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To: Selection and Member Services Committee, 1 December 2022

Subject: Member Remuneration Panel: Arrangements and Terms of Reference

Status: Unrestricted

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## **1. Introduction**

- a) The County Council is responsible for agreeing the Members Allowances Scheme. A scheme, or an amendment, can only be agreed by Council if it has a report with recommendations before them produced by the independent Member Remuneration Panel (MRP). The regulations underpinning this system have been essentially unchanged since 2003. As part of the ongoing review and refresh of the Council's governance, it is an appropriate time to consider whether any changes are needed to the current process.
- b) This report only considers matters relating to the recruitment and terms of reference of the MRP and does not make any comment on the Member Allowances Scheme itself or content of previous MRP reports.
- c) The proposal presented in this report is a phased shift in how the process is managed. The core elements are:
  - 1. Agreeing the principle that the four-yearly scheme should be agreed prior to the start of the four-years to which it applies.
  - 2. Bringing the appointment date of the MRP members forward a year within the four-year Council term.
  - 3. Changing the recruitment method for Panel members.
  - 4. Updating the Terms of Reference of the Panel.

## **2. Starting Point of a Four-Year Scheme**

- a) The long-established practice at Kent County Council has been to agree a four-year Members Allowances Scheme coterminous with a four-year Council term. The long-standing practice of the Council has been to agree the scheme after the elections and once the four-year Council term has already begun to which the scheme applies.
- b) Any annual uprating is now agreed as part of the budget and so are put into effect from the start of the financial year.
- c) There are some arguments in favour of waiting until after the elections to agree the four-yearly scheme – such as being able to involve outgoing, continuing, and new or returning Members in the discussions. However, the 2003 regulations are clear that the scheme be agreed before the beginning of the (municipal) year.

- d) Making the decision prior to an election for a scheme which will only impact those elected mitigates the conflict of interest inherent in Members agreeing their own scheme of allowances. It also allows candidates and those considering standing for election to know with more certainty what the allowances scheme will contain.

### **3. MRP Term of Office**

- a) MRP members are currently appointed to four-year terms, with the current term ending on 31 October 2024. While this is six months ahead of the next election, the time needed to undertake, produce, and respond to the MRP report means a new scheme will be unable to be agreed prior to the election or the budget meeting.
- b) When the term of the current MRP expires, the new membership could be appointed to a term of three years on that occasion. This would bring the appointment of the subsequent MRP to eighteen months ahead of the election.
- c) However, this would not address the issue of enabling a report to be produced and scheme to be agreed ahead of the 2025 election – November 2024 would perhaps be the most appropriate time for agreeing the Members Allowance Scheme to run from May 2025 for four years. This would allow it to be properly considered by those considering standing for election
- d) Subject to availability, the current MRP could be asked to undertake a second review in the final year of their term. Future appointments cannot be prejudged, so it is not certain that the same MRP members would be in post at the start and the end of the process.
- e) The way forward being proposed is that the next MRP is recruited next year in order to be appointed by Council and start its term on 1 November 2023. The MRP would therefore have a membership of between 3 and 6 for the period of a year depending on whether the current members applied and were appointed. From 1 November 2024, the MRP members would total 3.
- f) Assuming the changes proposed to the recruitment of the MRP are agreed, then this should be a straightforward process.

### **4. Recruitment of the MRP**

- a) As set out in the Terms of Reference of this Committee and the Panel, the selection process of the MRP endeavours to put some distance between Members and those charged with making recommendations on their allowances. A selection panel of three non-Members is appointed by the Selection & Member Services Committee and they are responsible for making nominations as to whom Council should appoint. Historically, the selection panel has been composed of Honorary Aldermen.
- b) This indirect method of selection is unusual with no equivalent arrangement being found on surveying other Councils. It also adds several months to the process. In all other authorities reviewed the selection of names for nomination was conducted by senior Members, senior Officers, or a combination of both. Honorary Aldermen are not covered by the indemnity policy for Members and Officers. If there was a challenge to the recruitment process (including the

interviews carried out), this could potentially put the Honorary Aldermen at risk as well as being a reputational risk to the Council.

- c) The principle of distancing Members from the recruitment in the current practice is a sound one. The recommendation therefore is that the Monitoring Officer is responsible for the recruitment/selection process of names for nomination, and this would require a change to the terms of reference of the Panel and a consequential amendment to that of the Selection and Member Services Committee (see appendix). Full Council will still have the final say when the full Panel is appointed.

## **5. Updating the Terms of Reference of the Panel**

- a) The role and responsibilities of the MRP are clearly set out in the 2003 regulations. However, the terms of reference are currently not very detailed and could potentially lead to reports and recommendations from the Panel that either cover too little or too much. A review of other terms of reference showed that most contained more detail as to what the scheme should contain and therefore what the recommendations should focus on.
- b) The revision would also be an opportunity to correct an anomaly. The purpose behind the 2003 regulations was that the MRP report would provide an independent perspective from people unaffected by the scheme. However, the Panel are currently paid at the same day-rates as co-opted members. The MRP have a similar conflict of interest when considering an increase to the day-rates.
- c) Under the regulations, the Council may make provision to pay Panel members an allowance and/or pay expenses. This payment should not be part of the Members Allowances Scheme as Panel members are not Members or Co-opted members. In addition, the last review was conducted virtually, and led to additional administration where the day rate was converted to an hourly rate.
- d) What is suggested is a straightforward allowance per review, plus appropriate expenses. The figures suggested in the draft terms of reference are based on examples from other authorities, and a consideration of the sums claimed for previous reviews.
- e) The suggested changes to the Terms of Reference are set out in the appendix.

## **6. Recommendation**

The Selection and Member Services Committee is asked to:

1. Agree to support the principle that schemes should be agreed before the start of the year to which they apply.
2. Agree to bring forward the appointment of the MRP by one year within the four-year cycle.
3. Recommend to County Council that the Terms of Reference of the Member Remuneration Panel be amended as set out in the appendix.

## **7. Background Documents**

None.

## **8. Report Author and Relevant Director**

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