

CHESHIRE EAST

Governance and Constitution Committee

Date: 14 July 2008
Report of: Governance Lead Officer
Title Independent Remuneration Panel

1.0 Purpose of Report

- 1.1 To advise on the requirements for appointing an Independent Remuneration Panel, in order that a Scheme of Member Allowances can be brought forward for 2009-10 and beyond.

2.0 Decision Required

- 2.1 To determine the arrangements for the appointment of an Independent Remuneration Panel, either specifically for Cheshire East Council or whether a Joint Panel should be established to advise both Unitary Councils.

3.0 Implications for Transitional Costs

- 3.1 There are no implications for transitional costs at this stage.

4.0 Information and Background

- 4.1 Under the Allowances Regulations, the Unitary Councils must establish and maintain an Independent Remuneration Panel. The purpose of this panel is to make recommendations to the authority (or authorities in the case of a joint panel) about the allowances to be paid to members. Panels will make recommendations about the level of basic allowance for all members, the level of special responsibility allowances and to whom they should be paid, and on whether dependants' carers' allowance, travel and subsistence allowances and co-optees' allowances should be paid, and the levels of these allowances.
- 4.2 Two or more local authorities are able under the Regulations to establish and maintain a joint Independent Remuneration Panel to advise them on their scheme. Such a panel must make separate recommendations to the appointing authorities. Local authorities may consider whether establishing such a joint panel would be an appropriate and cost effective arrangement in their local circumstances. In particular, where councils are considering a joint panel they will need to ensure that it would command public confidence in the areas of the local authorities concerned. This report is also being considered by Cheshire West and Chester Shadow Council.
- 4.3 The Shadow Council will need to appoint an Independent Panel to consider and advise on the Scheme of Member Allowances for 2009-10 and succeeding years.

Appointment of the Panel

- 4.4 The Regulations require that independent remuneration panels have at least three members. A local authority will need to consider the appropriate size for its panel to discharge its functions effectively given the particular local circumstances. Councils should avoid unduly large panels which would be unable to be an effective and publicly accountable source of clear recommendations. The members of the Independent Remuneration Panel cannot be members of any local authority in respect of which that panel makes recommendations including co-opted members.
- 4.5 The 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 appointments process having regard to the Government's guidance on the process. The Council should adopt an appointments process which it considers is best able to result in the membership of its Independent Remuneration Panel being truly independent, well qualified to discharge the functions of the panel and representative of the diversity of the communities in the local authority's area.
- 4.6 The Guidance suggests that councils may wish to advertise for candidates in local papers or may wish to ask particular stakeholders, eg the voluntary sector or the local business community, if they wish to put forward nominations. It should be borne in mind that a significant number of experienced Independent Panel Members already sit on the current Councils' Remuneration Panels, and consideration could be given to inviting such members to form new Panels.
- 4.7 The Guidance says that a local authority should give very serious consideration not only to ensuring the independence of its independent remuneration panel but also the public perception of this independence. To maintain the credibility of its panel a local authority will need to consider the extent to which some, if not all, of its panel members are recognisable members of the local community.

Factors which the Guidance identifies to be taken into account include:

- the extent of any candidate's connections to a political party,
- candidates' knowledge of local government and the way it works,
- whether to appoint one member of the Independent Remuneration Panel as chair, or whether to allow the panel itself to decide which of its members will act as chair,
- the term of office of members of the panel, where it is suggested that members of the panel be appointed for a term of office of several years, perhaps 3-5 years ideally on a "phased" basis,
- whether to pay allowances to panel members,
- provision of appropriate administrative support.

The Work of the Panel

- 4.8 The regulations provide for Independent Remuneration Panels to have the following functions upon which they may make recommendations:-
- the amount of basic allowance that should be payable to all of the Council's elected members,

- the responsibilities or duties which should lead to the payment of a special responsibility allowance and the amount of such an allowance,
- the duties for which a travelling and subsistence allowance can be paid and the amount of these allowances,
- the amount of co-optees' allowance,
- whether an allowance should be paid in respect of the expenses of arranging for the care of children and dependants and if it does make such a recommendation, the amount of this allowance,
- whether annual adjustments of allowance levels may be made by reference to an index, and, if so, for how long such a measure should run,
- which members of an authority are to be entitled to pensions, and as to treating basic allowance and special responsibility allowance as amounts in respect of which such pensions are payable.

4.9 In order to support the Panel effectively, Panels should be provided with information about the roles of councillors in the authority and the way in which the authority operates and discharges its functions. The panel will need information about the business of the council, research on the role of councillors and the work and conclusions of other Independent Remuneration Panels. This support will need to be provided through the officer support arrangements for the Shadow Council(s). Work will need to commence shortly to constitute the Panel(s) and to bring forward recommendations for the Unitary Council's allowances scheme for 2009/10 and beyond.

For further information:-

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Background Documents:-

Government Guidance on Consolidated Regulations for Local Authority Allowances (July 2003)

Documents are available for inspection at:
 EC JIT Support Office
 Town Hall
 Macclesfield
 SK10 1DX