

INDEPENDENT PANEL ON MEMBERS' ALLOWANCES

Accountable Officer: John Moffoot (Head of Corporate Administration)

Author: John Moffoot (Head of Corporate Administration) - MK252314

1. Purpose

- 1.1 To establish Terms of Reference for an Independent Panel to consider Members' Allowances.
- 1.2 To consider a mechanism for identifying and appointing the Panel.
- 1.3 To consider whether the Council should agree in advance to be bound by the Panel's recommendations.

2. Summary

- 2.1 At its last meeting, the Sub-Committee agreed to the establishment of an Independent Panel to consider the level of Members' Allowances.
- 2.2 This report suggests Terms of Reference for the Panel, and offers alternatives for establishing the membership of the Panel. It is essential that the process is approached in a subjective fashion so as to maintain the credibility of the recommendations made by the Panel.
- 2.3 It is also important that the Council establishes its approach to accepting or rejecting the Panel's recommendations, so that the eventual decision can be seen to be free of political influence.

3. Recommendations

- 3.1 That the following Terms of Reference be approved:
 - (a) 'To consider and make recommendations on the structure and the level of Members Allowances paid by Milton Keynes Council, taking account of the time commitment and level of expertise which is now expected of Members, and that which will be expected when new political management structures are implemented.
 - (b) To consider and make recommendations on the range of duties for which travelling allowances and subsistence should be payable when new political management arrangements are in place, and the level of travelling and subsistence allowances paid by the Council.

- (c) To report back to the Council in time for any revisions to be implemented from the Annual Council Meeting in May 2000, subject to resources permitting.'
- 3.2 That the Sub-Committee indicates which approach to establishing the membership of the Panel it would prefer.
- 3.3 That the Head of Corporate Administration be authorised to complete the arrangements for establishing the Panel in accordance with the approved approach, in consultation with the Sub-Committee as necessary.
- 3.4 That the Policy and Resources Committee be recommended to agree that it will be bound by the recommendations of the Independent Panel, for implementation when resources permit.

4. **Background**

- 4.1 In 1996, the Council became one of the first in the country to set up an Independent Panel to review the level of Members' Allowances.
- 4.2 The Panel had the following Terms of Reference:
- 'To examine options for a scheme of Members' Allowances, taking into account the role of Members, the level of the involvement which will be expected of Members of a Unitary Authority, and the schemes which have been proposed by the Local Government Associations and other Authorities, and to make recommendations to the Council in time for a scheme to be effective from 1 April 1997' (Minute CL42/96).
- 4.3 The Council agreed at the same time that the Panel should have 7 members, and that the Chief Executive should have the authority, in consultation with Group Leaders, to appoint the Panel 'from a list of persons assembled following public notice, giving due consideration to the ability of Panel members to contribute to discussions, meet the timescales set, and have an understanding of the issues involved'.
- 4.4 A total of 32 names were assembled from a combination of nominations by Group Leaders and public advertisement. The Chief Executive took account of the following criteria in making the final appointments:
- (a) Panel members should preferably be residents of the Borough, or failing that, a taxpayer, or failing that, an employee in Milton Keynes;
 - (b) the Panel should be representative of the community, eg a balance would be needed between men and women, and with representatives of minority or disadvantaged groups;
 - (c) the Panel should contain a range of background experience or skills; and
 - (d) there should be a balance between urban and rural residents.
- 4.5 The Panel met on 11 occasions over the summer of 1996. The method of working included obtaining information about other Members' Allowances Schemes, sending a questionnaire to all Members, and meeting some individually. The Panel also sought the views of the public on the level of allowances.
- 4.6 In October 1996, the Council agreed to accept the recommendations of the Panel in advance of the publication. The Panel reported in November 1996 with a list of recommendations which continue to form the basis of the Council's Members' Allowances Scheme.
- 4.7 Although a direct comparison is impossible because of the increase in the number of Members, and the costs which were being incurred by the County Council, the recommendations increased expenditure on Members' Allowances from about £87,000 to £264,000 per annum.

- 4.8 At the meeting of the Members Services Sub-Committee held on 9 September 1999, it was agreed to consider a process for reviewing, through an Independent Panel, remuneration and travelling expenses.
- 4.9 At the meeting of the Council held on 12 October 1999, the particular issues of the payment of travelling expenses to Members attending Committees either to present Ward/Members Items, or to represent other Committees, were referred to the Panel.
- 4.10 The Sub-Committee now needs to consider Terms of Reference for the Panel, a selection procedure, and whether the Council should adopt a view on the Panel's outcome in advance, as happened in 1996.

5. **Issues and Choices**

- 5.1 The following draft Terms of Reference are submitted for consideration:
- '(a) To consider and make recommendations on the structure and the level of Members Allowances paid by Milton Keynes Council, taking account of the time commitment and level of expertise which is now expected of Members, and that which will be expected when new political management structures are implemented.
 - (b) To consider and make recommendations on the range of duties for which travelling allowances and subsistence should be payable when new political management arrangements are in place, and the level of travelling and subsistence allowances paid by the Council.
 - (c) To report back to the Council in time for any revisions to be implemented from the Annual Council Meeting in May 2000, subject to resources permitting.'
- 5.2 There are a number of options available for the appointment of the Panel. The 1996 Panel was set up following nominations by Group Leaders and public advertisement, and the eventual Panel represented a combination of each aspect of the process. That process could be used again.
- 5.3 Alternatively, the Panel could be formed entirely from nominations submitted by political groups, or entirely from public notice.
- 5.4 With any of these alternatives, a selection and appointment process will be needed, which should be free from political influence and transparent. If this approach is adopted, it is suggested that the Head of Corporate Administration should be authorised to select the final panel members, in consultation with the Sub-Committee, as necessary.
- 5.5 An alternative approach would be to invite a particular person, or a small group of people with expertise in local government, to carry out the review. This is likely to increase the speed of the review, but may mean that it is less representative of the circumstances in Milton Keynes and, therefore, less supportable in the public arena.

- 5.6 A further alternative, therefore, would be to combine the expertise of a particular person with a small number of local laypeople.
- 5.7 In 1996, the Council agreed to accept the Panel's recommendations after the Panel had completed its work, but before the recommendations were available. This avoided the Panel having a 'blank cheque', but also took acceptance of the recommendations out of the political arena.
- 5.8 There are advantages and disadvantages to the Council committing itself to accept the Panel's findings in advance. The advantages are that the Council cannot make a decision based on political positions after the event; that the Panel knows that it is not wasting its time; and that implementation can proceed at the earliest possible moment. The disadvantages are that the Panel may not take account of the Council's 'ability to pay', and the Council effectively hands over decision-making to the Panel.
- 5.9 An alternative approach would be to agree the recommendations in advance, but at an appropriate moment in the process, as happened in 1996, or commit to implementing the recommendations 'when resources permit'

6. **Implications**

6.1 Environmental

None.

6.2 Equalities

It is fundamental that the level of Members' Allowances is such that nobody is prevented from being a Councillor for financial reasons.

6.3 Financial

The Council currently budgets to spend £270,000 on Members' Basic and Special Responsibility Allowances and £18,000 on other Members' Allowances including travel and subsistence. No budget exists to increase these amounts.

6.4 Legal

The Local Government and Housing Act 1989 and the Local Authorities (Members' Allowances) Regulations 1991, require local authorities to make a scheme for the payment of Members' Allowances.

6.5 Staff and Accommodation

None.

Background Papers: Report of Independent Panel on Members' Allowances 1996.