

COUNCIL

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COMPOSITION OF THE INDEPENDENT REMUNERATION PANEL

Portfolio Holder: Councillor Rodney Chambers, Leader
Report from: Neil Davies, Chief Executive
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Summary

Proposed changes to the composition of the Independent Remuneration Panel (the Panel) are submitted for Members' consideration along with recommendations about recruitment arrangements.

1. Budget and Policy Framework

- 1.1 The duty to establish or amend the Independent Remuneration Panel (The Panel) is a matter that cannot be determined by Cabinet under the Local Authorities (Functions and Responsibilities) (England) Regulations 2000 (as amended). Therefore, this is a matter for Council.

2. Background

- 2.1 The Local Government Act 2000 introduced various reforms to the regime of allowances for elected Members, including in particular the requirement for local authorities to establish an independent remuneration panel to make recommendations to the Council about allowances to be paid to Councillors. The details about the establishment and maintenance of the panels were set out in the Local Authorities (Members' Allowances) (England) Regulations 2001 and Guidance by the Office of the Deputy Prime Minister.
- 2.2 A Panel must consist of at least three members and Councils are advised to avoid unduly large panels. Panel members cannot be elected members of any authority and cannot be disqualified from being an elected member of a local authority. DETR guidance recommends that a Panel member is removed if they are found guilty of any criminal offence. Whilst the process for selection and recruitment is not prescribed in the regulations or guidance, authorities are required to adopt a process that it considers is best able to result in membership being truly independent, well qualified to discharge its

functions. The guidance suggests a combination of advertising in a local paper and a direct approach to particular stakeholders representative of the communities in the area.

- 2.3 The then Policy and Resources Committee approved the establishment of the Panel on 26 April 2001.
- 2.4 The Panel's terms of reference were approved as set out below, reflecting the functions set out in the Regulations and DETR guidance and it is not suggested that these are amended at this stage:
 - to make recommendations to the authority as to the amount of basic allowance that should be payable to its elected Members;
 - to make recommendations to the authority about the roles and responsibilities for which a special responsibility allowance should be payable and as to the amount of each such allowance;
 - to make recommendations as to whether the authority's allowances scheme should include an allowance in respect of the expenses of arranging for the care of children and dependants and, if such a recommendation is made, the amount of this allowance and the means by which it is determined;
 - to make recommendations about which Members of the Council (if any) should be entitled to join the local government pension scheme;
 - to make recommendations on other allowances (i.e. travel and subsistence allowance and allowances for attendance at certain meetings and conferences).
 - to make recommendations on the level of allowances (if any) to be paid to all or some members of parish councils in the Medway area.
- 2.5 The Policy and Resources Committee also approved that the membership of the Panel should comprise 7 members, appointed initially for a period of 3 years, with 4 of the members to be appointed from the Citizens Panel, and one each from the Medway Economic Advisory Forum, Medway Voluntary Sector Forum (now CVS Medway) and Medway Ethnic Minority Forum. The Chief Executive and Assistant Director (Legal and Contract Services) were also authorised to appoint members of the panel. The membership of the Panel has varied since 2001, with the various groups being invited to nominate representatives when appointments have expired.
- 2.6 It is likely that people who join the Citizens Panel have usually only expressed an interest in being consulted on issues, not necessarily to participate in groups or forums.
- 2.7 When attempts were made to convene the Panel in 2013 to consider the appropriateness of SRA's for the Chairmen of the Health and Well-Being Board and Employment Matters Committee it was necessary to engage a consultant from South East Employers to undertake the general analysis of the data available and to draw up proposals for consideration which were then validated by the Chairman of the Panel.

- 2.8 Whilst the current Panel members have significant experience they have indicated their continued unavailability during 2013 and there is a danger that they could resign at any time. This would leave the Authority without any formal Panel to convene.
- 2.9 The current composition limits the pool from which members of the Panel can be recruited, and it has proven to be difficult to attract nominees from the Medway Voluntary Sector or the Citizens Panel.
- 2.10 At the Council meeting in July 2013, it was agreed that the IRP would report back on several issues: a review of the SRAs for the Chairmen of the Health & Wellbeing Board and Employment Matters Committee and the feasibility of an SRA for the Deputy Chairman of the Health and Wellbeing Board. It was also agreed that officers would report back on the composition of the Panel itself. Given that the Panel reports are due within a year, it is essential that decisions are made about the composition of the Panel as soon as possible to enable sufficient time for recruitment and induction of the new Panel so they can report back according to the timescale set. Since that Council meeting, the Panel have also been asked to make recommendations about the level of the rate of mileage that Councillors can claim to mitigate the effects of recent confirmation by HMRC of taxation arrangements of claims relating to travel between Councillors homes and Council premises. Officers are engaging a consultant from South East Employers to undertake the general analysis of the data available and to draw up proposals for consideration as these issues need to be resolved before the other matters are reported back to Council next July.
- 2.11 In the South East region, of 15 other Unitary and County Council authorities that responded to the South East Employers (SEE) annual survey in 2012 in relation to IRPs, half have three members with the remainder having four or five. None seem to have as defined a membership as Medway's Panel. Some do however have a general statement that they wish to attract people from public organisations, the voluntary sector as well as the business community. It has not been possible to confirm the membership of all of them, but the vast majority of those from whom information has been obtained, comprise one or more retired business people, or those with a background in the charitable/not-for-profit sector. Some share members with another Panel. At least three have engaged a consultant from SEE to chair the Panel.
- 2.12 Of the 15 who responded to the SEE surveys: three do not pay their Panel members, or particularly the Chair, any allowance. Four reimburse Panel member for travel and subsistence only. The remainder have a variety of arrangements – for example three pay the Chairman an annual amount (ranging from between £500-£2600; three pay all Panel members an annual amount (ranging from between £675

- £2000); and four pay all Panel members a fee per day/per session ranging from £40 - £2000.

- 2.13 In terms of recruiting their Panel members, nine of the 15 advertised for Panel members in local papers and on their web site, with the remainder approaching individuals or organisations in the target sectors.

3. Options for consideration

- 3.1 The current arrangements for the composition of the Panel could continue, and officers could attempt to seek at least one more member from the Citizens Panel using methods advocated by the Communications team. However, the Medway CVS vacancy could continue, and given that the current nominees from the Medway Economic Forum and Medway Ethnic Minority Forum have been re-nominated over the years, it is likely that they may also struggle to identify people to replace their current nominees. The existing composition is limiting and does not necessarily reflect the diversity of Medway's population. Members may feel this is not a viable option in the circumstances.
- 3.2 The composition of the Panel could be amended to make the pool from which members are sought less restrictive and generally make the Panel more reflective of Medway's population. In line with the majority of other Authorities, Members may wish to amend the membership maximum to three for an initial appointment of four years, and specify a general statement that applications are encouraged from people with experience in specific sectors like the business community, the charity or not-for-profit sector, or Human Resources for example, but applications would be sought via a general advert in local newspapers, the Councils web pages and other media as advised by the Communications team. In the current climate it is likely there would be increased interest in the work of the Panel. It is recommended that any of the current members may wish to seek re-appointment on a personal basis rather than as a nominee from their organisation. This option would involve some expenditure on advertisements but is unlikely to cost more than £1000.
- 3.3 As well as widening the composition of the Panel, to ensure that the Panel retains some expertise in the subject matter, the Council could engage SEE to chair the Panel. This would be particularly effective during the transition period when existing members may decide not to seek re-appointment and any new members appointed will have little or no experience and a steep learning curve to assimilate background information to the work of the Council, roles of Councillors and the history of the Members' Allowances Scheme. SEE have indicated that they can assist with the recruitment and induction process as part of any arrangement for them to also provide a Chairman for the Panel. SEE will charge £650 per day, for Panel meetings and over a year this might equate to a cost in the region of £2600.

- 3.4 Whilst not wishing to attract interest from people to serve on the Panel for reasons other than public service, the vast majority of other Authorities sampled pay their Panel members a set fee, even if it is only the Chairman. There is quite a large volume of information that needs to be assimilated and papers to be read, and Panel members will be expected to keep themselves abreast of developments between Panel meetings. Therefore it might be beneficial to recognise this on-going commitment by way of an annual or daily rate. This would undoubtedly increase the existing negligible costs but may result in attracting and retaining Panel members and avoid the problems encountered this year. Members may feel that that ordinary Panel members should be offered a fee per session at a rate no more than £50 per session plus mileage at the same rate as elected Members.

4. Financial implications

- 4.1 If the recommended changes to the composition of the Panel and other issues about recruitment and allowances are approved, the costs in this financial year are likely to be in the order of £3250 (recruitment costs, SEE costs, Panel allowances). Costs in future years are likely to be in the order of £3000 on the basis of approximately 4 days work in a year depending on whether Panel members claim the daily allowance and travel and subsistence. In the current financial year the identified costs can be met from savings in the Members' Services revenue budget as a result of posts that are not being filled until at least 2015 and a subscription to the Association of Local Councillors that Council agreed not to renew. In future years the costs will be met by identifying other savings.

5. Legal implications

- 5.1 The Local Authorities (Members' Allowances) (England) Regulations 2003 ("the Regulations") make provision for the establishment and maintenance of an Independent Remuneration Panel whose function is to make recommendations to the Council concerning allowances. The Council must have regard to the panel's advice/recommendations on payment of allowances to Members of the Council.

6. Risk management

- 6.1 There are no risk management implications arising from this report.

7. Recommendations

7.1 The Council is asked to agree:

- (a) to amend the membership of the Panel to a maximum of three for an initial appointment of four years and specify that applications are encouraged from people with experience in specific sectors like the business community, the charity or not-for-profit sector, or Human Resources (as set out in paragraph 3.2);
- (b) to authorise the Deputy Director, Customer Contact, Leisure, Culture, Democracy and Governance to make arrangements with the South East Employers organisation to provide support by way of Chairing the Panel and assistance with recruitment and induction of Panel members;
- (c) to authorise the Deputy Director, Customer Contact, Leisure, Culture, Democracy and Governance to make necessary arrangements to recruit to the vacant positions on the Panel as set out in paragraph 3.2;
- (d) That Panel members be offered a fee of £50 per session and be entitled to claim back travel and subsistence costs at the same rate as elected Members.

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Background papers

Description of Background Papers	Contact details
Local Authorities (members' Allowances) (England) Regulations 2001 http://www.legislation.gov.uk/uksi/2001/1280/contents/made	Jane Ringham, ext 2864, 3 rd Floor Gun Wharf
New Council Constitutions: Guidance on regulation for local authority allowances, Office of the Deputy Prime Minister, July 2003	