

**REPORT OF THE  
INDEPENDENT  
REMUNERATION PANEL ON  
MEMBERS ALLOWANCES  
2021/22 ONWARD**

**JANUARY 2021**

## INTRODUCTION

1. A new Independent Remuneration Panel was established with Council approval on 22<sup>nd</sup> July 2020. The Panel was asked to review Members' Allowances, with a view to making recommendations for 2021/22 onwards. The Panel was asked to report its conclusions to Cabinet initially on 21<sup>st</sup> January 2021 and thereafter to Council for consideration on 27<sup>th</sup> January 2021.
2. At the time of the last review carried out of Member Allowances, Council agreed a 4% reduction in Members' Allowances for 2012/13, following which all Members Allowances had been subsequently frozen since that time.
3. Membership of the Remuneration Panel for the 2021 review is as follows:-
  - Tony Campbell (Chair)
  - Kate Hoskin
  - Terry Laing
  - Mark White
4. The terms of reference for Independent Remuneration Panels are set out in the Local Government (Members Allowances) England Regulations 2003.
5. As for previous reviews, the Panel has worked to a set of nationally recognised principles, reflecting as far as possible its own perceptions of local opinion, whilst acknowledging the current and future financial position of the council.
6. These principles are as follows:
  - Remuneration in the form of allowances should be neither a barrier nor an inducement to entry
  - Elected members should not suffer undue financial loss
  - Basic Allowance should not discourage people from a wide range of backgrounds and wide range of skills to seek election as local councillors
  - Councillors should be compensated for their work and the compensations should have regard to the full range and complexity of their roles.
  - The system should be transparent, simple to operate and understand
7. Based on these principles, the Panel has set itself a number of objectives as follows: -
  - To contribute to the Council's overall objectives;
  - To set a reasonable level of Allowances within the financial framework of the MTFP;
  - To reflect the value of the member role and provide a view point as to whether this role is fairly remunerated in comparison with other local authorities;
  - To take into account all functions within a Members Allowance scheme as stipulated by the Local Authority Regulations 2003;

## **PANEL MEETINGS**

8. Since its establishment, the Panel has met remotely, as a full Panel, on 7 occasions.
9. It has also undertaken 13 interviews with interviewees including the Managing Director and a cross section of elected members, including the Leaders of each political group; Chairs of Planning, Licensing & Executive Scrutiny Committee and a Select Committee.
10. All Group Leaders had the opportunity in their discussion to feed in the collective views of their group, but in addition to this, all members were also invited to express their views via e-mail which have also been taken into account.
11. The Panel has analysed Allowance Schemes within Stockton's comparator family, across all 12 North East authorities and the Tees Valley authorities. These Councils are as follows:
  - Barnsley
  - Darlington
  - Durham
  - Gateshead
  - Halton
  - Hartlepool
  - Medway
  - Middlesbrough
  - Newcastle
  - North Tyneside
  - North Yorkshire C.C.
  - Northumberland C.C
  - Redcar & Cleveland
  - South Tyneside
  - Sunderland
  - Tameside
  - Telford & Wrekin
12. This information, together with background knowledge and research by panel members has been used to assist in the formulation of the recommendations in this report.

## **ALLOWANCES IN 2021/22**

### **The Basic Allowance**

13. The Panel noted that the basic allowance made to Members had been frozen since 2013/14 at £9,300.
14. The Panel further noted that if, hypothetically, the National Joint Council pay award over the subsequent period had been applied the basic allowance would be £10,470
15. The Panel further noted that if, again hypothetically, the consumer price index inflation rate over the subsequent period had been applied the basic allowance would be £11,312
16. Given the pressure on public finances, we do not think it appropriate to recommend a catch-up over the whole period in which a freeze has been in place.
17. We commend the fact that during our consultation interviews, Members have not sought to make a case for an increase of any type and we do not recommend an increase in all allowances in recognition of the financial pressure on the Council.
18. We do, however, consider that a continued across the board freeze since 2013/14 is not a reasonable recognition of the demands placed on Members and we consider it appropriate to propose a small amelioration in the relative decline, in real terms, of the basic allowance.
19. On that basis, we recommend for the 2021/22 financial year an increase in the basic allowance in line with that most-recently determined for employees within the local government sector. That would lead to the basic allowance being set at £9,555.
20. We consider that there may be merit in linking the basic allowance to National Joint Council rates and, without concluding such a recommendation immediately, we are of the view that the Independent Remuneration Panel, henceforth meet annually with a view to considering, inter alia, an affordable formula to determine Members allowances.
- 21. Taking all these factors into account, the Panel recommends that the basic allowance should be increased to £9,555 for 2021/22.**

### **Special Responsibility Allowances**

22. The Council has a range of Special Responsibility Allowances (SRA's), which were not increased in 2010/11 or 2011/12 and have subsequently been frozen. The IRP gave due consideration to both the range of SRAs and the level of associated remuneration.
23. In consulting with Members the IRP recommends the retention of the rule that no member be paid more than one SRA by the council ( with the exception of the Mayoral/Deputy Mayoral allowance), and in the event that any councillor occupies more than one position that attracts a SRA, then only the highest allowance is paid to that councillor.
24. There is still no recognised method of calculating relative responsibility levels given that much of the work involved is self- determined by individual councillors. Such is the diversity of scrutiny and other committee arrangements in force across comparator

councils; it is difficult to establish any meaningful formula for special responsibility allowances.

25. Judgements regarding duties attracting a SRA are therefore based to a greater extent on the results of member interviews and local knowledge.

### **Cabinet, Chair/Vice & Other Special Responsibility Allowances**

26. The nine Stockton-On-Tees scrutiny and regulatory committees have the same SRA totalling £9,375 per committee. This is currently split as follows:

- Chair - £6,250 = 25% of the Council Leaders Allowance
- Vice-chair - £3,125 = 12.5% of the Council Leaders Allowance

27. The Panel were asked to consider whether Stockton-on-Tees SRAs are broadly in line with those awarded by other councils.

### **CHAIR**

28. The Panel found there is a wide variation between the SRAs across the different councils. This may in part reflect actual differences between the roles of the committees in different councils, but it is also likely to reflect the fact that with no overall moderation of SRAs they have diverged over time as councils make their own decisions about SRA levels. Given the variability in the comparators there is no simple formula that can be applied to calculate a comparable level of SRA for Stockton-On-Tees. There are however some broad trends as follows:

- At £6,250 the SRA for Stockton committee chairs is consistently below average for all the comparator groups.** Within the rest of the Tees Valley Group the average chair SRA is £6,759 (approx. 8% above Stockton's). At individual committee level the Stockton SRA is 5% to 15% lower.
- The exception to the above is Stockton's Audit committee SRA which is above the SRA for the comparator groups.** 28% above the average for the Tees Valley group, but only 6% above the average for the CIPFA closest electorate size group.
- It is common for councils to have a higher SRA for some or all of Overview and Scrutiny, Planning and Licensing committees,** although several other councils, like Stockton, have the same SRA across all committees.

29. Whilst it was evident from discussions the Panel had with Chairs that the workload, frequency, duration and complexity of meetings each Committee held may vary from time to time, with some attracting more public participation and comment for instance, the responsibility and accountability required of a Chair remained the same. Each Committee had its own procedures and legislative constraints to abide by and the purpose/duty of each Committee could vary significantly, with their own unique and diverse responsibilities. The Boundary Review had also provided information on the workload of the different committees over a specific time period suggesting that in terms of frequency of formal meetings, the majority of committees require 33 councillor hours per year. However, it was noted that with each of the committees having their own unique role, this could be affected

by factors such as the need to gather intelligence, legislative and policy changes, variances in market demand affecting development opportunities, and compliance with regulations. For instance, some scrutiny reviews may take less time to complete than others due to differences in the complexity of the subject matter, but this is a fluid situation and changes from review to review.

30. The last IRP (2013) recommended an increase to the SRA for the Planning and Licensing Committees over and above that for other committees. This was rejected by councillors at the time. Although the Boundary Report cites some differences between committees in terms of formal meeting hours required, the panel felt that this was too crude a method on which to decide on SRAs. To develop a formula to differentiate the levels of SRAs between different committees one would need to understand many other factors including the level and complexity of decision making and the level of work outside the main meetings. The comparator data also did not provide a clear basis for calculating different SRAs for different committees with different approaches in different councils. For comparison, the average Tees Valley Chair allowance was £6,759, the CIPFA similar electorate authority allowance was £7,629, and the CIPFA family cluster average was £7,809.
31. Therefore, the Panel found it difficult to argue a difference in commitment required from each committee over a sustained period as they are each subject to their own unique variances. All Chairs had a duty to be fully conversant with the subject matter of their Committee, and to be able to effectively oversee the Committee fulfilling its role within a prescribed timescale.
32. It was therefore impossible for the Panel to justify the introduction of a formula that would apply a higher weighting and payment to one particular Chair position than any other. Consequently on balance, the panel felt the simplicity of a single SRA for all committees is the best principle.

## **VICE CHAIR**

33. In most other Tees Valley Councils vice-chairs receive no allowance. Darlington is the only other council that still pays a vice-chair SRA, and this was significantly curtailed during their last review in 2019 when they removed the payment of a VCH SRA for all Scrutiny Committees. This effectively meant that the allowance was discontinued for all except the Planning Committee and Licensing Committees.
34. In the CIPFA group more of the Councils award SRAs to vice-chairs, but Stockton still ranks at the more generous end for vice-chair SRAs being either the 6<sup>th</sup> or 7<sup>th</sup> highest SRA out of 9 councils in the group.
35. **Chair and Vice Chair SRAs** - Within the context of the evidence above, the Panel are minded that the 2013 recommendation to remove the SRA for vice-chairs was not accepted by the Council. However, given the strength of the evidence from the comparator data very clearly showing that Stockton is below average for chair SRAs and an outlier in giving any SRA at all to vice-chairs, the panel feels some adjustment is justified.

**36. The Panel therefore recommends that the overall current SRA allowance for a committee remains at £9,375 but be re-balanced as follows:**

- Chair £7,000 – Equivalent to 28% of the Leader SRA
- Vice-Chair £2,375 – Equivalent to 9.5% of Leader SRA and 34% of the Chairs SRA

**Leaders, Cabinet, Mayoral & Other Allowances**

**Political Group Leaders**

37. The current scheme provides that only the Leader & Deputy of the majority party and the Leader of the largest minority party currently receive a Leaders allowance.

38. Previous reviews have explored various options for Political Group Leaders to receive an allowance based on:

- Proportion of electoral votes for each political group.
- A minimum number of councillors/seats in a political group, example 3 seats.
- Comparison with other councils, the majority of whom limit the number of leader's allowances.
- Only one minority party leader to receive a leader's allowance.

39. When comparing similar allowances paid within the Tees Valley, both the Leader & Deputy Leader allowance compared favourably when measured against the cost per head of electorate, with Stockton having a significantly higher population than the other Boroughs.

40. During the Panel Interviews with a cross section of councillors, with only one or two exceptions, there was little support to create further allowances for more than one minority party leader.

41. After re-examining the logic behind this issue, the panel remain of the view that the current system of the Leader of the single largest Minority Party receiving 20% of the Majority Leaders Allowance is a valid recommendation. This currently equates to £5,000.

**Cabinet Members**

42. The allowance paid for Cabinet members was within 10% + of the Tees Valley average; and again some acknowledgement must be given to the fact that Stockton has a significantly higher population.

43. Therefore, the Panel found no reason that supported a change to the allowances paid to Cabinet Members.

**Mayor / Deputy Mayor**

44. In considering the comparator information it is apparent that the civic role in each authority varied significantly depending upon their governance model, and the commitment given by each authority to the role of the Mayor as the Borough's First Citizen. Stockton in

particular had cemented its own high civic profile over a number of years, measured not least by the role of the mayoralty in public events seeking to attract visitors to the borough, supporting businesses, hosting Citizenship Ceremonies, honouring the achievements of our armed forces, community organisations and others. The IRP felt that given the prominence of the role, the current remuneration for Mayor & Deputy Mayor was appropriate.

**45. We therefore recommend that there be no change to the current scheme in terms of the allowances paid in respect of Leader allowances paid; nor to the allowances paid to Cabinet members and the Mayoral/Deputy Mayoral allowance.**

***Child Care & Dependent Carers Allowance, Co-optees Allowance and Travel & Subsistence Allowance***

46. The Panel noted the existence of the Child Care & Dependent Carers allowance as a helpful support for those members striving to achieve a work/life balance and whilst not claimed currently by any member, welcomed its continuation as an available resource that may assist some members in the future.

47. In 2018, in accordance with the practice adopted by the majority of other local authorities in the region and the Council's CIPFA family nationally, remuneration of co-optee post for Diocesan and Parent Governor representatives had been removed from the Members Allowance scheme following recommendation by this Panel. The Panel saw no reason to re-visit this decision at this time.

48. Travel & subsistence expenses were available to be paid within the scheme and were of particular value to those members that had regular need to travel as part of their role. However, the Panel noted from the majority of members interviewed that there was a considerable reluctance for members to claim any such allowance; and in effect they would prefer to use their Basic Allowance to offset any travel & subsistence cost incurred. This could be attributed to the fact that this allowance, along with all others received, was required to be published each year and member travel & subsistence expenses often became the subject of most attention despite the amounts claimed being usually fairly insignificant. As a result, the majority of members did not claim it.

49. The Panel however were mindful that travel & subsistence expenses were provided within all comparator authorities, and that such an allowance was also provided to employees. Therefore, the Panel were of the view that payment of such an allowance reflected the real value of the member role.

**50. The Panel recommended no changes to the allowances paid in respect of each of Child Care & Dependent Carers Allowance, Co-optees Allowance and Travel & Subsistence Allowance**



## FINANCIAL EFFECTS OF OUR RECOMMENDATIONS IN 2021/22

51. These are set out in the table below.

### Financial consequence of Preliminary Recommendations (excluding payroll costs)

Allowance	Current £	Recommended £	Difference £
Basic	520,800	535,122	14,322
Leader	25,000	25,000	0
Deputy Leader	13,750	13,750	0
Cabinet Members	56,250	56,250	0
Chairs-scrutiny/select	37,500	42,000	4,500
Vice chairs-scrutiny/select	18,750	14,250	-4,500
Chairs-Planning/Licensing	12,500	14,000	1,500
Vice chairs- PI/Licensing	6,250	4,750	-1,500
Chairs/ Audit & Standards**	6,250	7,000	750
Vice chairs Audit & Standards**	3,125	2,375	-750
Group Leaders*	5,000	5,000	0
Carers Allowance	0	0	0
Mayor	15,625	15,625	0
Deputy Mayor	4,910	4,910	0
<b>TOTAL</b>	<b>725,710</b>	<b>740,032</b>	<b>14,322</b>

## SUMMARY OF RECOMMENDATIONS

52. For 2021/22 the following allowances be payable

Basic Allowance	£9,555
Scrutiny/Select Committee Chairs	£7000
Planning/Licensing Committee Chairs	£7000
Audit Committee Chair	£7000
Vice Chairs –all committees	£2375

## CONCLUSION

53. The Panel have conducted this examination of the Member's Allowances with an open, and unrestricted approach, exploring:

- Previous IRP Reports and resulting schemes carried out in 2011, and 2013.
- Interviews with a cross section of Councillors, Political Group Leaders, Committee Chairs, and the Managing Director of SBC.
- Comparison with a range of other councils.
- SBC Ward Boundary Review-Council Size Submission Document
- Local Authorities Members Allowances Regulations 2003

54. The Panel followed principles to reflect the value of the role of the Councillor, and not to discourage candidates from a wider range of skills or backgrounds.

55. The basic recommendations of the panel are:

- a) The Basic Allowance having been frozen at £9,300 since 2013/14 is not reasonable, and whilst not recommending a full catch up, feel a small increase based on the most recent National Joint Council award would be appropriate, suggesting a new basic allowance of £9,555, to be reviewed annually in line with this index.
- b) The Panel remain of the view that the logic of the current system is still valid for SRAs relating to: Cabinet Members, Party Leaders, and the Mayor/Deputy Mayor.
- c) Regarding Chairs, and Vice Chairs, the proposal is to increase the proportion paid to the Chair by slightly reducing the amount paid to the Vice Chair, without affecting this part of the budget.
- d) Provision for Child Care, and Carers whilst not currently claimed is potentially an important support, which should be retained.

56. The Independent Review Panel would like to thank all the councillors who participated in the interview process for their enlightening, open and frank answers, insights and comments, and also the Council officers for their invaluable assistance.