



**A Review of Members' Allowances for
Elmbridge Borough Council**

Report of the Independent Remuneration Panel

19th & 20th September 2016

**2 CROWN WALK, JEWRY STREET,
WINCHESTER
HANTS,
SO23 8BB**

1. Introduction

The Independent Remuneration Panel was convened to undertake a full review of Members' Allowances. The review was undertaken and the Panel convened in accordance with The Local Authorities (Members Allowances) (England) Regulations (SI 1021) (2003 Regulations).

The Panel met on 19th and 20th September 2016 and membership of the panel was:-

Choudhury Ahmed, Doctor and local resident
Dennis Frost, Local Government Officer (Retired) and local resident
Gordon Manickam, Assistant Director, Regulatory Policy Committee and local resident
Mark Palmer, Development Director, South East Employers (Panel Chairman)

A questionnaire was sent out to all Members prior to the review and we interviewed 7 Members and 3 Officers. Fourteen of the 48 Members of the Council completed the questionnaire, a copy is attached as **Appendix 1**. A comprehensive analysis of the questionnaire is attached as **Appendix 3**.

The Panel would like to thank the Members who completed the questionnaire as well as the Members and the Officers we interviewed during the process. We have taken account of the views expressed to us by those Members and would like to thank them for their assistance in this review.

Additionally the Panel was assisted and supported throughout by Tracey Hulse (Principal Committee and Member Services Officer). We would also like to thank all the officers involved for their help and support.

Other information at our disposal included previous Reports of the Independent Remuneration Panel, the current Scheme of Members' Allowances and key member role profiles.

We also had the benefit of the Members' Allowance Survey for District and Borough Councils in the South East published by South East Employers in September 2016. The Survey has been used to support benchmarking and for this purpose we have used the Surrey district and borough Councils as the benchmark group

Comprehensive details of the allowances in these Councils are attached as **Appendix 2**.

2. Terms of Reference

Our terms of reference were to undertake a full review of Members' Allowances for Elmbridge Borough Council and to make recommendations as to the level of the Basic Allowance and of Special Responsibility Allowances for the year 2016/2017 and beyond

for a maximum 4 year period. The review also included the Dependants' Carers' Allowance and the scheme for travelling and subsistence.

3. The Deliberations of the Panel

The Panel was informed that since the last meeting of the Panel on the 24th September 2014 the Boundary Commission for England had undertaken a review that had led to a recommendation to reduce the number of Members from 60 to 48. This change took effect from May 2016. There have been no further changes made to the governance structure or the size and terms of reference of the Cabinet and other Committees.

A key role of the Panel is to recommend a scheme of allowances which recognises both Members' responsibilities and workloads. However, the Panel was mindful of the Council's continued financial constraints when making its recommendations.

To develop a structured approach in determining allowances the Panel has used transparent formula and methodology for calculating the Basic Allowance and the Special Responsibility Allowances.

4. Basic Allowance

The Basic Allowance for Elmbridge Borough Council has not changed since at least 2005 except for some intermittent indexation increases based on staff salary increases. In September 2007 the IRP recommended a Basic Allowance of £4,120, the present level of Basic Allowance is £4,395. The Panel when reviewing previous reports and recommendations could find no structured and coherent formula for calculating the Basic Allowance and was of the view that a structured formula for calculating the Basic Allowance will provide a foundation to allow a future Panel to better determine the allowance and also provide a transparent formula for how the Basic Allowance was arrived at.

In determining a formula, the Panel chose median hourly earnings for the South East of England area as a place of residence. This information is published by the Office for National Statistics each December as part of its National Statistics of Hours and Earnings (NOMIS) and in December 2015 this was **£14.62 per hour**.

The results of the Members' Allowances questionnaire and subsequent interviews conducted as part of the review, identified that 12 to 13 hours per week for the Front Line Councillor role for Elmbridge Borough Council was appropriate. The average national weekly hours based on the LGA Councillor Census was between 10 to 15 hours. The Panel therefore chose **13 hours** to support the calculation of the Basic Allowance.

The Panel also looked at the level of the Public Service Discount (PSD). The PSD is the element of a Members activity that should be given on a purely voluntary basis. The questionnaire responses had varying differences ranging from 0% to 80%, the average

across the South East region is 35-50%. The Panel was of the view that a level of **50%** should represent the level of recommended “Public Service Discount”.

Based on these figures the level of Basic Allowance for Members of the Council can be calculated as 13 hours x 52 weeks x £14.62 per hour - 50% Public Service Discount which gives a annual Basic Allowance of **£4,942**.

The Panel Report of September 2014 made reference to the level of Basic Allowance and the fact that 60% of Members responding to the Questionnaire stated that the Basic Allowance was too low. In September 2014, Elmbridge BC ranked fifth in the level of Basic Allowance across the Surrey district/borough councils; currently Elmbridge BC is within a lower range (7th position) of the Basic Allowances paid within the benchmark group of Councils. Even after this recommended change to the Basic Allowance, Elmbridge BC will be at the mid point (5th position) of Basic Allowances across the benchmark Councils.

Benchmark Councils- Basic Allowance (September 2016)

Council	Basic Allowances
Woking BC	£7,200
Guildford BC	£6,616
Spelthorne BC	£5,785
Reigate & Banstead BC	£5,388
Surrey Heath BC	£4,990
Waverley BC	£4,619
Elmbridge BC	£4,395 (Recommendation £4,942)
Mole Valley DC	£4,201
Tandridge DC	£4,068
Epsom & Ewell BC	£3,341
Runnymede BC	£3,215
Average	£4,893

RECOMMENDATION: The Basic Allowance for Members of Elmbridge Borough Council for the year 2017/2018 should be £4,942 subject to any indexation.

5. Special Responsibility Allowances

The Panel have largely used the same methodology for our recommendations as those currently in place

We do, however, for ease of reference, set out on page 9 the current allowances and **the level of allowances the IRP recommends for 2017/18. All the SRAs with the exception of the Leader of the Council and Vice Chairmen are calculated as a percentage of the Leaders Allowance.**

In determining which roles merit an SRA (Special Responsibility Allowance) the Panel was cognisant of the 2006 Statutory Guidance (May 2006, paragraphs 70 and 73) that states:

“SRAs may be paid to those members of the council who have significant additional responsibilities over and above the generally accepted duties of a councillor. These special responsibilities must be related to the discharge of the authority’s functions.”

When considering all the current roles at Elmbridge Borough Council that receive an SRA the Panel was of the view that all except one role continue to involve a *“significant additional responsibility”* that will lead them to continue to attract an SRA.

Leader of the Council

In arriving at an indicative SRA for the Leader, the Panel has used a methodology that is specifically mentioned in the 2006 Statutory Guidance, namely the factor approach. This multiplies the Basic Allowance by an accepted factor to arrive at the recommended Leader’s SRA. Benchmarking shows that the average SRA for a South East council Leader is just below three times the Basic Allowance. The Panel are therefore proposing a factor of 2.5 times the Basic Allowance for the Leader of the Council – **2.5 x £4,942 = £12,355.**

The following SRAs referred to are where the Panel are making recommendations that lead to a significant change to the amount payable to the existing allowance and for new roles that will attract an allowance. The Panel also makes a recommendation to withdraw one allowance

Chairman and Vice Chairman of Licensing

At the September 2014 Independent Remuneration Panel the Panel recommended a reduction in the SRA for the Chairman and Vice Chairman of Licensing. The Chairman’s allowance was recommended to be reduced from £4,075 to £3,590 and it was also recommended that the Vice Chairman’s Allowance was reduced from £930 to £800. The key reason for the reduction was that the number and frequency of meetings of the

Licensing Committee had fallen. During the last two years the number of Committee meetings has continued to fall and just 4 meetings are now scheduled on an annual basis. The Panel was of the view that the SRAs for the Chairman and Vice Chairman of Licensing should be further reduced.

RECOMMENDATION: The Panel recommends that the SRA for Chairman of Licensing should be reduced from £3,590 to £2,471 this equates to 20% of the recommended Leaders Allowance. The SRA for Vice Chairman of Licensing should be reduced to £618, being 25% of the Chairman of Licensing allowance.

Leader of the Principal Opposition Group

The role of principal opposition group leader is an important role to support local democracy and local democratic accountability. The opposition group leader also has to manage and develop the political group so that it can undertake the roles and responsibilities of a main opposition group.

Elmbridge Borough Council currently remunerates the Minority Leaders of Groups with at least 10% of Members an SRA of £500.

The Panel was of the view that the Leader of the Principal Opposition Group should receive a dedicated allowance based on a percentage of the Leader's allowance to be consistent with the calculation of all other SRAs below Leader. The Panel was of the view that the Principal Opposition Group Leader did have significant responsibilities.

RECOMMENDATION: The SRA for Principal Opposition Group Leader should be £2,471, being 20% of the proposed Leader's allowance.

Leader of a Minority Group with at Least 10% of Total Members

Currently Elmbridge BC remunerates Leaders of minority Groups with less than 10% of Members with an SRA of £125. The Panel was of the view that this allowance should be withdrawn and that only group leaders overseeing groups with at least 10% of total members (5 Members and above) should receive an SRA. This SRA should also be calculated as a percentage of the Leaders Allowance.

RECOMMENDATION: The SRA for Leaders of Groups with less than 10% of total Members should be withdrawn and the Leaders of Groups with 10% plus of total Members should receive an SRA of £1,236, 10% of the proposed Leaders Allowance.

Chairman of Audit and Standards

The panel was of the view that the Audit and Standards Committee continues to be an active committee with a high level of internal impact. The Panel recommends that the allowance continue to be at 30% of the proposed Leaders Allowance.

RECOMMENDATION: The SRA for Chairman of Audit and Standards should be 30% of the proposed Leaders Allowance, £3,707.

Currently Elmbridge BC has 25 roles that receive an SRA across 48 Members (52% of Members). Because of the 'One SRA Only Rule' seven of these SRA roles are not remunerated.

Good practice referred to in the Members Allowances Regulations is that no more than 50% of roles should receive an SRA, within Elmbridge Borough Council, 52% Members could conceivably receive an SRA. This position has more than likely arisen as a consequence of the number of Members having been reduced from 60 to 48 without any corresponding reduction in the number of roles that attract an SRA; this is a result of no changes to the governance and committee structure having been made.

RECOMMENDATION: The SRAs for 2017/18 to be in accordance with those listed on page 9 of the report

6. Dependants' Carers' Allowance

Currently Elmbridge Borough Council offers a Dependants' Carers' Allowance (DCA) at a rate linked to the Living Wage although take up has always been low. The Local Government Act 2000 explicitly clarifies the right of local authorities to pay a DCA, which members can claim to assist them with the costs of care for their dependants while undertaking approved Council duties.

The Panel was of the view that the Dependants' Carers' Allowance was important and should continue to be recommended. The Panel was also of the view that there were different types of care required ranging from basic - care e.g. babysitting to very specialist care for adults and children. The actual cost of this care differed significantly therefore the Panel recommend that there should be two distinct classifications of supported care, basic and specialist care.

RECOMMENDATION: In respect of basic care the Panel recommends that the Dependants' Carers' Allowance should be reimbursed to a maximum of £8.25 per hour upon production of receipts. This rate will be linked to the National Living Wage determined by the Living Wage Foundation and reviewed on an annual basis.

In respect of more specialist care this should be reimbursed at the actual cost upon production of receipts. In the case of reimbursement for specialist care, medical evidence that this type of care is required must also be provided.

7. Travel and Subsistence

The Council currently pays mileage allowances based on the HMRC rates.

RECOMMENDATION: The Council continue to adopt the HMRC rates for calculating reimbursement of Members mileage.

Any subsistence payments should be in accordance with those paid to Officers of the Council.

8. Index Linking

The index linking of the Basic Allowance is currently linked to staff pay increases.

The Panel is of the view that any future index linking of the Basic Allowance and the Special Responsibility Allowances should continue to be at the rate of increase in staff salaries.

RECOMMENDATION: Any index linkage agreed by the Council should be in line with staff salary increases for a maximum of four years from 2017/2018 to 2021/2022.

9. The One SRA Only Rule

The 2003 Members' Allowances Regulations do not limit the number of SRAs an individual Member can receive. Nevertheless, it is common and established good practice in most councils to have a 'One SRA only' rule set out in their allowances schemes. The Panel was pleased to see that the Elmbridge Borough Council Members' Allowances Scheme now includes the 'One SRA Only Rule'

10. Implementation of Recommendations

As permitted by the 2003 Members' Allowances Regulations (paragraph 10.6) it is recommended that the new Members' Allowances as set out in this report be implemented by April 2017

**Mark Palmer
Chairman of the Independent Remuneration Panel
October 2016**

	CURRENT ALLOWANCES £	2017/2018 RECOMMENDATIONS £	RATIONALE & METHODOLOGY
Basic Allowance	4,395 (48)	4,942 (48)	
Leader Of The Council	12,240	12,355	2.5 x Basic Allowance
Cabinet Members	6,120 (9)	6,178 (9)	50% of Leader
Chairman of Overview and Scrutiny	6,120	6,178	50% of Leader
Vice Chairman of Overview and Scrutiny	3,060	3,089	50% of Chairman's Allowance
Chairman Of Planning Committee	5,100	5,560	45% of Leader
Vice Chairman Of Planning Committee	1,163	1,390	25% of Chairman's Allowance
Chairmen Of Area Planning Sub Committees	4,075 (3)	4,324 (3)	35% of Leader
Vice Chairman Of Area Planning Sub Committees	930 (3)	1,081 (3)	25% of Chairman's Allowance
Chairman of Licensing Committee	3,590	2,471	20% of Leader
Vice Chairman of Licensing Committee	800	618	25% of Chairman's Allowance
Chairman of Audit and Standards Committee	3,662	3,707	30% of Leader
Principal Opposition Group Leader	N/A	2,471	20% of Leader
Leaders of Opposition Group with 10% Plus of Total Members	500 (2)	1,236 (1)	10% of Leader
Leaders of Opposition Group with less than 10% of Total Members	125	Allowance withdrawn	
Total Cost*	317,915	348,108	+30,193

- * Based on all 48 Members receiving the Basic Allowance and all SRAs paid.

The Panel recommendations will lead to an increase in the annual cost of all allowances of **£30,193**. However, when the number of Council Members was reduced from 60 to 48 this led to savings in respect of the Basic Allowance of **£52,740**. The Panel recommendations will therefore still result in savings of **£22,547**.

Summary of Recommendations:-

- a) The appropriate levels of Basic Allowance and Special Responsibility Allowances for 2017 / 2018 are as set out on page 9 of the report.**
- b) The Dependants' Carers' Allowance should be re-prioritised as basic and specialist care**
- c) The SRA for Leader of an Opposition Group with less than 10% of Members should be withdrawn.**
- d) An SRA for Principal or Main Opposition Group Leader should be introduced.**
- e) Index linking for the Allowances should be at the same rate as that applied to staff salaries for the year 2017 / 2018 for a maximum of four years.**

**MEMBERS AND OFFICERS OF ELMBRIDGE BOROUGH COUNCIL INTERVIEWED
BY THE INDEPENDENT REMUNERATION PANEL 19 & 20TH SEPTEMBER 2016**

Councillor Tim Oliver	Leader of Conservative Group and Chairman of Overview and Scrutiny
Councillor Simon Foale	Vice Chairman of audit and Standards Committee
Councillor Roy Green	Cabinet Portfolio for Housing
Councillor Shweta Kapadia	Chairman of East Area Planning Sub Committee
Councillor Barry Cheyne	Chairman of South Area Planning Sub Committee
Councillor Mary Sheldon	Chairman of the North Area Planning Sub Committee
Councillor Stuart Selleck	Leader of the Council and Group Leader of the Residents Group
Robert Moran	Chief Executive
Sarah Selvanathan	Strategic Director and Deputy Chief Executive
Beverley Greenstein	Head of Democratic Services