

MEMBERS' REMUNERATION – APPENDIX 1

REPORT OF THE INDEPENDENT PANEL ON MEMBERS' REMUNERATION

The Panel

1. The establishment of an Independent Panel on Members Remuneration (herein the Panel), and its resultant recommendations is required under sections 20 and 21 of the Local Authorities (Members' Allowances) (England) Regulations 2003. The Panel consists of five members and currently meets on an annual basis to review Member Remuneration.
2. A resignation from the Panel in early 2026 meant Middlesbrough's IRP was inquorate. Consequently, a recruitment exercise was undertaken resulting in three new members being appointed. The expertise of the Panel includes skills from the private and public sectors ranging from academia, executive recruitment, social housing and the NHS.
3. As part of its deliberations the Panel have acted independently of all other considerations, carefully reviewed all the relevant quantitative and qualitative information presented to them and been sensitive to wider socio-economic factors affecting Middlesbrough and the Council and elected Members.

Quadrennial Review - 2026

4. The Panel undertakes an annual "light touch" review of the Scheme of Allowances. This involves using quantitative comparators against Tees Valley Councils as well as approaching all elected Members for their views via email.
5. The Scheme of Allowances is also reviewed quadrennially. This involves a more in-depth approach whereby quantitative comparisons are made with a wider cohort of Councils and involves a more targeted consultation process.
6. When considering the Scheme of Allowances, the Panel was advised it can only consider the level of responsibility and commitment required for the role the allowance is afforded; it cannot consider personal perceptions of a person appointed to a post, particularly for Special Responsibility Allowances.

7. The 2026 review was a quadrennial review. It compared Middlesbrough’s remuneration levels with a cohort of 16 other Councils (“the cohort”). Those Councils were chosen due to their geographic proximity to Middlesbrough and/ or similar governance arrangements. Data was collected from the cohort and

Authority	Council Type	Governance
Darlington	Unitary	Leader/ Cabinet
Doncaster	Unitary	Elected Mayor
Durham	Unitary	Leader/ Cabinet
Gateshead	Unitary	Leader/ Cabinet
Hartlepool	Unitary	Committee
Kirklees	Unitary	Leader/ Cabinet
Middlesbrough	Unitary	Elected Mayor
North Tyneside	Unitary	Elected Mayor
North Yorkshire	Unitary	Leader/ Cabinet
Northumberland	Unitary	Leader/ Cabinet
Redcar Cleveland	Unitary	Leader/ Cabinet
Rotherham	Unitary	Leader/ Cabinet
Sheffield	Unitary	Committee
Stockton	Unitary	Leader/ Cabinet
Sunderland	Unitary	Leader/ Cabinet
Wakefield	Unitary	Leader/ Cabinet
York	Unitary	Leader/ Cabinet

arranged in a template, generally separated between those allowances paid under Schedule one and two of Middlesbrough’s Scheme of Allowances and termed “Basic Allowances” “Special Responsibility Allowances”. “Basic Allowances” included the Basic Allowances, Carer’s allowances and Travel and Subsistence. “Special Responsibility Allowances” were those allowances afforded to Members carrying out additional duties such as Chairs of Committees and Portfolio holders. For the purposes of the data collection process Special Responsibility Allowances also included remuneration levels of Independent Persons for

Audit Committee.

2026 Review Methodology

8. Quantitative data was collected from the cohort via a survey issued to those Democratic Services for the “Basic Allowances.” Given the relative complexity of collecting Special Responsibility Data on a like for like basis, a desktop review was undertaken of the cohorts Scheme of Allowances and Constitutions.
9. Qualitative data was collected via a standard invitation for elected Members to submit their representations on remuneration. The consultation window was between 17 March and 10 April. As part of this consultation exercise the data collected from the cohort collection was sent to all Members on 17 March. Several responses were received and included comments relating the time spent on ward work versus the relatively low levels of Basic Allowances, becoming an elected Member to make difference to their area or the town and potentially indexing allowances to staff pay awards.
10. A workshop for elected Members was held on 9 April, during which discussion took place about remuneration levels and the roles and expectations of being an elected Member. The comments made at the workshop were sent to all elected

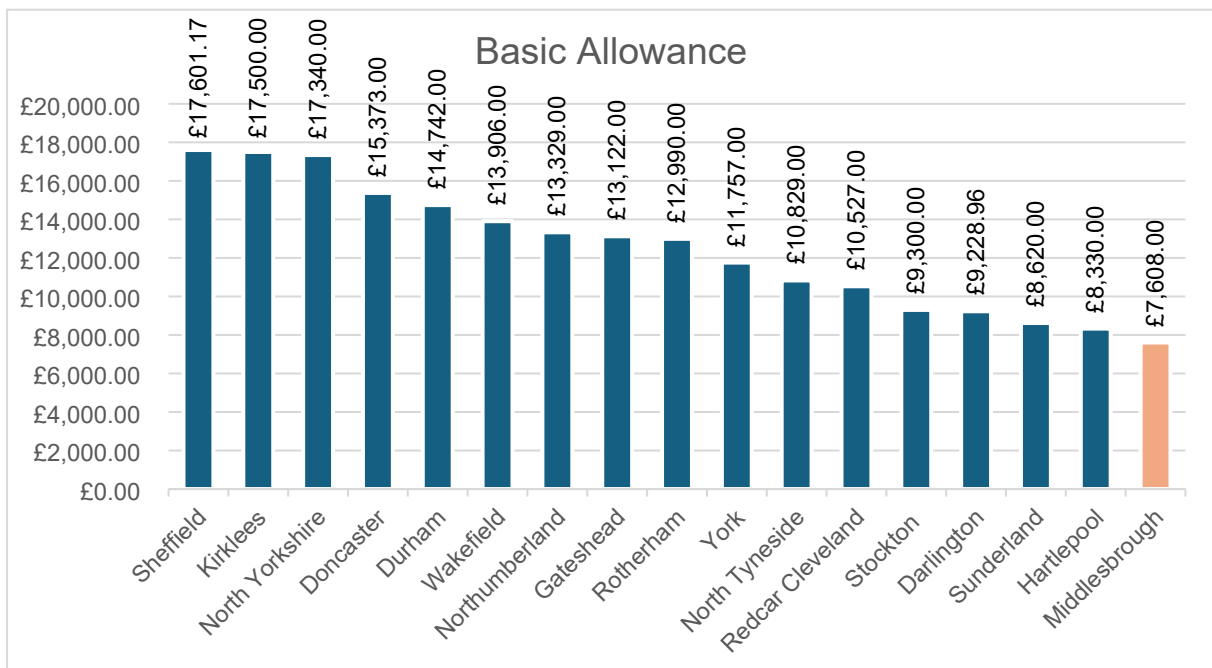
Members and submitted to the Panel. The comments made at the workshop included allowances being commensurate to incentivise becoming an elected Member, some elected Members not being aware of allowances being available at the time they were elected and additional time required if holding extra responsibilities. At the workshop it was agreed the deadline for the consultation would be extended to 17 April.

11. Two targeted consultations were also carried out with elected Members who were entitled to a Special Responsibility Allowance. This was carried out via two separate surveys: one for Committee Chairs and one for Portfolio holders. The results of both surveys and the responses received from the standard consultation were submitted to the IRP. The Panel were also made aware of a Member's analysis of allowances based on electorate size.
12. The Panel was provided with all qualitative and quantitative data collected and background information including the Executive Scheme of Delegation, web links to the Local Government Association (specifically its pages on the role of Councillors) and the relevant legislation governing the remuneration process.
13. Both the Panel and elected Members were advised that comparator information against other Councils was not possible on an exact like for like basis, as each authority has a different political structure and committee make-up. However, data was examined on a best fit basis.
14. The Panel had an initial meeting on Monday 30 March during which it was provided with a broad overview of the remuneration process; the role of an elected Member; the types of allowances available and Council functions. The Panel then met on 23 April where it discussed both the quantitative and qualitative data collected from other Councils and elected Members.
15. The Panel was provided with the recent historical context of the Scheme of Allowances and advised that in 2019 Council agreed to the Panel's recommendations to raise the basic allowances to meet the Teesside average for Basic Allowances (at that time £8,330). It was also agreed that increase rise over four years in increments of approximately £430 per year. Simultaneously, Council agreed to the Panel's recommendations to reduce all Special Responsibility Allowances by 14%. These changes suspended the previously used multiplier system (which used the basic allowances as a base and applied multipliers ranging from 0.5 to 10 to SRAs).
16. During its deliberations the Panel had regard of several important considerations including the current socioeconomic situation in Middlesbrough, economic conditions for local authorities and recent pay settlements for MBC employees.

17. Through consideration of elected Member comments and from information provided to it, the Panel were made aware of the time commitment and challenges faced in being an elected Member in a modern democracy. It was within this context the Panel considered all allowances as well as recognising the well-established principle of voluntary unpaid public service.
18. In conducting the 2026 review, the Panel examined the levels of the Basic Allowance in line with the 2025 review.

Basic Allowances

19. During the 2026 review the panel discussed the role of elected Members and recognised the vital role they play. As with previous reviews, the Panel continues to express its thanks to all elected Members and recognises the hard work, and dedication they contribute to local democracy.
20. The Panel’s 2025 recommendations were to increase the Basic Allowance to the, then, Teesside average of £8,999 and not to reflect staff inflationary pay awards. This was not accepted by Council when it considered the recommendations in November 2025.
21. The Panel recognises that a significant part of being an elected Member was the desire to contribute to their local community and Middlesbrough as whole. It also appreciates that every elected Member has different personal circumstances. The Panel also understand that Members Allowances are not salaries. Instead, they are offered in recognition that elected Members sacrifice a significant portion of their time to carry out their duties. When comparing against the cohort of 16



Councils, the Panel noted that Middlesbrough's Basic Allowance has continued to drift from its neighbours and peers. Of the 16 Councils compared, Middlesbrough remained the lowest Basic Allowance (the next lowest being Hartlepool Council at £ 8,330). Middlesbrough also remains below the Teesside average (£8,998).

22. It is within this context the Panel deliberated wider socioeconomic factors, such as:
 - Increased cost of living (which could impact on both recruitment and retention of elected Members and impact existing elected Members).
 - The relatively high levels of deprivation in the town (which potentially impacts on elected Member workloads) and
 - The financial position of the Council.
23. The Panel felt the Basic Allowance was too low and this could potentially have a negative impact on local democracy. As such the Panel feel the Basic Allowance should rise to £8,330. The Panel feels this increase improves the position of Basic Allowance, places the Council into a position of some parity with its neighbours and recognises the current Basic Allowance was too low.
24. At this time the Panel feel a standalone increase is more appropriate than to index the Basic Allowance with any other externally influenced increases, such as Staff Pay Awards.

Special Responsibility Allowances (SRA)

25. As with the Basic Allowance, the Panel continues to express its thanks to those elected Members carrying out additional duties in addition to their work as Ward Members and recognises the hard work, and dedication they contribute to effective decision making.
26. The Panel felt those roles attracting an SRA were still relevant, recognising the time commitment and responsibilities involved. As the Council has not undergone any significant governance changes since the last quadrennial review the Panel were confident that the comparators used in their deliberations continued to be relevant.
27. In the process of reviewing the entire Scheme of Allowances the Panel felt that Middlesbrough's SRA were not significantly adrift from its neighbours and peers to warrant proposed changes at this time. The Panel is keen, however, to maintain a "watching brief" on the SRAs. It wants to ensure the SRAs do not drift too significantly and was to examine SRAs more fully in 2027. Nevertheless, the Panel felt it important to highlight the levels of remuneration for SRAs for Member's attention.

28. The Panel were advised that the ‘Guidance on Consolidated Regulations for Local Authority Allowances’ stated that SRAs should only be paid when Councillors have “significant additional responsibilities” over and above the generally accepted responsibilities of a Councillor.
29. By means of context, the Panel were made aware of how SRAs were determined prior to 2019. Until then then the method of determining SRAs was based on a ‘multiplier’, using the Basic Allowance as a base then multiplying it by a factor ranging from 0.5 to 10, depending on the role.
30. As part of their deliberations, the Panel considered SRA roles in their entirety and that an allowance was not solely based on the number of meetings held/attended.
31. For Portfolio holders the Panel were provided with the Executive Scheme of Delegation and considered responses to the consultation issued to Portfolio holders. The Panel considered the depth and range of the portfolio; the level of responsibility; policy development; work with senior officers; level of accountability, decision making, and the time commitment required.
32. For Committee chairs, information on the number of committees operated by the Council and their frequency were considered. In addition, responses from the consultation sent to Committee Chairs was considered. Similar issues identified for Portfolio holders were also considered such as work with senior officers and time commitment required. For Overview and Scrutiny Panel chairs other commitments were also considered, e.g. researching topics, site visits, external meetings with contributors to Panels, effective challenge and the coordination and selection of topics for review and call ins etc.

Authority	Est. Pop	Mayoral Allowance
Hackney	263,150	£98,043.00
Newham	324,322	£93,575.00
Lewisham	291,933	£88,743.00
Watford	95,505	£81,992.00
Croydon	104,894	£81,894.00
Tower Hamlets	284,015	£81,579.00
Salford	242,040	£75,044.00
Leicester	337,653	£70,807.00
Bedford	163,924	£70,322.00
North Tyneside	202,744	£68,499.00
Doncaster	304,185	£64,493.00
Middlesbrough	139,119	£55,952.00
Mansfield	104,893	£49,377.00

33. Regarding the Mayor, the Panel examined the responsibilities of the Mayor and considered comparators with other Mayoral authorities. Similarly to the Basic Allowance, it found that the allowance to the Mayor of Middlesbrough was below the average of other Mayoral authorities (£75,409). 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. The Panel feel the Mayoral allowance should be examined

with all other SRAs as part of its 2027 review, but that until then the Mayor's SRA was adequate when supplemented with the Basic Allowance.

Independent Person (IP) – Audit

34. The Panel were made aware the Council already had existing provision for Independent Persons to sit on the Audit Committee to provide expert advice. However, the Council had failed to recruit to this post when it last tried.
35. The Panel was made aware of the 2018 CIPFA guidance on Audit Committees which stated:
'CIPFA endorses the approach of mandating the inclusion of a lay or independent member and recommends that those authorities, for whom it is not a requirement, actively explore the appointment of an independent member to the committee.'
36. Following the Council's adoption of the full CIPFA terms of reference in 2025, the Audit Committee had agreed to increase its meeting frequency, rising from four to 10 times per year. The Audit Committee has also seen a significant increase in the volume of business it considered compared to previous years.
37. The Panel was advised that Independent Persons of the Audit Committee would likely be specialists in audit or finance fields and would be providing the Committee with detailed technical advice. As part of the data collection from the cohort of 16 Councils, the Panel found that, on average, amounts ranged from approximately £600 to £1,000 per annum (for those that paid an allowance). Considering this, and the need to appoint a person with the appropriate skill set, the Panel felt that an annual payment of £800 would be appropriate.

Co-Opted Members

38. The Panel agreed that Co-Opted Members should be allowed to make claims for allowances since they are acting voluntarily and that the current £10 per meeting rate remained reasonable and that no changes should be made.

Travel & Subsistence

39. The Panel considered the rates for mileage that are currently based on His Majesties Revenues and Customs national rates i.e. 45p per mile; and subsistence was in line with those paid to staff. It also found these rates were comparable with the cohort of 16 Councils.
40. As the allowance for Travel and subsistence was linked to staff allowances the Panel felt no changes were necessary.

Dependent Carers Allowance

41. Elected Members can claim an allowance for dependents that they care for (adults or children). This is to allow their attendance at Council meetings. This rate of allowance is currently based on the national living wage and limited to seven hours per week. The Panel found linking the allowance to the national living wage was like other Councils. The Panel also felt that the claimable time differed between Councils Middlesbrough's allowance for Dependent Carers was broadly like others.

Pensions

42. The Panel was made aware of the Local Government Pension Scheme (Amendment) (Elected Member Pensions) Regulations 2026 which were expected to come into force on 11 May 2026. While there was little detail about how the new regulations would operate in practice, guidance had been provided to elected to Members by the Council's Pensions administrator (Tyne and Wear Pension Fund). That guidance stated that all elected Members had the opportunity to opt-in to the Local Government Pension Scheme, and if they wanted to do so they would need to write to the appropriate officer.
43. Guidance also stated that pensionable pay was based on any income from the Basic Allowance, Special Responsibility Allowance or other relevant allowance.
44. As this was a new development at the time of the Panel's review, the Panel were unable to make any recommendations at this time.

The Panel's Recommendations

45. The Panel recognises that the role of an elected Member is a form of public service, supported by allowances rather than a full salary, with duties that underpin local democracy and reflect a commitment to improving residents' lives.
46. However, the Panel are also conscious that, regardless of personal circumstances, elected Members sacrifice a significant proportion of their time in carrying out this vital function.
47. Upon reviewing the Scheme of Allowances, the Panel feel the Basic Allowance is, and has been for some time, too low in comparison to the Council's neighbours and peers. While comparison against other Councils is only one measure, the Panel are also aware that that the time commitment, dedication and time sacrifice made by elected Members in Middlesbrough is comparable to elected Members in other Councils.

48. For these reasons the Panel recommends that the Basic Allowance should increase from its current levels to £8,330 as a starting point of bringing Middlesbrough into parity with its neighbours and peers.
49. The Panel feels the Basic Allowance requires immediate action, as per the recommendation above. The Panel also feel SRAs require further examination to ensure they do not drift from the Council's neighbours and peers, especially as they have been frozen since 2019. However, for the purpose of this review the Panel are satisfied that immediate action is not required and will review the SRAs in isolation in 2027 and therefore remain frozen and not linked to Staff Pay awards.
50. The Panel recommend that an allowance of £800 per annum be afforded to any Independent Persons appointed to advise the Audit Committee.
51. Due to the introduction of the Local Government Pension Scheme (Amendment) (Elected Member Pensions) Regulations 2026 the Panel are unable to make recommendations on this element of the Scheme of Allowances.
52. The Panel feel that all other allowances contained in the Scheme of Allowances were satisfactory and recommend no change.

Mrs Anna McClaren

Chair of Middlesbrough's Independent Panel for Member's Remuneration