendations as to any allowances payable to the Mayor and deputy Mayor.
- No remuneration is payable by the Combined Authority to its members, other than allowances for travel and subsistence paid in accordance with a scheme drawn up by the Combined Authority.
- The Combined Authority may pay the Mayor and deputy Mayor such allowances as it may agree, in accordance with any recommendations made by its independent remuneration panel.

3.2 Previously, Professor Steve Leach of De Montfort University's Department of Politics & Public Policy was appointed to Chair the IRP review.

3.3 The Mayor and Leaders have been engaged on the approach to membership of the new panel. On this occasion, this will be comprised of only three members.

3.4 In addition to Professor Leach, contact has been made with IRP members at Birmingham and Wolverhampton City Councils, both of which have recently undertaken reviews into their member allowances.

3.5 The proposed Panel Members have now been contacted and have agreed to undertake the WMCA review. They are as follows:

- Professor Steve Leach** – Emeritus Professor of Local Government, Department of Politics & Public Policy at De Montfort University, Leicester
- Rose Poulter** – Birmingham City Council Independent Remuneration Panel Chair
- Wolverhampton member of IRP** (*subject to confirmation*)

#### 4. Terms of Reference for Review

##### A. Review of Mayoral and Deputy Mayoral Allowance

4.1 The terms of reference for the review must include:

- review of remuneration to be paid to the position of the WMCA Mayor from June 2022 that is commensurate with the responsibilities of the position;
- review of remuneration to be paid to the position of the WMCA Deputy Mayor appointed by the Mayor from amongst the members of the WMCA Board (including backdating provisions);
- review of the allowances scheme that will cover expenses.

##### B. Wider Roles and Responsibilities at Board Level

4.2 In the context of the recent Governance Review, it is recognised that greater responsibility is being placed on other Board members to carry out roles for respective portfolio areas. It is suggested that the IRP look at this issue and make any observations or recommendations to individual constituent IRPs as part of setting their allowances. It would of course be up to each individual Constituent Authority to decide if they wish to follow such observations.

##### C. Other Allowances in the Organisation

4.3 It is also proposed that the review of allowances be extended to examine the roles and responsibilities of other positions within the Combined Authority Governance Structure in order to make observations on whether allowances could and should be provided. Recent reviews at West of England and West Yorkshire have examined allowance issues for other positions such as Overview & Scrutiny.

4.4 In addition, at the Inaugural Meeting of the WMCA Board in June 2016 the Board was advised that because the members of the Transport Delivery Committee were co-opted members of the Committee and not members of the WMCA Board, the prohibition on the payment of allowances did not apply and the allowances formerly agreed by WMITA could continue to be paid.

4.5 The Transport Delivery Committee has continued to receive basic and special responsibility allowances that were agreed by the former West Midlands Integrated Transport Authority before the WMCA was established. The arrangement has not been reviewed since 2016. This is quite clearly an anomaly in the organisation and has led to some perceptions of unfairness.

4.6 Examination of the roles and responsibilities of other positions across the Combined Authority will provide an opportunity to examine the allowances currently paid to members of the Transport Delivery Committee. A Review of Transport Governance at Member level will also assist in deciding what to do in relation to these payments.

## **5. Financial Implications**

5.1 Any costs associated with the Independent Remuneration Panel will be funded from within the existing Combined Authority governance budget. In addition, any recommendations flowing from the IRP with budgetary implications will be reported to the June Board.

## **6. Legal Implications**

6.1 There are no further legal implications flowing from the contents of this report.

## **7. Equalities Implications**

7.1 There are no further equalities implications flowing from the contents of this report.

## **8. Inclusive Growth Implications**

8.1 There are no inclusive growth implications flowing from the contents of this report.

## **9. Geographical Area of Report's Implications**

9.1 None specifically

## **10. Schedule of Background Papers**

None