



REPORT OF THE

INDEPENDENT REMUNERATION PANEL

ON

THE MEMBERS' ALLOWANCES SCHEME 2017-2018

FOR

SPELTHORNE BOROUGH COUNCIL

June 2017

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INTRODUCTION

1. This report has been prepared in accordance with the *Local Authorities (Members' Allowances) (England) Regulations 2003* ("the 2003 Regulations") as amended, which require all local authorities to appoint an Independent Remuneration Panel ('the Panel') to advise on the terms and conditions of their Scheme of Members' Allowances ('the Scheme').
2. The Panel acknowledges that it is a matter for the Council to decide the level of Members' Allowances. The statutory position (Paragraph 19 of the 2003 Regulations) is that Spelthorne Borough Council "**shall have regard to**" the advice from the Panel and the Council cannot make any changes to its Scheme without first considering the Panel's advice on the issues involved. In "having regard" to the Panel's advice, the Council is to "give proper consideration" to the Panel's report. In this way, the Council can take full account of its particular circumstances and be directly accountable to its electorate.
3. The function of the Panel is therefore to provide the Council with advice on the type of its allowances and the amounts to be paid.
4. The 2003 Regulations require the authority to make copies of the Scheme available for inspection by members of the public at all reasonable hours and publish a notice in a local newspaper giving details of the Scheme and the amounts payable in respect of each allowance mentioned in the Scheme.

INDEPENDENT REMUNERATION PANEL

5. Spelthorne Borough Council appointed the following persons to comprise the Panel at its meeting on 27 April 2017:
Sir Ivan Lawrence QC (Chairman)
Mr. George McLaughlin
Mr. Colin Squire
6. The members of the Panel have between them diverse experience in central Government, the law, local business, local authorities and charity work.
7. The Panel is fully independent of the Council and is not fettered in any way to provide impartial enquiry, scrutiny, advice and recommendation.
8. The Panel does not receive any payment for the time or work that it expends in undertaking the annual review of Members' Allowances.

TERMS OF REFERENCE

9. For the purposes of this review and due to the appointment of the Panel after the Council had already agreed its budget for 2017/18, we have been asked to confine our considerations and make recommendations to the Council on the following matters only:
 - a) The amount of Basic Allowance payable to all Council members;
 - b) The roles of Council members which should receive a Special Responsibility Allowance (SRA) and the amount of that allowance;

- c) Whether adjustments to the level of allowances may be determined according to an index and, if so, which index and how long that index should apply, subject to a maximum of four years before its application is reviewed; and
- d) Whether the rules relating to payments of Special Responsibility Allowances (SRAs) should be varied.

PRINCIPLES UNDERPINNING OUR REVIEW

- 10. The Panel has sought to reflect the views of ordinary ratepayers in considering its recommendations. It aspires to a Scheme¹ that is both fair to members and seen to be fair by council taxpayers.

CURRENT SCHEME

- 11. The (previous) Panel's last review of Members' Allowances took place in December 2015, when it recommended that the Basic Allowance payable to all members of Spelthorne Borough Council should be £4,550 per annum from 1 April 2016, an increase of £612 in the Basic Allowance.
- 12. After some delay, the Panel's report came before the Council on 21 July 2016. The Council did not agree with the Panel's recommendation and decided to increase the Basic Allowance to £5,785. It also varied from the Panel's recommendation on the Leader's SRA which it agreed to increase to £13,306.

SOURCES OF INFORMATION FOR 2017/18

- 13. The Panel met with the Leader to discuss its preliminary recommendations on the Scheme for 2017/18 and listen to his view. The purpose of the meeting was to invite comments and no negotiations or decisions were made. The Panel found the discussions useful and is grateful to the Leader for his contributions which have assisted its deliberations.
- 14. The Panel was also provided with:
 - Background information about the Council against which this review is undertaken, including but not restricted to:
 - the Council's reducing revenue grant
 - property acquisitions made and planned, to help fill budget gap
 - Surrey County Council cuts and impact on Borough Council provision of services that the County Council withdraws from
 - Fire Station relocation and changes to the Fire Service in Spelthorne
 - Change to Universal Credit and resultant loss of income to Borough residents
 - Members allowances increases in comparison with staff pay increases
 - Elected Councillor is a public service role (Basic Allowance includes a discount of 33% for the voluntary public service element)
 - The Basic Allowance compensates for financial loss incurred in undertaking the role of councillor

¹Proposed Scheme for April 2017 is attached at Annex 1

- The current Members' Allowances Scheme
- Spelthorne Borough Council's ranking for Basic Allowance and SRAs against other Surrey Boroughs and Districts in 2016/17.
- Terms of Reference of the Spelthorne Joint Committee (with Surrey County Council)

CONSIDERATIONS AND RECOMMENDATIONS

Basic Allowance

15. The Scheme must include provision for a Basic Allowance, payable at an equal flat rate to all councillors.²
16. The Basic Allowance is intended to recognize the time commitment of all councillors including such inevitable calls on their time as attending Council and other formal meetings, training/briefings, civic events and political group meetings and undertaking general constituency work. It is also intended to cover incidental costs such as the use of their homes and telephones.

Comparison to Surrey Boroughs and Districts

17. We noted how Spelthorne's current Basic Allowance compares to the other Surrey Boroughs and Districts.

Council	Basic Allowance (£) 2016-17 ⁶
Woking Borough Council	7200
Guildford Borough Council	6616
Spelthorne Borough Council	5785
Reigate & Banstead Borough Council	5388
Surrey Heath Borough Council	4990
Waverley Borough Council	4619
Elmbridge Borough Council	4395
Mole Valley District Council	4201
Tandridge District Council	4068
Epsom & Ewell Borough Council	3341
Runnymede Borough Council	3215

18. The Panel noted the Basic Allowance payments made by other councils in 2016/17 and that as a benchmark Spelthorne is performing well against them.
19. The Panel noted that members' allowances had developed an accumulated shortfall during the period 2009/10 to 2015/16, as a result of the Council not making any increases but that this had been redressed in 2016 increasing the level of allowances

² The Local Authorities (Members' Allowances) (England) Regulations 2003: Part 2, Regulation 4. (1)(a)

compared to the other Surrey authorities to a better position than they had been in 2008.

20. The Panel is of the opinion that the uplift in members' allowances in 2016 represented a 'catch-up' rather than an increase in the level of allowances. It is persuaded that an increase in the Basic Allowance for 2017 which closely reflects the cost of living increase over the 12 months to April 2017 would be both fair and reasonable.
21. According to the Office of National Statistics the CPI (Consumer Price Index) for the period April 2016 to April 2017 stands at 2.7%.
22. The Panel recommends an increase of 2% in the Basic Allowance.
23. The Panel notes that this increase will be at the same level as the staff pay increase for 2017/18 but comments that it does not intend to formally commit to an index on the basis of staff pay increases for future years, at this time.
24. It may at a future point return to this issue to consider if the level of staff pay increases is a useful index for Members' allowances.
25. In making its recommendation the Panel has sought to maintain a sensible balance between:
 - (a) the financial constraints facing the Council due to the fall in Government Grant during the years 2016-2020 which will continue to be a pressure for Council finances;
 - (b) the need to maintain a Scheme which is fair, easy to understand and straightforward to administer; and
 - (c) the need to ensure the level of remuneration is sufficient to allow existing councillors to fulfil their role successfully.³

RECOMMENDATION

The Panel recommends that the Basic Allowance payable to all members of Spelthorne Borough Council should be £5901 per annum from 1 April 2017.

Special Responsibility Allowances

26. An SRA may be paid to recognize the significant additional time and responsibility that certain roles in the Council require of councillors. The payments for SRAs do not have to be the same across different roles. SRAs do not have to be paid but there is a requirement that, if they are paid, at least one Member of a minority group should receive an SRA.
27. The 2003 Regulations do not limit the number of SRAs which may be paid, nor do they prohibit the payment of more than one SRA allowance to any one Member. The Regulations specify the categories of role which the Council may make provision for paying an SRA. Amongst these is: chairing meetings of a council committee or a sub-committee, or a joint committee of the council and one or more other authorities, or a sub-committee of such a joint committee.

³ Rodney Brooke and Declan Hall, *Members' Remuneration: Models, Issues, Incentives and Barriers*. London: Communities and Local Government, 2007.

28. Under the current Scheme of allowances for Spelthorne there are 5 categories for Special Responsibility Allowances which are paid to a total of 14 councillors:
- Leader (1)
 - Deputy Leader (1)
 - Cabinet Member (7)
 - Chairman (Planning, Licensing, Audit and Overview and Scrutiny Committees) (4)
 - Opposition Group Leader (1)
29. The Panel agreed that these roles should continue to be awarded an SRA in recognition of those councillors with significant additional responsibilities.
30. The Panel noted the comments of the Leader with regards to the increased responsibilities that some councillors in receipt of SRAs had experienced in the last year as the Council was forced to expand its activities to meet funding gaps. The Panel will consider these extra responsibilities in more depth when it undertakes the Review for 2018/19.
31. For this review, the Panel recommends a cost of living increase across all SRAs of the same percentage as the Basic Allowance of 2%. This is considered to be both fair and reasonable for the purposes of this review.

RECOMMENDATION

The Panel recommends that all Special Responsibility Allowances should be increased by 2% from 1 April 2017.

Spelthorne Joint Committee

32. The Panel was advised that since the last review took place Spelthorne Borough Council and Surrey County Council had set up a Joint Committee. The new Committee was operational from the end of December 2016 and membership consists of all the county councillors with electoral divisions in Spelthorne, one Surrey County Council Cabinet Member and an equivalent number of borough councillors at least one of whom is a member of the Borough Council's Cabinet.
33. The Panel noted that the Chairmanship and Vice-Chairmanship of the Joint Committee (a Surrey County Councillor and a member of the Borough Council's Cabinet) will rotate between the two Councils every two years. The current Chairman is the Borough Council's Leader, Councillor Harvey.
34. The Panel considered whether there was a significant additional responsibility attached to the role of Chairman/Vice-Chairman of the Spelthorne Joint Committee which warranted an SRA and if so, the amount of those allowances.
35. The Panel considered the functions and responsibilities of the Joint Committee and listened to the Leader's comments about his role as Chairman/Vice-Chairman of the Joint Committee and what this involved in terms of responsibility and time commitment.
36. The Panel was initially concerned that the available time for the Leader to spend on Council work was finite and that in order to undertake this new role he must necessarily be spending less time on his work for the Borough Council in his role as the Leader of the Council. However, the Panel was impressed by the Leader's

representations to the contrary and was persuaded by his comments that he takes whatever time and effort is necessary to fulfil all his responsibilities diligently; one is not sacrificed for another.

37. It is persuaded for the following reasons that there is a significant additional responsibility attached to the role of Chairman/Vice-Chairman of the Spelthorne Joint Committee which warrants an SRA:
- Through the Joint Committee the Borough Council:
 - ❖ formally makes decisions in relation to specified Surrey County Council functions and
 - ❖ has an influencing role on everything else that the County Council is responsible for;
 - The Joint Committee brings Borough Councillors into areas that were formerly only within the remit of Surrey County Councillors; and
 - The Borough Councillor fulfilling the role of Chairman/Vice-Chairman of the Joint Committee is accountable for a wider range of issues and is expected to deliver more outcomes for the Spelthorne community, than when they are acting as a Borough Councillor.
38. The Panel recommends a new Special Responsibility Allowance for the role of Chairman/Vice-Chairman of the Spelthorne Joint Committee when that role is filled by a member of Spelthorne Borough Council Cabinet, for inclusion in the Scheme from 2017/18.
39. In considering the allowance to be paid to the Councillor fulfilling this role, the Panel noted the allowances paid by Surrey County Council when its member is appointed to the role of Chairman/Vice-Chairman. In 2017/18, these allowances are £8015 for the role of Chairman and £1500 for the role of Vice-Chairman.
40. The Panel was persuaded that the Borough Councillor fulfilling the role of Chairman of the Joint Committee would spend an equivalent amount of time and effort and have comparable responsibilities as the Surrey County Councillor when he/she held the same position.
41. The Panel is of the opinion, as it is likely the same Borough Councillor will fulfil the roles of Chairman and Vice-Chairman in successive years that the Vice-Chairman is likely to work as hard in his role as when holding the position of Chairman.
42. The Panel is therefore recommending an equal payment of an SRA to the role of Chairman and Vice-Chairman of the Joint Committee which is half the total amount paid by Surrey County Council to the role of Chairman and Vice-Chairman when its member holds those roles. i.e. $£8015 + £1500 = £9515 \div 2 = £4758\text{pa}$ (*rounded up*)

RECOMMENDATION

The Panel recommends that the roles of Chairman and Vice-Chairman of the Spelthorne Joint Committee be entitled to a Special Responsibility Allowance and that the amount of the allowance paid to each of those roles be set at £4758 from 1 April 2017.

Rules on claiming Special Responsibility Allowances

43. As the Chairman and Vice-Chairman of the Joint Committee appointed from the Borough Council members will always be a member of its Cabinet, that member will inevitably already receive an SRA.
44. The current Scheme, approved by successive councils, however, states that, “No one member should be entitled to receive more than one Special Responsibility Allowance”.
45. The Panel noted guidance that supports the Regulations and which indicates that there are important considerations for Local Authorities in relation to SRAs.
46. The ‘one SRA only’ rule improves the transparency of the scheme of allowances. If a councillor is able to receive more than one SRA then the public is unable to ascertain the actual level of remuneration for an individual councillor from a reading of the Scheme of Allowances. The ‘one SRA only’ rule is common practice for many Councils.
47. In view of the Panel’s conclusion that the role of Chairman/Vice-Chairman merits an SRA it recommends that the ‘one SRA only’ rule be waived only in the situation where the Chairman/Vice-Chairman of the Joint Committee is a Borough Councillor already in receipt of an SRA under the Scheme.
48. A second rule in relation to SRAs in the current Scheme states that, “no more than one third of all councillors should be in receipt of Special Responsibility Allowances at any given time.” There are 39 councillors so one third equates to 13.
49. The Guidance states that “If the majority of Members of a Council receive an SRA the local electorate may rightly question whether this was justified. Local Authorities will wish to consider very carefully the additional roles of Members and the significance of these roles both in terms of responsibility and real time commitment before deciding which will warrant the payment of the SRA.”
50. The Panel notes that the number of councillors in receipt of an SRA now stands at 14 (see paragraph 28). The Leader has found it necessary to recently appoint an additional Cabinet member which has taken the total number of councillors in receipt of an SRA to one higher than the ‘one third rule’ allows. The Panel notes that in previous years there had been 14 councillors receiving an SRA although this had dropped back to 13 before the next review of Members’ Allowances was undertaken, so the current situation is only restoring what had previously existed. At this review the Panel has recognised the role of Cabinet member as having significant additional responsibilities which merit the award of an SRA (paragraph 29). In these circumstances the Panel considers it would be unfair to have one Cabinet member who was not in receipt of an SRA. The Panel is satisfied that the ‘one third rule’ is a fair rule to bear in mind as a guideline and although generally sensible in restricting expenditure and guarding against a proliferation of SRAs, notes that it might have to waive it in future similar circumstances.
51. The Panel therefore approves the payment of SRAs to 14 councillors in the present circumstances and recommends that the ‘one third rule’ be maintained as a standard

to adhere to as closely as possible, in order to guard against a proliferation of SRAs , rather than a hard and fast rule to which it must abide.

RECOMMENDATION

The Panel recommends the following changes be made to the Scheme of Members' Allowances in relation to the rules on claiming Special Responsibility Allowances:

- a) that the 'one SRA only' rule be waived only in the situation where the Chairman/Vice-Chairman of the Joint Committee is a Borough Councillor already in receipt of an SRA under the Scheme.**
- b) that the 'one third' rule be maintained as a standard by which the Panel will consider if it is happy with the numbers of SRAs designated, rather than a hard and fast rule to which it must abide.**

INDEXING

- 52. A scheme of allowances may make provision for an annual adjustment of allowances in line with a specified index. The Panel considered whether to recommend such an index to the Basic Allowance and the Special Responsibility Allowances. However, as stated at paragraph 22, the Panel has decided not to commit itself to an index at this time, but will review the matter again when it undertakes a more in-depth review for 2018/19.

OTHER ALLOWANCES

- 53. The Panel does not propose at this time to make any changes to the existing arrangements for the other allowances payable under the Scheme, which includes:
 - Co-optees allowance
 - Dependants' carer's allowance
 - Travel and subsistence allowance

SUMMARY OF PANEL'S RECOMMENDATIONS

The Panel makes the following recommendations to the Council on the Members' Allowances Scheme for 2017-2018:

Allowance	Current amount	Number	Recommended Allowance for 2017/18
Basic (BA):	£5785	39	£5901
Special Responsibility:			
Leader of the Council	£13306	1	£13572
Deputy Leader	£8782	1	£8958
Cabinet Members	£6653	7¹	£6786
Spelthorne Joint Committee Chairman/Vice-Chairman	N/A	1	£4758
Planning Committee Chairman	£5322	1	£5428
Licensing Committee Chairman	£4657	1	£4750
Overview and Scrutiny Committee Chairman	£4657	1	£4750
Audit Committee Chairman	£3327	1	£3394
Opposition Group Leader	£3100	1	£3162
Co-Optees' Allowance	£1000 (Chair) £500 (Vice-Chair)	1 1	£1000 (Chair) £500 (Vice-Chair)
Total Budget	£316, 837		£327,913

¹ Based on the existing Cabinet and excluding the Leader and Deputy Leader

Allowance for expenditure incurred in relation to Approved Duties (Schedule 1 to Scheme)	Unchanged allowances for 2017/18
Dependants' Carer's Allowance	Reimbursement of actual costs incurred

Travelling and Subsistence Allowances	
Motor Mileage Allowance (per mile)	
Cars	Up to 999cc – 46.9p 1000cc – 1199cc – 52.2p 1200cc and over – 65p
Motorcycles	24p
Cycle	Nil
Day Subsistence Allowance	Reimbursement of actual costs incurred

Other Recommendations in relation to the Members' Allowances Scheme 2017/18

Page 8	<p>The Panel recommends that the following changes be made to the Scheme of Members' Allowances in relation to the rules on claiming Special Responsibility Allowances:</p> <p>a) that the 'one SRA only' rule be waived only in the situation where the Chairman/Vice-Chairman of the Joint Committee is a Borough Councillor already in receipt of an SRA under the Scheme.</p> <p>b) that the 'one third' rule be maintained as a standard by which the Panel will consider if it is happy with the numbers of SRAs designated, rather than a hard and fast rule to which it must abide.</p>
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Sir Ivan Lawrence (Chairman)
George McLaughlin
Colin Squire

19 July 2017