



**The report of the Independent Remuneration Panel  
appointed to review the allowances paid to Councillors of  
Waverley Borough Council**

**January 2018**

## 1. INTRODUCTION

- 1.1 The Local Government Act 2000 requires all local authorities to appoint an Independent Remuneration Panel (IRP) to advise on the terms and conditions of their scheme of Councillors' allowances.
- 1.2 The Council, at its meeting in February 2017, resolved to change the Council's structure around the Overview and Scrutiny arrangement and increased from two Committees to four. One implication from this was the increase within the Scheme of Members' Allowances from paying two Chairmen and Vice-Chairmen of Overview and Scrutiny Committees, to four.
- 1.3 The IRP last completed a full review of Members' Allowances in January 2012 and was due to review the Council's scheme during 2017 in accordance with the requirement to review them every five years. In view of this, and the recent changes to the structure of the Overview and Scrutiny Committees, it was considered timely for the IRP to meet again and as part of their review of members' allowances, discuss how to fund the additional SRAs within an already tight budget.
- 1.4 The composition of the Panel is as follows:-
- Neil McClelland (Chairman)
  - Ken Kent
  - Robert Mattock
- 1.5 The IRP's terms of reference were in accordance with the requirements of The Local Authorities (Members' Allowances) (England) Regulations 2003 ("the 2003 Regulations"), together with "Guidance on Consolidated Regulations for Local Authority Allowances" issued jointly by the Department of Communities and Local Government (formerly the Office of the Deputy Prime Minister (ODPM)) and the Inland Revenue. Those requirements are:-

To make recommendations to the Council as to:-

- (a) the amount of basic allowance;
- (b) the responsibilities or duties in respect of which the following should be available:-
- (i) special responsibility allowance;
  - (ii) travelling and subsistence allowance;
  - (iii) dependents' carers' allowance; and
  - (iv) co-optees' allowance; and
  - (v) the amount of such allowances;
- (c) whether payment of allowances may be backdated, in the event that the scheme is amended at any time, so as to affect an allowance payable for the year in which the amendment is made;

- (d) 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;
- (e) which Members are to be entitled, if any, to pensions in accordance with a scheme made under Section 7 of the Superannuation Act 1972, and whether basic allowance or special responsibility allowance, or both, should be treated as amounts in respect of which such pensions are payable in accordance with such a scheme.

Having looked at these areas as part of the review, there are no proposals to change earlier decisions relating to those areas, other than basic allowance and special responsibility allowance.

## **2. BACKGROUND INFORMATION**

- 2.1 Over the last 8 years the IRP has previously completed two full reviews of the Members' Allowances Scheme. At its review in January 2009 the Panel put forward recommendations involving setting a multiplier for each role and no SRA for Vice-Chairmen. These recommendations were not approved by the Council but they did accept the changes proposed for the Carers' Allowance.
- 2.2 In September 2011, the Panel reconvened and looked again in detail at the allowances paid across the South East Region. It was noted then that Waverley's allowances were far less than other Local Authorities so recommendations were put forward to increase both basic and special responsibility allowances to be equal to the average levels paid across the South East over a three year period. The Panel also made recommendations to set an SRA for the Chairmen and Vice Chairmen of Standards and the Audit Committee, as well as maintain the link with the staff annual pay award. The Council approved the recommendations except not to introduce it until 2012/13. Subsequently, in February 2013 the Council then decided to introduce the new allowances immediately rather than over the 3 year life span of the Council.
- 2.3 Since 2013, there had been one further minor change to the allowances, this being a new SRA for the Joint Planning Committee Vice-Chairman in recognition of the amount of work involved with this Committee.
- 2.3.1 The budget for Members' basic and special responsibility allowances in 2017/18 is currently £377,279 and the IRP was made aware of the significant budget pressures on the Council.
- 2.4 The IRP needed to consider how best to pay a SRA to all four of the Overview and Scrutiny Chairmen and Vice-Chairmen resulting from the recent change in structure and whether this was possible through making adjustments to the scheme within the current budget or propose an increase to the overall budget.

### 3. CURRENT SCHEME

- 3.1 Within the current scheme Waverley Councillors are entitled to a total basic allowance of £4,665 per annum, with the first £500 currently being paid tax-free to reflect the reimbursement of costs necessarily incurred. In addition, some Councillors receive Special Responsibility Allowances for undertaking additional duties, as set out in the Scheme.
- 3.2 Councillors may claim the cost of travel and subsistence expenses incurred on approved duties and Child Care and Dependants' Carers' Allowance up to certain amounts.

### 4. PRINCIPLES

- 4.1 The following principles, which were established at the time of the IRP's first review in 2002, continue to underpin this review:-

- (i) The work of a Councillor is essentially voluntary in nature. This principle is recognised and supported by all Councillors interviewed during the reviews in 2002, 2003, 2008 and 2012. Government Guidance also recognises that some elements of this work should remain voluntary;
- (ii) Any scheme of allowances should be fair, transparent and logical;
- (iii) Allowances apply to roles within the Council, not individual Councillors;
- (iv) Allowances should represent reasonable *compensation* to Councillors for expenses they incur, and time they commit, in relation to their role, not *remuneration* for their work. Councillors are not paid employees of the Council and their allowances should not be treated as salary;
- (v) Allowances cannot be used to recognise individual performance. The legislation does not provide for "performance related" allowances.
- (vi) Special responsibility allowances are used to recognise the *significant* additional responsibilities which attach to some roles, not just the extra time required.

- 4.2 In making recommendations, the IRP have sought to maintain a balance between:-

- (i) The essentially voluntary nature of a Councillor's role;
- (ii) The need for allowances to provide appropriate financial recognition for the expenses incurred and time spent by Councillors in fulfilling their roles;
- (iii) The need to ensure that the level of allowances is sufficient so as not to discourage anyone considering becoming a Councillor or to deter existing Councillors from fulfilling their role;

- (iv) The need for the allowance system to be as simple as possible, without this consideration becoming an undue constraint on the design of the scheme.

## 5. Evidence Gathering

5.1 The IRP recognised that individual councillors undertook different duties and responsibilities and that those differences covered a wide spectrum. Certain consultations and investigations were required to assist the Panel in reaching a conclusion.

5.1 The Panel's investigations involved the following:

- Eight face-to-face interviews with a representative selection of Councillors;
- A questionnaire (and its results) to all Councillors to obtain an estimate of time spent on Council duties and additional costs associated in being a councillor. Twenty responses were received;
- A comparative study of the payments made in other similar Councils (attached at Annexe 1); and
- Information about the budget situation across the Council from the Head of Finance.

## 6 Councillors' views on the level of allowances

6.1 Eight councillors were interviewed as part of the review; the Leader of the Council, a working Member, Portfolio Holder for Finance, Portfolio Holder for Economic Development, Planning Chairman, two Councillors involved in Licensing and the Chairman of the Overview and Scrutiny Review and now Vice-Chairman of the new Housing Overview and Scrutiny Committee.

6.2 All Councillors interviewed accepted that much of their work was voluntary in nature and this was reflected in the written returns all councillors made to the IRP. All accepted that the level of sacrifices made to be a Councillor was an individual decision albeit because of the number of meetings, it was difficult to maintain a good balance. The majority agreed that whilst loss of earnings should not be made good through the Members' Allowance, there should be a reasonable basic allowance to recognise the time commitment in normal backbench work, and to ensure that essential out of pocket expenses were reimbursed.

6.3 All Councillors interviewed recognised that Members of the Executive took on significant responsibilities over and above those of backbenchers, especially over the last 6 months and the increasing demands that will be placed on them over the coming year.

6.4 Councillors interviewed were asked about whether or not an allowance should be paid as a general rule to Vice-Chairmen, a suggestion raised by a couple of members as a way of balancing the budget. This also was a recommendation put forward before by the IRP in 2008. Similarly to then, the

other Members interviewed rejected the suggestion as it was recognised the important position that the Vice-Chairman played and they also wanted to encourage it as a shadowing opportunity and good experience for progression planning.

## 7. Compensation for time and responsibility

7.1 Responses to the Panel's questionnaire showed that Councillors spent widely varying amounts of time on their councillor activities and responses were similar to those received in the 2008 questionnaire. It was noted that the basic allowance didn't cover the time commitment for the role, however, information obtained from these and the interviews highlighted that a majority of councillors were happy with the level of basic allowance and felt that it covered out of pocket expenses.

7.2 The responses and interviews showed that the Leader and the Members of the Executive had significant responsibilities and committed a considerable number of hours each month to the Council. There was also additional significant responsibility in the work of the Chairmen of Committees. For the Executive, in particular, they had an even more difficult role coming up with the changes arising from the Strategic Review undertaken by the Council which they would be taking decisions on and implementing.

## 8. Travelling and Subsistence Allowance & Dependants' Carers' Allowance

8.1 The 2003 Regulations provide that a scheme of allowances may also include the payment of:-

(a) a travelling and subsistence allowance to its Members and co-opted members (which may include provision for the payment of an allowance for those members who travel by bicycle or other non-motorised transport); and

(b) a dependants' carers' allowance to those councillors who incur expenditure for the care of children or other dependants

8.2 No specific questions were asked on these allowances, nor raised by Members, with the exception of the comment that the payment to cover travelling expenses was welcomed especially when additional meetings were being called more frequently.

## 9. **CONCLUSION**

### 9.1 **Special Responsibility Allowances (SRAs)**

9.1.1 Guidance advises that 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.

9.1.2 The IRP carefully considered the evidence gathered from the interviews and questionnaires from Councillors and, in particular, information obtained from viewing other local authorities in the Surrey area.

9.1.3 The IRP looked at a number of options to balance the budget whilst still managing to pay an SRA to the two new Overview and Scrutiny Chairmen. This included:

- a) withdrawing all Vice-Chairmen's SRAs;
- b) paying the new Chairmen a  $\frac{1}{4}$  of £9,488 which is the total amount paid currently if the Overview and Scrutiny structure had not changed;
- c) reducing the basic allowance by a certain percentage, to be agreed; and
- d) reducing the basic allowance and SRA allowance for all councillors by a certain percentage, to be agreed.

The IRP looked at each option in turn with the conclusions noted below:

- a) The IRP concluded that the Vice-Chairmen's SRA should continue as they played an important role, and also a progressive role to gain experience in becoming a chairman in future years.
- b) The IRP concluded that they should not divide the O&S Chairmen's and Vice-Chairmen's current allowance, recognising the significant contribution and responsibility they had, especially this year as the new Committees were establishing themselves.
- c) The IRP concluded that it did not want to reduce the current SRAs by a certain percentage (in addition to the basic allowance) as all postholders put in a significant amount of time and effort, and reducing it would not be reasonable.
- d) Consequently, as a result of these conclusions the IRP moved onto looking at a recommendation to reduce the basic allowance, or, proposing a budget increase of £9,488 which would cover the four new SRAs. The IRP considered the evidence before them and, although noting the budget pressures, felt that the basic allowance should not be reduced, and that the increase proposed for the new SRAs was only small.

9.1.4 The comparative data was useful but, unless a sophisticated analysis was undertaken into the committee structures of all neighbouring authorities, it was almost impossible to determine exactly a midpoint base for an SRA.

## **9.2 Basic Allowance**

- 9.2.1 As stated earlier in this report, the Panel recognised that many Councillors devote significant amounts of time to their duties. The questionnaires indicated that Councillors spend a large number of hours a month on their duties, of which half was spent on “constituency business”. Councillors with additional responsibilities worked substantially longer than this, predominantly, in attending meetings with officers outside of formal meetings and information obtained in this review confirms this.
- 9.2.2 There are 57 Councillors at Waverley, more per head of population than any other Surrey District. This inevitably makes the total cost of Waverley Councillor allowances relatively high compared with equivalent Boroughs.
- 9.2.3 Having considered all the options for the SRA, the Panel discussed whether or not a small reduction be made to the basic allowance which would cover the £9,488 amount required to pay the additional O&S Chairmen and Vice-Chairmen.
- 9.2.4 The IRP felt that the basic allowance should not be reduced considering the time commitment councillors gave to their roles. Furthermore, the current basic allowance was mid-point to those paid by other Local Authorities and so no decrease or increase was proposed.

## **9.3 Audit Committee Chairman and Vice-Chairman**

- 9.3.1 The IRP also considered the SRA paid to the Chairman and Vice-Chairman of the Audit Committee, particularly noting the similarities to the roles carried out by the Chairmen and Vice-Chairmen of the Overview and Scrutiny Committees. It was noted that the Audit Committee had a high level of responsibility considering items such as reviewing and approving the annual accounts. Therefore, the Chairman and Vice-Chairman took on a large amount of responsibility in their roles. In view of this, and having reviewed the amount paid by other Surrey Councils, it was agreed that they should be paid more to reflect the additional responsibility they had. It was agreed that their SRA should be in line with that offered to the Overview and Scrutiny Chairmen and Vice-Chairmen of £3,162 and £1,582 respectively.
- 9.3.2 The proposed Scheme is, therefore, attached at [Annexe 2](#).

## **9.4 Pensions**

- 9.4.1 The IRP did not consider or make any recommendations in relation to pensions for Councillors.

## **9.5 Travelling and Subsistence Allowance and Broadband**

- 9.5.1 The IRP propose that no changes be made to the existing arrangements for travelling, subsistence and broadband allowances.



9.6 **Dependants' Carers' Allowance**

9.6.1 The IRP propose that no changes be made to the existing arrangements for co-optees or appointed Members of the Standards Panel allowances.

9.7 **Co-Optees' Allowance**

9.7.1 The IRP propose that no changes be made to the existing arrangements for co-optees or appointed Members of the Standards Panel allowances.

9.8 **Town/Parish Allowances**

9.8.1 The IRP do not propose to make any recommendations in relation to allowances for Town or Parish Councillors.

9.8.2 The IRP agreed that any changes to the scheme should be backdated to the start of the current Council year 2017/2018.

**10. RECOMMENDATIONS**

The IRP, therefore, **RECOMMENDS** that

1. The Members' Allowance budget for 2017/18 be increased by £10,682 in order to pay for the additional SRAs for the Chairmen and Vice-Chairmen of the two additional Overview and Scrutiny Committees as well as for the increase to the SRA to the Chairman and Vice-Chairman of the Audit Committee.

The IRP further **RECOMMENDS** that the following is also agreed

2. a Special Responsibility Allowance be paid to all four Chairmen and Vice-Chairmen of the Overview and Scrutiny Committees;
3. the Special Responsibility Allowance paid to the Chair and Vice-Chairman of the Audit Committee be increased to £3,162 and £1,582 respectively;
4. only one Special Responsibility Allowance will be payable to a single councillor at one time, in line with current policy;
5. the basic allowance, and each of the SRAs, continue to be increased annually in line with the percentage increase in Waverley's Staff salaries; and
6. any changes to the scheme should be backdated to the start of the current Council year 2017/2018.

Signed: .....  
Neil McClelland (Chairman)

Signed: ..... Signed: .....  
Ken Kent Bob Mattock