

AGENDA ITEM 5**REPORT TO THE TEES VALLEY
COMBINED AUTHORITY CABINET****22ND SEPTEMBER 2023****REPORT OF THE INDEPENDENT REMUNERATION PANEL****TEES VALLEY MAYOR'S REMUNERATION****SUMMARY**

This report sets out, for consideration by Cabinet, the recommendations of the Tees Valley Independent Remuneration Panel (IRP) in relation to the allowance of the Tees Valley Mayor.

RECOMMENDATIONS

It is recommended that Cabinet accepts to the recommendations from the IRP as set out in this Report and agrees:

- i. that the Mayoral Allowance for the Tees Valley Mayor continue at its current level of £65,000 until the end of the current Mayoral term in May 2024; and
- ii. that the Mayoral Allowance for the Tees Valley Mayor be increased to £80,000 with a commencement date being the start of the new Mayoral term in May 2024.

DETAIL

1. The Tees Valley Combined Authority (Functions and Amendment) Order 2017 allows for the establishment of an IRP to recommend allowances payable to the Tees Valley Mayor. At its meeting on 2nd November 2016, the Tees Valley Combined Authority (TVCA) Cabinet appointed an IRP to consider the remuneration of the Tees Valley Mayor and to make recommendations to Cabinet.
2. Following a meeting of the IRP in May 2021 and approval by Cabinet in July 2021, the allowance for the Tees Valley Mayor was set at £65,000. At its meeting on 2 July 2021, Cabinet requested that the IRP convene again to consider the allowance, taking into account comments made by Cabinet members on the Mayor's remit, specifically in relation to responsibility for a Freeport and Mayoral Development Corporation.
3. The Panel reconvened on 7th October 2021 and requested that professional, independent advice, looking at Mayoral allowances in detail, be commissioned for

consideration by the Panel and that the advice of a commercial job evaluation firm to review the mayoral salary from an independent point of view be undertaken to further support their decision making.

4. In December 2022, a further report was commissioned by the IRP from the Local Government Association (LGA) (**Appendix A**) to enable the Panel to further consider the remuneration of the Tees Valley Mayor following the request by Cabinet in July 2021.
5. Following advice from the LGA, the proposal to consider a job evaluation exercise in relation to the role of the Mayor was not pursued.
6. At its meeting on 27th March 2023, the IRP considered the options presented in the report from the LGA and considered possible ways for the Panel to gain a better understanding of the Mayoral role. The Panel requested additional information to detail the evolution of the role of the Tees Valley Mayor to date, since the office was first established in 2017. A copy of this is attached to this Report at **Appendix B**.
7. At its meeting of 26th April 2023, the IRP reviewed, considered and discussed both the LGA Report, and the timeline referred to at 6. above, and noting an identifiable increase in the responsibilities attached to the role, agreed that an allowance in the order of option number 2 from the LGA report would be appropriate.
8. Following consideration of the information presented to it, the Panel agreed to recommend to Cabinet:
 - a. that the existing remuneration of £65,000 should continue until the end of the current Mayoral term (May 2024); and
 - b. a remuneration of £80,000 shall be appropriate, to commence for the start of the next Mayoral term.
9. The Panel agreed to review the Mayoral Allowance annually.

FINANCIAL IMPLICATIONS

10. The report relates to allowances for the Tees Valley Mayor, which will be reflected in the Combined Authority's budget, and funded through resources devolved from central government.

LEGAL IMPLICATIONS

11. There are no legal implications arising from this report.

RISK ASSESSMENT

12. The report is classed as low risk. Existing management systems and daily routine activities are sufficient to control risk.



CONSULTATION & COMMUNICATION

13. Not Applicable.

EQUALITY & DIVERSITY

14. Not Applicable.

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A report for Tees Valley Combined Authority on the potential allowance for its mayor

Purpose

The Tees Valley Combined Authority (TVCA) originally requested and received an independent piece of research by the Local Government Association (LGA) in 2019 regarding the TVCA's mayoral allowance. The research would enable TVCA's then Independent Remunerations Committee (throughout this report abbreviated to IRP – Independent Remuneration Panel) to best consider and agree such an allowance in time for the 2020 mayoral election. The election was postponed however due to the Covid-19 pandemic, and the mayoral allowance for the period from May 2020/21 remained at £37,293. At TVCA's subsequent request, the LGA updated its original report in 2021 to take into account changes over that 12-month period, such as the latest allowances and salaries in other CAs and analysis around Option 2 outlined below. After the IRP's and cabinet's consideration of that report, the mayoral allowance from May 2021/22 was revised to £65,000. This latest report, updated from December 2022 to February 2023, further builds on previous versions with updated information, again at TVCA's request, to help inform the next review of the mayoral allowance. The report further reflects on the latest allowances and salaries in other CAs, considers new elements under Options 2 and 3 outlined below, with updated analysis of the three options, whereby:

- Option 1 is an allowance based on the average of the of the five constituent authority leaders/mayor
- Option 2 is an allowance similar to that of other CA mayors with comparable responsibilities, reflecting additional mayoral responsibilities of overseeing Tees Valley's freeport and mayoral development corporations in Hartlepool and Middlesbrough
- Option 3 is an appropriate comparator of an average Member of Parliament (MP).

The Local Government Association (LGA)

The LGA is a politically-led, cross-party organisation that works on behalf of councils to ensure local government has a strong, credible voice with national government. The LGA aims to influence and set the political agenda on issues that matter to councils so they can deliver local solutions to national problems. The LGA also provides a range of practical, bespoke support to councils and so is in a suitable position to assist this work because of its national, cross-party position working on behalf of all its members. It is providing this advice to the TVCA as bespoke support on an impartial, neutral and independent basis, bringing together relevant knowledge and experience from around the country.

Background to CA mayoral allowances

The core legislation relating to CAs is the Local Democracy, Economic Development and Construction Act 2009 amended by the Cities and Local Government Devolution Act 2016. The 2016 Act permits a CA to establish a directly elected mayor. Where there is a mayor, they have one vote, but other members of the governing body (usually a cabinet) of the CA also have one vote each. Most orders specify that majorities in favour of a decision must include the vote of the mayor. This, arguably, gives the mayor greater authority and therefore responsibility, than, say, a leader within a 'leader and cabinet' model in a council (all other things being equal).

There are currently [nine](#) city region metro mayors: Cambridgeshire and Peterborough, Greater Manchester, Liverpool City Region, Tees Valley, West of England, West Midlands, Sheffield City Region – now South Yorkshire, West Yorkshire and North of Tyne (*which TVCA should monitor re future new mayoral allowances as part of its own considerations - the North Of Tyne CA area and authorities (Northumberland, Newcastle and North Tyneside) will form part of the forthcoming new North East Mayoral CA with the other 'LA7' councils (Durham, Gateshead, South Tyneside and Sunderland)*). Broadly speaking, metro mayors do not provide local services in the same way that a local council does, but rather oversee local transport and economic development for example – although each devolution deal is different. Some may argue that the London mayor is also a comparable role, so some details of that role and remuneration are included below.

Mayoral remuneration is recommended by independent external advisers, forming an IRP. The general principle however, along with that for IRPs looking at remuneration for councillors and council leaders, has been to look for a balance. This includes consideration so that remuneration is not too high so as to attract criticism, particularly from local tax payers, for wasting money, but is set at a level high enough to encourage a range of experienced, qualified candidates to consider putting themselves forward for the role.

Implied in this balancing is the view, rightly or wrongly, that local politics is more a community service than a professional career. This can lead to mayoral allowances being significantly below the salaries paid to their authority's chief executive. During 2021/2022 for example, payments were made to TVCA's mayor totalling [£64,115](#) comprising £62,021 mayoral allowance and £2,094 travel and subsistence. This compares to TVCA's chief executive receiving a salary of [£172,550](#), the mayor's allowance therefore being over a third of the chief executive's salary.

Background to the current TVCA mayoral allowance

The TVCA IRP provides the CA with recommendations on the mayor's allowance scheme and the nature and level of allowance to be paid. The IRP's key recommendation regarding the mayor's 2021/22 allowance was that the North of Tyne CA and mayor closest aligned to TVCA's responsibilities. The IRP therefore recommended setting TVCA's mayoral remuneration at £65,000 to align it with that of the North of Tyne.

Cabinet agreed the mayoral allowance at £65,000 to take effect from 10 May 2021, the first day of the current mayor's term, but questioned the comparator, given that it considered that the breadth of the North of Tyne role was not as wide, for example not including a mayoral

development corporation or freeport. A proposal was therefore made that a more appropriate equivalent allowance might be that of an MP - [£81,932](#) in that year - which warranted further investigation, as the role of an MP and the TVCA mayor are different. It was agreed that the role could not be benchmarked against a private sector role as the salaries between private and public sector are incomparable. It was also agreed to look to carry out a job evaluation exercise and assess the mayor's role based on scope, accountability, the value of the role, and so forth, which could be undertaken by a professional organisation before making an informed decision based on their recommendations. A majority of cabinet members supported the £81,932 proposal, though one member questioned the appropriateness of the timing. The Monitoring Officer advised that cabinet could only either accept or reject the IRP's recommendation. Cabinet therefore voted to accept it but with the further recommendation that the IRP looked again at the matter.

Option 1: An allowance based on the average of the of the five constituent authority leaders/mayor

How councils answer the question of remuneration

Given that the TVCA mayor's allowance was previously an average of the four leaders' and one mayor's of the constituent authorities, it is still worth considering how those councils arrive at the special responsibility allowances (SRA) for their own leaders/mayors.

Councils can set their own political pay rates but must consider local and comparative conditions, context and adhere to [The Local Authorities \(Members' Allowances\) \(England\) Regulations 2003](#), which includes the scheme's structure, level of allowances paid and circumstances in which allowances may be claimed. Councils also consider recommendations from their own independent external advisers or IRPs.

Leader allowances also vary considerably across the country. We are not aware of a regular comprehensive survey of member allowances but the TaxPayers' Alliance undertook such a survey of [2018/19 information](#), and the LGA undertook a survey of such allowances in [2008](#). The latest headline figures for TVCA's constituent councils' leader/mayor SRAs are as follows:

Constituent council	The 2022/23 leader/mayor SRA agreed by the council	The 2022/23 leader/mayor allowance INCLUDING the Basic allowance paid to all members	Whether the SRA includes/excludes travel within the borough
Darlington	£24,945	Leader - £33,613 (including basic allowance of £8,668) Mayor - £19,668 (including basic allowance of £8,668)	Includes – travel within the borough boundary

Constituent council	The 2022/23 leader/mayor SRA agreed by the council	The 2022/23 leader/mayor allowance INCLUDING the Basic allowance paid to all members	Whether the SRA includes/excludes travel within the borough
Hartlepool	£24,990 (including role as chair of finance and policy committee)	Leader - £33,320 (including basic allowance of £8,330)	Includes - the authority does not pay an allowance in respect of travelling within the borough
Middlesbrough	£55,952 (the same as 2019/20)	Mayor - £63,560 (including basic allowance of £7,608)	Excludes – is entitled to receive appropriate travel and subsistence allowances where they necessarily incur expenditure on travel or subsistence to perform an approved duty
Redcar & Cleveland	£21,658	Leader - £31,471 (including basic allowance of £9,813)	Excludes - members can claim travel expenses as part of the allowances scheme
Stockton-on-Tees	£25,000 (including role as cabinet member for corporate management and finance - and this SRA has not increased since at least 2019/20)	Leader - £34,300 (including basic allowance of £9,300)	Excludes - travel is payable, as for all members, in line with separate travel and subsistence allowances provisions

The following section summarises how each TVCA constituent council considered their panel’s recommendations to arrive at the above figures:

Darlington

There has been no review of the leader’s SRA since a report to council in January 2020. The next review is due next year. It was agreed as part of the last review to increase the leader’s SRA, the members’ basic allowance and other SRAs by the same annual percentage applied to the pay of local government staff. Key reasons for the Panel setting the leaders’ last SRA include: ‘Like all other SRAs, the Leaders’ SRA has been frozen since 2012. This is in a context where the Leader and other executive Members are increasingly called upon to undertake a regional and sub-regional role, whether it is with the Darlington Partnership and the Teesside CA, an aspect of the Leader’s work which has increased since the last review. Although this has been balanced out by the Leader no longer having a portfolio and increasing the size of the cabinet from six to seven, including the Deputy Leader.’ Benchmarking shows that the leaders’ SRA (then £22,933) had also started to drift markedly below that of peers. This further supports the case to apply a retrospective index to all SRAs in general. However, it was clear from the representation received that the main priority for this review was to address the basic allowance, and when it came to SRAs in particular, the Panel should be cognisant of economic constraints. Members still wish to lead by example when it comes to SRAs and are keen to

maintain this principle for SRAs in general. Consequently, the Panel at this stage is not recommending any change to the leader's SRA. The Panel recommended that the leader's SRA should be maintained at £22,933 for 2020/21, subject to any index that may apply.

Hartlepool

To help broaden the range of people who in future would consider standing to become a councillor, the IRP believes that the basic allowance needs to be set at a level which compensates people of working age, including self-employed people who need to reduce their working hours to undertake the duties of a councillor effectively. The IRP believes this is particularly important in terms of compensating councillors who take on additional commitments to serve on committees and outside bodies.

These allowances also reflect those paid by other unitary councils in the North East and recognise that whilst Hartlepool is the smallest unitary authority, its members still have the same responsibilities as councillors in other larger councils. In this regard, the IRP believes that this makes it even more important that remuneration reflects these responsibilities.

Middlesbrough

The IRP met in April 2022 to carry out its annual review, and proposed a scheme of allowances for 2022/2023. After considering two representations from members, comparative SRA information provided by Democratic Services and wider socioeconomic factors, the IRP determined that the scheme required no changes. The IRP also felt it would be prudent to carry out its "full" quadrennial review after the local elections of 2023 to account for any potential governance changes. At its meeting in May 2022, council considered and adopted the IRP's recommendations, including that the scheme should remain frozen and not reflect staff inflationary pay awards as agreed by council in 2021.

Redcar & Cleveland

Despite requests to the council for this information, it was not forthcoming. Therefore the following information remains as per our previous report. The SRA is based on an assessment of time that is required to fulfil the role that attracts the SRA (remunerated days) multiplied by an agreed daily rate (£124). There has been a small increase in number of remunerated days for the leader over the last couple of years to better reflect the amount of time that is required to fulfil the responsibilities of that role, particularly given the additional work undertaken by the leader in relation to the TVCA activities and the South Tees Development Corporation. The IRP noted however that the SRA remains comparatively low compared to neighbouring and wider councils, and received comments that the demands of this role are equivalent to full time employment. So the IRP reiterated its recommendation to increase the remunerated days for this SRA from 120 days to 125 days.

Stockton-on-Tees

The budget setting report to council in February 2019 stated that, "Members will be aware that allowances have been frozen since 2013/14 and it is proposed that this continues for 2019/20 to support the Council's difficult financial position." In January 2021 however, the IRP recommended the basic member allowance should be increased to £9,555 for 2021/22 in line with the most-recently determined National Joint Council award for employees within the local government sector. The IRP also recommended no change to the scheme in respect of allowances for the leader, cabinet members, the mayor, deputy mayor nor in respect of child care and dependent carers, co-optees and travel

and subsistence allowances. Cabinet considered the IRP's report in January 2021 and recommended to council later that month not to change the council's members allowance scheme for 2021/22. After considering and debating the matter, council resolved not to change the scheme.

Conclusions around the issues around Option 1

What is clear from the above analysis is that the allowances paid to the council leaders in the Tees Valley are generally lower than those in other regions. It is also clear from the comments of many of the IRPs that they know that to be the case. Part of the reason for this is that the basic allowance paid to all councillors is also relatively low in some Tees Valley councils (with leaders being paid a multiple of that). The mayor's allowance in Middlesbrough is generally more comparable to similar authorities, although still on the lower side.

The reasoning of the TVCA mayor's allowance being an average of the allowances provided to the leaders/mayor of the five constituent councils, to reflect the principle of collective decision making established by the CA, is perfectly sound. However adopting that principle means the TVCA mayoral allowance would be low, because most of the Tees Valley councils provide relatively low levels of remuneration to their leaders (and mayor).

It does not appear that other CAs follow this approach in setting their mayor's allowances, possibly for the same reasoning.

There is an argument that the allowances paid to the four council leaders, the Middlesbrough mayor, other councillors in the five councils, and the allowance paid to the TVCA mayor could be looked at collectively with an eye to comparisons with similar areas in the rest of England.

Option 2: An allowance similar to that of other CA mayors with comparable responsibilities, reflecting additional mayoral responsibilities of overseeing Tees Valley's freeport and mayoral development corporations in Hartlepool and Middlesbrough

How the other CAs have answered the question of their mayor's allowance

By way of easy comparison, CA/metro mayor salaries are as follows:

Authority	Mayor (since May...)	Population	Any freeports or development corporations with mayoral input	Devolved mayoral development corporation powers	Agreed mayoral allowance for 2022/23	CA's CEO current salary
Cambridgeshire and Peterborough	Dr Nik Johnson (2021)	859,800	No	No	£86,121	Current interim chief executive arrangement means no annual salary
Greater London	Sadiq Khan (2016)	8,797,000	No (there are two development corporations but each have their own chair who is not the mayor)		£152,734	Chief Officer of the Greater London Authority £197,676
Greater Manchester (GMCA)	Andy Burnham (2017)	2,848,300	No (there is the Stockport Town Centre West Development Corporation but it is chaired by Lord Bob Kerslake)	Yes	£110,000 (salary – not SRA, plus fees and allowances of £2,000)	Chief Executive £237,000 (including salary, fees and expenses) for 2021/22
Liverpool City Region	Steve Rotheram (2017)	1,564,000	Yes – Liverpool City Region Freeport	Yes	£86,223	Chief Executive £193,772 (no SRA/salary agreed by the freeport for its Chief Executive)
North of Tyne	Jamie Driscoll (2019)	839,500	A new, enlarged area will encompass this mayoralty by 2024	Yes	£65,000	Chief Executive Officer is currently paid £142,467 - £153,426
South Yorkshire (previously Sheffield City Region)	Oliver Coppard (2022)	1,415,100		Yes	£79,000 - a review is due in April 2023	Chief Executive and Head of Paid Service total salary of circa £180,000 (based on salary of last incumbent, which was £186,420 in 2019/20). Since 1 July 2022, the role has been filled as an

Authority	Mayor (since May...)	Population	Any freeports or development corporations with mayoral input	Devolved mayoral development corporation powers	Agreed mayoral allowance for 2022/23	CA's CEO current salary
						interim appointment via an employment agency
Tees Valley	Ben Houchen (2017)	677,200	Yes – Tees Valley Freeport, South Tees Development Corporation and corporations in Hartlepool and Middlesbrough	Yes	£65,000	Chief Executive £172,550
West of England	Dan Norris (2021)	950,000		Yes	£80,273	Chief Executive Officer £164,682.28 for 2022/23
West Midlands	Andy Street (2017)	2,939,900		Yes	£95,000 ⁱ	£175,000 - £200,500
West Yorkshire	Tracy Brabin (2021)	2,345,200		Yes	£106,837.56	£173,772

Each CA considers its respective IRP's research and recommendations, and comes to its own conclusions for its own mayor allowance. There are some similarities across CAs' approaches in terms of what they consider, for example:

- their individual statutory framework for their CA, eg the Greater London Authority Act 1999, or their respective CA (Functions and Amendment) Order, including stipulations such as at least one of their constituent councils having to consider their IRP's recommendations/report (the IRP having been established by one or more of the constituent councils), CAs not exceeding the IRP's recommended remuneration, and relevant points of law and statutory guidance
- their mayor's (sometimes increasing) role and level of responsibilities and powers (from transport – especially bus services and roads, economic development, regeneration and housing including compulsory purchase powers, skills, adult education and training, former police, fire) and crime commissioner (PCC), fire and rescue, health and social care, and waste disposal) compared to other CA mayors
- their mayor's required commitment/time, population number served and remuneration, which can vary greatly, and comparing them to other broadly similar public service roles, eg MPs, members of various devolved assemblies, PCCs, government ministers, other English elected

mayors of combined and local authorities including the mayor of London, other core cities/council/constituent council leaders, region-wide posts and chairs of housing and hospital trusts

- their mayor's influence, such as having a unique platform to represent their region locally, regionally, nationally and internationally, collaborating and negotiating consensus with those respective stakeholders
- their head of paid service's knowledge of the mayor's principal duties and role in decision-making, public accountability, skills, knowledge, creative thinking, leadership, liaising with Government, driving public service economic growth and improvement
- indices used to review and increase officers' salaries and allowances annually, for example Joint Negotiating Committee conditions
- that CA mayors are relatively new, so recommendations can only be a best estimate.

The above considerations are common across the CAs, who will naturally have their own specific issues to consider as well.

The following summaries outline how/why CAs decided on their SRA (or equivalent) figure:

Cambridgeshire and Peterborough

[A Review of Mayoral Allowances at the CA in April 2022](#) considered the mayor's profile, workload, roles, responsibilities, leadership skills and financial comparison with other CA mayors, pension issues, indexation and other issues, as outlined through the hyperlink, and significant reasons for the suggested mayoral allowance included:

- under the 2019 accepted IRP recommendations, the level of mayoral allowance at the start of the 2022/23 municipal year would be £86,121 or higher, set against the current indexation of the Consumer Price Index
- the IRP believing that this previous decision should be respected
- the IRP not identifying any evidence that the position of the mayor had diminished and/or warranted the level of allowance to be reduced.

Greater London

The Greater London Authority (GLA) Act 1999 (as amended) provides for the GLA's Head of Paid Service to be responsible for the terms and conditions, including pay, for the GLA's officers, in consultation with the mayor and the assembly. There is a separate pay notice issued by the Mayor of London and London Assembly in respect of their remuneration arrangements following a review by the independent Review Body on Senior Salaries (SSRB). The SSRB's [considerations](#)ⁱⁱ from 2022 included:

- the need to recruit, retain, motivate and promote suitably able and qualified people to exercise their different responsibilities
- regional/local variations in labour markets and their effects on the recruitment, retention and promotion of staff
- government policies to improve public services inc departments' requirements to meet output targets re delivering departmental services
- funds available to departments as set out in the government's departmental expenditure limits
- the government's inflation target

- differences in terms and conditions of employment between the public and private sector and between the remit groups, taking account of relative job security and the value of benefits in kind
- responsibilities for policing in London residing with the mayor
- changes in national pay systems, inc flexibility and reward of success, and job weight in differentiating the remuneration of particular posts
- relevant legal obligations, including anti-discrimination legislation re age, gender, race, sexual orientation, religion, belief and disability
- ensuring that, as appropriate, remuneration of the remit groups relates coherently to that of their subordinates, encourages efficiency and effectiveness, and takes account of the different management and organisational structures that may be in place from time to time
- relating reward to performance where appropriate
- maintaining confidence of those covered by the SSRB's remit that its recommendations have been properly and fairly determined
- ensuring remuneration of those covered by the remit is consistent with the government's equal opportunities policy
- taking into account evidence it receives about wider economic considerations and the affordability of its recommendations.

Greater Manchester (GMCA)

The IRP [met twice formally](#) in February 2020 to review the mayor's remuneration. The IRP's dilemma in 2017 was to assess the mayor's role in the absence of experience. So remuneration of £110,000 was set with reference to that of the GM PCC, set by the Senior Salaries Review Board at £100,000. As the mayor was to assume PCC functions as well as other responsibilities, the IRP simply uplifted the remuneration by £10,000 to recognise those additional responsibilities. The IRP therefore in 2020 considered the extent to which the role and responsibilities of the mayor had significantly changed or evolved in different fashion from that envisaged compared to other metro mayors. The GMCA has taken on more functions but some are only exercisable by the mayor, the main 'hard powers' being: PCC, fire and rescue, preparation of spatial development strategy (with approval of all 10 other GMCA members), preparation of the Local Transport Plan (and policies (with approval of at least 7 GMCA members who may amend it), powers to designate areas of land as mayoral development areas leading to the establishment of mayoral development corporations (with consent of GMCA member(s) for area concerned), control of 'earn-back' monies, control of the Housing Investment Fund (£300 million) and those relating to bus services. The mayor also exercises other 'soft powers' that other metro mayors do not have but have grown more than anticipated, for example around the Greater Manchester Strategy and the Growth and Reform Plan for Greater Manchester, and leading and developing related relationships. Benchmarking shows that the remuneration of this mayor is above that of: elected mayors of other English principal councils, other GM leaders, and elected mayors of other CAs. The IRP feels this is appropriate however for a number of reasons when compared to other English CAs; the GMCA is one of the largest in population and budget, is more developed in terms of range of responsibilities, and the mayor has more powers and responsibilities.

Liverpool City Region

The mayor's allowance is set by an Independent Pay Review Panel. The last review was May 2022, and was reported to the CA for approval on 10 June 2022. The Panel, between January and March 2022 considered, amongst other issuesⁱⁱⁱ:

- comparator allowances information for other CA mayors, elected mayor, PCC and the basic MP salary

- how the CA has significantly evolved since its and its mayor's establishment
- comparisons of economics, functions and responsibilities, and powers devolved to each of the nine CAs
- independent evaluation of local growth interventions
- various significant non-statutory CA activities, including: piloting Housing First and Households into Work, the Mersey tidal and digital infrastructure projects, co-ordination of receipt and distribution of European Structural Investment and European Regional Development Funds (ERDF)
- recent revenue and capital budgets have varied from £180 million to £390 million
- since 2017, the CA has successfully bid for additional central government funds including hundreds of millions via City Region Sustainable Transport Settlements, the Transforming Cities Fund, Levelling Up bids, Local Authority Delivery 2 funding for retrofit of low-income homes, Sustainable Warmth Funding, Brownfield site remediation to support housing development, support for digital skills training
- the CA seen by government as the accountable body for the distribution of such funds, especially during the pandemic
- the mayor's important relationships with constituent local authorities, other local strategic partners and central government, to allow the CA to achieve its corporate plan priorities and deliver economic success
- the mayor's high profile and impactful role, which provides a unique platform to represent and advocate at a regional, national and international level. The mayor advocated on behalf of the region to influence government policy and economic funding in dealing with the pandemic. The mayor had a leading role at COP26 and has also been developing international trade connections with Germany and Ireland helping to bolster the city region's presence on the world stage and stimulate inward investment.

North of Tyne (NTCA)

The mayor's agreed SRA is £65,000 and was set in February 2019. The panel considered a range of evidence including the statutory framework for the new CA and used its knowledge of the role the new mayor was expected to undertake to compare it to other broadly similar public service roles. In making such comparisons, the panel sought to ascertain the level of responsibility required by the mayor and determine how this compares to the other roles. The panel considered the respective responsibilities of the CA: general power of competence (economic development and regeneration), raising a mayoral precept, borrowing, Local Transport Plan, mayoral development corporation, compulsory purchase powers, investment fund grant, and adult education budget managed in a "single pot".

The panel also considered the functions exercisable by the mayor: creation of mayoral development corporations, compulsory purchase powers for housing purposes and development purposes, subject to the agreement of the NTCA member where the relevant land is located. The other public service roles reviewed by the panel included those of MP, Member of European Parliament (MEP), other CA mayors, local authority mayors, leaders of North of Tyne constituent authorities, leaders of English Core Cities, and PCC (Northumbria). The Panel also drew upon the knowledge of the Interim Head of Paid Service of the CA, who provided a range of information, enabling the panel to build up a picture of the principal duties of the mayor, including the role of the mayor in decision making, in liaising with the Government and in driving economic growth and improvement in the delivery of public services.

South Yorkshire Mayoral CA

The South Yorkshire mayor's total remuneration/allowance is £79,000 per annum, as approved by the mayoral CA in January 2021 following the report of the IRP. A review of this allowance is due by April 2023.

West of England CA (WECA)

The mayor's basic allowance is agreed by WECA's CA Committee, which met in [January 2022](#). The Panel was guided by the following general principles, whereby it would:

- make recommendations that recognised, and were consistent with, the allowances schemes of the constituent authorities
- take account of the financial and economic climate but in doing so would consider the importance of ensuring allowances were fairly set to enable engagement from across all the communities of the constituent authorities.

The Panel also recognised the need for public authorities to have due regard to public sector equality duties, for example via the Equality Act 2010. It also undertook its work in line with the Local Government (Members Allowances) Regulations 2003 and Article 8 of the West of England Combined Authority Order 2017.

West Midlands CA (WMCA)

The WMCA Board considered its [IRP's report](#) in October 2022, which included that having considered the mayors responsibilities and the allowances paid to the mayors of comparable authorities, the IRP determined that the appropriate level for the mayor should be £95,000 per annum and recommended that any increased allowance should be made payable from when the mayor was re-elected in May 2021.

West Yorkshire CA (WYCA)

WYCA set the mayor's remuneration at its 9 March 2021 [meeting](#) after considering a report and recommendation of its [IRP](#) to set the remuneration at £105,000, index linked to the National Joint Committee for Local Government Employees Index (the percentage annual cost of living salary increase as applied each year to staff), so is currently £106,837.56.

The prior IRP review was undertaken in February 2021 by a panel of three members, headed by Dr Declan Hall who was in attendance at the meeting to present the IRP's report at the WYCA meeting. It was noted that the allowance paid by WYCA should not exceed the amount specified in the IRP's recommendation.

The mayor's responsibilities relating to freeports and mayoral development corporations

Background and latest on freeports

Eight freeports in England were announced in the March 2021 Budget, and were originally intended to begin operations from late 2021. The first three freeports at Teesside, Plymouth and South Devon, and Solent, were [launched in December 2022](#). The Department for Levelling Up, Housing and Communities says it expects the other freeport locations – East Midlands Airport, Felixstowe and Harwich, Humber, Liverpool City Region and the Thames – to receive final approvals shortly.

As outlined on the gov.uk [website](#), a freeport customs site is a secure, enclosed customs zone where some normal tax and customs rules do not apply. Such a site can be an area either within an existing port approved location or outside of a port, but usually within a freeport boundary. If a planned freeport customs site is located within an existing port, port approval requires changing to reflect the new arrangement. Freeport customs sites cannot be used as a first point of presentation of goods brought into the UK. Any business bringing goods into the UK must first present their goods to customs, in a way specified by the port approval. Only after customs have cleared the goods can they be moved to a freeport customs site. Goods that have not been cleared by customs are not allowed to be within the area identified as the freeport customs site. Goods need to be kept in the port temporary storage area waiting for clearance to leave where:

- a declaration to the freeport customs special procedure is not made before the goods arrived
- the port temporary storage facility has not received a request from an approved external temporary storage facility to remove the goods
- there are commercial or regulatory reasons for doing so.

Goods can be moved directly to the freeport customs site from the vessel where it has already been confirmed that they have been cleared by customs. Goods needing inspection must be made available to the relevant authority within the existing port or airport before being moved to the freeport customs site.

Freeport customs sites are run by an operator who is responsible for the site's security and keeping records about goods moving in, around and out of the site. Operators must have, or intend to have, at least one business using their freeport customs site to move goods into or out of the site. Operators can also be approved as a freeport business to use the site and move goods in or out of it. Any business using a freeport customs site would need to be approved to process or store goods under either the freeport or an existing customs special procedure.

Background and latest on mayoral development corporations (MDCs)

The [Localism Act 2011](#) permitted the mayor of London to create MDCs in Greater London. The [Cities and Local Government Devolution Act 2016](#) later permitted the creation of MDCs in CA areas.

As outlined in the Localism Act 2011, the object of an MDC is to secure the regeneration of its area. It may do anything it considers appropriate for the purposes of its object or for purposes incidental to those purposes using related powers.

Existing MDCs [include](#):

Name	Authority	Area	Timeframe from
London Legacy Development Corporation (the organisation behind Queen Elizabeth Olympic Park)	Mayor of London	London Olympic Park	2012
Old Oak and Park Royal Development Corporation	Mayor of London	Old Oak Common	2015
South Tees Development Corporation	TVCA	Tees Valley	2017
Stockport Town Centre West Development Corporation	GMCA	Stockport	2019

The [North of Tyne](#), Hartlepool and Middlesbrough areas are also looking to establish MDCs, although Hartlepool and Middlesbrough's have been facing [delays](#); both towns are still waiting for the plans to be approved, with a TVCA spokesperson saying both MDCs will be running by the end of the financial year.

[The South Tees \(Mayoral\) Development Corporation](#) was launched in August 2017 following the mayor's election. The TVCA mayor is now looking to establish two more MDCs in Hartlepool and Middlesbrough town centres. The work this entails – both setting up and overseeing these MDCs – therefore requires consideration as part of determining the mayor's future allowance, alongside his existing remit.

Key information on the Hartlepool and Middlesbrough MDCs includes that:

- plans for the Hartlepool MDC were [announced](#) in April 2022, with the mayor and the leader of Hartlepool Council Cllr Shane Moore working together to confirm which areas of the town centre would be included before submitting the plans to Michael Gove MP, now Secretary of State for Levelling Up, Housing and Communities
- the mayor and Middlesbrough's mayor Andy Preston [launched](#) a bold new vision for Middlesbrough town centre in May 2022
- the public consultations on these MDCs opened on 23 June 2022 and closed on 4 August 2022. Summary reports on each of the Hartlepool and Middlesbrough consultations can be found on the TVCA [website](#)
- the mayor [wrote](#) to the then Secretary of State for Levelling Up, Simon Clarke MP in October, to formally designate the two MDCs
- Hartlepool Council voted unanimously to [support](#) the MDC in November 2022
- Middlesbrough Council Labour opposition councillors raised [concerns](#) about their town's MDC in December 2022, and in February 2023 they [rejected](#) plans to transfer public sites to the TVCA mayor.
- Michael Gove MP confirmed on 25 January 2023 that the TVCA mayor will secure new powers to transform the town centres via these MDCs that will go ahead, with the intention to cut red tape and speed up development. There are concerns however that councils will lose too much power.

The [boards](#) for both MDCs have been appointed, with the TVCA mayor being the chair of both. Middlesbrough's includes the council's Independent Mayor Andy Preston, BME Network CIC operations director Idrees Rashid and the council's Deputy Mayor Mieka Smiles.

Everyone will be acting in a personal capacity. Hartlepool's board will include Cllr Moore, Learning Curve Group's CEO Brenda McLeish OBE, the commercial director of construction firm Strabag Lisa Molloy, Orangebox Training Solutions' CEO Simon Corbett and HMB accountants director Sarah Bedford.

Conclusions around the issues around Option 2

What is clear from the information above is that setting a CA mayor allowance is far from an exact science, and there is significant variation in the approach taken. While some (perhaps GMCA and WMCA) have a calculation with a degree of structure to it, some have been decided on a more-subjective assessment of what feels right, given the CA's and mayor's responsibilities. There is also a pattern of mayoral allowances being set in light of the allowances already set by other CAs (for example WECA).

If TVCA use an Option 2 approach - an allowance similar to that of other CA mayors with comparable responsibilities - what would that allowance look like? Responsibilities in a CA's case are all about the range and extent of devolved powers and levels of funding, which vary across CAs. For example, all have had responsibility for Adult Education Budgets since 2018. Similarly, while all directly elected mayors will have responsibility for deregulated bus services, only some will be responsible for new key route networks of local authority roads.

Key information previously extracted from that about the Tees Valley CA includes:

- government commitment to working with the CA to explore how it can continue to develop its industrial carbon capture and storage proposals towards deployment of this infrastructure for its industrial sites
- responsibility for a devolved approach to business support from 2017 to be developed in partnership with Government
- Government will work with the CA to mitigate the impact of significant industrial closures on the local economy, particularly in SSI's suspension of production. This will be the subject of future work to develop an appropriate economic recovery plan
- power to create to create a Tees Valley Investment Fund, bringing together funding for devolved powers and used to deliver a 30 year programme of transformational investment in the region
- control of a new £15m a year funding allocation over 30 years, to be included in the Tees Valley Investment Fund and invested to boost growth
- the CA and Government will pilot a scheme to enable the CA to retain all business rate growth that would otherwise have been paid as central share to government, above an agreed baseline, for an initial five year period, with 2015/16 forming the baseline's starting point
- government commitment to work with the CA to achieve Intermediate Body status for ERDF and European Social Fund
- Government to explore devolution of housing financial transaction funding with Tees Valley
- creation of new mayoral development corporations and leadership of a land commission to examine what publicly owned land and other key strategic sites should be vested in the development corporation

- leadership of the comprehensive review and redesign of the education, skills and employment support system in Tees Valley. This includes local commissioning of outcomes to be achieved from the 19+ adult skills budget starting in academic year 2016/17, and will fully devolve budgets to the CA from academic year 2018/19 (subject to readiness conditions). These arrangements do not cover apprenticeships. However, Government will provide advice to support Tees Valley in their work to secure more apprenticeship places with employers
- responsibility devolved from Government for a consolidated transport budget, with a multi-year settlement.

On this basis, the scale of powers would appear to be not dissimilar to North of Tyne, WECA, and Cambridgeshire and Peterborough. The GMCA mayor does appear to have significantly more responsibility/power given the PCC role and also developments in integration of the NHS with local council services. Whilst the WMCA mayor has not dissimilar responsibilities of the TVCA mayor, the size of population covered by the WMCA suggests a larger role than the TVCA one.

So even though there are difficulties in precisely measuring respective powers and responsibilities, a remuneration level equivalent to the mayors of West of England, North of Tyne, and possibly Cambridgeshire and Peterborough would seem broadly appropriate on this basis. The doubt about a direct comparison with Cambridgeshire and Peterborough is more about local comparable wages in what is generally a high wage area, compared to North of Tyne (although noting this CA will change soon), West of England and Tees Valley. However in terms of population and powers, Cambridgeshire and Peterborough seems a good match.

It is notable however that the TVCA mayor does now appear to have more responsibility around freeports and development corporations than perhaps any other CA, noting that the Liverpool City Region has a freeport with mayoral responsibility. This would therefore suggest that the TVCA mayoral allowance should be at the top end of this comparator subset. So even if TVCA does not go as far as the current £86,121 allowance in Cambridgeshire and Peterborough, something above £80,000 may be an appropriate way forward.

Another way of comparing with other CA mayors and the relative scale of powers and responsibilities could be to look at the salary paid to each CA Chief Executive, as all other things being equal, the size of CA responsibilities would be expected to be directly correlated to the Chief Executive's salary. Whilst this direct correlation will not be there in reality due to local considerations and other factors, it is still worth considering.

What is noticeable about the salaries of the four Liverpool City Region, North of Tyne, South Yorkshire and WECA mayors is that they are all around 44 to 49 per cent of their CA's Chief Executive's salary. Applying the same percentage in the TVCA case would mean a TVCA mayoral allowance of at least around £80,000.

Option 3: an appropriate comparator of an average Member of Parliament (MP)

An appropriate comparator of an average MP

The basic annual salary for an MP from 1 April 2022 is [£84,144](#), which has been set and administered by the Independent Parliamentary Standards Authority (IPSA) since 2011. As its name suggests, IPSA is responsible for setting and administering MPs' pay and pensions, independently of both parliament and government. Annual changes in MPs' pay are linked to changes in average earnings in the public sector using Office for National Statistics (ONS) figures. Between 2012 to 2015, IPSA conducted a comprehensive review of MPs' pay and pensions, further details of which are available on IPSA's [website](#).

MPs can also receive expenses to cover the costs of the following, further detail of which can be found on IPSA's [website](#). Many of the following figures are quoted for [2021/22](#). The latest Scheme of MPs' Staffing and Business Costs for 2022/23 is also [available](#) but does not outline such figures:

- running an office – a typical office maximum budget available of £27,470 (the standard non-London area budget) or £30,400 (the standard London area budget) – with exceptions, eg start-up supplements of £6,000
- employing staff – a typical staffing maximum budget available of £204,300 (the standard non-London area budget plus an uplift of £24,970 for Covid-related business costs) or £218,430 (the standard London area budget plus an uplift of £27,680 for Covid-related business costs)
- accommodation costs incurred as a result of working from two permanent locations, eg London and/or their constituency – the annual accommodation rental costs in the London Area budget is £23,290, the annual accommodation costs outside the London Area is £16,320
- travelling between Parliament and their constituency.

Some MPs receive additional salaries for specific roles, eg £16,865 as a committee chair or being on a panel of chairs, from April 2022. Some can also receive additional salaries of members of the panel of chairs, depending on their length of service; these amounts can be found on the IPSA [website](#) under 'Select Committee Chairs'.

Conclusions around the issues around Option 3

Whilst this could be considered a fair comparison in terms of role and responsibility, and obviously in some cases across the country some mayors were previously MPs, so there is arguably some read across of remuneration packages, we are not aware of how such a comparisons have been used elsewhere to explicitly arrive at a mayoral allowance. Likewise, some could easily argue that the role of a backbench MP is far less responsible, complex and challenging than that of a CA mayor.

Overall conclusion

Taking all these considerations into account, a suggested appropriate remuneration for the TVCA mayor is that it should be increased to at least £80,000, given that Option 2 (comparison with other CA mayors) is the most appropriate basis for this consideration and is the approach that appears to be adopted by other CAs.

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ⁱ The mayor was [set to turn](#) down the proposed £16,000 increase from his previous £79,000 in his allowance, saying, “It would be deeply inappropriate for me to even consider a rise at a time of hardship for so many.”

ⁱⁱ Further information is available on the Mayor of London’s [website](#).

ⁱⁱⁱ As per page 119 onwards from Liverpool City Region CA’s [meeting of 10 June 2022](#).

Item 5 Appendix 1B

Tees Valley Mayor Evolution of Mayoral Responsibilities

Year		Allowance
2017	<p>First Tees Valley Mayor Elected</p> <p>Tees Valley Mayor is Chair of TVCA Cabinet</p> <p>Devolution To Tees Valley Combined Authority of £15m annual funding to deliver economic growth</p>	<p>Cabinet approved the IRP's recommendation that the allowance for the Tees Valley Mayor be set at the average of the five Council Leaders (£37,293) for the mayoral term which ran to 2021 (rather than 2020) as the Mayoral election was postponed by 12 months due to coronavirus pandemic</p>
2017	<p>South Tees Development Corporation (STDC) established – Mayoral Development Corporation – Tees Valley Mayor Chair of Board</p>	
2018	<p>Devolution of £30m annual Adult Education budget to Tees Valley Combined Authority as it takes responsibility for Commissioning adult learning in the region from 2019</p>	
2018	<p>Devolution of £95m over 3 years for the Transforming Cities Fund (now the City Regional Sustainable Transport Settlement) to be responsible for local commissioning of transport services</p>	
2019	<p>Acquisition of Teesside International Airport – now part of the TVCA group that the Tees Valley Mayor is responsible for</p>	
2020	<p>STDC takes ownership of former steelworks site and the government owned site company which has responsibility for site safety transferring responsibility for site to local STDC control.</p>	
2020	<p>Mayoral Election - Tees Valley Mayor elected for a second term.</p>	
2021	<p>Establishment of Teesside Freeport – Tees Valley Mayor is Chair.</p>	

TEES VALLEY

2022	Devolution of £310m Over 5 years City Region Sustainable Transport Settlement to be responsible for sustainable transport in the region	
2023	Establishment of Middlesbrough Development Corporation – Tees Valley Mayor is Chair Establishment of Hartlepool Development Corporation – Tees Valley Mayor is Chair	In consideration by IRP.