

Report of the North Tyneside Independent Remuneration Panel

January 2016

Executive Summary

The views of the Independent Remuneration Panel are required to be taken into account by the Council when considering any changes to the Members' Allowances Scheme. The Panel has been requested to consider and make recommendations in relation to the Members' Allowances Scheme for the 2016/17 municipal year.

In carrying out our work the Panel has had regard to the level of allowances in nearby authorities, which it notes are still significantly higher than those in North Tyneside. The Panel whilst recognising that the Council had last year agreed to an increase in the level of the basic allowance, the first time in a number of years, still considers that the level of allowances in North Tyneside is too low and that this could impact on the Authority's future ability to recruit and retain high calibre Councillors. Whilst the Panel considers that the North Tyneside Members' Allowances Scheme should be comprehensively reviewed we have again concentrated on giving consideration to the level of the basic allowance. The Panel has noted that the majority of the neighbouring authorities have not made any changes to their Members' Allowances Scheme in the past year and that an increase in the level of the basic allowance in North Tyneside had been agreed. The Panel decided that, on this occasion, it would recommend that there be no increase in the level of allowances, including the basic allowance, for the 2016/17 municipal year.

The Panel therefore **recommend** that:

- (1) there be no change to the Members' Allowances Scheme for the 2016/17 municipal year; and
- (2) It be authorised to give further consideration to the level of Special Responsibility Allowances as part of a future review of the Members' Allowances Scheme

1.0 INTRODUCTION

- 1.1 The Remuneration Panel was initially appointed in 2003 under the provisions of the Local Authority (Members Allowances) (England) Regulations 2003. These regulations replaced the Local Authorities (Members Allowances) (England) Regulations 2001.
- 1.2 Our Terms of Reference are as follows: -
 - a) To consider issues and representations relating to Members' allowances and expenses.
 - b) To make recommendations and provide advice to the Council
- 1.3 The current Panel was appointed in 2012 and comprises of Mr John Anderson CBE, Regional Chairman of Coutts Bank; Mr Brian Reeve, Senior Projects Director, Royal HaskoningDHV; Mr Les Watson, formerly of the Audit Commission and Dr Rachid Zemouri, Managing Director of ICAS Limited

2.0 BACKGROUND

- 2.1 The Panel was requested to give consideration to the current Members' Allowances Scheme and to make recommendations on the level of allowance for 2016/2017.

3.0 MEMBERS' ALLOWANCE SCHEME

- 3.1 The Panel had been requested to give consideration to the Members' Allowances Scheme to determine if it was still set at an appropriate level. The Panel noted that the Scheme had a number of elements, including a basic allowance, special responsibility allowances and payments to cover expenses incurred in carrying out the duties of an elected member.
- 3.2 In view of the increase in the level of the basic allowance which was agreed last year the Panel has decided to undertake a light touch review of the members' allowances' scheme and again concentrate on the level of the Basic Allowance. Whilst understanding that a thorough review of special responsibility allowances is called for the Panel concluded that now was not the appropriate time for it to undertake such a review.

3.3 Under the current scheme all members of the Council are entitled to receive a basic allowance of £9,759. This allowance is intended to cover a range of incidental expenses incurred by Members, including stationary, postage, telephone calls and additional costs associated with heating and lighting the home, and to recognise the unpaid work spent on ward matters. This figure had been increased last year to bring the level of allowance to the average of the neighbouring authorities, known as the LA7 Authorities (Durham County Council, Gateshead Metropolitan Borough Council, Newcastle upon Tyne City Council, North Tyneside Metropolitan Borough Council, Northumberland County Council, South Tyneside Metropolitan Borough Council and Sunderland City Council).

3.4 We have examined the level of allowances paid in the LA7 Authorities to compare them with the figures used in the previous recommendation. It was noted that since the last report was produced:

- Durham County Council has resolved not to increase the allowances paid to elected members;
- Gateshead Metropolitan Borough Council has resolved to increase the level of allowances by 2.2% in line with the increase given to employees;
- Newcastle upon Tyne City Council agreed to make no changes to the level of allowances paid to elected members;
- Northumberland County Council has not considered members allowances since 2013;
- South Tyneside Metropolitan Borough Council decided not to increase the level of allowances;
- Sunderland City Council also decided not to increase the level of allowances.

3.5 The Panel has previously stated that it considers that the level of allowances paid to elected members in North Tyneside to be too low and that steps should be taken to increase the level of allowances paid to that of at least the mean of the LA7 Authorities. The LA7 authorities are former Tyne and Wear authorities and the County Councils of Northumberland and Durham.

The current level of basic allowance in each of the authorities is set out below:

• Durham	£13,300
• Gateshead	£10,343
• Newcastle	£8,775
• North Tyneside	£9,759
• Northumberland	£12,625
• South Tyneside	£7,226
• Sunderland	£8,369

The mean of the LA7 authorities' basic allowances is now £10,057. This is down to a 2.2% indexation increase in the level of allowances at Gateshead and the increase in the level of the basic allowance in North Tyneside. To bring the level of the basic allowance in North Tyneside to the LA7 mean would require an increase of £298.

- 3.6 The Panel acknowledges that the majority of the LA7 authorities have not increased their level of allowances since this authority agreed to an increase in the level of the basic allowance last year. The Panel therefore considers that there should be no changes to the Members' Allowances Scheme for the 2016/17 municipal year
- 3.7 The Panel considers that significant further work needs to be undertaken to address its concerns around the levels of Special Responsibility Allowances in North Tyneside and would suggest to the Council that this be undertaken as part of a future review of the Members' Allowances Scheme.
- 3.8 The Panel therefore **recommends** that (1) there be no change to the Members' Allowances Scheme for the 2016/17 municipal year; and (2) It be authorised to give further consideration to the level of Special Responsibility Allowances as part of a future review of the Members' Allowances Scheme

4.0 BACKGROUND INFORMATION AND REFERENCES

- The Local Authorities (Members' Allowances) (England) Regulations 2003
- Previous reports of the Remuneration Panel
- Member's Allowances Schemes of Tyne and Wear Authorities, Mayoral Authorities and Statistical Neighbours
- Local Government Act 1972
- North Tyneside Council Constitution
- North Tyneside Members Allowances Scheme
- Census of Local Authority Councillors 2013 (LGA Research Report)