



**A Review of Members' Allowances for
Epsom and Ewell Borough Council**

Report of the Independent Remuneration Panel

29 & 30 August 2017

**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 29th and 30th August 2017 and membership of the Panel was:-

Mark Palmer, Development Director (Panel Chair)
Dennis Frost, Local Government Officer (Retired)
Gordon Manickam, Assistant Director, Regulatory Policy Committee.

A questionnaire was sent out to all Members prior to the review and we interviewed 14 Members and 1 Officer and held a member workshop. **Thirty-four** of the **38** Members of the Council completed the questionnaire; a comprehensive analysis of the questionnaire is attached as **Appendix 1 (circulated separately with copy of report to Group Leaders and available on request)**.

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 Fiona Cotter (Democratic Services Manager).

Other information at our disposal included previous Reports of the Independent Remuneration Panel, the current Scheme of Members' Allowances, committee reports (specifically the report to, and the Minutes of, the Strategy and Resources Committee dated 24 March 2015) and written submissions from Members.

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 October 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 (circulated separately with copy of report to Group Leaders and available on request)**.

2. Terms of Reference

It was made clear to the Panel that one of the key issues for this review was around out of pocket expenses in relation ICT since the way the Council supported members in this regard had changed. However, the last full review of allowances had been undertaken

in 2011. Therefore our terms of reference were to undertake a full review of Members' Allowances for Epsom Borough Council and to make recommendations as to the level of the Basic Allowance and of Special Responsibility Allowances for a maximum 4 year period. The review also included making recommendations in respect of the Independent Person for Standards Matters, Dependants' Carers' Allowance and the scheme for travel and subsistence.

3. The Deliberations of the Panel

The Panel had access to the previous reports of the Independent Remuneration Panel, a full review last took place in April 2011 and a further review focusing specifically around some Special Responsibility Allowances took place in November 2014. The Panel has given due consideration to these two recent reviews as part of its deliberations when formulating its recommendations.

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 Epsom and Ewell Borough Council was set by the previous Panel in 2011 and further reference was made to the Basic Allowance in the Panel report of 2014. The Panel in 2011 recommended a Basic Allowance of £3,372.

During the proceeding years' Members have taken the decision not to index the allowances to the recommended Consume Price Index (CPI) and therefore the current allowance is £3,374.77, currently the lowest of the Districts and Boroughs within Surrey.

The Panel was of the view that a structured formula for calculating the Basic Allowance was required and 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. The Panel was also of the view that unlike within the previous six years the Basic Allowance should be indexed annually to avoid a real term fall in the level of Basic Allowance.

The Panel also sought views from Members during the interviews in respect of whether they felt that the current level of the Basic Allowance was a barrier to candidates from all sections of the community standing to be councillors. A number of Members interviewed expressed the view that the current level of Basic Allowance did deter

people from standing for Council and the Panel has taken these views into consideration.

During the interviews and as part of a written submission to the Panel a number of Members expressed concern about the ICT provision and support provided. Whilst all Members are provided with an Apple IPAD supported with relevant software and individual training where required a number of Members felt that this was an inadequate level of ICT support. Some Members were of the view that ICT support should also include a phone line, mobile phone, broadband, desktop PC, printer and additional incidental support to cover such items as paper and printer ink cartridges. The Members ICT Reference Group (2015) felt that an allowance of around £150 per annum per member was sufficient to enable Members to cover their costs in respect of ICT.

Whilst recognising the cost of the provision of ICT by Members the Panel was not supportive of a separate ICT allowance. The Panel was of the view that the Basic Allowance should be at level to support the cost of undertaking the role of Councillor including ICT provision.

In determining a formula to calculate the Basic Allowance, 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 2016 this was **£14.85 per hour**.

The formula was also based on average weekly hours undertaken and in respect of the average national weekly hours for a District/Borough Councillor without any additional special responsibilities the Local Government Association (LGA) as part of the LGA Councillor Census stated between 10 to 15 hours was appropriate. The Panel therefore chose **10 hours per week** to support the calculation of the Basic Allowance.

Finally, the Panel also looked at the level of the Public Service Discount (PSD). The PSD is the element of a Member's activity that is given on a purely voluntary basis. The questionnaire responses had varying views on the percentage level of PSD ranging from 5% to 80%, the average across the South East region is between 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 10 hours per week x 52 weeks x £14.85 per hour - 50% Public Service Discount which gives a annual Basic Allowance of **£3,861**.

The Questionnaire that supported this review identified that 75% of Members responding did not think the current Basic Allowance was appropriate and were of the view that it should be "higher" or "slightly higher". In respect of a level of Basic Allowance the questionnaire asked Members for a proposed level and the responses recommended an average Basic Allowance of £3,500 to £5,000.

Currently, Epsom and Ewell BC is ranked eleventh (bottom) in the level of Basic Allowance across the benchmark Surrey district/borough councils. Even after this recommended change to the Basic Allowance, Epsom and Ewell BC will still be second to bottom (10th position) of the Basic Allowances across the benchmark Councils. However, the Panel felt that this proposed increase in the Basic Allowance was setting a clear direction of travel.

Benchmark Councils- Basic Allowance (September 2017)

Council	Basic Allowances
Woking BC	£7,200
Guildford BC	£6,616
Spelthorne BC	£5,901
Reigate & Banstead BC	£5,436
Surrey Heath BC	£4,960
Elmbridge BC	£4,942
Waverley BC	£4,619
Mole Valley DC	£4,201
Tandridge DC	£4,068
Runnymede BC	£3,440 (2018 £3,680)
Epsom and Ewell BC	£3,375 (Proposed £3,861)
Average	£4,984

Recommendation: The Basic Allowance for Members of Epsom and Ewell Borough Council for the year 2018/2019 should be £3,861 subject to any indexation.

5. Special Responsibility Allowances (SRA's)

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 2018/19. All the SRAs with the exception of the Minority Group Leaders and Independent Person for Standards Matters are calculated as a percentage of the Basic Allowance.**

In determining which roles merit an SRA 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 Epsom and Ewell 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.

In determining the SRA’s the Panel heard evidence from Members and Officers during the individual interviews and a workshop session. The review in 2011 had recommended the current ‘four level structure’ for allowances based on a percentage of the Basic Allowance. This approach was further developed during the 2014 review that was convened to respond to changes in the committee structure. The 2014 review led to the following levels of SRA”s been implemented

- Level 1: 100% of the Basic Allowance
- Level 2: 70% of the Basic Allowance
- Level 3: 30% of the Basic Allowance
- Level 4: 10% of the Basic Allowance

The Panel was of the view that the four level approach to SRA’s recommended in 2011 and further developed in 2014 was still relevant and fit for purpose in 2017. **The Panel therefore recommend no change to the four level approach to the SRA’s.** The Panel recommend the following changes to the SRA’s:

Leaders of a Minority Group

Currently Epsom and Ewell BC remunerates Leaders of Minority Groups with an SRA of £200 plus £50 per group member. The Panel was of the view that this allowance should be withdrawn and that only Minority Group Leaders overseeing groups with at least 15% of total members (6 Members and above) should receive an SRA. This SRA shall be continued to be calculated on the current basis, £200 plus £50 per group member (for Groups of 6 or more).

RECOMMENDATION: The current SRA for a Leader of a Minority Group be withdrawn and replaced by an SRA that requires Leaders of Minority Groups to have at least 15% plus of total Members (6 members), subject to meeting this criteria they will then receive an SRA of £200 plus £50 per group member.

Majority Group Leader

The Majority Group Leader currently receives an SRA Level 2 – 70% of the Basic Allowance plus an additional allowance similar to that of Minority Group Leaders, £200 plus £50 per Group Member. The Panel was of the view that the Group Allowance of £200 plus £50 per Group Member should be withdrawn and the Majority Group Leader should receive a single allowance based on Level 2- 70% of the Basic Allowance. This approach is also consistent with the **One SRA per Member** recommended on page 8 of this report.

Recommendation: The Majority Group Leader to receive an SRA at Level 2- 70% of the Basic Allowance, the proposed allowance to be £2,703 for 2018/19 subject to any indexation that may apply.

Chairman of Nonsuch Park Joint Management Committee (JMC)

Currently the Chairman of Nonsuch Park JMC receives an SRA of 30% of the Basic Allowance. The chairmanship is shared with the London Borough of Sutton and rotated on an annual basis. The allowance is therefore only paid every other year when the chairmanship resides with an Epsom and Ewell BC Member. The London Borough of Sutton does not award an SRA to its members when they are chairing the JMC. The Panel was of the view that the role of Chairman of Nonsuch Park JMC was not a role that incurred significant enough responsibility to receive an SRA.

Recommendation: The SRA for Chairman of Nonsuch Park JMC should be withdrawn.

Independent Person for Standards Matters

The Independent Person for Standards Matters currently receives an SRA of £1012.44 per annum. Although a key role with responsibility the Independent Person is required to act on a very infrequent basis. The Panel was therefore of the view that it will be more effective to provide a day rate allowance to the Independent Person paid only when the Council requires the person to carry out the designated duties. The Panel was of the view that a day rate of £250 per day should replace the current annual allowance.

Recommendation: The SRA for the Independent Person for Standards Matters, £1012.44 per annum should be withdrawn and replaced with a daily rate of £250 payable only when the post is required by the Council to perform the duties of an Independent Person.

Vice Chairman Role

Currently the only Vice Chairman role to receive an SRA is that of Vice Chairman of the Planning Committee (Level 3: 30% of the Basic Allowance). During the review the Panel

received oral and written evidence regarding the developing role of the Vice Chairman in respect of responsibility and workload.

This view of the developing role of the Vice Chairman was particularly identified in respect of the Vice Chairmen of the Committees e.g. Community Wellbeing. Although recognising the changing and emerging role of the Vice Chairman of Committees the Panel was of the view that there should be '**no change**' to the current position with regard to the provision of SRA's for Vice Chairman.

Recommendation: The SRAs for 2018/19 to be in accordance with those listed on page 9 of the report

6. Dependants' Carers' Allowance

Currently Epsom and Ewell Borough Council offers a Dependants' Carers' Allowance (DCA) equivalent to the actual cost incurred to cover child care or dependent specialist care subject to the provision of receipts and completing a claim form; with the proviso that claims will not be payable in respect of carers in the same household. Also the rate payable to carers who are not in the same household but are family members of the Member should be at the appropriate National Living Wage rate.

RECOMMENDATION: The Panel propose no change to the approach in respect of the Dependants' Carer' Allowance except that reference to National Minimum wage should be replaced by 'appropriate rate of the National Living Wage

8. 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.

9. Index Linking

The index linking of the allowances is currently based on the CPI and this figure often differs from the rate of increase in staff salaries.

The Panel is therefore of the view that any future index linking of the Basic Allowance and SRA's should be at the rate of increase in staff salaries.

Recommendation: Any index linkage agreed should be in line with staff salary increases for a maximum of four years from 2018/2019 to 2022/2023. The

Panel recommends that Members ensure the indexation of allowances based on the percentage of staff salary increases takes place and is not foregone.

10. 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 council's to have a 'One SRA only' rule set out in their allowances scheme. The Panel review in 2014 recommended that ***'there should be no limit in the scheme, with the exception of the Chair and Vice Chair of Planning Committee, as to the number of SRA's that an individual Member can claim if (s)he is fulfilling the responsibilities of the role'***.

The Panel was of the view that the current approach should be replaced with a simple 1 SRA only rule for each Member. Should an individual Member be undertaking more than one role eligible for an SRA then they should only receive the SRA of the highest value role.

Recommendation: The one SRA only rule per Member should be implemented

11. 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 2018

**Mark Palmer
Chairman of the Independent Remuneration Panel,
September 2017**

	CURRENT ALLOWANCES £	2018/2019 RECOMMENDATIONS £	RATIONALE & METHODOLOGY
Basic Allowance	3,375 (38)	3,861 (38)	
Chairman of Strategy & Resources	3,375 (1)	3,861 (1)	Level 1- 100% of Basic Allowance
Chairman of Environment	2,363 (1)	2,703 (1)	Level 2- 70% of Basic Allowance
Chairman of Community & Wellbeing	2,363 (1)	2,703 (1)	70% of Basic Allowance
Chairman of Licensing & Planning Policy	2,363 (1)	2,703 (1)	70% of Basic Allowance
Chairman of Planning	3,375 (1)	3,861 (1)	Level 1- 100% of Basic Allowance
Chairman of Audit, Crime & Disorder	2,363 (1)	2,703 (1)	Level 2- 70% of Basic Allowance
Chairman of Financial Policy Panel	1,013 (1)	1,158 (1)	Level 3 - 30% of Basic Allowance
Chairman of Human Resources Panel	1,013 (1)	1,158 (1)	30% of Basic Allowance
Chairman of Health Liaison Panel	1,013 (1)	1.158 (1)	30% of Basic Allowance
Chairman of Epsom and Walton Downs Conservators	1,013 (1)	1,158 (1)	30% of Basic Allowance

	CURRENT ALLOWANCES £	2018/2019 RECOMMENDATIONS £	RATIONALE & METHODOLOGY
Nonsuch Park Joint Management Committee	1,013 (1) every two years or 507 annually	Allowance to be withdrawn	-----
Vice Chairman of Planning	1,013 (1)	1,158 (1)	30% of Basic Allowance
Membership of Planning Committee	337 (12)	386 (11)	Level 4 - 10% of Basic Allowance
Majority Group Leader	2,363 (1) 1750 (£200 plus 31 members)	2,703 (1)	Level 2- 70% of Basic Allowance
Minority Group Leader (s)	400 (£200 plus 4 members) £350 (£200 plus 3 members)	0	£200 plus £50 per group member based on the group having 15% plus of total members (6 members)
Independent Person for Standards Matters	1012 (1)	0	£250 per day
Total Cost (£)	160,450	177,991 *	

* Based on all 38 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 **£17,541**, subject to all Members receiving the Basic Allowance and all SRA's been paid.

**Members and Officers of Epsom and Ewell Borough Council
interviewed by the Independent Remuneration Panel
29& 30 August 2017**

Councillor Eber Kington	Chairman of Strategy and Resources Committee
Councillor Humphrey Reynolds	Chairman of Planning Committee
Councillor David Reeve	Chairman of Audit, Crime and Disorder Scrutiny Committee
Councillor Richard Baker	Chairman of Health Liaison Panel
Councillor Hannah Dalton	Chairman of Human Resources Panel
Councillor Tony Axelrod	Vice Chairman of Community and Wellbeing Committee
Councillor David Wood	Vice Chairman of Licensing and Planning Policy Committee
Councillor Steve Bridger	Vice Chairman of Audit, Crime and Disorder Scrutiny Committee
Councillors Graham Dudley	Chairman of Licensing and Planning Policy Committee & co-author of a report to the Majority Group on the case for an ICT allowance and an allowance for Vice Chairmen
Councillor Chris Frost	Co-author of a report to the Majority Group on the case for an ICT allowance and an allowance for Vice Chairmen
Councillor Barry Nash	Chairman of Community and Wellbeing Committee
Councillor Neil Dallen	Former Chairman of Strategy and Resources Committee
Councillor Tina Mountain	Conservative Group Leader
Councillor Clive Smitheram	Majority Group Chairman
Councillor Vince Romagnuolo	Labour Group Leader (Telephone interview 21 August 2017)
Simon Young	Head of Legal and Democratic Services