



WEST MIDLANDS
COMBINED AUTHORITY

Board Meeting

Date	3 March 2017
Report title	Independent Review Panel – Mayoral Remuneration
Cabinet Member Portfolio Lead	Councillor Bob Sleight – Chair of the WMCA
Accountable Chief Executive	Keith Ireland, Managing Director, City of Wolverhampton, Monitoring Officer and Clerk, WMCA. Email: keith.ireland@wolverhampton.gov.uk Tel: 01902554500
Accountable Employee	Chris Tunstall, WMCA Programme Team, Wolverhampton Email: chris.tunstall@wolverhampton.gov.uk Tel: 07595303904
Report to be/has been considered by	Circulated to Programme Board Members for information week commencing 20 February 2017

The Combined Authority Board is recommended to:

1. Note the Report of the Independent Review Panel on Mayoral Remuneration.
2. Determine the appropriate level of remuneration and associated allowances for the Mayor/ Deputy Mayor as outlined in paragraph 3.3.
3. Agree that if substantial changes occur to the Mayors role/ responsibilities the Independent Remuneration Panel be reconvened.

1.0 Purpose

- 1.1 To receive the Report from the Independent Review Panel, IRP, regarding the recommended level of remuneration and associated allowances for the Mayor/ Deputy Mayor.
- 1.2 Following on from the Report to determine the appropriate level of remuneration and allowances for the Mayor/ Deputy Mayor.

2.0 Background

- 2.1 The West Midlands Combined Authority (Functions and Amendment) Order 2017 which is to be laid in Parliament shortly enables the remuneration of the Mayor/ Deputy Mayor.
- 2.2 At the Boards Meeting of the 18 November 2016 it was agreed that an Independent Review Panel be established, comprising Independent persons from each of the Constituent Authorities and the CA, to consider the appropriate level of Mayoral Remuneration associated allowances, and to subsequently to report back early in the New Year.
- 2.3 Whilst the Panel will make a recommendation it is for the Board to determine what should be paid.
- 2.4 It is also the case that whilst the payment determined cannot be exceeded the successful Mayoral Candidate and the deputy Mayor may determine to waive some or all of the payment.
- 2.5 It should also be noted that Sandwell Council at its Extraordinary Meeting of the 14 June 2016 resolved that the following in respect of allowances for the position of elected mayor should be drawn to the attention of the Chair of the Combined Authority:
'The Council supported the view that the salary/ allowance for the elected mayor should be set at a level of no more than £40,000 so as to attract genuine candidates who understand the needs of the area and role of the mayor in the regeneration of the area rather than individuals who may be attracted by a high salary and the public prominence of the role.'

3.0 Information

- 3.1 The Report of the IRP is attached as Appendix A. The Report provides detail of the panel's membership, terms of reference, the analysis undertaken in determining the level of remuneration and associated allowances and subsequent recommendations.
- 3.2 Professor Steven Leach of De Montfort University chaired the panel and will be in attendance at the meeting to present the Report.
- 3.3 Whilst the recommendations are laid out in the Report they are as follows:
 - The Mayoral remuneration should be in the range £77,000 to £81,000 with the panels best estimate of an appropriate allowance being £79,000;
 - There be no deputy Mayors remuneration at this stage;
 - The index used to review the remuneration should be linked to local government officers increase;
 - Travel and subsistence allowances should be those that apply within the CA.

- Carers allowance be set at the level paid to home care assistants (Birmingham) £8.73 per hour.

3.4 Whilst the Report provides recommendations in respect of the level of remuneration and allowances it is for the guidance of the Board. The Board determines the payments to be made.

4.0 Financial implications

4.1 The mayor's salary will be included within the budget which is being assembled to cover the costs of the first 11 months of the Mayor's office. This is yet to be finalised but will be brought to this committee in March 2017. The 2017/18 Mayoral office costs will be funded from the gainshare contribution but for future years, under the devolution proposals, the Mayor will raise a precept on the constituent members in order to fund their office. If approved, the salary and additional costs as outlined within this report will be used to assemble the 2017/18 Mayoral budget

5.0 Legal implications

5.1 There are no direct legal implications arising from this report.

6.0 Equalities implications

6.1 Not applicable

7.0 Other implications

7.1 Not Applicable

8.0 Schedule of background papers

8.1 Report to the 18 November 2016 Board: Establishment of an Independent Review Panel – Mayoral Remuneration

9.0 Appendices

Appendix A – Report of the Independent Review Panel on Mayoral Remuneration

Appendix A

WEST MIDLANDS COMBINED AUTHORITY

REPORT OF THE INDEPENDENT REVIEW PANEL ON MAYORAL REMUNERATION

Context

- 1.1 The West Midlands Combined Authority (WMCA) was formally established in 2016, and was assigned powers relating to economic development, regeneration and transport in the city region. It comprises as 'constituent members' the leaders of all seven city/metropolitan district councils within the West Midlands city region. Membership also includes the three Local Enterprise Partnerships (LEPs) and ten 'non-constituent' authorities on the borders of the city region, five of which are already members, and five of which will join when the Mayoral Order is issued. All the non-constituent members will have reduced voting rights.
- 1.2 The West Midlands Devolution Agreement (November 2015) sets out in detail the powers to be allocated to the WMCA and includes provision for a new post of elected mayor, who will take up duties following the election on 4 May. The Agreement also specifies the division of powers and responsibilities between the mayor as an individual and the CA as collectively. It also includes the provision for the mayor to appoint a deputy from amongst the seven council leaders on the CA.
- 1.3 There was also a requirement that an Independent Remuneration Panel be set up to advise the CA on the allowances that should be paid to the elected mayor and deputy. This was established in November 2016. Professor Steve Leach of De Montfort University was appointed as chair. Its other eight members are representatives from the seven constituent authorities: Mike Ager (Wolverhampton), Fred Bell (Dudley), David Grainger (Birmingham), David Lane (West Midlands Combined Authority), Sylvia Parkin (Sandwell), Arko Sen (Walsall), Nerys Williams (Solihull) and Peter Wiseman (Birmingham). The work of the panel was supported by Chris Tunstall (WMCA advisor) and Dan Essex (WMCA Governance Services Manager).
- 1.4 The terms of reference provided for the Panel were as follows:
 - to undertake a review which would ensure the remuneration paid to the mayor is commensurate with the responsibility of the position;
 - to subsequently report to and advise the WMCA on the appropriate indicative level of mayoral remuneration and allowances;
 - to consider a possible appropriate level of remuneration of the deputy mayor, appointed by the mayor;
 - to consider whether the allowance should be indexed, and if so what the appropriate index should be;
 - to advise as to whether the mayoral allowance should be abated, where the appointee receives remuneration from holding another public office.
- 1.5 Later, it was requested that the Panel should also consider an appropriate level of carer's allowance, should the mayor qualify for such.

1.6 A briefing paper was helpfully provided for the Panel, which set out the respective responsibilities of elected mayor and CA. Given the relevance of mayoral powers in developing recommendations regarding an appropriate level of remuneration, it is important to record them below:

- responsibility for a consolidated, devolved transport budget, with a multi-year settlement to be agreed at the Spending Review;
- responsibility for franchised bus services, including support for WMCA's delivery of smart and integrated ticketing across the city region;
- responsibility for co-ordinating a new Key Route Network of local authority roads, which will be managed and maintained by the WMCA;
- compulsory purchase powers to drive housing delivery and improvements in the housing stock;
- champion West Midlands' priorities with government and other stakeholders and act as a credible case-maker for the West Midlands;
- provide strong and visible leadership, while promoting the West Midlands to local and national audience;
- maintaining strategic oversight across WMCA, ensuring that the region's residents and businesses are able to share in the benefits of increased prosperity.

1.7 The Panel met on three occasions. It is grateful to Councillor Bob Sleight (Solihull), who gave evidence to the panel regarding his views on the nature of the mayoral role and appropriate remuneration levels. Further contributions were received from Councillors Pete Lowe (Dudley) and Roger Lawrence (Wolverhampton). It also much appreciated the support provided by Chris Tunstall and Dan Essex, including their readiness to source information requested by the panel at short notice. The report and the recommendations contained therein have the unanimous support of the Panel.

Mayoral Remuneration

2.1 The Panel recognised that it was moving into unknown territory. No other Combined Authority had yet published (or, in some cases, even commissioned) a report recommending the allowance that should be paid to the elected mayor. Although 16 local authorities currently operate with elected mayors, whose levels of remuneration are known, the roles and responsibilities of elected mayors in local authorities and combined authorities differ significantly. In this exercise, the range of relevant comparative data that would be available to an independent remuneration panel in a local authority did not exist. However the Panel throughout its discussions recognised the importance of the mayoral role for the future development and success of the West Midlands region and the Combined Authority.

2.2 The Panel began by agreeing a number of principles on which it would base its analysis and its recommendations. These were as follows:

- the 'Democratic Discount' Principle: it is customary in all exercises of this nature to accept that individuals standing for election to local authorities do so on the basis of a commitment to 'public service'. As a result, any remuneration they receive would not be

expected to relate to the whole of the time they devote to their role. 50% is the discount figure typically used. It should be noted that the elected mayor of WMCA is expected to be a full-time post

- the mayoral allowance should be justifiable when compared with allowances received by other elected public sector position-holders with similar roles and responsibilities;
- the recommended allowance should reflect the nature and scope of the executive responsibilities attached to the position;
- it should also take into account the longer-term transformational expectations attached to the mayor's job description.

- 2.3 It is clear from the mayor's job description that the executive responsibilities involved are limited in comparison with those of local authority elected mayors (including the Mayor of Greater London). Terms such as 'strategic oversight', 'co-ordination' and 'championing' dominate the mayor's role specification. The mayor will have only limited responsibilities for executive decisions. Several of the powers allocated to him or her are subject to government approval, or constrained in other ways.
- 2.4 However, although elected mayors of local authorities would also see themselves as having outward-looking ambassadorial roles, that of the Combined Authority elected mayor is considerably more demanding and wide-ranging. It involves a responsibility for the entire West Midlands city region, with a population approaching three million (if one includes the non-constituent members of the combined authority). The mayor will be a major player on the national and indeed international stage, in a way which is similar to the role played by the elected mayor for Greater London. He or she will be expected to play a transformational role in strengthening the economy of the West Midlands.
- 2.5 The Panel reviewed what might be the most relevant comparators that could be identified. Appendix One sets out a list of those considered. Salaried officers in the public sector were excluded, as they are not subject to the 'democratic discount' principle, nor are they vulnerable to having to stand for election/re-election. Positions in national government, and, in particular, local government were seen as more relevant comparators.
- 2.6 The Panel noted the allowance paid to the Mayor of London (£144,000), and concluded that this figure was far in excess of what would be appropriate for his West Midlands counterpart. The London mayor's responsibilities cover a capital city and an area with a population in excess of eight million. He has a major role in relation to London Underground and the Metropolitan Police Force, and has a key on-going relationship with national government. None of these responsibilities are mirrored in the job description of the West Midlands mayor.
- 2.7 Should the salary of MPs (currently just under £75,000) be regarded as an appropriate benchmark for the WMCA mayor? The Panel had some sympathy with this view, on the grounds that the status of the two roles could be seen as broadly comparable, despite the very different range of responsibilities involved. However it recognised the importance of the mayor's ambassadorial role, which MPs do not share. Parallels were also drawn between the role of junior ministers (whose salaries are in the £90,000-£104,000 range in England, and average at £74,000 across the four UK countries). Police and Crime Commissioners of the largest provincial forces, including West Midlands and Greater Manchester receive £100,000, a figure which has been laid down by government. The panel concluded that the

most helpful comparators were the allowances received by elected mayors in local authorities, and the leaders of the core cities.

- 2.8 As noted earlier, local authority elected mayors have a formidable range of personal responsibilities. They may choose to delegate some of these responsibilities to cabinet colleagues (who are selected by the mayor) but they are not required to do so, and in a very real sense 'the buck stops with them'. Following the Local Government Act 2007, non-mayoral leaders of local authorities were allocated a range of powers very close to those enjoyed by elected mayors. They can select the members of their cabinet, decide on and allocate the portfolios covered by the cabinet, and decide who will make the executive decisions for which the cabinet is responsible. The only major difference is that non-mayoral leaders are elected by the council, not the local population. Discussion in the panel focused on the roles and responsibilities of these three different models of local leadership: elected mayors, non-mayoral leaders of big cities and the elected mayor of the West Midlands CA.
- 2.9 Excluding elected mayors in shire districts, which have a relatively limited range of functional responsibilities, the allowances paid to elected mayor's range from £60,000 to £79,500, with a mean of £69,000. For leaders of the core cities (excluding elected mayors), the total allowances package (including basic allowance) ranges from £25,000 to £67,000, with a mean of £46,000.
- 2.10 The Panel, after much discussion, came to the conclusion that the allowance paid to the elected mayor of the West Midlands should be pitched at around £79,000, the top end of the range paid to elected mayors in English local authorities (excluding shire districts). Given the size of population served (circa 3 million), the high profile ambassadorial component of the role, and the importance of emphasising to public, private and voluntary sector organisations in the area the status of this new position in the government of the city region, it would not be appropriate for it to be much less than this figure. But there are good reasons why it would be equally inappropriate for the allowance to be significantly higher, in particular the relatively limited nature of the executive powers of the West Midlands mayor, compared with his or her local authority elected mayors, and indeed with the leaders of the larger city councils. This situation is likely to change in the future as additional powers are allocated by central government to CA mayors (and all the indications are that it will be the mayor, rather than the CA, to whom such powers will be given). But the Panel was clear that its recommendations should reflect the current situation, not speculation about future developments of the role.
- 2.11 The Panel also came to the conclusion that it would be helpful to recommend an acceptable range around the benchmark figure of £79,000. To do so would acknowledge the legitimate differences which emerged during the panel's deliberations, the most significant of which was the different weight that should be given to the importance of the ambassadorial role and the limited range of executive powers currently allocated to the West Midlands CA respectively. Some Panel members emphasised the former, and would ideally have wanted to see a higher allowances figure recommended. Others placed more emphasis on the latter, and would have preferred a figure below the benchmark, perhaps one closer to the salary of MPs. As noted in 2.1 above, the panel was operating in unknown territory, in which there were few precedents or close comparators. To opt for a single figure, in these circumstances, would imply a level of certainty and an arbitrary degree of precision which could not be justified. Accordingly, the Panel recommends that the mayoral allowance should not be below £77,000 and not above £81,000 to reflect the different weights which could legitimately be placed on the ambassadorial and executive elements of the mayor's role. The figure of £79,000 should be regarded as the panel's 'best estimate'. The Panel has been advised that the mayor would not be eligible to join the Local Government

pension scheme, and took this into account in considering the appropriate level of allowance.

Other Recommendations

- 3.1 The West Midlands mayor, once elected, will be required to appoint a deputy mayor from amongst the seven leaders of the constituent authorities. There has been no guidance as to what the deputy role might involve; that will presumably be up to the mayor, although there is an expectation that the deputy would retain a portfolio, as would each of the other leaders on the CA. All the leaders have made it clear that if a deputy's allowance were specified, they would not claim it. In these circumstances, the Panel decided that there was little point in recommending an allowance, particularly given that there was an almost total absence of guidance as to what the position might involve. If and when the mayor is empowered to appoint a deputy from outside the CA membership, for example to act as Police and Crime Commissioner, as in Greater Manchester, then the Panel should be reconvened to consider what allowance would be appropriate. The only other circumstance in which the reconvening of the panel might be necessary is if the elected mayor were unable to carry out his or her duties, as a result of a long-term illness.
- 3.2 It is customary that independent review panels make a recommendation regarding the index which should be used to adjust allowances each year. In the past, cost-of-living based indices, such as the retail price index, have typically been used, but since 2010, by far the most common index has been equivalence with the annual level of increase in officers' salaries which has been permitted by central government, which has varied between 0% and 2% over the seven years in question. The justification for the use of this index is that it would be unfair if elected members were to enjoy a bigger annual increase than their officer counterparts (or indeed vice versa). In the current circumstances, this member/officer equivalence is the option which the Panel would recommend. If and when the government ceased to specify a permitted level of increase in officers' salaries, the panel would need to look at the issue again.
- 3.3 Most authorities have also brought into line the travel and subsistence allowances which can be claimed by officers and members respectively. The Panel endorses this approach and recommends that the schedule of such expenses currently in operation in the West Midlands CA should be applicable to the elected mayor. If there is no provision for international travel (including long-haul flights) in the Combined Authority's allowances scheme, then there should be at least an equivalence in the mayoral allowance with what West Midlands council leaders can claim in such circumstances. It is also important that the mayor should not have to subsidise out of his or her own pocket any reasonable expenses incurred in carrying out their duties.
- 3.4 All local authorities are required to specify a carer's allowance which can be claimed by councillors with dependent family members for whom they have a care responsibility, when using a paid carer. Different methods are deployed, including the specification of a maximum figure (typically around £1,000) which can be claimed within a municipal year. The Panel preferred the option which is used in Birmingham and Solihull, whereby an hourly rate is specified equivalent to what an authority pays to its home care assistants (currently £8.73 in Birmingham).
- 3.5 The Panel discussed whether it would be appropriate to include an element of performance-related pay (PRP) in the mayor's allowance. Whilst it was felt that this would be very difficult at the present time, without knowing their priorities are, the principle of some form of performance assessment of the mayor, once this became feasible, was supported. The

mayor will be held to account periodically by the electorate, but that does not negate the value of some form of internal performance assessment. Increasing numbers of local authority leaders are now assessed in this way. It would be possible, in due course, to examine the mayor's manifesto (or strategic plan) and assess to what extent he or she had succeeded in bringing new jobs into the area, if that were a priority, or alternatively, to what extent the incumbent had succeeded in reducing inequality, if that were a key element in his/her agenda. There would also be value in seeking DCLG's views on the issue of performance assessment for such roles

- 3.6 As noted in 2.10 above, it is likely that over time the mayor will be allocated further responsibilities by central government. The Panel's recommendation is that it should be reconvened in late 2019/early 2020, before the mayoral election in May, to review the extent to which this has happened, and to consider whether the mayoral allowance should be increased to reflect the changes involved. If major changes of responsibility occurred within the 2017-19 period, the Combined Authority may wish to reconvene the panel at an earlier date.

Summary of Recommendations

- The panel's best estimate of an appropriate allowance for the WMCA elected mayor is £79,000.
- The allowance should not be above £81,000 nor below £77,000.
- There should at present be no allowance paid to the deputy mayor. This allowance should be assessed in 2/3 years' time when the responsibilities of the role have become clearer.
- The index which should be used to review the mayor's allowance on an annual basis should, for the time being, be the annual permitted increase in officers' salaries. If the government ceases to impose a cap of this nature, the index should be re-assessed.
- The travel and subsistence allowances paid to the mayor should be the same as those which apply to officers of the Combined Authority.
- The carer's allowance to be paid to the mayor (if appropriate) should be equal to the rate paid to home care assistants (currently £8.73 per hour).
- The panel should be reconvened in late-2019/early 2020, to assess whether the mayoral allowance needs to be adjusted in the light of any new responsibilities that have accrued.
- The case for introducing some form of assessment of the mayor's performance should be examined at the panel's meeting in 2019/2020.

Appendix: Summary of allowances paid in comparable public sector positions

Central and devolved government

M.P.s	£75,000
MEPs	£85,000 (allowance higher than previously because of exchange rate)
Junior ministers (England)	£90,000 - £104,000
“ “ (Scotland)	£86,000
“ “ (Wales)	£67,000
“ “ (Northern Ireland)	£60,000

Local government

Elected mayors (excluding shire districts)	£60,000 - £79,500 (mean £69,000)
Leaders of Core Cities	£25,000 - £67,000 (mean £46,000) (includes basic allowance)
Leaders of West Midlands Metropolitan District Councils	£31,000 - £66,000 (mean £39,000) (includes basic allowance)
Mayor of Greater London	£144,000

Other public sector positions

Police and Crime Commissioners (West Midlands and Greater Manchester) - (elsewhere £70,000- £85,000)	£100,000
Interim Mayor of Greater Manchester CA	£56,000
Chair of Housing Trusts (part-time)	c. £40,000
Chair of Hospital Trusts (part-time)	c. £50 - 55,000