

Independent Remuneration Panel 2023

Members' Allowances Scheme

Epsom and Ewell Borough Council

Background and Scope of the Report

1. The Council is required, under the Local Authorities (Members' Allowances) (England) Regulations 2003, to establish and maintain an Independent Remuneration Panel (IRP/Panel) to review and make recommendations to the Council on the range and levels of remuneration for elected Members. This report has been prepared in accordance with those regulations, to enable the Council to meet its statutory responsibilities when reviewing and amending its allowances.
2. The IRP was asked, in September 2023, to undertake a review of members' allowances. The terms of reference were:-

"To review the Council's Members' Allowances Scheme and make recommendations to the Council on an appropriate Scheme of Allowances. The recommendations should reflect the roles and responsibilities of Members, both in the Council and in serving their constituents and having regard to:

- the political management structure implemented by the Council;
- comparative data on the allowances paid by other similar local authorities."

3. This report sets out the IRP's recommendations on the above matters. The report will be considered by the Council & if its recommendations are accepted, they will be implemented from 1 April 2024.

Main Recommendations

As set out in this report the main recommendations of the Panel are:

- **The Basic Allowance for Members of Epsom and Ewell Borough Council for the year 2024/2025 should be increased using a structured formula from the current Basic Allowance of £4031.70 to either Basic Allowance Option A (£4,461.60) or Basic Allowance Option B (£5,736.90) subject to any indexation.**
- **That a full review of Special Responsibility Allowances (SRAs) be undertaken by a future Independent Remuneration Panel.**
- **The SRA for the Chair of the Standards and Constitution Committee should be increased from 10% to 30% of the Basic Allowance.**
- **The SRA for the Vice Chair of the Standards and Constitution Committee should be increased from 5% to 15% of the Basic Allowance.**

- **The SRA for Chair of Human Resources Panel of 30% of the Basic Allowance should be withdrawn.**
- **The SRAs for 2024/25 to be in accordance with those listed in Appendix 1 of the report.**
- **That if the Council agrees to accept a recommended increase to Basic Allowances as set out in this report, it also considers whether it wishes to introduce a “One SRA per Councillor” rule to limit Councillors to being paid for only one SRA even if they qualify for more than one.**
- **That the Council’s existing Dependants Carers Allowance continues without amendment. That the Council considers how the allowance can be promoted to councillors to ensure that they are aware of its availability.**
- **That the Council agrees to adopt a policy in relation to pre-approved payments for travel, subsistence and attendance at conferences, seminars and other official Council business outside of the borough and that until such a policy has been adopted by the Council, that the existing arrangements set out in the Members’ Allowances Scheme continue without amendment.**
- **Any index linkage agreed by the Council for the Basic Allowance and Special Responsibility Allowances should be in line with staff salary increases for a maximum of two years starting from either 2024/2025 or 2025/26.**
- **It is recommended that the new Members’ Allowances as set out in this report be implemented from 1 April 2024.**

Contents of the report

Our report is structured:

***Background and Scope of the Report*1**

***Main Recommendations*1**

***Contents of the report*.....3**

***Membership of the Panel*.....3**

***Guiding principles*4**

***Work undertaken by the Panel*4**

 Basic Allowance 5

 Special Responsibility Allowances 7

 Should a Member receive more than one SRA if they qualify for more than one? 8

 Dependants’ Carers’ Allowance 9

 Travel, subsistence and attendance at conferences, seminars and other official Council business outside of the borough..... 10

 Index Linking 10

 Implementation of Recommendations 11

***Appendix 1 - Proposed 2024/2025 Allowances*.....12**

Membership of the Panel

4. The members of the Panel were appointed following a public recruitment exercise. Their appointment was agreed at a meeting of the Council on 25 June 2023. The members of the Panel are:
- Robert Coyle – Robert is Chair of this year's panel. Robert is a Chartered Accountant & these days acts as an independent non-executive director. Additionally, Robert holds various statutory appointments & has sat on or chaired other IRPs in Surrey. Robert also sits on the remuneration committee of a substantial local authority owned business.
 - Akbar Khan – Akbar has an extensive background in public sector ethical standards regulation having held and remains appointed to Standard Panels for other regulatory authorities.
 - Pinky Kwok – Pinky has an extensive background in remuneration governance and is currently appointed to two local IRP for other local authorities.

3. Each Panel member has considerable experience of leadership and management roles within the public sector. None has previously been a member of Epsom and Ewell's IRP.

Guiding principles

4. In developing its recommendations, the Panel adopted the following guiding principles:
 - Relativities between different SRAs should, so far as practicable, reflect the breadth of the role and the time required to undertake it.
 - SRAs should be of a sufficient level that they should allow most Members to consider taking on a role without suffering undue financial hardship, while not being at such a level that allowances would become a primary reason for seeking a role.
 - A proportion of Members' time should be regarded as voluntary (public service discount).
 - The cost of the Members Allowances Scheme should be affordable.
 - The scheme should be transparent – including to residents – simple and easy to administer.
 - The Scheme of allowances, and this report from the Panel should provide a structured framework upon which future reviews can be based. The Scheme should be realistic, sustainable and fair.
5. The criteria set out above do not necessarily all point in the same direction. In particular, there may well be a conflict between affordability and some of the other criteria.

Work undertaken by the Panel

6. The Panel were required to take evidence in arriving at their conclusions. The work undertaken has included:
 - Five scheduled meetings of Independent Remuneration Panel between September and November 2023, held via MS Teams.
 - A formal training session run by the South East Employers on the roles & responsibilities of IRPs, good practice and possible matters to consider.
 - Consideration of the Council's existing Members Allowances Scheme 2023-24.
 - A review of relevant statistical data on 2022-23 Members' Allowance Schemes at other relevant councils in the South East of England.

- Review of Reports of former IRPs for Epsom & Ewell Borough Council from 2017 and 2020.
- Circulation of a questionnaire to all councillors. There are 35 councillors, of whom 28 replied.
- Meetings via MS Teams with political Group Leaders, the Council's Chief Executive Officer and Head of Finance & Section 151 Officer.

Basic Allowance

7. All councillors receive a basic allowance to support their work as members of the Council. The current Scheme of Allowances sets out that the Basic Allowance may be increased annually by September CPI. The present level of Basic Allowance is £4,031.71 per annum.
8. 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.
9. In determining a formula, the Panel was mindful of the budgetary challenges faced by the Council and considered that it would be helpful for our report to offer options, whilst still providing a structured basis for the calculation. We have therefore provided two calculations using different hourly rates: the National Living Wage from 1 April 2024 (£11.44) and the median hourly earnings for the Borough of Epsom and Ewell as a workplace. This latter 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 2022 this was £14.71 per hour.
10. The results of the Members' Allowances questionnaire and subsequent interviews conducted as part of the review, identified that 10 to 20 hours per week for the basic duties of the Councillor role for Epsom and Ewell Borough Council was in many cases accurate. The Panel therefore chose 15 hours to support the calculation of the Basic Allowance.
11. 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 median across Surrey District and Borough Local Authorities is 50%¹. The Panel was of the view that a level of 50% should represent the level of recommended "Public Service Discount".
12. Based on these figures the level of Basic Allowance for Members of the Council can be calculated as:

¹ Data provided by the Sout East Employers Members Allowances Survey 2023

Basic Allowance Option A: National Living Wage (1 April 2024)

- **15 hours x 52 weeks x £11.44 per hour - 50% Public Service Discount** which gives an annual Basic Allowance of £4,461.6, at a total cost of £156,156 prior to the application of any indexation.

Basic Allowance Option B: Median hourly earnings for the Borough of Epsom and Ewell as a workplace (December 2022)

- **15 hours x 52 weeks x £14.71 per hour - 50% Public Service Discount** which gives an annual Basic Allowance of £5,736.90, at a total cost of £200,791.50 prior to the application of any indexation.

13. Currently Epsom and Ewell Borough Council is the lowest (11th position) of the Basic Allowances paid within all Surrey Borough and District Councils. If Option A is implemented, Epsom and Ewell Borough Council will still be in the lower part of the ranking (10th position). If Option B is implemented, Epsom and Ewell Borough Council will be above the mid-point of Basic Allowances across those Councils (5th position).

Benchmark of Councils – Basic allowance (September 2023)

Council	Basic Allowances
Guildford Borough Council	£8,348.00
Woking Borough Council	£7,380.00
Spelthorne Borough Council	£6,531.00
Reigate and Banstead Borough Council	£5,956.00
Surrey Heath Borough Council	£5,711.00
Waverley Borough Council	£5,609.10
Elmbridge Borough Council	£5,512.00
Runnymede Borough Council	£5,500.00
Mole Valley District Council	£4,793.01
Tandridge District Council	£4,446.00
Epsom and Ewell Borough Council	£4,031.70 (Basic Allowance Option A: £4,461.60, Basic Allowance Option B: £5,736.90)

14. The Panel notes that it only has an advisory role and that the Council can choose whether or not to accept its recommendations. The Panel further notes that predecessor panels have largely had their recommendations on the Basic Allowance not adopted: it believes that this was on grounds of cost & an understandable wish by elected officials not to be seen to be awarding themselves a pay rise at a time of financial restraint.
15. One of the purposes of paying allowances is to allow people of all backgrounds to be able to put themselves forward to serve. A diverse range of councillors who reflect the wider population is desirable. The Panel received feedback from all elected members it interviewed, that it is becoming increasingly difficult to find candidates and a reason cited was that the low level of allowances puts people off.
16. Our preferred option is Option B, Median hourly earnings for the Borough of Epsom and Ewell as a workplace because it reflects the specific circumstances

of the Borough. However, we recognise the budgetary position of the Council. We therefore further recommend that if a decision is made to adopt the lower rate, taking account of local circumstances, we believe that the council should commit itself to moving to the higher rate over a relatively short period of time. It is the Panel's view that this should be prior to the next Borough Council elections, as low allowances were quoted in the responses to the Members' Allowances questionnaire and subsequent interviews as a barrier to people standing.

17. The Panel has set out a logical methodology for determining allowances. We strongly recommend that the council 'bite the bullet' & adopt this methodology, otherwise the issue of unviable allowances will continue to become worse.

RECOMMENDATION: The Basic Allowance for Members of Epsom and Ewell Borough Council for the year 2024/2025 should be increased using a structured formula from the current Basic Allowance of £4031.70 to either Basic Allowance Option A (£4,461.60) or Basic Allowance Option B (£5,736.90) subject to any indexation.

Special Responsibility Allowances

18. The Panel have largely used the same methodology for our recommendations on Special Responsibility Allowances as those currently in place. At present most SRA's, including those of Committee Chairs, are based on a percentage of the Basic Allowance. The SRAs for Vice Chairs are 50% of the SRA for the Chair of the relevant Committee. The only SRA which is not based on a percentage of the Basic Allowance is the SRA for Minority Group Leaders, which is based on the lump sum and increased by the number of members of the Group.
19. For ease of reference, we have set out in Appendix 1 the current allowances and the level of allowances the IRP recommends for 2024/25.
20. In determining which roles merit an SRA (Special Responsibility Allowance) the Panel was mindful of the [Statutory Guidance](#) 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.”

21. When considering all the current roles at Epsom and Ewell Borough Council that receive an SRA, the Panel was of the view that further to its discussions with elected members it did not have enough evidence to undertake a full root-and-branch review of all SRAs at the present time. However, the Panel noted that a number of responses from the consultation with members suggested that any additional resources provided to the Scheme of Allowances should be targeted to SRAs, and the Panel considers that this is a matter which requires future consideration with a more detailed evidence base. The Panel therefore recommends that this should be a matter considered by a future Independent Remuneration Panel once a more realistic and fair Basic Allowance had been adopted by the Council.

22. The Panel also noted that the current scheme provides Committee Vice Chairs with an SRA of 50% of the rate of the Committee Chair, but also makes provision for them to receive a payment at the same rate as the Chair if they stand in for them for a period of absence of a month or more. We do not propose any change to this arrangement but consider that a review of the SRAs provided to Committee Vice Chairs should be included in a future Panel's review, to consider whether an SRA is appropriate to the additional level of responsibility and work undertaken in the role.

RECOMMENDATION: That a full review of Special Responsibility Allowances be undertaken by a future Independent Remuneration Panel.

23. Whilst the Panel recommends that a full review of SRAs is undertaken at a later date, our attention was brought to the level of the SRA for the Chair and Vice Chair of the Standards and Constitution Committee during the course of our review. This SRA is currently significantly lower than that for the Chairs and Vice Chair of other Committees and Advisory Panels, but the workload of the Committee has increased significantly since its adoption of responsibility for reviewing the Council's Constitution in 2022. The Committee has also created an active working group to advise on a number of its work streams which is chaired by the Chair of the Committee. In light of this, the Panel recommends that the SRA for the Chair of the Standards and Constitution Committee is increased to 30% of the Basic Allowance, and the SRA of the Vice Chair of the Committee is increased to 15% of the Basic Allowance.

RECOMMENDATION: The SRA for the Chair of the Standards and Constitution Committee should be increased from 10% to 30% of the Basic Allowance.

RECOMMENDATION: The SRA for the Vice Chair of the Standards and Constitution Committee should be increased from 5% to 15% of the Basic Allowance.

24. The Panel's attention was also brought to the level of the SRA for the Chair of the Human Resources Panel during the course of our review. Currently the Chair of the Human Resources Panel receives an SRA of 30% of the Basic Allowance. The Human Resources Panel is an advisory body to the Strategy and Resources Committee and has met only once a year for each of the past 3 years, to receive a Human Resources overview report. As an advisory panel it does not have decision making powers. Given this frequency of meetings, it is the view of the IRP that the role of the Chair of the Human Resources Panel does not incur significant enough responsibility to receive an SRA.

RECOMMENDATION: The SRA for Chair of Human Resources Panel of 30% of the Basic Allowance should be withdrawn.

RECOMMENDATION: The SRAs for 2024/25 to be in accordance with those listed in Appendix 1 of the report.

Should a Member receive more than one SRA if they qualify for more than one?

25. The Council's Members Allowances Scheme currently permits councillors to be paid for more than one SRA if they are eligible to receive more than one SRA. This was a recommendation of the former IRP in 2020 and was accepted at that time by the Council.
26. Benchmark analysis identifies that 50% of other Surrey Borough and District Councils (5 of 10 other Councils)² currently operate a "One SRA per councillor" rule which limits Members to being paid for only one SRA even if they qualify for more than one.
27. During our review, the Panel felt that it was premature to make a recommendation on the introduction of a "One SRA per councillor" rule for Epsom and Ewell Borough Council due to the existing low level of the Basic Allowances. If the Council agrees to the Panel's recommendation on the Basic Allowance, we recommend that members also consider whether they feel it would be appropriate to introduce a "One SRA" rule.

RECOMMENDATION: That if the Council agrees to accept a recommended increase to Basic Allowances as set out in this report, it also considers whether it wishes to introduce a "One SRA per Councillor" rule to limit Councillors to being paid for only one SRA even if they qualify for more than one.

Dependants' Carers' Allowance

28. Currently Epsom and Ewell 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.
29. The Panel was of the view that the Dependants' Carers' Allowance was important and should continue to be recommended. The Panel noted that there was a low take up of the allowance currently, but that responses to the questionnaire and interview questions did not indicate that the rate of the allowance was at the wrong level. It is our recommendation that the Dependants' Carers Allowance is maintained at its current level but that it is more widely promoted by both council officers and political group leaders to ensure that councillors are aware of its availability.
30. The wording of the existing Dependants' Carers Allowance is as follows:

"A payment equivalent to the actual cost incurred may be made to Councillors to cover child-care or dependent care subject to the provision of receipts and filling in of a claim form, in respect of childcare and other dependent care respectively with the exception that claims will not be payable in respect of carers in the same household. In addition, the rate payable to carers who are not in the same household as, but are family members of, the Member, should be at the appropriate rate of the National Living Wage."

² Data provided by the Sout East Employers Members Allowances Survey 2023

RECOMMENDATION: That the Council’s existing Dependants Carers Allowance continues without amendment. That the Council considers how the allowance can be promoted to councillors to ensure that they are aware of its availability.

Travel, subsistence and attendance at conferences, seminars and other official Council business outside of the borough

31. The Panel considered that a review of the scheme of payments for travel, subsistence and attendance at conferences, seminars and other official Council business was outside of its scope. The Panel observed that the current system seems to be unsatisfactory with regard to what can be claimed and the process for approval. It is our recommendation that a policy is created and adopted by the Council to address these issues and that until such a policy has been adopted, that the existing arrangements set out in the Members Allowances Scheme continue without amendment.

32. The wording of the existing arrangements is as follows:

“Travel expenses and subsistence will only be reimbursed for **pre-approved** attendance at conferences and seminars or other official Council business outside the Borough where reimbursement will be at the officer rate up to a maximum allowed under the Inland Revenue scheme. All other travel, subsistence and necessary costs are covered by the scheme of allowances.”

RECOMMENDATION: That the Council agrees to adopt a policy in relation to pre-approved payments for travel, subsistence and attendance at conferences, seminars and other official Council business outside of the borough, and that until such a policy has been adopted by the Council, that the existing arrangements set out in the Members’ Allowances Scheme continue without amendment.

Index Linking

33. The index linking of the Basic Allowance is currently linked to September CPI.

34. The Panel is of the view that any future index linking of the Basic Allowance and the Special Responsibility Allowances should be at the rate of increase in staff salaries. Whilst the Local Authorities (Members’ Allowances) (England) Regulations 2003 set out that the Members Allowances Scheme can be adjusted by an index for a maximum of four years, it is the Panel’s recommendation that the Council expedites its next Independent Panel review and undertakes such a review in 2 years’ time. This will enable both the changes proposed and the issues identified by our report to be reviewed.

35. The Panel have noted earlier in this report that it is mindful of the budgetary challenges faced by the Council, so rather than make a recommendation as to when indexation should begin, it invites elected Members to consider the financial impact of applying it from April 2024 compared to April 2025.

36. It has been brought to our attention that the council's Strategy and Resources Committee has recommended that full Council award a 6% pay rise to all staff effective as of April 2024. Members therefore could deem it appropriate to adopt indexation as at the same date and therefore apply the same level of indexation to the suggested increased noted earlier in this report. An alternative view may be that Members consider the work of this Panel has been carried out looking toward the implementation of its recommendations as of April 2024 and therefore any indexation should apply as of the following financial year. Both views have their respective merits and thus as a Panel we take the view that we are not in a position to make a recommendation. To assist Members reach a decision on this, we set out as follows, the financial impact of applying indexation to our recommended increase to the Basic Allowance (Option A & B):

Basic Allowance Option A as at April 2024 = £4,461.60 x 6% indexation = £4,729.30

Basic Allowance Option B as at April 2024 = £5,736.90 x 6% indexation = £6,081.11

RECOMMENDATION: Any index linkage agreed by the Council for the Basic Allowance and Special Responsibility Allowances should be in line with staff salary increases for a maximum of two years starting from either 2024/2025 or 2025/26.

Implementation of Recommendations

RECOMMENDATION: It is recommended that the new Members' Allowances as set out in this report be implemented from 1 April 2024.

Appendix 1 - Proposed 2024/2025 Allowances

	Number of Members Allowance payable to	Current Allowances (£)	2024/2025 Basic Allowance Option A [Indexation amount] (£)	2024/2025 Basic Allowance Option B [Indexation amount] (£)	Rationale & methodology
Basic Allowance	35	£4,031.70	£4,461.60 [£4,729.30]	£5,736.90 [£6,081.11]	
Special Responsibility Allowances					
Committee Chairs					
Strategy and Resources	1	£4,031.70	£4,461.60 [£4,729.30]	£5,736.90 [£6,081.11]	100% of Basic Allowance
Environment	1	£2,822.19	£3,123.12 [£3,310.51]	£4,015.83 [£4,256.78]	70% of Basic Allowance
Community and Wellbeing	1	£2,822.19	£3,123.12 [£3,310.51]	£4,015.83 [£4,256.78]	70% of Basic Allowance
Licensing and Planning Policy	1	£2,822.19	£3,123.12 [£3,310.51]	£4,015.83 [£4,256.78]	70% of Basic Allowance
Planning	1	£4,031.70	£4,461.60 [£4,729.30]	£5,736.90 [£6,081.11]	100% of Basic Allowance
Audit and Scrutiny	1	£2,822.19	£3,123.12 [£3,310.51]	£4,015.83 [£4,256.78]	70% of Basic Allowance
Crime and Disorder	1	£1,209.51	£1,338.48 [£1,418.79]	£1,721.07 [£1,824.33]	30% of Basic Allowance
Standards and Constitution	1	£403.17	£1,338.48 [£1,418.79]	£1,721.07 [£1,824.33]	30% of Basic Allowance
Panel Chairs					
Financial Policy	1	£1,209.51	£1,338.48 [£1,418.79]	£1,721.07 [£1,824.33]	30% of Basic Allowance
Health Liaison	1	£1,209.51	£1,338.48 [£1,418.79]	£1,721.07 [£1,824.33]	30% of Basic Allowance

Other Chairs					
Epsom and Walton Downs Conservators	1	£1,209.51	£1,338.48 [£1,418.79]	£1,721.07 [£1,824.33]	30% of Basic Allowance
Vice Chairs					
Strategy and Resources	1	£2,015.85	£2,230.80 [£2,364.65]	£2,868.45 [£3,040.56]	50% of Basic Allowance
Environment	1	£1,411.10	£1,561.56 [£1,655.26]	£1,561.56 [£2,128.39]	35% of Basic Allowance
Community and Wellbeing	1	£1,411.10	£1,561.56 [£1,655.26]	£1,561.56 [£2,128.39]	35% of Basic Allowance
Licensing and Planning Policy	1	£1,411.10	£1,561.56 [£1,655.26]	£2,007.92 [£2,128.39]	35% of Basic Allowance
Planning	1	£2,015.85	£2,230.80 [£2,364.65]	£2,868.45 [£3,040.56]	50% of Basic Allowance
Audit and Scrutiny	1	£1,411.10	£1,561.56 [£1,655.26]	£2,007.92 [£2,128.39]	35% of Basic Allowance
Standards and Constitution	1	£201.59	£669.24 [£709.40]	£860.54 [£912.17]	15% of Basic Allowance
Planning Committee Membership					
Membership of Planning Committee	8 (Chair & Vice receive separate Allowance)	£403.17	£446.16 [£472.93]	£573.69 [£608.11]	10% of Basic Allowance

Other posts					
Majority Group Leader	1	£4,031.70	£4,461.60 [£4,729.30]	£5,736.90 [£6,081.11]	100% of Basic Allowance
Minority Group Leader	Dependant upon number of Groups	Dependant on number of group members	Dependant on number of group members	Dependant on number of group members	£200 + £50 per group member
			Increase from FY 2023/24 to 2024/25		
Total cost of Basic Allowance and SRAs under the current 2023/24 Members' Allowances Scheme:			£185,097.20		
Total cost of Basic Allowance and SRAs under the Option A Members' Allowances Scheme for 2024/25 prior to any indexation:			£204,722.04	£19,624.84	
Total cost of Basic Allowance and SRAs under the Option A Members' Allowances Scheme for 2024/25 inclusive of 6% indexation:			£217,005.36	£31,908.16	
Total cost of Basic Allowance and SRAs under the Option B Members' Allowances Scheme for 2024/25 prior to any indexation:			£262,939.49	£77,842.29	
Total cost of Basic Allowance and SRAs under the Option B Members' Allowances Scheme for 2024/25 inclusive of 6% indexation:			£278,715.86	£93,618.66	

Epsom and Ewell District Council Independent Remuneration Panel

December 2023