

**COUNCIL  
25 JUNE 2003**

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**THE LOCAL AUTHORITY (MEMBERS' ALLOWANCES)  
(ENGLAND) REGULATIONS 2003:  
ESTABLISHMENT OF INDEPENDENT REMUNERATION PANEL  
(Acting Director of Corporate Services – Democratic Services)**

**1 INTRODUCTION**

- 1.1 The Local Authorities (Members' Allowances) (England) Regulations 2003 came into force on 1 May 2003. The Regulations provide for a transitional period until 30 September 2003, during which new schemes of members' allowances may be established. From 30 September, all schemes as provided by the Regulations will need to be in place. The Regulations require the Authority to establish an Independent Remuneration Panel and this report seeks approval for the Chief Executive to appoint the Panel.

**2 RECOMMENDATION**

**2.1 That the Chief Executive be authorised**

- (a) to constitute an Independent Remuneration Panel having regard to the advice of the appointed Independent Chairman, Dr Declan Hall of Birmingham University.**
- (b) to determine the level of allowances payable to members of the Independent Remuneration Panel,**
- (c) in consultation with the Chairman of the Standards Committee, to remove any member of the Independent Remuneration Panel if it should be considered that his/her continuing membership of the Panel would discredit the Panel and/or undermine public confidence in the deliberations of the Panel,**
- (d) to replace any member of an Independent Remuneration Panel removed pursuant to (c) above.**

- 2.2 **That the Independent Remuneration Panel should act as a Parish Remuneration Panel if the Council should be advised by any Parish Council that they wish to pay a Parish Basic Allowance.**

- 2.3 **That the tenure of membership of the Independent Remuneration Panel be limited to an initial period of three years.**

- 2.4 **That the Panel review the current scheme of Members allowances having regard to the provisions of the Regulations and make recommendations for a new scheme to be adopted by the Council before 30 September 2003.**

## SUPPORTING INFORMATION

- 3.1 The Council's current scheme of allowances was adopted in November 2001 and was made having regard to the recommendations of an Independent Remuneration Panel established for the purpose. The former Strategy & Policy Committee had authorised the Director of Corporate Services to constitute a new independent remuneration panel following introduction of the new executive arrangements. The new Regulations, which came into force on 1 May this year, supersede the previous Regulations and require the Authority to adopt a new scheme of allowances. This must be done having regard to the recommendations of an Independent Remuneration Panel.
- 3.2 As a first step, the Chief Executive has appointed Dr Declan Hall, of the Institute of Local Government Studies (Inlogov), Birmingham University, to chair the Panel. Dr Hall is recognised as a national authority in this field and will advise the Chief Executive on the composition of the Panel and the conduct of the review of allowances. The Panel will need to meet and produce recommendations for the Council over the next two months. Government guidance on implementing the Regulations is still awaited but the draft guidance advises that Independent Remuneration Panels should have at least three members and should avoid unduly large panels. Dr Hall, who has chaired many such panels, advises that a panel of four or five is ideal, including representative members of the business community, the public sector and the general public. An extract from the draft guidance is attached as Annex A.
- 3.3 It is intended that the panel membership will include some of the independent persons who served on the panels previously, to the extent that this is possible. Dr Hall has advised against advertising in the press as a means of recruiting members of the public to serve on the panel. His advice is to approach the members of the former public panel, who will have some prior knowledge of the subject area, to ascertain whether any would be able to serve again, or alternatively Dr Hall is able to recommend a local resident personally.
- 3.4 The Panel will be required to make recommendations to the Council on the following matters:
- the amount of basic allowance payable to Members
  - the categories of members who should receive a special responsibility allowance and the amount of such allowances
  - the duties for which a travelling and subsistence allowance can be paid and the amount of the allowance
  - the amount of co-optees allowance
  - dependant carers/childcare allowance
  - whether allowances should be backdated to the beginning of the financial year (or 1 May in our case)
  - whether annual adjustments may be made with reference to an index, and for how long such a measure should run, to a maximum of four years before review
  - which members of the authority are to be entitled to be admitted to the Local Government Pension Scheme (The Council will only be able to give pension rights to Members recommended for it by the Panel)
  - whether basic and/or responsibility allowances should be treated as amounts in respect of which such pensions are payable.

## Parish Councils

- 3.5 If any of the Parish and Town Councils within the Borough, decides that it wishes to pay a 'parish basic allowance' to its chairman, or to all its members it shall need to have regard to the recommendations of the Independent Remuneration Panel, which shall be constituted as the Parish Councils Independent Remuneration Panel for this purpose. The Town and Parish Council have been invited to advise whether they wish to introduce a parish basic allowance. In the event that they do, they shall be required to share any costs of the Panel process in respect of parish allowances.

## 4 ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS

### Borough Solicitor

- 4.1 There are no specific legal issues arising from this report.

### Section 151 Officer

- 4.2 The financial implications of the Panel's recommendations will be reported to the Council with the report of the Panel. The costs associated with the Panel, including panel members' expenses, will be met from existing budgets.

### Access Implications

- 4.3 None

### Background Papers

The Local Authorities (Members' Allowances) (England) Regulations 2003

### Contact for further information

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### Doc. Ref

Council 25 June 2003/Establishment of IRP

**EXTRACT FROM DRAFT STATUTORY GUIDANCE**

46. 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 this guidance and the need to ensure that this process commands public confidence throughout all the communities in the local authority's area.
47. 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.
48. Local authorities 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 candidates. Councils may consider it best to use a combination of advertising and inviting the putting forward of candidates. In all cases the local authority will need to ensure that its appointment process is open to public scrutiny.
49. 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. Political appointments, and appointments which are made through friendship or any other personal association of any members of the council should always be avoided.