

TITLE OF REPORT: Independent Remuneration Panel
Review of Members' Allowances Scheme

REPORT OF: Mike Barker, Strategic Director, Corporate Services and
Governance

Purpose of the Report

1. This report informs Cabinet of the recent review of Gateshead Members' Allowances Scheme and the subsequent recommendations of the Independent Remuneration Panel.

Background

2. The Local Authorities (Members' Allowances) (England) Regulations 2003. The regulations provide that an authority must make a members' allowances scheme which must include a basic allowance payable to all members and may provide for the following:
 - Special responsibility allowances (SRAs);
 - Childcare and Dependant Carers' allowances;
 - Travelling and Subsistence Allowances; and
 - Co-optees' allowances.
3. The Panel last undertook a full review of the members' allowances scheme in the period January – April 2014 and the revised scheme came into effect on 15 May 2014.
4. The scheme provided for members' allowances to be increased annually in accordance with the National Joint Council (NJC) pay scales for employees.
5. A copy of the latest report of the Independent Remuneration Panel is attached at Appendix 2.

Recommendation

6. Cabinet request that Council approve the recommendations of the Independent Remuneration Panel in relation to the scheme of members' allowances for Gateshead.

For the following reason:

To ensure that the scheme of members' allowances remains adequate to recognise the time and effort given by councillors to their Council duties.

Policy Context

1. The Local Authorities (Members' Allowances) (England) Regulations 2003 state that a Council must have regard to any recommendations made by its Independent Remuneration Panel before establishing a new or amended scheme of members' allowances.

Background

2. The Independent Remuneration Panel was established in accordance with the Local Government Act 2000 and associated guidance to consider and review the Council's scheme of members' allowances. The current Panel members are Malcolm Scott, Deputy Lieutenant of Tyne and Wear, Alan Baty, formerly Chair of Gateshead Primary Care Trust, and Pauline Dodgson, formerly Chief Executive of Gateshead Voluntary Organisations Council.
3. The Independent Remuneration Panel undertook a review of the members' allowances scheme in 2001 and made recommendations to the Council which were adopted as the scheme with effect from 10 May 2002, the date on which the Council's new constitution came into force. The Panel has since reviewed members' allowances in 2003, 2005, 2006, 2007, 2011 and 2014.
4. The last review of member's allowances was carried out between January and March 2014 with recommendations to Council made in May 2014.

Consultation

5. The Panel invited all councillors to make written or verbal submissions regarding the review.
6. There has been no external consultation.

Alternative Options

7. The Council is required by the Regulations to consult the Independent Remuneration Panel before making a new scheme of allowances. The Council may choose not to accept the Panel's recommendations but must have regard to them.

Implications of Recommended Option

8. **Financial Implications** – The Strategic Director, Corporate Resources, confirms that the recommendations of the Panel can be met from existing resources.
9. **Risk Management Implication** – There are no risk management implications arising from the recommended option.
10. **Human Resources Implications** – There are no human resource implications arising from the recommended option.

11. **Equality and Diversity Implications** – There are no equality and diversity implications arising from the recommended option.
12. **Crime and Disorder Implications** – There are no crime and disorder implications arising from the recommended option.
13. **Sustainability Implications** – There are no sustainability implications arising from the recommended option
14. **Human Rights Implications** – There are no human rights implications arising from the recommended option.
15. **Health Implications** – There are no health implications arising from the recommended options.
16. **Area and Ward Implications** – There are no specific ward implications.

Background Information

Report of the Independent Remuneration Panel – January 2002
The Local Authorities (Members' Allowances) (England) Regulations 2003
Report of the Independent Remuneration Panel – September 2003
Report of the Independent Remuneration Panel – February 2005
Report of the Independent Remuneration Panel – January 2006
Report of the Independent Remuneration Panel – January 2007
Report of the Independent Remuneration Panel – January 2011
Report of the Independent Remuneration Panel – April 2014

REVIEW OF MEMBERS' ALLOWANCES IN GATESHEAD COUNCIL

**REPORT OF THE INDEPENDENT
REMUNERATION PANEL**

November 2015

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FOREWORD BY MALCOLM SCOTT, CHAIR OF THE PANEL

This is the eighth review of member's allowances undertaken by the Independent Remuneration Panel.

We have looked at the allowances scheme in its entirety and considered whether the recommendations we made in our last report were still appropriate. We have interviewed a variety of councillors and considered all comments put forward by them. We are most grateful for the councillors' co-operation and input which is invaluable in forming our recommendations.

We have also had regard to the allowances paid in the other Tyne and Wear authorities.

The panel would also like to record thanks to the Council's officers - Martin Harrison, Keith Purvis, John Jopling and Emma Armstrong. They have been most helpful in the production of this report and made our task much easier to undertake.

I would further thank Panel colleagues for their considerable contribution to what I trust will be an acceptable set of recommendations for Gateshead Council.

INTRODUCTION

1. This report presents the findings from our review of Gateshead Council's current members' allowances scheme.

THE PANEL

2. The Independent Remuneration Panel ('the Panel') was first established in September 2001 and has conducted reviews in 2003, 2005, 2006, 2007, 2011 and 2014.
3. Details of the Panel members are attached at Appendix 1.
4. We, as a Panel, are required to review the operation of the allowances scheme in general and to make any recommendations we feel are appropriate.

BACKGROUND

5. The relevant legislation is still The Local Authorities (Members' Allowances) (England) Regulations 2003. The regulations provide that an authority must make a members' allowances scheme which must include a basic allowance payable to all members and may provide for the following:
 - Special responsibility allowances (SRAs);
 - Childcare and Dependant Carers' allowances;
 - Travelling and Subsistence Allowances; and
 - Co-optees' allowances.
6. The Panel last undertook a full review of the members' allowances scheme in the period January – April 2014 and the revised scheme came into effect on 15 May 2014.
7. The scheme provided for members' allowances to be increased annually in accordance with the National Joint Council (NJC) pay scales for employees.

SCOPE OF THE REVIEW

8. The current members' allowances scheme is based on the recommendations we originally made in January 2002 and new and revised elements which became part of the scheme in subsequent reviews.
9. The Panel's last report identified areas for further review in either one or two years. As it has been 18 months since the report was published, the Panel considers it appropriate to review all of the areas identified in the report this time.
10. The specific areas identified for review in the last report were:
 - Whether the levels of SRA set for the Chair and Vice Chairs of the Health and Wellbeing Board, Regulatory Committee, Licensing Committee and Audit and Standards Committee are still appropriate;

- Whether the Panel’s decision not to allocate any SRA to any Councillor who was a member of the North East Combined Authority (“NECA”) or any of its Committees is still appropriate; and
 - Whether the Panel’s decision not to allocate any SRA to members of Northumbria Police and Crime Panel is still appropriate.
11. The Panel was made aware that some councillors had raised issues about the parity of levels of allowances made to Vice Chairs of committees and felt that this was an area that it could review.
 12. The Panel also felt it would be appropriate to review the levels of allowance allocated to all of the Chairs of committees to ensure consistency.
 13. It is proposed that the recommendations detailed in this report are applied from 1 April 2016.

BASIC ALLOWANCE

14. The current basic allowance for all members of the Council is £10, 343 per annum, which compares favourably with levels of basic allowance across the Tyne and Wear authority areas.
15. All of the councillors we spoke to felt that that the basic allowance as it stands is fair and provides an adequate recompense for the work they do.
16. Generally, it was felt that the allowance neither attracted nor deterred anyone from standing as a councillor with the general opinion being that no-one stands for election because of the allowance they will be paid.
17. **We recommend that the basic allowance remains the same.**

SPECIAL RESPONSIBILITY ALLOWANCES

18. The current members’ allowances scheme in Gateshead includes 31 special responsibility allowances (SRAs). The posts which attract SRAs are the Leader, Deputy Leader, Cabinet Members, Leader and Deputy Leader of the Main Opposition Group and Chairs and Vice-Chairs of Overview and Scrutiny, Planning and Development, Regulatory, Licensing and Appeals Committees and the Health and Wellbeing Board.
19. We asked the councillors we interviewed about their views on the level of SRAs. The majority of councillors we spoke to felt that the levels of SRAs were fair and appropriate for the level of responsibility involved with each role.
20. The Panel recognises that some Chair and Vice-Chair roles will have a larger workload than others. It is acknowledged that the level of workload went beyond the time spent at meetings and this could depend on how each Chair and Vice-Chair saw their role and undertook preparation work. However, we did come to the view that the work attached to the role of chairing the Planning and Development Committee was of a higher magnitude than probably any other committee. That said, the responsibility of a particular Chair could not be said to be greater than

another and it was recognised that councillors are able to nominate themselves for particular positions and so were prepared to take on the work and responsibility involved.

21. The Panel did note that the SRA awarded to the Chair and Vice Chair of Appeals Committee is lower than that of the other Regulatory Committees. It was felt that given the workload of this role, there was no logic for this disparity and that it would be appropriate to raise the SRA to the same level as the others, thus achieving parity between the roles.
22. At this time, therefore, the Panel feels that the levels of SRA for all Chairs and Vice-Chairs of non OSC Committees should remain the same apart from those relating to Appeals Committee which should be equalised.
23. **We recommend that the level of SRA for the Chair and Vice Chair of Appeals Committee is raised to the same level as the other non OSC Committees, which will remain the same.**
24. As in previous reviews, the Panel noted that the level of SRA awarded to OSC Chairs is the same as that awarded to Cabinet Members. The Panel were reminded of the historical rationale for this which provided for senior development opportunities other than aspiring to Cabinet positions.
25. The Panel also considered the workloads of both roles and discussed this with the councillors we interviewed.
26. It was felt that the workload involved in being a Cabinet member was somewhat greater than the role of OSC Chair, and any significant further divergence of workload in the future might warrant a differentiation between the relevant SRA's. However, the Panel concluded that, on balance and at this stage, the rationale for the relative level of allowances still stood but that these could be further reviewed in the future.
27. **We recommend that the level of SRA awarded to Cabinet Members and OSC Chairs remains the same.**
28. The Panel noted that the level of SRA awarded to OSC Vice-Chairs is lower than that awarded to the Vice-Chairs of other committees. We discussed this with the councillors we interviewed and it was noted that this discrepancy had arisen due to the previous governance arrangements of OSCs, when there were two Vice Chairs for each committee – one from the majority group and one from the minority group. This arrangement was changed as part of the Chief Executive's review of decision making structures in 2014.
29. The Panel concluded that there was no real logic for the disparity and the Vice Chairs of OSCs should receive the same SRA as the Vice Chairs of the other committees.
30. **We recommend that the SRA for Vice-Chairs of OSC is increased to the same levels as Vice-Chairs of other committees.**

31. The Panel were informed that the Council has a Rights of Way Committee which has never been the subject of an SRA in the past. This was probably influenced by the fact that for many years the same Councillor who chairs Planning and Development Committee also chaired the Rights of Way Committee, so would not have received an SRA in any event. We received information on the work of the Rights of Way Committee and the likely time spent on it. We concluded that the Chair and Vice Chair positions, whilst undertaking valuable and necessary work, would not warrant an SRA, particularly in the light of our attempts to “equalise” other SRAs. We would prefer and hope that these positions are seen and used as development opportunities for councillors.
32. **We recommend that there is no SRA introduced for the Rights of Way Committee.**

CHILDCARE AND DEPENDENT CARERS’ ALLOWANCES

33. As part of the general discussion in our interviews with councillors, we asked whether they were aware of any reasons why there is very little take up of the childcare and dependent carers’ allowance.
34. The general view from the councillors we spoke to was that the majority of councillors are unaware of this allowance and it was suggested that councillors should be reminded of it.
35. **We recommend that officers remind councillors about the allowances in the most appropriate manner.**
36. **We also recommend that Childcare and Dependent Carers Allowances remain the same and the rates are increased in line with any increase in the Council’s Home Care and Personal Budget rates.**

TRAVEL AND SUBSISTENCE ALLOWANCES

37. As in previous reviews the issue of travel and subsistence allowances was raised during an interview, with a suggestion that there could be advantages to combining it with the basic allowance.
38. Again, as in previous reviews, the Panel understood this aspiration but were concerned that there were taxation and transparency issues that mitigated against such an approach.
39. **We recommend that the current travel and subsistence framework should remain in place and at the current HMRC approved rates.**

INDEX LINK

40. At its last review, the Panel recommended that councillors’ allowances be linked to the National Joint Council increases, in line with those applicable to employees. This was agreed and an increase was made in 2014.

41. During our interviews with councillors, we asked for their views on whether this index link was appropriate. All of the councillors we spoke to felt that it was appropriate to make any increase that they receive the same as employees.
42. **We recommend that the scheme remains linked to the National Joint Council pay scales and increases are awarded as appropriate.**

OTHER ISSUES

Combined Authority

43. The Panel noted that the NECA has been established and that there are various roles allocated to councillors within this body.
44. Although there is a lot of work ongoing, in connection with devolution proposals, the Panel did not feel persuaded that there should be a SRA allocated to any of the roles within the NECA. In two years' time there will hopefully be clarity on the impact of the devolution proposals and on the full extent of the functions of NECA.
45. **We recommend that no Special Responsibility Allowance is created in relation to the North East Combined Authority and that this position is reviewed in two years, unless there are any major structural changes regionally.**

Police and Crime Panel

46. The Panel noted that the statutory Police and Crime Panel continues to be administered by Gateshead Council and that each local authority in the Northumbria area is allocated places on the Committee. It was also noted that the Panel is chaired by a Gateshead councillor.
47. As had been noted in the last review, there is no provision for members of the committee to be paid centrally, and that it is the decision of each authority to decide on the appropriateness of provision to be made within its own remuneration scheme.
48. We also noted that there are other outside bodies where Gateshead is represented which do not hold an SRA. The Panel were not convinced that the level of work and responsibility attached to this role warranted a separate SRA.
49. **We recommend that no Special Responsibility Allowance is allocated to members of the Police and Crime Panel at the current time. This should be reviewed in two years.**

Co-opted Members

50. The Panel noted from comparator information that had been provided by officers, that the rate paid to co-opted members of committees is significantly lower than that paid by other local authorities in the Tyne and Wear area.

51. The Panel noted that co-opted members are a fundamental part of the democratic process in Gateshead and are members of Audit and Standards Committee, Families and Children OSC and Corporate Parenting OSC.
52. The Panel also noted that the rate for co-opted members had not been increased for many years, other than index linked increases, and felt it would be appropriate to increase it at this time, to ensure parity with other local authorities in Tyne and Wear.
53. **We recommend that the current allowance for Co-opted Members is increased to £684.**

FUTURE REVIEWS

54. We have recommended in two areas that the position should be reviewed in two years' time. Generally, we came to the view that two years would be an appropriate time after which to review all of the matters set out in the report. Provision is made within the legislation for the index link to apply even though a full review is not undertaken. If any specific issues arise during this time the Panel is, of course, willing to re-assemble to consider them.
55. **We recommend a further review in two years' time with the agreed index link to apply in the interim.**

56. SUMMARY OF RECOMMENDATIONS

We recommend the following members' allowances scheme to take effect from April 2016:

	£ per annum
Basic Allowance	10,343
<u>Special Responsibility Allowance</u>	
Leader	31,037
Deputy Leader	20,687
Cabinet Members (8)	15,519
Chairs – Overview and Scrutiny Committees	15,519
Chair – Audit and Standards Committee	12,927
Chair – Health and Wellbeing Board	12,927
Chair – Planning and Development Committee	12,927
Chair – Regulatory and Licensing Committee	12,927
Chair – Appeals Committee	12,927
Vice-Chairs – Overview and Scrutiny Committees	6,467
Vice-Chair – Audit and Standards Committee	6,467
Vice-Chair – Health and Wellbeing Board	6,467
Vice-Chair – Planning and Development Committee	6,467
Vice-Chair – Regulatory and Licensing Committee	6,467
Vice-Chair – Appeals Committee	6,467
Leader of the Main Opposition Group	15,519
Deputy Leader of the Main Opposition Group	6,389
Co-opted Members of Council Committees	684

- No member should be eligible for more than one SRA.
- The current travel and subsistence framework should remain in place and be adjusted in line with current HMRC approved rates.
- Childcare and Dependent Carers Allowances should remain set in line with the Council's Home Care and Personal Budget Rates. The current rates are £11.91 per hour for qualified carers and £7.50 per hours for non-registered persons.
- There is no access to the Local Government Pension Scheme for councillors after 1 April 2014. Councillors currently in the scheme will remain so until the expiration of their current term of office.

Membership of the Panel

Malcolm Scott (Chair) is a Deputy Lieutenant of Tyne and Wear.

Alan Baty CPFA IRRV is formerly Chief Executive, Tynedale District Council and formerly Chair of Gateshead PCT and a resident of Gateshead.

Pauline Dodgson OBE is formerly Chief Executive, Gateshead Voluntary Organisations Council.

Representations from councillors

Interviews were held with the following:

- Councillor Mick Henry, Leader of the Council;
- Councillor Jonathan Wallace, Leader of the Opposition Group;
- Councillor Stuart Green, Chair of Care, Health and Wellbeing OSC;
- Councillor Malcolm Brain, Chair of Families and Children OSC and Corporate Parenting Sub OSC;
- Councillor John Hamilton, Chair of Planning and Development Committee;
- Councillor John McClurey, Ward Councillor, Whickham South and Sunnside;
- Councillor Malcolm Graham, Ward Councillor, High Fell;
- Councillor Gary Haley, Cabinet Member for Culture, Sport and Leisure;
- Councillor Alex Geddes, Ward Councillor, Ryton, Crookhill and Stella.