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Y Gweinidog dros Gyfiawnder Cymdeithasol a Llywodraeth  
Leol  
Minister for Social Justice and Local Government



Llywodraeth Cynulliad Cymru  
Welsh Assembly Government

Eich cyf/Your ref  
Ein cyf/Our ref: LF/CS/040/10 (pt 2)

Angela Burns AM  
Chair  
Finance Committee  
National Assembly for Wales  
Cardiff Bay  
CF99 1NA

18 November 2010

### **Proposed Local Government (Wales) Measure**

Thank you for your letter of 8 November requesting further information following my attendance at the meeting of the Finance Committee on 4 November at which we discussed the financial implications of the proposed Local Government (Wales) Measure. You requested further information, which I provide below. I also provide some clarification on a point which may have caused confusion and taken the opportunity to address the points raised in the email to you from the Association of County Secretaries and Solicitors (ACSeS).

i. Audit committees

On the basis of returns to the Independent Remuneration Panel for Wales, for which our officials provide administrative support, we are aware that sixteen local authorities in Wales pay a Special Responsibility Allowance specifically for a chair of an audit committee. Three of the remaining six local authorities have dedicated committees or independent panels which effectively perform the functions of an audit committee (and include the function in their title); the chairs of these committees / panels are not paid a Special Responsibility Allowance. That leaves only three local authorities which do not have a dedicated audit committee / panel, where the audit function appears to be subsumed into the work of another committee (Overview and Scrutiny or Corporate Governance). The estimated cost of £5,000 for setting up a new audit committee would thus necessarily apply only in three authorities. We would estimate that costs in future years would be slightly less, but not substantially so.

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ii. Salary or allowance

The Independent Remuneration Panel for Wales has reported that most councillors consider the term *salary* to be preferable to *allowance* because it carries with it the implication that, like an employee, they are being recompensed for their work. By comparison, they say that *allowance* has a suggestion of a reward for what is otherwise voluntary work and is outdated in the modern context. From the point of view of Her Majesty's Revenue and Customs, it makes no difference, as they treat councillor's remuneration as *income* for tax purposes, whatever terminology is used." It should be noted that Part 8 (Members; Payment and Pensions) of the proposed Measure uses the terminology "payment" as opposed to "salary" or "allowance" to describe the remuneration of councillors.

iii. Capping and community councils

A community or town council may decide to increase its precept for the next financial year to fund a project or initiative as an outcome of acquiring the Power of Wellbeing. Community and town councils in Wales are not subject to any capping powers and it will be for them to ensure that any increase in precept is reasonable and supported by the community.

In determining whether to cap a county or county borough council, the Assembly Government is not permitted to include any expenditure or precept amount levied by community and town councils in the authority area. Consequently this means that increases in community and town council precepts will not have an effect on any such considerations.

iv. Clarification – functions of the Independent Remuneration Panel

I would like to take the opportunity to clarify the provisions of the proposed Measure in respect of the functions of the Independent Remuneration Panel. The discussion at committee came right at the end of your deliberations and we covered the ground rather quickly.

The Panel will be able to decide what type of payments can be paid to which members of local authorities. They will not be constrained as to the type of allowances prescribed in existing legislation. The payments will, however, be in respect of performance of council duties (and also for the new concept of family absence as set out in Part 2 of the Measure). The Panel will be able to choose as to whether they set the actual amounts which members must be paid or, as now, to set maximum levels. They will be able to decide how payments are adjusted year-on-year.

The Panel will be able to make different decisions in relation to different authorities, hence taking account of differences in rates of payment already in operation and they will have to have regard for the financial implications of their decisions (see section 145(6) of the proposed Measure). As now, individual councillors will be able to forego some or all of their payments if they so desire.

For the first time, the Panel will be able to make decisions in respect of community councils, National Park authorities and fire and rescue authorities as well as principal councils. They will also be obliged, again for the first time, to consult on draft reports before reaching final

decisions. Welsh Ministers will have a power to direct the Panel to reconsider any provision in a draft report, giving reasons, and if the Panel choose to stand by their original proposal, they must explain why. The final decision will rest with the Panel, not with Ministers.

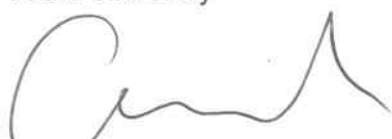
v. Points made by ACSeS (email of 15 November 2010)

The Clerk of your Committee has drawn our attention to the email from the Association of County Secretaries and Solicitors (ACSeS) dated 15 November and invited me to comment on the points raised in that email about our proposals for remote attendance (section 4). In addressing the Association's points, I feel it is necessary for me to clarify what is intended by section 4 of the proposed measure. The issue which the provision is intended to address is summarised very well in the response of Gwynedd Council to Legislation Committee No 3's consultation on the proposed measure. Gwynedd commented that, "existing legislation hinders certain steps that could be taken to improve and strengthen local democracy. So, for example, it is not currently possible to hold committee meetings via video link, although many of our Councillors would appreciate this facility given the large geographical area of the Council and the distance between Council Offices. "

Our intention is to clarify the legal position governing council meetings so that councils and councillors are enabled to take advantage of the technological improvements in communications. The provisions in section 4 mean that members of local authorities can be considered to be attending a council meeting without necessarily being at the physical location of the meeting, provided that they meet certain conditions. Those conditions are that all the attendees, present or remote, (including any members of the public present) can see and hear each other, that all remote attendees can hear each other and that the standing orders of the council allow for remote attendance to operate at the meeting in question.

The section is not prescriptive about which meetings should allow remote attendance other than to say that Welsh Ministers will issue guidance on the matter. We will consult on this guidance to ensure that it is practical and will not impose unreasonable financial burdens. Naturally, I will be seeking to ensure that remote attendance can be facilitated whenever it is required because it represents a significant democratic advance for organisations which are not made up by full-time politicians. I am sure that, with a little imagination, local authorities will be able to find ways to make this work.

Yours sincerely



**Carl Sargeant AM/AC**