EXPLANATORY MEMORANDUM TO

THE COMBINED AUTHORITIES AND COMBINED COUNTY AUTHORITIES (REMUNERATION PANELS FOR MEMBER ALLOWANCES AND CONSEQUENTIAL AMENDMENTS) ORDER 2026

2026 No. 719

1. Introduction

1.1 This Explanatory Memorandum has been prepared by the Ministry of Housing, Communities and Local Government and is laid before Parliament by Command of His Majesty.

2. Declaration

2.1 Nesil Caliskan, Minister for Devolution, Faith and Communities, confirms that this Explanatory Memorandum meets the required standard.

2.2 Melissa Brown, Deputy Director for English Devolution Strategy and Institutions at the Ministry of Housing, Communities and Local Government, confirms that this Explanatory Memorandum meets the required standard.

3. Contact

3.1 Jennifer Hope at the Ministry of Housing, Communities and Local Government can be contacted by email at the following address with any queries regarding the instrument: EnglishDevolution@communities.gov.uk. Alternatively, the department can be contacted by telephone: 0303 444 0000.

Part One: Explanation, and context, of the Instrument

4. Overview of the Instrument

What does the legislation do?

4.1 This instrument specifies independent remuneration panels established by Combined Authorities (CAs) and Combined County Authorities (CCAs) as "relevant remuneration panels" for the purposes of paying allowances to members with special responsibilities.

4.2 The instrument also makes consequential amendments to existing secondary legislation to enable the payment of allowances to CA and CCA members with special responsibilities. It does so by making these allowances a further exception to existing prohibitions on the payment of allowances to members. It also makes consequential amendments to ensure that these special responsibility allowances are pensionable, and makes further, minor amendments.

Where does the legislation extend to, and apply?

4.3 The extent of this instrument (that is, the jurisdiction(s) which the instrument forms part of the law of) is England and Wales.

4.4 The territorial application of this instrument (that is, where the instrument produces a practical effect) is England only.

5. Policy Context

What is being done and why?

5.1 Section 10 of the English Devolution and Community Empowerment Act 2026 ("the 2026 Act") confers powers for CAs and CCAs to make schemes for the payment of allowances to members who have special responsibilities.

5.2 The change is being introduced to address the current misalignment whereby members undertake significant additional work for a CA or CCA but can only be remunerated by their constituent council, placing an unfair burden on those councils. It ensures a fairer and more transparent system by enabling the authority that directly benefits from members' work to recognise and reward those contributions appropriately.

5.3 The 2026 Act provides that a scheme of allowances cannot be made until the CA or CCA has considered a report by a "relevant remuneration panel" which contains recommendations on allowances payable under the scheme, and allowances cannot exceed the recommendations made by the panel. "Relevant remuneration panel" is defined as a panel specified in secondary legislation by the Secretary of State. Guidance on the paying and reporting of allowances for members with special responsibilities was published on Thursday 16 April 2026, and came into effect on Royal Assent of the 2026 Act[1].

5.4 This instrument specifies a "relevant remuneration panel" as an independent remuneration panel established by a CA or CCA. These panels are responsible for reviewing and recommending the levels of allowances and expenses paid to elected officials and appointed members within a CA or CCA. It ensures that the process for setting allowances is open, transparent and independent of politicians.

5.5 These panels are the most effective and efficient panel to take on this role, without adding undue burden to their existing duties.

What was the previous policy, and how is this different?

5.6 Until section 10 of the 2026 Act came into force, the Levelling-Up and Regeneration Act 2023 and Local Democracy, Economic Development and Construction Act 2009 did not provide for members to receive payment for special responsibilities undertaken in service of a CA or CCA. CA and CCA establishment instruments prohibited payment of allowances to members, subject to exceptions such as travel and subsistence allowances. The 2026 Act provides for the payment of allowances for members who have special responsibilities.

5.7 Without this instrument, it would not be possible for CAs or CCAs to establish a scheme under section 10 of the 2026 Act. This instrument ensures that CA and CCA members can be paid allowances under section 10, according to a payment scheme recommended by an independent remuneration panel.

6. Legislative and Legal Context

How has the law changed?

6.1 This instrument is made under powers in the Levelling-up and Regeneration Act 2023 and the Local Democracy, Economic Development and Construction Act 2009. These powers are contained in provisions inserted by section 10 of the 2026 Act. Under

[1] https://www.gov.uk/government/publications/appointing-mayoral-commissioners-and-settingreporting-allowances

those provisions, CAs and CCAs may make schemes to pay allowances to members, subject to certain conditions including consideration of a report published by a "relevant remuneration panel". This is defined as a panel specified, or of description specified, by the Secretary of State in secondary legislation.

6.2 This instrument amends the Combined Authorities (Overview and Scrutiny Committees, Access to Information and Audit Committees) Order 2017 to specify relevant remuneration panels to be independent remuneration panels established by CAs and CCAs.

6.3 The instrument also makes consequential amendments to existing secondary legislation to enable the payment of allowances to members with special responsibilities by making these allowances a further exception to existing prohibitions on the payment of allowances to members.

6.4 The instrument makes additional, minor amendments to the remuneration provisions for two authorities:

6.5 West of England Combined Authority (WECA): amending the provisions relating to existing allowances for the mayor and members or substitute members of the CA to refer to a report published by an independent remuneration panel established by WECA, rather than one established by a constituent council or councils. This amendment is being made for consistency with allowances for members with special responsibilities, and with provision for other CAs and CCAs.

6.6 East Midlands Combined County Authority: amending a cross-reference to correct a minor error.

Why was this approach taken to change the law?

6.7 This is the only possible approach to make the necessary changes. Independent remuneration panels established by CAs and CCAs under the 2017 Order are best placed to carry out this function. This approach also avoids putting undue burdens on CAs and CCAs to establish new remuneration panels.

7. Consultation

Summary of consultation outcome and methodology

7.1 The 2026 Act, which was a manifesto commitment, has undergone significant scrutiny and consultation where appropriate. This SI implements a technical detail in the scheme of the Act, and thus does not require formal consultation. Informal consultation was undertaken on the statutory guidance supporting this instrument.

8. Applicable Guidance

8.1 Guidance is not being provided for this specific instrument, but statutory guidance on paying allowances to members with special responsibilities was published on Thursday 16 April 2026, and came into effect on Royal Assent of the 2026 Act[2].

[2] https://www.gov.uk/government/publications/appointing-mayoral-commissioners-and-settingreporting-allowances

Part Two: Impact and the Better Regulation Framework

9. Impact Assessment

9.1 A full impact assessment has not been prepared for this instrument, as no significant impact on the private, voluntary or public sector is foreseen.

9.2 The English Devolution and Community Empowerment Act 2026 underwent a full impact assessment[3].

Impact on businesses, charities and voluntary bodies

9.3 There is no, or no significant, impact on business, charities or voluntary bodies because it relates to a technical aspect of a policy relating to CAs and CCAs.

9.4 The legislation does not impact small or micro businesses.

9.5 There is no, or no significant, impact on the public sector. The impact on CAs and CCAs is small, as the instrument confers a new function on existing remuneration panels, rather than requiring the establishment of a new panel.

10. Monitoring and review

What is the approach to monitoring and reviewing this legislation?

10.1 The English Devolution Accountability Framework[4] sets out how Strategic Authorities will be held to account at local level, by central Government and by the public.

10.2 The framework aims to ensure that devolved powers are exercised transparently, ethically, and effectively, delivering value for money and aligning with national and local priorities.

10.3 The Government intends to update this framework to reflect changes made to the system of accountability by measures in the English Devolution and Community Empowerment Act 2026.

Part Three: Statements and Matters of Particular Interest to Parliament

11. Matters of special interest to Parliament

11.1 None.

12. European Convention on Human Rights

12.1 As the instrument is subject to negative procedure and does not amend primary legislation, no statement is required.

13. The Relevant European Union Acts

13.1 This instrument is not made under the European Union (Withdrawal) Act 2018, the European Union (Future Relationship) Act 2020 or the Retained EU Law (Revocation and Reform) Act 2023.

[3] https://www.gov.uk/government/publications/english-devolution-and-community-empowerment-bill-impact-assessment

[4] https://www.gov.uk/government/publications/english-devolution-accountability-framework