



REPORT OF THE

INDEPENDENT REMUNERATION PANEL

ON

THE MEMBERS' ALLOWANCES SCHEME 2019-2020

FOR

SPELTHORNE BOROUGH COUNCIL

January 2019

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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 from providing 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. Our terms of reference are in accordance with the requirements of the 2003 Regulations, together with "Guidance on Consolidated Regulations for Local Authority Allowances" ("the Guidance") issued in 2003. We are required to make recommendations to the Council about the following:
 - a) The amount of basic allowance payable to all Council members;
 - b) The categories of Council members who should receive a special responsibility allowance (SRA) and the amount of that allowance;

- c) Whether the Scheme should include an allowance for the expenses of arranging for the care of children and dependants, and, if so, the amount of this;
- d) The amount of travel and subsistence allowances and the approved duties in respect of which they can be paid;
- e) Allowances for co-optees (for example the independent members appointed by the Council to serve on the Council's Members' Code of Conduct Committee); and
- f) 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.

PRINCIPLES UNDERPINNING OUR REVIEW

10. The following principles, which were established at the time of the Panel's review in 2000, continue to underpin this review: -
 - (i) The basic allowance is intended to recognise the time devoted by councillors to their work, not just work in formal council meetings, but in the community and in meetings with constituents, officers and their political group, and also to cover incidental costs (such as the use of their homes and private telephones).
 - (ii) Special responsibility allowances (SRAs) are used to recognise the *significant additional responsibilities* which attach to some roles, not just the extra time required.
 - (iii) Members' allowances are not intended to compensate for loss of earnings, nor are they to recompense for the total number of hours councillors spend on their duties, bearing in mind the voluntary element of service in fulfilling the role of a local councillor, as recognised in government guidance. Councillors are not paid employees of the Council and their allowances should not be treated as salary.
 - (iv) The Scheme¹ should be fair, easy to understand and straightforward to administer.
11. Alongside the general principle that the payment of an allowance is not intended to compensate for loss of earnings, the Panel advocates a principle of fair remuneration and subscribes to the view promoted by the Independent Councillors' Commission which says that remuneration should not be an incentive for service as a councillor, nor should lack of remuneration be a barrier. The level of remuneration should be sufficient to allow most people to consider becoming an elected member without suffering unreasonable financial disadvantage and equally applies to existing councillors who may be deterred from fulfilling their role successfully if the remuneration is not sufficient.²
12. The Panel has sought to reflect the views of ordinary ratepayers in considering its recommendations. It aspires to a Scheme that is both fair to members and seen to be fair by council taxpayers.

¹Proposed Scheme payments for April 2018 is attached at Annex 1

²Rodney Brooke and Declan Hall, *Members' Remuneration: Models, Issues, Incentives and Barriers*. London: Communities and Local Government, 2007.

CURRENT SCHEME

13. The Panel's last review of Members' Allowances for the financial year 2018/19 took place in November 2017. The Panel undertook a complete and in depth review of the Members' Allowances Scheme which included consideration of the following matters:
 - A member questionnaire on the Allowances Scheme
 - Public Service element discount
 - Councillor workload
 - Basic Allowance
 - Special Responsibility Allowances
 - Whether to apply an index to the level of allowances
 - Co-optees allowance
 - Dependants' carer's allowance
 - Travel and subsistence allowance
 - Approved Duties
14. The Panel recommended:
 - a) that the Basic Allowance should be increased by reference to the staff pay award for 2018/2019;
 - b) that the Special Responsibility Allowances should be frozen at their current amounts for 2018/19 but retain the current multiplier methodology for use in future years;
 - c) that the Co-optees allowances remain at the current level;
 - d) that no changes be made to the current payments for dependants' carer's allowance and travel and subsistence allowance;
 - e) Inclusion of Armed Forces Covenant and site visits by Planning Committee members to the list of Approved Duties.
15. The Panel decided not to commit to an index at the 2018/19 review as it preferred to undertake an annual review rather than formally commit to an index for future uplifts. The Panel stated it would return to consideration of this matter at future reviews.
16. The Council considered the Panel's recommendations at its meeting in July 2018 and accepted them with the exception of increases to Special Responsibility Allowances. The Council agreed that these should increase by the same amount as the Basic Allowance; by reference to the staff pay award for 2018/19. The Council stated that it was focussed on having a clear and simple pay policy in order to embed a "one team" approach between officers and members and was keen to ensure that there was parity in the awards for both councillors and officers alike.

APPROACH FOR 2019/20

17. The Panel met in December 2018 to consider its approach for the 2019/20 review. The Panel decided it did not wish to undertake a further in-depth review as the issues were covered at length in the previous review.
18. The Panel considered data from Boroughs and Districts across Surrey comparing Basic Allowances and Special Responsibility Allowances (SRA) for each authority in 2018/19.

CONSIDERATIONS AND RECOMMENDATIONS

Basic Allowance

19. The Scheme must include provision for a Basic Allowance, payable at an equal flat rate to all councillors.³
20. 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.
21. The Panel compared Spelthorne's current Basic Allowance against the other Surrey Boroughs and Districts (Annex 2) and considered that the most relevant comparators are our closest neighbours; namely, Runnymede, Elmbridge and Woking. It notes that Spelthorne has maintained its position as third highest in Surrey.

Council	Basic Allowance (£) 2018-19 ⁴
Woking Borough Council	7200
Guildford Borough Council	6864
Spelthorne Borough Council	6049
Reigate & Banstead Borough Council	5599
Surrey Heath Borough Council	5087
Elmbridge Borough Council	5066
Waverley Borough Council	4758
Mole Valley District Council	4370
Tandridge District Council	4212
Runnymede Borough Council	3680
Epsom & Ewell Borough Council	3631

22. The Panel also noted that 6 of the other 10 authorities link increases in their Members' Allowances to the staff pay award at that Council.
23. As Spelthorne Borough Council's level of Basic Allowance still compared favourably against the other Surrey authorities, the Panel agreed to continue on the basis of its recommendation for the Basic Allowance in 2018:

that an increase in the Basic Allowance which reflects the staff pay award for 2019/20 would be both fair and reasonable and ensure that most councillors continue to not be financially disadvantaged as a result of undertaking their role.

³ The Local Authorities (Members' Allowances) (England) Regulations 2003: Part 2, Regulation 4.

⁴ Data from South East Employers, Members' Allowances Survey 2017 (October 2017)

24. For the purposes of illustration, assuming a staff pay award of 2.5% would mean the Basic Allowance for 2019/20 will be £6200.
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 2018-2022 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 continues to be sufficient to allow existing councillors to fulfil their role successfully.

RECOMMENDATION

The Panel recommends that the Basic Allowance payable to all members of Spelthorne Borough Council should be increased by reference to the staff pay award for 2019/2020.

Special Responsibility Allowances

26. A Special Responsibility Allowance (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.
28. Under the current Scheme of allowances for Spelthorne there are 5 categories for Special Responsibility Allowances which are paid to a total of 15 councillors:
- Leader (1)
 - Deputy Leader (1)
 - Cabinet Member (7)
 - Chairman (Planning, Licensing, Audit, Overview and Scrutiny and Joint Committees) (5)
 - Opposition Group Leader (1)
29. The Panel agrees that these roles should continue to be awarded an SRA in recognition of the significant additional responsibilities for the councillors appointed to those roles.
30. The Panel compared Spelthorne's payments for SRA with those paid across Surrey. It notes that Spelthorne has maintained its position in the top third for SRA payments when compared to other Surrey authorities (Annex 2).

31. The Panel met with the Leader, Councillor Ian Harvey, to discuss his views on the Scheme for 2019/20 and to invite comments; no negotiations or decisions were made. The Panel found the discussion useful and is grateful to Councillor Harvey for his contributions.
32. The Panel was persuaded by the strength of the Leader's argument for a "one team" approach between officers and members to ensure that there was parity in the awards for both.
33. It agreed that a case had been made to award a cost of living increase for Special Responsibility Allowances for 2019/20. This would be achieved by increasing the Special Responsibility Allowances by reference to the staff pay award for 2019/2020.
34. The Panel wishes to be clear that it is not formally committing to an index for future uplifts of Allowances but will re-consider the index recommended this year when it undertakes the next annual review.

Special Responsibility Allowance for Finance Portfolio Holder

35. During the review for 2018/19 the Panel had considered whether the heavier workload resulting from the Council's Investment Strategy, that had brought extra responsibilities to the role of the finance portfolio, merited a greater Special Responsibility Allowance than other Cabinet members. The role also required the holder of the finance portfolio to take up a position as an unpaid director of Knowle Green Estates Ltd. ("KGE").
36. The Panel was of the opinion, at that time, that it is in the nature of the role of a Cabinet member to experience fluctuating levels of work and did not recommend an increased allowance for this role. However, the Panel said it was happy to reconsider this matter at this year's review if the workload for this role continued to be high.
37. As part of this year's review and to assist its deliberations on this matter, the Panel invited the Finance Portfolio Holder, Councillor Howard Williams, to submit his comments about the additional duties and responsibilities undertaken by virtue of his role as a director of KGE.
38. The Panel also met Councillor Williams to further discuss the increased responsibilities of the finance portfolio holder as a result of the Council's Investment Strategy; again, no negotiations or decisions were made. The Panel is grateful to Councillor Williams for his comments which gave them a better understanding of the increased scope and responsibility of the role.
39. The Panel agrees that time commitment is only one factor by which to determine the value of a Special Responsibility Allowance and that the responsibility of the role is particularly relevant.
40. The Panel finds that the Finance Portfolio Holder continues to experience a heavy workload as a result of his responsibility in relation to the acquisitions, maintenance and delivery of the Council's investment programme. This brings an extraordinarily high level of additional responsibility.

41. The Panel was also persuaded that the role of this councillor as a Board Director of KGE is a burden that absorbs time and creates responsibility and legal obligations that do not form a part of a councillor's normal responsibilities. It is an optional task that is taken on by the finance portfolio holder in the absence of any other more suitable alternative councillor.
42. The Panel agrees that due to a combination of the finance portfolio's responsibilities in relation to the Council's investment portfolio, and the extra responsibilities and commitment arising from his position as a Board Director of KGE, this role merits a greater SRA than the other Cabinet member roles.
43. The Panel considered the levels of other Special Responsibility Allowances and agreed that the Cabinet member responsible for the finance portfolio should receive an allowance equivalent to that of the Deputy Leader.
44. This conclusion is considered to be both fair and reasonable for the purposes of this review. This matter will be re-visited in the Panel's review next year.
45. In making its recommendations, the Panel wishes to emphasise that they should not be interpreted as a reflection of any individual councillor's performance in the role.

RECOMMENDATION

The Panel recommends that:

- 1. all Special Responsibility Allowances are increased by reference to the staff pay award for 2019/2020; and**
- 2. the Cabinet member responsible for the finance portfolio to receive a Special Responsibility Allowance equivalent to that awarded to the Deputy Leader.**

OTHER ALLOWANCES

46. The Panel did not undertake a review of the following allowances on the basis that the reasoning underpinning the levels of allowances had not changed since its previous review.

Co-Optees Allowance

47. The current Scheme pays an allowance of £1000 and £500 to the Chairman and Vice-Chairman (this position is currently vacant), respectively of the Members' Code of Conduct Committee, both of whom are co-opted members.

RECOMMENDATION

The Panel recommends that the co-optees on the Members' Code of Conduct Committee continue to receive an allowance of £1000 and £500 for the Chairman and Vice-Chairman respectively.

Dependants' Carer's allowance

48. The current Scheme for Dependants' Carer's allowance (DCA) provides that members are simply reimbursed the actual costs incurred for expenditure in relation to the care of dependent relatives or children while they are undertaking approved Council duties, subject to submission of receipts/invoices in support of claims.

RECOMMENDATION

The Panel recommends that no change be made to the current scheme for Dependants' Carer's allowances.

Travel and subsistence allowance

49. The current payments for travel allowances which are payable at the same rate as for Council officers on a sliding scale dependent on engine size for car use, and for motorcycles, for journeys undertaken in relation to approved duties are as follows.
50. The current payments for cars, per mile, is:

	2018/19
up to 999cc	46.9p
1000cc - 1199cc	52.2p
1200cc and over	65p

51. The current payment for motorcycles is 24p per mile and for bicycles is 20p per mile.

RECOMMENDATION

The Panel recommends that the current arrangements for payment of travel and subsistence allowances be retained as at present and that no changes be made to the list of Approved Duties.

SUMMARY OF PANEL'S RECOMMENDATIONS

The Panel makes the following recommendations to the Council on the Members' Allowances Scheme for 2019-2020:

Allowance	Current amount	Number	Recommended Allowance for 2019/20 ¹
Basic:	£6049	39	£6200
Special Responsibility:			
Leader of the Council	£13911	1	£14259
Deputy Leader	£9182	1	£9412
Cabinet Member for finance	N/A	1	£9412
Cabinet Members	£6956	6²	£7130
Spelthorne Joint Committee Chairman/Vice-Chairman	£4877	1	£4999
Planning Committee Chairman	£5564	1	£5703
Licensing Committee Chairman	£4869	1	£4991
Overview and Scrutiny Committee Chairman	£4869	1	£4991
Audit Committee Chairman	£3479	1	£3566
Opposition Group Leader	£3241	1	£3322
Co-Optees' Allowance	£1000 (Chair) £500 (Vice-Chair)	1 1	£1000 (Chair) £500 (Vice-Chair)
Total Budget	£336,095		£346,735

¹ On an assumption of a 2.5% staff pay award

² Based on the existing Cabinet and excluding the Leader, Deputy Leader and Cabinet member for Finance

Allowance for expenditure incurred in relation to Approved Duties (Schedule 1 to Scheme)	Unchanged allowances for 2019/20
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

Sir Ivan Lawrence (Chairman)
George McLaughlin
Colin Squire

January 2019