



## WMCA Board

<b>Date</b>	28 October 2022
<b>Report title</b>	The Report of the Independent Remuneration Panel
<b>Portfolio Lead</b>	Finance - Councillor Bob Sleight
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<b>Report has been considered by</b>	Programme Board - 1 July 2022

### The WMCA Board is recommended to:

#### **A Mayor's Allowance**

- (1) Agree with the Independent Remuneration Panel's ('IRP') recommendation to increase the Mayoral allowance from £79,000 to £95,000 pa.
- (2) Not backdate the increased allowance to May 2021.

*(the Mayor has written to the Chief Executive to state that he will not personally take up the increase).*

#### **B Deputy Mayor's Allowance**

- (3) Agree with IRP recommendation to set up an allowance payable to the Deputy Mayor at £31,675 pa (less any Basic and Special Responsibility allowances received)
- (4) Agree to backdate the allowance to May 2021.

*(the Deputy Mayor has written to the Chief Executive to state that he will only take £10,000 of the recommended allowance for the Deputy Mayor).*

## **C Other Allowances**

- (5) Agree not to proceed with the IRP's suggestion to recommend to Constituent Authorities to set an additional responsibility allowance for Portfolio Leaders in the sum of £9,500 pa
- (6) Agree that the Monitoring Officer should write to the Secretary of State to request that the West Midlands Combined Authority Order 2016 be further amended to allow the payment of allowances to all members and co-opted members of the Authority
- (7) Agree, pending the Transport Governance Review, to retain the allowances paid to the Chair and Members of the Transport Delivery Committee (TDC)
- (8) Accept the recommendation that the Chair of the Audit, Risk and Assurance Committee should receive a Chair's allowance of £9,500 pa.
- (9) Accept the recommendation that the Chair of Overview and Scrutiny Committee should receive a Chair's allowance of £6,650 pa and backdate to May 2021.
- (10) Agree all allowances should be index linked and increased annually as proposed.
- (11) Agree that the current scheme of travel and subsistence allowances should continue to apply to all Members of the Combined Authority.

### **1. Purpose**

- 1.1 This Report sets out the recommendations of the Independent Remuneration Panel (IRP) set up to look at allowances at the West Midlands Combined Authority (WMCA).

### **2. Background**

- 2.1 At the meeting of the WMCA Board held on the 18 March 2022, Members agreed to appoint an IRP to consider:
  - the allowances that should be paid to the Mayor and the Deputy Mayor,
  - whether allowances should be recommended for Portfolio Leaders,
  - the allowances paid to the TDC and whether allowances should be recommended to other Members of the WMCA.
- 2.2 The IRP have carried out a thorough review of Members Allowances, including carrying extensive interviews with key stakeholders and considering comparative data across the country. The Panel has now issued their report for the Board's consideration. This is attached at Appendix 1.
- 2.3 Where an IRP has issued a report, the Board are required under the provisions of the West Midlands Combined Authority (Functions and Amendment) Order 2017 to determine the allowances payable to the Mayor and the Deputy Mayor "*in accordance with the recommendations of the IRP.*"

### **3. The Mayor**

- 3.1 In the case of the Mayor, having taken into account the responsibilities of the Mayor and having looked at the allowances paid to the Mayors of comparable Authorities, the IRP have determined that the appropriate level for the Mayor should be £95,000 per annum. The Panel has recommended that any increased allowance should be made payable from when the Mayor was re-elected in May 2021.

### **4. The Deputy Mayor**

- 4.1 When the allowance for the elected Mayor was first considered by an Independent Panel before the first election of the Mayor in 2017, no consideration was given to an allowance for the Deputy Mayor. Section 107C of the Local Democracy, Economic Development and Construction Act 2009 requires the Mayor to appoint a Deputy Mayor to act in the Mayor's absence. Over the last five years the position of Deputy Mayor has developed into an important part of the governance arrangements of WMCA providing an important link between the elected Mayor and the Leaders of the Constituent Authorities.
- 4.2 The IRP have considered the role and responsibilities of the Deputy Mayor and recommend that these are of sufficient weight to justify the payment of an allowance. They have determined that the appropriate allowance level for the Deputy Mayor at WMCA should be 33% of the allowance payable to the Mayor so that if the Mayor's allowance is set at £95,000 the appropriate allowance would be £31,675 pa
- 4.3 The IRP were keen to ensure that the Deputy Mayor's allowance should not exceed the remuneration being paid to the Leaders of the Constituent Authorities. The Chair of the IRP has since provided clarity that the recommended figure of £31,675 should be subject to the proviso that any Deputy Mayor should not receive a total remuneration that was greater than that of the Leaders of the Constituent Authorities. Therefore, where an occupant of the Deputy Mayor post is already in receipt of other allowances at his or her Constituent Authority, an allowance should be made for the receipt of these payments to ensure that the figure does not exceed £31,675.

### **5. Allowances to Portfolio Holders.**

- 5.1 At the same time as the Panel considered the allowances that should be paid to the Mayor and Deputy Mayor, they also considered the roles and responsibilities of the Portfolio Leaders. The Panel considered that these were becoming significant and that the Portfolio Leaders deserved a special responsibility allowance to reflect their role and responsibility. However, such an allowance is prohibited by the 2017 Order and so the Panel recommended that the WMCA Board recommend to the Constituent Authorities that they should include in their own Schemes of Allowances a special responsibility allowance for the Portfolio Leaders. This would of course be a matter for decision by each of the Constituent Authorities.
- 5.2 The Panel consider that if the Constituent Authorities were to consider paying an additional Special Responsibility Allowance to reflect the role of Portfolio Leaders on WMCA the appropriate level of such an allowance would be 10% of the recommended Mayoral allowance or £9,500 pa.

- 5.3 An alternative proposal has been put forward that the Monitoring Officer should write to the Secretary of State to request that the West Midland Combined Authority Order 2016 should be further amended to allow the payment of allowances to all members and co-opted members of the Authority

## **6. Chairs of Audit Risk and Assurance Committee and Scrutiny Committee**

- 6.1 As part of their review the Panel considered the roles and responsibilities of the Chair and Members of the Audit, Risk and Assurance Committee. The Panel were of the view that only the Chair of the Committee should receive an allowance to reflect the special responsibilities of that position. The Panel recommended that the Chair of the Audit, Risk and Assurance Committee should receive an allowance equal to 10% of the Mayor's allowance amounting to £9,500 pa to reflect the responsibilities of the role.
- 6.2 The Panel also considered the roles and responsibilities of the Chair and Members of the Overview and Scrutiny Committee. Again, they considered that only the Chair should receive an allowance to reflect the responsibilities of the post and recommended that the Chair of the Overview and Scrutiny Committee should receive an allowance equal to 7% of the Mayors allowance amounting £6,650.
- 6.3 The Levelling Up and Regeneration Bill currently going through Parliament includes a specific provision to enable the payment of allowances to members of Overview and Scrutiny and Audit Committees demonstrating that it is government policy that it is reasonable for such allowances to be paid. In the meantime, Section 113A of the Local Democracy and Construction Act 2009 enables WMCA to do:
- (a) anything it considers appropriate for the purposes of the carrying out of any of its functions (its "functional purposes"),
  - (b) anything it considers appropriate for purposes incidental to its functional purposes,
  - (c) anything it considers appropriate for purposes indirectly incidental to its functional purposes through any number of removes.

This power is subject to the limitation that it applies to an action provided that there is no legislative restriction against it, (as is the case with the payment of allowances to Members of the Board).

- 6.4 The Chairs of the Overview and Scrutiny Committee and the Audit, Risk and Assurance Committee are not Members of the Board to whom the general prohibition against paying allowances to members applies. Since the prohibition does not apply in this case the WMCA Board may consider paying the allowances recommended for the Chairs of the Overview and Scrutiny Committee and the Audit Risk and Assurance Committee under this general power.

## **7. Transport Delivery Committee**

- 7.1 In 2016, when WMCA took over the functions and powers of the West Midlands Passenger Executive and the West Midlands Integrated Transport Authority (WMITA), the Constitution adopted by the CA, incorporated the TDC, which had been part of the governance arrangements of the Integrated Transport Authority.

- 7.2 The Integrated Transport Authority had been an Authority which was entitled to draw up a Scheme of Members Allowances and following the recommendations of an IRP the Integrated Transport Authority had previously set up a Scheme of Allowances for members of the TDC.
- 7.3 When WMCA incorporated the TDC into its own structure it decided to continue to pay allowances to Members of the TDC in accordance with the Scheme adopted by WMITA. WMCA inherited the functions and powers of the WMITA in relation to transport including the power to pay allowances under a Scheme of Allowances under the Local Authorities (Members Allowances) Regulations 2003 in relation to the TDC. The current allowances are:
- (a) Members Annual Basic Allowance - £4,060.00 (x19)
  - (b) Chair's Special Responsibility Allowance - £16,467.00 (x1) (plus basic allowance)
  - (c) Vice- Chairs' Special Responsibility Allowance - £8,461.00 (x2) (plus basic allowance)
  - (d) Lead Member Special Responsibility Allowance - £5,491.00 (x3) (plus basic allowance)
- 7.4 The West Midlands Combined Authority (Functions and Amendment) Order 2017 includes a prohibition against the payment of allowances to Members of WMCA other than the Mayor and the Deputy Mayor, but this does not apply in the case of members of the TDC, who are not Members of the WMCA Board, but are appointed to the Committee as co-opted members.
- 7.5 Since the Scheme of Allowances had not been reviewed for 5 years it was appropriate to ask the IRP to consider the allowances paid to the TDC Members at the same time as the allowances payable to the Mayor and Deputy Mayor.
- 7.6 The Panel have considered the current role and responsibilities of the TDC. The Panel has come to the view that the role and responsibilities of the Committee have changed since the Committee was part of the WMITA and the role of the Committee is no longer a strategic role but one of delivery and implementation. The Panel have recommended that the current allowances paid to all members of the Committee should be discontinued and the current scheme be replaced by a single co-optee's allowance for the Chair of the Committee of 7% of the Mayor's allowance amounting to £6,650.
- 7.7 This would amount to a revocation of the current Scheme of Allowances and under the provisions of the Local Authorities (Members Allowances) Regulations 2003 if the Board were to accept this recommendation it would not come into effect until the beginning of the next financial year. Allowances payable under the current Scheme of Allowances would continue to be paid for the remainder of this financial year.
- 7.8 Under the provisions of regulation 19 of the Local Authorities (Members Allowances) (England) Regulations 2003 the Board is under a duty "*to have regard to the recommendations of the IRP*" when agreeing the allowances to be paid to Members of the Transport Delivery Committee. This means that the Board must take account of the recommendations of the Panel and should implement them unless there are good reasons not to do so.

7.9 Transport is a very significant function of the Combined Authority and the only area in which WMCA delivers services direct to the public through its wholly owned subsidiary Midland Metro Ltd. The TDC has a role in implementation and delivery of this important service and of other public transport services which has been recognised through the continued payment of the scheme of allowances that was inherited from the ITA.

7.10 The Panel have recommended that the allowances currently paid to the TDC should be discontinued and replaced by an allowance just for the Chair of the TDC equal to 7% of the Mayor's allowance or £6,650 pa. However, Members will be aware that there is currently a review of Transport Governance taking place at Member level. This is looking at a number of issues, including the role of TDC. As it is likely that this will have implications for TDC, it is suggested that this recommendation not be accepted but be reviewed following the Transport Governance Review.

## **8. Miscellaneous**

8.1 The Panel have recommended that all new and increased allowances should be backdated to May 2021.

8.2 The Panel have also proposed that all allowances should be up-rated annually using as an index the previous year's percentage increase in household earnings in the West Midlands as set out in the Annual Survey of Household Earnings (ASHE), published by the Office of National Statistics.

8.3 The IRP have recommended that WMCA consider the eligibility of the Mayor and the Deputy Mayor for pension provision. Unfortunately, current legislation does not allow for this.

8.4 The prohibition in the WMCA Orders which prevents the payment of allowances to Board Members does not apply to the payment of travel and subsistence allowances. The Panel have recommended that the existing scheme of travel and subsistence allowances should continue to apply to officers and office holders of WMCA and all Members of the Combined Authority.

## **9. Financial Implications**

9.1 The financial impact of the recommendations in this report can be contained within the Combined Authority's approved budget.

9.2 The financial impact of any changes proposed to allowances following the outcome of the Transport Governance Review will be reflected in the Combined Authority's budget for 2023/24 onwards.

## **10. Legal Implications**

10.1 The legal implications are set out within the report.

10.2 The Monitoring Officer has granted a Dispensation to Members of the Board other than the Mayor and the Deputy Mayor to enable them to take part in this item of business so far as it relates to Special Responsibility Allowances for Portfolio Leads.

**11. Equalities Implications**

11.1 There are no specific equalities implications flowing from the contents of this report.

**12. Inclusive Growth Implications**

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

**13 Geographical Area of Report's Implications**

13.1 None specifically

**14. Schedule of Background Papers**

14.1 Appendix 1 - Report of the IRP