



**Report to:** Council

**Date of Meeting:** 20 April 2006

**Report from:** Legal and Democratic Services  
Manager

**Title of Report:** Independent Remuneration Panel

**Agenda Item Number:** **8**

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## **1. PURPOSE AND SUMMARY**

- 1.1 The purpose of this Report is to review arrangements in respect of the Independent Remuneration Panel and to ensure that such arrangements are and will remain 'fit for purpose' for the next few years. It last met in 2003.
- 1.2 Panels were first established under the Local Government Act 2000 and under the then Local Authorities (Members Allowances) (England) Regulations 2001 and appointments made by the Council at that time to the Panel. The following persons were appointed to serve as Members on the Panel:

Mr David Stowers (Chairman)

Mr Steve Allen

Mr Ken Brown

## **2. CONSULTATION**

- 2.1 The Director of Resources, the Assistant Chief Executive and the Democratic Services Officer have been consulted and the three experienced Panel Members have indicated their willingness to serve.

## **3. CORPORATE PLAN AND PRIORITIES**

- 3.1 This is a mandatory matter.

## **4. IMPLICATIONS**

### **4.1 Financial**

- 4.1.1 A co-optee allowance is payable at meetings by co-opted Members. This is based on the duration of meetings and paid at the hourly rate of £10 per hour or part thereof. This was agreed by Council at its meeting of 18 December 2003.
- 4.1.2 The Council may pay the expenses incurred by an independent remuneration panel in carrying out its functions. Although members of the Panel are not co-optees, it is believed that payments in respect of the Independent Remuneration Panel should be linked to that which co-optees are eligible to receive, both in terms of allowance and travelling and subsistence expenses.
- 4.1.3 Staff resources will be needed, either by redeployment of existing resources or by additional resources being made available.

### **4.2 Legal**

- 4.2.1 Under regulation 20 (1) of The Local Authorities (Members' Allowances) (England) Regulations 2003 (SI No.1021) as amended, the Council is required to establish an Independent Remuneration Panel to exercise the functions prescribed by law in respect of the Council which are currently set out in regulation 21 of those Regulations.
- 4.2.2 Under regulation 20 (2) of the Regulations, an Independent Remuneration Panel must consist of at least three members none of whom is also a member of the Council or is disqualified from being or becoming a member of the Council.
- 4.2.3 Under regulation 20 (3) of the Regulations, the Council may pay expenses incurred by an Independent Remuneration Panel in carrying out its functions and may pay the members of the panel such allowances or expenses as the Council for which it makes recommendations may determine.

### **4.3 Personnel**

- 4.3.1 Although the Government has issued guidance on how Independent Remuneration Panels are to reach their recommendations, there is no single approved methodology. Officers are needed to assist the Panel undertake its statutory duties by providing direction on the methodology options to be followed. (It is therefore not yet possible to give Members a definitive timetable for the review of the Members' Allowance Scheme and not yet possible to be certain as to the date when the recommendations of the Panel will be reported to the Council. It is however anticipated that this will be achieved by no later than the November Meeting of the Council).

4.3.2 Given that events in local government have moved on since the last recommendations, a more substantial review of arrangements is prudent and this will be more resource intensive.

4.3.3 Staff resources will need to be made available from the Legal & Democratic Services Team which is currently under pressure due to staff shortage.

#### 4.4 Other Services

4.4.1 Officers are likely to be involved from the Directorate of Resources to look at financial implications of recommendations in respect of the Council.

#### 4.5 Diversity

4.5.1 Guidance from the ODPM makes clear that the '2003 Regulations do not specify how a local authority may go about finding members of its remuneration panel. A local authority will need to consider carefully and plan its appointment process having regard to this guidance and the need to ensure that this process commands public confidence throughout all the communities in the local authority's area'.

#### 4.6 Risk

4.6.1 The minimum statutory number of members of the Panel is three. Should this number fall below the minimum, the Panel would not be lawfully constituted and therefore unable to discharge its statutory duties whilst its membership is below the required minimum.

#### 4.7 Crime and Disorder

4.7.1 There is no impact on crime and disorder.

#### 4.8 Other Implications

4.8.1 None

### **5. BACKGROUND, POSITION STATEMENT AND OPTION APPRAISAL**

5.1 The Council is required to establish an Independent Remuneration Panel. The purpose of the Independent Remuneration Panel is to make recommendations to the Council about the allowances to be paid to members of the Council, elected and co-optees. (Members are asked to note that a separate Parish Remuneration Panel makes recommendations as to allowances to be paid in connection with Parish Councils in the District. Parish Councils are currently being consulted about the need for such a Panel, not least because each Parish Council must contribute to the expenses of such a Parish Remuneration Panel).

- 5.2 A review of the arrangements is due, especially because of changes within local government and in the light of a new Constitution adopted last May.
- 5.3 This review is not only about the Panel itself but needs to consider the term of office of Members of the Panel.
- 5.4 The Guidance relating to Independent Remuneration Panels highlights the 'need to consider the terms of office of members of the panel. The panel will be required to make recommendations to the Council whenever the Council decides to, within the limits of the law, either to revoke or amend its current scheme. The panel may become more effective as its knowledge and understanding of members' allowances is increased. Accordingly local authorities may wish to consider appointing members of the panel for a term of office of several years, perhaps 3 – 5 years. Local authorities may also wish to consider phasing appointments to ensure that there is always one member of the panel who has some experience....A local authority will also need to consider the relationship between appointment dates and the electoral cycle and the benefits of continuity in the panel's membership. Local authorities will wish to ensure that the terms and conditions of appointment of members of the independent remuneration panel include provision for circumstances where the local authority may wish to remove a discredited member from the panel. For example, a member of the panel may become discredited due to being found guilty of a criminal offence. The local authority will wish to ensure that this provision to change panel members is not itself abused for political or vexatious ends'
- 5.6 Given the existing experience of Mr David Stowers (Chairman), Mr Steve Allen and Mr Ken Brown, it is thought sensible to confirm their appointments to sit on the Panel for a term of office up to 31 March 2009 with the proviso that such appointments can be revoked at any time by the Council should any member become discredited. At the same time it is prudent to commence a recruitment process for an additional member to guard against dropping below the statutory minimum membership.
- 5.7 The Guidance further explains that the Council needs to consider whether to appoint one member of the Panel as Chair or whether to allow the Panel itself to decide which of its members will act as Chair.

## **6. RECOMMENDATIONS**

- 6.1 That an Independent Remuneration Panel be established under The Local Authorities (Members' Allowances) (England) Regulations 2003 as amended with a membership composition of four persons.
- 6.2 That Mr David Stowers, Mr Steve Allen and Mr Ken Brown be appointed to serve as members on the Independent Remuneration Panel for a term of office until 31 March 2009 unless removed earlier by the Council for good cause.

- 6.3 That Mr David Stowers be appointed Chair of the Independent Remuneration Panel for so long as he remains a member of the Panel.
- 6.4 That the vacancy on the Panel be advertised and an appointments process be undertaken in a manner to be agreed by the Assistant Chief Executive which is best able to result in the membership of the Panel being truly independent, well qualified to discharge the functions of the Panel and representative of the diversity of the communities in the District of Chester-le-Street.
- 6.5 That Members of the Independent Remuneration Panel be eligible to receive the current allowance payable to co-optees and travelling allowances and subsistence allowances at the rate applicable to Members of the Council in accordance with the scale agreed nationally by the National Joint Council for Local Government Services.

## **7. BACKGROUND PAPERS / DOCUMENTS REFERRED TO**

- 7.1 ODPM Guidance on Regulation for Local Authority Allowances

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