

Report of the North Tyneside Independent Remuneration Panel

November 2014

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 2015/16 municipal year;
- The level of special responsibility allowance to be attached to the post of chair and deputy chair of the new scrutiny sub committees which were appointed in June 2014; and
- The allowance to be attached to the position of Independent Person.

In carrying out our work the Panel has undertaken wide ranging research into the workload and levels of responsibility of elected members and has had regard to the level of allowances in nearby authorities, which it notes are significantly higher than those in North Tyneside. The Panel has previously commented that the level of allowances in North Tyneside is too low and this could impact on the Authority's ability to recruit and retain high calibre Councillors. On this occasion the Panel has concentrated on making recommendations in relation to the level of the basic allowance, which it considered should be raised to match the mean of the LA7 Authorities. The Panel would also suggest to the Council that further consideration be given to the levels of special responsibility allowance at a future date. The Panel also consider that the current indexation of members' allowances to the staff pay award should continue for a further 4 years.

In relation to the new sub committees appointed at the Annual Meeting in June 2014 the Panel considers that these sub committees have a remit and level of responsibility equivalent to that of a minor committee and therefore the chair and deputy chair should be entitled to an equivalent special responsibility allowance. The current special responsibility allowance attached to the post of a minor committee is £2,100 for a chair and £1,473 for a deputy chair.

The Panel has also given consideration to the allowance for the Independent Person appointed by the Authority to assist it to carry out its duties under the Localism Act 2011 in relation to the investigation of allegations of breaches of the Authority's Code of Conduct. Based on the workload and level of responsibility of the Independent Persons in North Tyneside and the adjacent authorities the Panel has concluded that the current level of allowance is sufficient but that the Independent Person should be able to claim a contribution towards any loss of earnings incurred as a result of being required to attend Standards Committee hearings.

The Panel therefore **recommend** that:

- (1) the level of basic allowance for elected members be increased to £9,759.00 from the start of the 2015/16 municipal year, to bring it to the average figure for the LA7 authorities;
- (2) the index link between members' allowances and the National Joint Council for Local Government Services National Agreement on Pay and Conditions of Service (Green Book) annual pay award should be continued for a further 4 years;
- (3) the Panel be authorised to give further consideration to the level of special responsibility allowances as part of the next review of the Members' Allowances Scheme
- (4) the allowance for the Independent Person remain at £1,000;
- (5) the Independent Person be permitted to claim a financial loss payment necessarily suffered for attendance at a meeting of the Standards Committee in relation to a review hearing at a daily rate of £30 for attendance up to 4 hours and £60 for attendance of over 4 hours.
- (6) a special responsibility allowance of £2,100 be attached to the position of chair of the:
 - Culture and Leisure Sub-committee
 - Economic Prosperity Sub-committee
 - Environment Sub-committee
 - Housing Sub-committee
- (7) a special responsibility allowance of £1,473 be attached to the position of deputy chair of the:
 - Culture and Leisure Sub-committee
 - Economic Prosperity Sub-committee
 - Environment Sub-committee
 - Housing Sub-committee

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' remuneration 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
- 1.4 In conducting our deliberations we are fully aware of and have noted the current financial pressures facing both national and local government.

2.0 BACKGROUND

- 2.1 The Independent Remuneration Panel was initially requested to give consideration to the level of allowance paid to the Independent Person(s) appointed under the Localism Act 2011 as it had been suggested that the workload had been significantly higher than originally anticipated and substantially higher than in other adjacent authorities.
- 2.2 In addition, as a result of a decision taken at the Annual Council meeting held on 5 June 2014 to create four new sub-committees to carry out scrutiny and policy development work and to replace two existing sub-committees, the Panel was requested to give consideration to the level of special responsibility allowance which should be attached to the position of chair and deputy chair of each of the new sub-committees.
- 2.3 The Panel was also requested to give consideration to the current Members' Allowances Scheme and to make recommendations on the level of allowance which should be in place for 2015/2016.

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 carrying out its review the Panel has decided to concentrate on the level of the basic allowance due to the time constraints imposed by the need to make appropriate recommendations in a timely manner to fit in with the authority's budget setting process. Subject to the Council's consent we propose to carry out a more detailed review of special responsibility allowances at a later date.
- 3.3 Under the current scheme all members of the Council are entitled to receive a basic allowance of £7,896. 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 has not increased since April 2009, when the indexation in relation to the pay award under the National Joint Council for Local Government Services National Agreement on Pay and Conditions of Service (Green Book) was applied.
- 3.4 In producing the previous report, which had been considered by the Council in September 2013, the Panel had had access to a wide range of comparative data. In particular we made extensive use of National Census of Local Authority Councillors 2010 published in October 2011 by the National Foundation for Educational Research which provided evidence of the level of responsibility and workload undertaken by councillors.
- 3.5 During the course of the previous review of the Members' Allowances Scheme the Panel was provided with information by elected members in relation to the hours that they spent carrying out Council business on behalf of their constituents. Ward councillors confirmed that on average they spent around 30/40 hours per month working on Council business such as preparing for and attending meetings and dealing with issues on behalf of residents. A sample of elected members was contacted and they confirmed that the hours that they allocated to carrying out their role as a councillor had not changed since the last report was presented.
- 3.6 In carrying out this current review we have had access to the National Census of Local Authority of Councillors 2013, the latest version of the Census referred to earlier, which indicated that the average time councillors spent on council/political business had increased. The Census indicates that councillors spent on average 25.1 hours per week on council/political business, an increase of 3.1 hours over the figure recorded in the 2004 census. Of this time, 20.8 hours was spent undertaking Council business and 4.3 hours on carrying out group or political business. On average across the country elected Members spent 8 hours attending meetings of their authority, 6 hours engaging with their constituents and 4.5 hours working with community groups.

- 3.7 The Panel noted that nationally the average age of elected members has increased over a number of years to its current figure of 60.2 years. In addition it was also noted that the percentage of councillors who classed themselves as retired had increased from 36.8% in 2001 to 46.6% in 2013 and the percentage of councillors in full time work had decreased from 27.2% in 2001 to 19.2% in 2013. This indicated to the Panel that it was becoming more and more difficult to recruit younger councillors.
- 3.8 It was reported in the 2013 National Census of Councillors that 14.8 percent of councillors anticipated that without the current benefit package they would not be able to continue with their current role and 18.9 percent would only be able to continue with their current role to a lesser extent.
- 3.9 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 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	£10,120
• Newcastle	£8,775
• Northumberland	£12,625
• South Tyneside	£7,226
• Sunderland	£8,369

The mean of the LA7 authorities' basic allowances is £9,759.

- 3.10 The Panel, whilst acknowledging the current financial circumstances facing the authority, is of the view that steps need to be taken to address the low level of allowances in North Tyneside sooner rather than later. The Panel was concerned that the Council as a large organisation operating with a net budget of £168 million should be remunerating those making important decisions and with considerable responsibility at such a low level. The Panel was also keen that in looking at the level of allowances that they enable all sections of the community to be represented and not just those who are financially secure. It is important for North Tyneside Council and its communities that it can continue to attract high calibre candidates, representative of the borough's population.
- 3.11 The Panel is concerned that the longer the disparity in allowances between North Tyneside and its neighbouring authorities continues the more difficult it will be for Members to agree an increase in their allowances. The Panel is concerned that this could put at risk the ability of the Authority to attract suitable individuals to become a Councillor in North Tyneside.

3.12 The following table is presented to demonstrate how far out of kilter the North Tyneside Members' Allowances Scheme is with that of nearby authorities:

	North Tyneside	Durham	Gateshead	Newcastle	Northumberland	South Tyneside	Sunderland
Basic	7,896	13,300	10,120	8,775	12,625	7,226	8,369
Cabinet Member	3,003	13,300	15,185	6,027	14,850	11,535	20,716
Deputy Mayor /Leader	6,792	19,950	20,242	8,275	18,090	16,860	25,111
Scrutiny Chair	3,003	2,660	15,185	4,138	12,150	9,635	12,556
Scrutiny Deputy Chair	2,100	1,330	5,057	2,069	-	7,226	6,277
Chair of Planning Committee	3,003	3,325	12,649	4,138	12,150	7,226	6,227
Deputy Chair of Planning Committee	2,100	1,662	6,328	2,069	3,807	4,817	-
Chair of Licensing Committee	2,100	3,325	12,649	2,069	5,400	7,226	8,369
Deputy Chair of Licensing Committee	1,473	1,662	6,328	-	2,700*	4,817	

*Chair of Licensing Sub Committee

The Panel considers that 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 the next review of the Members' Allowances Scheme.

3.13 The Panel also considers that it is appropriate to keep the existing index link between members' allowances and the National Joint Council for Local Government Services National Agreement on Pay and Conditions of Service (Green Book) annual pay award. This indexation of members allowances to the staff pay award is permitted under Section 21 (1) (e) of the Local Authority (Member's Allowances) (England) Regulations 2003 and was originally agreed by the Panel in 2003 and is required to be renewed on a four yearly basis.

3.14 The Panel therefore **recommends** that (1) the level of basic allowance for elected members be increased to £9,759.00 from the start of the 2015/16 municipal year, to bring it to the average figure for the LA7 authorities; and

(2) the index link between members' allowances and the National Joint Council for Local Government Services National Agreement on Pay and Conditions of Service (Green Book) annual pay award should be continued for a further 4 years.

(3) the Panel be authorised to give further consideration to the level of Special Responsibility Allowances as part of the next review of the Members' Allowances Scheme

4.0 INDEPENDENT PERSON

4.1 The Panel was advised that, under the Localism Act 2011, a local authority is required to have in place arrangements under which allegations that an elected member or co-opted member of the Council, Committee or Sub-committee of the Council has failed to comply with the Council's Code of Conduct can be investigated. The arrangements should provide for the local authority to appoint one or more Independent Person(s) to assist it to carry out its duties under the Act. The Independent Person's views must be sought by an authority before it takes a decision on an allegation which it has decided should be investigated and those views can be sought by the authority at any other stage or by a member or co-opted member against who an allegation has been made. The Independent Person(s) are invited to attend meetings of the Council's Standards Committee and their views are sought and taken into consideration before the Committee takes any decision on whether a member's, or co-opted member's, conduct constitutes a failure to comply with the Council's Code of Conduct. The Independent Person's role is purely advisory and they do not have any voting rights on the Committee

4.2 In accordance with good practice it was decided to appoint two Independent Persons to ensure the availability of an Independent Person for consultation at all appropriate times and to avoid any conflict of interests arising, as an Independent Person needed to be available to be consulted by a member who is the subject of a complaint.

4.3 In 2012 the local authority, North Tyneside, appointed two Independent Persons, initially for a two year term of office with the option to extend for a further two years. The appointments were made following a recruitment exercise and interview process. Candidates were required to have high standards of personal tact and discretion and some knowledge of local government and were not permitted to be a close friend or relative of any member, co-opted member or officer of the local authority. It was explained to the post holders before they took up their positions that an allowance was attached to the post, currently £1,000, and appropriate expenses could be claimed.

4.4 Under the Localism Act 2011 the Independent Person:

- Must be consulted and their views taken into account before the authority takes a decision on any allegation made against an elected member which has been investigated;
- May be consulted about any other aspect of a Councillor's alleged breach of the authority's Code of Conduct for Members; and
- May be consulted by a Councillor against whom such an allegation has been made

4.5 Since July 2012 the Independent Person(s) has undertaken 18 assessments of complaints and provided advice to the Authority as to whether the complaint should be referred for investigation/other action or for no action to be taken. It was noted that 14 of the 18 complaints were submitted over a short period of time and related to one incident

4.6 Since the new arrangements came into the force only one complaint has reached the final hearing stage. The Independent Persons were requested to read the investigation report in full and provide an opinion on the investigation report and to meet with the member who was the subject of the complaint to provide advice and assistance. In addition the Independent Persons were invited, if available, to attend the two day meeting of the Standards Committee which carried out the review. Such attendance enables the Independent Person to comment immediately on any proposed penalty if a member is ultimately determined to have breached the Code of Conduct. This is a statutory obligation. If the Independent Persons are not in attendance they must be provided with the evidence submitted to the hearing and consulted on any proposed penalty before the matter can be considered, thus introducing further delay.

4.7 To assess the workload of the Independent Persons a comparison was undertaken with the workload of the Independent Persons at nearby local authorities.

- The Independent Person in Newcastle had considered 9 referrals between June 2013 and May 2014 and 6 Investigation Reports. The Independent Person had also attended a number of meetings with the Monitoring Officer to discuss individual complaints and processes;
- In Northumberland the Independent Person has commented on 29 cases in a 12 month period which had necessitated 20 meetings with the Monitoring Officer. The Independent Person has also attended a two day standards hearing and is expected to attend quarterly meetings of the Standards Committee;

- In South Tyneside the Independent Person has not been required to deal with any complaints in the past 12 months although he has attended 4 meetings of the Standards Committee;
- The Independent Person in Gateshead has not had to deal with any complaints in the past 12 months although he has acted as a sounding board on a number of policy matters;
- The Independent Person for the North East Combined Authority has only recently been appointed and has not had to deal with any complaints.

4.8 All Independent Persons have attended briefings or training events during their term of office.

4.9 From the above it can be seen that the number of referrals to Independent Persons varies between zero and 29 referrals, with North Tyneside having received 18 referrals. It is noted that there have only been review hearings held over multiple days in Northumberland and North Tyneside.

4.10 An analysis was also undertaken of the level of allowance paid to the Independent Person in adjacent authorities. It was noted that the level of allowance for the post of Independent Person was set on a best guess basis as it was a new post and it was not possible to quantify the work load at the time of appointment. The majority of Councils in the area adopted the same figure of £1,000 although it can be seen from the list below that the range of allowances varied between nil and £2,700.

- Durham County Council – Nil
- Gateshead Metropolitan Borough Council - £1,000
- Newcastle upon Tyne City Council - £1,000
- Northumberland County Council - £2,700
- South Tyneside Metropolitan Borough Council - £1,000
- Sunderland City Council - £1,000
- North East Combined Authority - £1,000

4.11 The Panel noted that the Independent Person was expected to attend hearings before the Standards Committee and that some of these hearings could take place over multiple days. If the Independent Person was in employment and required to take a number of days off work to attend such a hearing they could be out of pocket if their employer did not pay their wages or salary for the time they were not available for work. The Panel noted that as part of the recruitment process the Independent Person was advised that expenses could be claimed. It was also noted that there were examples of situations where people could claim expenses to cover for any loss of earnings. According to HM Revenue and Customs financial loss allowance, sometimes called a payment for loss of earnings, is paid to members of various public bodies such as those in the National Health Service. Such payments are also made to Magistrates and persons carrying out jury service.

4.12 The Panel therefore considered whether it would be appropriate for the Independent Person to be able to claim for their loss of earnings necessarily sustained or incurred for attending Standards Committee hearings. The Panel noted that the only Standards Committee hearing held in North Tyneside had been held over two days. The Independent Person could be expected to be present for the whole time of the hearing. As such it could be appropriate for a financial loss allowance to be attached to the position of Independent Person when they had to take time off work in order to carry out their duties for the authority.

4.13 The Panel noted that financial loss allowance for Jury service was capped at a maximum level dependent on the time served and the length of the trial:

Length of jury service	Time spent each day	Maximum daily claim
For the first 10 days	4 hours or under	£32.47
For the first 10 days	over 4 hours	£64.95

4.14 The Panel also noted that financial loss allowance for serving magistrates was also capped at a maximum level

Self employed	4 hours or under	£58.29 gross
	Over 4 hours	£116.58 gross
Employed	4 hours or under	£46.63 net
	Over 4 hours	£93.27 net

4.15 The Panel concluded that the workload of the Independent Person is variable, being dependent on allegations/complaints being made, and therefore there would be some years where the Independent Person would be called upon more than in other years. As previously noted 14 of the 18 referrals considered by the Independent Persons related to one individual incident. In view of the above the Panel concluded that the allowance of £1,000 for the Independent Person was set at an appropriate level based on the workload and the level of experience required to carry out the role. The Panel also concluded that where an Independent Person was required to attend a Standards Committee hearing he/she should be able to claim for a contribution towards any financial loss of earnings necessarily suffered as a result of their attendance. It has been suggested that this contribution be set at a daily rate of £30 for attendance of up to 4 hours and £60 for over 4 hours

4.16 The Panel therefore **recommends** that:

- (1) the allowance for the Independent Person remain at £1,000; and
- (2) the Independent Person be permitted to claim a financial loss payment necessarily suffered for attendance at a meeting of the Standards Committee in relation to a review hearing at a daily rate of £30 for attendance up to 4 hours and £60 for attendance of over 4 hours.

5.0 NEW SUB COMMITTEES - ALLOWANCES

5.1 The Council at its Annual Meeting held on 5 June 2014 agreed to create four new sub-committees under the scrutiny heading. The sub-committees were:

- Culture and Leisure Sub Committee;
- Economic Prosperity Sub Committee;
- Environment Sub Committee; and
- Housing Sub Committee

5.2 At the same time the former Environment and Culture and the Economic Prosperity and Housing sub-committees were not reappointed.

5.3 The Panel had been advised that initially each of the sub-committees would meet on 7 occasions per year, similar to the existing scrutiny sub-committees of the Council. Each of the sub-committees would be responsible for determining its own work programme and for determining how it wished to carry out that work programme. Some of the work could be undertaken in formal meetings of the sub-committee and other pieces of work undertaken by a study group made up of members of the sub-committee. In addition to the 7 scheduled meetings per year the chair and deputy chair were expected to attend pre agenda meetings and to work and liaise with officers and the appropriate Cabinet Member.

5.4 Having examined the remit of each of the sub-committees in detail the Panel concluded that in accordance with its previous conclusion in relation to workload and level of responsibility that the new sub-committees would be categorised as a minor committee. As such the level of special responsibility allowance which should be attached to position of chair should be £2,100 and the deputy chair £1,473.

5.5 The Panel therefore **recommends** that:

(1) A special responsibility allowance of £2,100 be attached to the position of chair of the:

- Culture and Leisure Sub-committee
- Economic Prosperity Sub-committee
- Environment Sub-committee
- Housing Sub-committee

(2) A special responsibility allowance of £1,473 be attached to the position of deputy chair of the:

- Culture and Leisure Sub-committee
- Economic Prosperity Sub-committee
- Environment Sub-committee
- Housing Sub-committee

6.0 BACKGROUND INFORMATION AND REFERENCES

- The Local Authorities (Members' Allowances) (England) Regulations 2003
- Previous reports of the Remuneration Panel
- <http://www.magistrates-association.org.uk/about-magistrates/magistrates-allowances/>
- <https://www.gov.uk/jury-service/what-you-can-claim>
- 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)