

**MIDDLESBROUGH COUNCIL**

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| <b>Report of:</b>                 | Director of Legal & Governance Services on behalf of the Independent Panel on Members' Remuneration |
| <b>Relevant Executive Member:</b> | Executive Member for Finance and Governance   |
| <b>Submitted to:</b>              | Council   |
| <b>Date:</b>                      | 22 May 2024   |
| <b>Title:</b>                     | Members' Scheme of Allowances   |
| <b>Report for:</b>                | Decision  |
| <b>Status:</b>                    | Public  |
| <b>Council Plan priority:</b>     | Delivering Best Value   |
| <b>Key decision:</b>              | Not applicable  |
| <b>Why:</b>                       | Not applicable  |
| <b>Subject to call in?:</b>       | Not applicable  |
| <b>Why:</b>                       | Not applicable  |

**Proposed decision(s)**

1. That Council consider the recommendations proposed by the Independent Panel on Members' Remuneration outlined in their report at Appendix 1.

**Executive summary**

Following its 2024 review of Members' allowances, the Independent Panel on Members' Remuneration recommend an increase to the Basic Allowance from £7,608 to £8,000. 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.

## **1. Purpose**

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

## **2. Recommendations**

- 2.1 That Council consider the recommendations proposed by the Independent Panel on Members' Remuneration outlined in their report at Appendix 1.

## **3. Rationale for the recommended decision(s)**

- 3.1 The Council are required under The Local Authorities (Members' Allowances) (England) Regulations 2003 to publish a Members Scheme of Allowances on an annual basis.
- 3.2 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.

## **4. Background and relevant information**

- 4.1 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.
- 4.2 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 2023 and submitted their recommendations to Council for agreement.
- 4.3 In 2023 the Panel made recommendations that the Basic Allowance continue to be increased incrementally, for a four-year period 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.
- 4.4 The Panel were informed that an annual review of the Members' Scheme of Allowances was required for the municipal year 2024-2025. The review is a process that encompasses the amount of allowances paid and the mechanisms by which they are assigned.
- 4.5 In determining the rate of Special Responsibility Allowances (SRA) the Council had previously used a banding scheme index model, based on multiples of the Basic

Allowance. However, the index-banding system has been suspended following the 2018 review.

- 4.6 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.
- 4.7 Following the death of the Panel Chair 2023, a recruitment drive will be undertaken to appoint new panel members going forward.
- 4.8 The Panel met on 10 May 2024 to carry out its annual review of the Members' Scheme of Allowances and proposed a Scheme of Allowances for 2024/2025. They considered comparative SRA information provided by Democratic Services and wider socioeconomic factors affecting the Council and Middlesbrough generally.
- 4.9 The Panel's 2023 recommendations were to freeze allowances at 2022 levels and not reflect staff inflationary pay awards. As part of the 2024 review the Panel noted that, because of this, Middlesbrough Council's Basic Allowance remains below the Teesside average and continued to drift from its Teesside neighbours. The Panel was aware this could result in negative impacts including discouraging a wider demographic for standing for Council.
- 4.10 During the Panel's 2024 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 £8,000 to reflect the work undertaken by Councillors.
- 4.11 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.
- 4.12 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.

4.13 The Panel continue to recommend that during this period any future staff pay awards should not be applied to SRAs.

## **5. Other potential alternative(s) and why these have not been recommended**

5.1 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.

## **6. Impact(s) of the recommended decision(s)**

### **6.1 Financial (including procurement and Social Value)**

Should Council agree the recommendations above this would increase Basic Allowance spending from £357,576 to £376,000, an increase of £18,424. Importantly, the Independent Panel act independently from the Council and neither Council officers nor elected Members have any influence over its recommendations.

Following the recent agreement to reduce the number of Scrutiny Panels from five to two, the Special Responsibility Allowance spend has decreased by £16,785. Consequently, should Council agree the increase to the Basic Allowance the net increase to the Members Allowance budget would be £1,639. The Members Allowance budget is held within the Legal and Governance Directorate. The increase will be met from the corporate contingency budget and will be included as growth within 2025-2026 budget development plan.

### **6.2 Legal**

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.

### **6.3 Risk**

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.

### **6.4 Human Rights, Public Sector Equality Duty and Community Cohesion**

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.

### **6.5 Climate Change / Environmental**

Not Applicable

### **6.6 Children and Young People Cared for by the Authority and Care Leavers**

Not Applicable

### **6.7 Data Protection**

Not Applicable

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

| Action  | Responsible Officer             | Deadline    |
|---|---------------------------------|-------------|
| Any changes to the Scheme of Allowances will be communicated to payroll | Head of Legal Services (People) | 31 May 2024 |

**Appendices**

|   |                               |
|---|-------------------------------|
| 1 | IRP Report                    |
| 2 | Proposed Scheme of Delegation |

**Background papers**

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

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