

Report of:	Director of Legal & Governance Services on behalf of the Independent Panel on Members' Remuneration
-------------------	---

Submitted to:	Council
----------------------	---------

Date:	18 September 2023
--------------	-------------------

Title:	Members' Scheme of Allowances
---------------	-------------------------------

Report for:	Decision
--------------------	----------

Status:	Public
----------------	--------

Strategic priority:	All
----------------------------	-----

Key decision:	No
----------------------	----

Why:	Not applicable
-------------	----------------

Urgent:	No
----------------	----

Why:	Not applicable
-------------	----------------

Executive summary

Following its 2023 review of Members' allowances, the Independent Panel on Members' Remuneration recommend an increase to the Basic Allowance from £7,608 to the Teesside average (£8,773). The Panel recommend this increase should be made in increments over four years. The Panel also recommend freezing Special Responsibility Allowances at their current levels.

The Council is asked to consider the Panel's recommendations and either accept or reject them. If, after having due regard of the Panel's recommendations, the Council reject the Panel's proposals it will need to create its own Scheme of Allowances.

Purpose

1. To provide Members with the opportunity to consider the proposals of the Independent Panel on Members' Remuneration and adopt the Scheme of Allowances.

Background and relevant information

2. The Council are required under The Local Authorities (Members' Allowances) (England) Regulations 2003 to publish a Members Scheme of Allowances on an annual basis and to have due regard to the recommendations of the Independent Panel on Members Remuneration.
3. Members Allowances are reviewed by the Independent Panel on Members' Remuneration annually and undergo a full review every four years. The Panel carried out a full review in early 2018 and submitted their recommendations to Council for agreement.
4. In 2018 the Panel made recommendations that the Basic Allowance be increased incrementally, for a four-year period in order to bring it in line with the average Basic Allowance of other Tees Valley authorities. It was also recommended that the Basic Allowance should continue to be increased in line with any inflationary staff pay awards. The Council approved those proposals in October 2019.
5. The Panel were informed that the quadrennial review of the Members' Scheme of Allowances was required for the municipal year 2023-2024. The review is a full and robust process that encompasses the amount of allowances paid and the mechanisms by which they are assigned.
6. In determining the rate of Special Responsibility Allowances (SRA) the Council previously agreed to use a banding scheme index model, based on multiples of the Basic Allowance. However, the index-banding system had been temporarily suspended following the 2018 review for a period of four years. In conducting the 2023 review, the Panel examined the levels of the Basic Allowance in line with the 2018 review and Special Responsibility Allowances.
7. The Council are still required to publish an Annual Scheme of Allowances and therefore the Independent Panel still conduct an annual review to address any issues that have arisen or significant changes to roles receiving a Special Responsibility Allowance.
8. Following the resignation of a Panel member in 2021, a recruitment drive was undertaken which resulted in the appointment of a new Panel member on 18th March 2022.
9. The Panel met on 13 June 2023 to carry out its quadrennial review of the Members' Scheme of Allowances and proposed a Scheme of Allowances for 2023/2024. They considered comparative SRA information provided by Democratic Services and wider socioeconomic factors.

10. The Panel's 2022 recommendations were to freeze allowances at 2021 levels and not reflect staff inflationary pay awards. As part of the 2023 review, the Panel noted that, because of this, Middlesbrough Council's Basic Allowance remains below the Teesside average and had drifted significantly from its Teesside neighbours. The Panel were aware this could result in negative impacts including discouraging a wider demographic for standing for Council.
11. During the Panel's 2023 review socioeconomic factors were considered as well as the difficult financial position facing the Council. Despite this the Panel felt the Basic Allowance was in danger of becoming too low compared to other Teesside Councils. As such the Panel feel the Basic Allowance should be increased to meet the Teesside average as it stands in 2023 (£8,773) to reflect the work undertaken by Councillors. This will be achieved over four years increasing by £291.25 per year from its current base of £7,608.
12. With regard to the Mayor the Panel examined the responsibilities of the Mayor and considered comparators with other Mayoral authorities and found that the allowance to the Mayor of Middlesbrough to be below the average of other Mayoral authorities. It was also felt that regardless of the population or the size of an authority, the time, commitment, and responsibilities of an elected Mayor are comparable. Despite this, the Panel felt the Mayor's SRA was adequate when supplemented with the Basic Allowance.
13. The Panel felt those roles attracting an SRA were all still relevant, recognising the time commitment and responsibilities involved. It was also recognised that, generally, the rates afforded to special responsibility allowances in Middlesbrough were comparable to other Teesside Authorities. As the Council has not undergone any governance changes since the last quadrennial review the Panel were confident that the comparators used in their deliberations continued to be relevant.
14. The Panel continue to recommend that during this period any future staff pay awards should not be applied to SRAs.

What decision(s) are being recommended?

15. That Council consider the recommendations proposed by the Independent Panel on Members' Remuneration outlined in their report at Appendix 1.
16. Council adopt the proposed Members Scheme of Allowances for 2023/24 (Appendix 2).

Rationale for the recommended decision(s)

17. The Council are required under The Local Authorities (Members' Allowances) (England) Regulations 2003 to publish a Members Scheme of Allowances on an annual basis.
18. The allowances should reflect the level of work, time and commitment of the role of Councillor and to provide a reasoned approach the impact the recommendations will have on the Council.

Other potential decision(s) and why these have not been recommended

19. The Council could reject the Panel's recommendations and propose its own Scheme of Allowances having had due regard to the recommendations of the Independent Panel on Members Remuneration.

Impact(s) of the recommended decision(s)

Legal

20. The Council are required under The Local Authorities (Members' Allowances) (England) Regulations 2003 to publish a Members Scheme of Allowances on an annual basis and to have due regard to the recommendations of the Independent Panel on Members Remuneration.

Strategic priorities and risks

21. Failure to adhere to Local Code of Corporate Governance and deliver governance improvements outlined in the Annual Governance Statement. A potential consequence of not having a comparable Scheme of Allowances with other Tees Valley authorities is that it may discourage a wider demographic for standing for Council.

Human Rights, Equality and Data Protection

22. The subject of this report is not a policy, strategy, function or service that is new or being revised. It is considered that an equality impact assessment is not required.

Financial

23. It is assumed that the basic allowance of £7,608 is increased to £7,899 as from May 2023. The basic allowance would then be increased by £291.25 as from April each year until 2026/27 when the rate is expected to reach the level of the Tees average. The figures below are based on 47 members claiming basic allowance.

	2023/24	2024/25	2025/26	2026/27
	£	£	£	£
Basic Allowance if increase approved	7,899	8,190	8,482	8,773
Total Expenditure	370,124	384,942	398,631	412,319
Total Current Budget Excluding Annual Increase	357,576	357,576	357,576	357,576
Total Additional Budget Required if Increase approved	12,548	27,366	41,055	54,743

24. The cost of £12,548 in 2023/24 will be met from the accelerated saving from the Senior Management Review of £86,000 which is currently held in Central Corporate Budgets. At Quarter One it was forecast that this saving would be fully utilised during 2023/24 and therefore the overall forecast Council overspend of £11.563m reported to Executive is not impacted.

25. The increased cost for 2024/25 will need to be built in the 2024/25 budget as growth and if approved will add to the estimated budget gap of £14.204m for 2024/25 reported to Executive on 23 August 2023 as part of the Medium Term Financial Plan (MTFP) Refresh 2024/25 to 2026/27 report, for which savings proposals are currently under development. Additional costs for future years will need to be built into future updates of the MTFP.

Actions to be taken to implement the recommended decision(s)

Action	Responsible Officer	Deadline
If Council agree the Panel's recommendations, Payroll will be advised accordingly.	Head of Legal Services (People)	30 September 2023
If Council reject the Panel's recommendations any subsequent Scheme of		
Allowances will be communicated to payroll.		

Appendices

1	IRP Report to Council
2	Members' Scheme of Allowances 2023-2024

Background papers

Body	Report title	Date
	The Local Authorities (Members' Allowances) (England) Regulations 2003	

Contact: Charlotte Benjamin

Email: charlotte_benjamin@middlesbrough.gov.uk