

Review of Council Members' Allowances for Tandridge District Council

November 2022

Tandridge Independent Remuneration Panel

Introduction

1. Under the Local Authorities (Members' Allowances) (England) Regulations 2003, the Council is required to establish and maintain an Independent Remuneration Panel (IRP). The purpose of the Panel is to consider and make recommendations to the Council about the allowances paid to Members under its Scheme of Allowances. The Council must make the final decision on its Scheme but in doing so it must have regard to the advice of the IRP before making any changes.
2. Under the regulations, the Council is required to undertake a review every four years if the basic allowance is linked to an index. The last review was completed in April 2019 and the Basic Allowance was linked to staff pay awards.

The Independent Remuneration Panel

3. The IRP was appointed in September 2022 following a recruitment process run by the Council. The Panel is made up of three members: Robert Coyle (Chair), Ben Garland and Matthew Searle. The members of the panel come with a wide range of experience. Their profiles are at Appendix 1.

Context of the Review

4. The Panel considered the Scheme of Allowances in line with the approach and methodology laid out in appendix 2 and the Terms of Reference in appendix 3.
5. It was clear from the discussions the Panel had with Group Leaders and Senior Officers that the review was being undertaken at a time of financial pressure for the Council. There are significant savings that need to be made in the current and next financial years.
6. However, it was clear from the comparative data, and from feedback with Group Leaders, that the basic allowance was set too low primarily due to the fact that the Public Service Discount (set at 60%) was too high. The Panel believe a fair and reasonable allowance should be paid to Members, and there is concern that a low rate will decrease the diversity of the council and risk making the role unattractive to potential candidates.
7. In normal circumstances the Panel would be recommending an increase in the basic allowance as outlined in appendix 4 to the report. However, given the financial context, and following feedback from Group Leaders, the Panel are recommending that the basic allowance is maintained, and that it continues to be index linked to the annual staff pay award process. The Panel are also recommending no changes to Special Responsibility Allowances (SRAs) or any other allowances.
8. The Council is currently undertaking a transformation programme and the Local Government Boundary Commission for England is undertaking an electoral review. The transformation programme may alter the role of Councillors and the skills they require if the Council moves to a commissioning model. The boundary review is likely

to change the size of the Council by reducing the number of Councillors, possibly impacting the level of work Councillors are expected to undertake.

9. Therefore, the Panel, whilst noting that the Council is under a legal obligation to review Members' Allowances four years after receiving this report, recommend that a thorough review of Members' Allowances is undertaken in the second half of 2024, when the Council will be operating under its new size and following implementation of changes as a result of the Future Tandridge Programme.

Recommendations

10. The Panel's recommendations are therefore as follows:

Basic Allowance	
Recommendation 1:	The Basic Allowance be retained at the current level (£4,317) and remains index linked to staff pay awards.
Special Responsibility Allowances (SRAs)	
Recommendation 2:	That Special Responsibility Allowances be retained at the current level and remain index linked to staff pay awards.
Travelling and Subsistence Expenses and Dependents' Carers' Allowance	
Recommendation 3:	That Travel and Subsistence Expenses and Dependents' Carers' Allowance be retained at the current level.
Future Review	
Recommendation 4:	That that a full review of Members' Allowances be undertaken in autumn 2024.

Budget Impact

11. There would be minimal net cost to the Council arising as a result of the implementation of these recommendations. This arises due to the recommendation to maintain the link between Basic Allowances and SRAs to staff pay awards, which already exists in the allowance scheme. The actual cost is dependent on the size of any staff pay award, but for every 1% of a staff pay award, the net cost to the Council would be approximately £1,800 for Basic Allowances and £460 for SRAs.

Special Responsibility Allowances

12. Some Authorities have a rule whereby no more than 50% of Members may receive an SRA. Some authorities operate a one SRA per Member Rule. Tandridge District Council has historically not operated under these rules. The IRP do not recommend any change to this.

Renunciation

13. The existing Scheme of Allowance allows for any Member, on notifying the Chief Executive, to forego any part of their entitlement to an allowance. The IRP feel this is an important provision for Members who do wish to renunciate any part of their allowance.

Appendices

Appendix 1: Members of the Independent Remuneration Panel

Appendix 2: Approach and methodology of the review

Appendix 3: The Terms of the Reference of the Independent Remuneration Panel

Appendix 4: Recommendations if the financial position of the Council was improved.

Acknowledgements

The Panel is grateful for the support and co-operation received from Group Leaders Senior Officers and Alex Berry, Democratic and Electoral Services Manager.

Appendix 1

Members of the Independent Remuneration Panel

The Panel Members are:

- **Robert Coyle**
Robert acted as Chairman of the Panel. Robert is now an Independent NED, sitting on several public & private sector bodies governance boards including remuneration & audit committees. He is a member of another Surrey based IRP & sits on other local government bodies (for instance as an Independent Person for the Corporation of London). Originally Robert trained as a Chartered Accountant. In his executive career Robert held senior roles in accountancy firms & also sat on the boards of a variety of large businesses as CEO/CFO. Robert lives in Surrey.
- **Ben Garland**
Ben is a Reward Consultant who contracts for a range of clients. He is panel member of the Joint-Independent Remuneration Panel (JIRP) for Tunbridge Wells, Tunbridge and Malling and Sevenoaks as well as the HR and Remuneration Committee for University of Brighton Academies Trust.
Ben lives in South London.
- **Matthew Searle**
Matthew is a Tandridge resident. He is a Professional Independent Pension Trustee supporting pension schemes in the charitable and commercial sectors. Previously Country Director for a large multinational corporate he is experienced with setting appropriate remuneration as a key element of an effective organisation.

Appendix 2

Approach and Methodology

The Panel considered the current Allowance Scheme along with the following information for consideration:

- Comparative data from the South East Employers Survey of Local Authorities on Allowances Paid to Members. In this regard, the Panel paid particular attention to a group of 7 Councils. These were all District or Borough Councils with similar characteristics to Tandridge and based in Surrey and Sussex (see below)
- Council profile
- Allowances paid to Councillors in 2021/22 and expected to be paid in 2022/23
- Councillor attendance at meetings for the 2021/22 Municipal Year
- The Councillors Handbook, including role profiles of Councillors, the Leader of the Council, the Chairman of the Council and Chairman of Committees
- The Terms of Reference for the Council and Committees (extract from the Constitution)

The Panel met with the following Members and Officers to explore any issues regarding Allowances:

- Cllr Catherine Sayer, Leader of the Council and Group Leader of the Independent and Oxted and Limpsfield Residents Group (IOLRG)
- Cllr Chris Botten, Vice-Chair of the Council and Group Leader of the Liberal Democrat Group
- Cllr Robin Bloore, Leader of the Conservative Group
- Cllr Martin Allen, Leader of the Independent Group
- David Ford, Chief Executive
- Lidia Harrison, Head of Legal and Democratic Services and Monitoring Officer
- Mark Hak-Sanders, Chief Finance Officer
- All Councillors were given the opportunity to contact the Chair of the Panel but none did.

1. The panel looked at the overall comparative data as provided by South East Employers. Noting that this is in fact a very wide data set with a wide variety of councils (i.e. largest is Oxfordshire County Council, smallest is Adur District Council, geographically from Oxfordshire to Kent), the Panel felt that a smaller subset of data was more useful to look at.

2. The Councils selected for comparative purposes were:

Adur District Council
Hastings Borough Council
Mole Valley District Council
Rother District Council
Runnymede Borough Council
Spelthorne Borough Council
Surrey Heath Borough Council

3. In arriving at this sample, it was noted that all the councils were district or borough councils, and all were geographically in roughly the same area (therefore more comparable for issues such as cost of living etc).

4. The panel noted that against this more focused peer group that Tandridge was generally the lowest rewarded.

5. Tandridge operates a committee method of governance. This is different to some councils which use the cabinet method – see below.

6. In discussing with Group Leaders
 - There was a consensus that allowances were too low generally,
 - It was difficult to attract quality candidates as councillors & many good councillors only served one term because of workloads plus the modern move to social media making it at times a difficult experience
 - The general feeling however seemed to be that the level of allowances was not an issue in attracting candidates
 - The current make-up of the council (ie no overall control) plus the consultative nature of the leader (which was seen as beneficial) put a high work load on group leaders etc as the council tried to grapple with some difficult issues by finding a consensus
 - There was not however a consensus on whether allowances should rise or not
7. In discussing with key Officers, the financial difficulties of the council were paramount in their thinking.
8. The panel notes an on-going boundary review by the Local Government Boundary Commission for England (LGBCE) which should conclude by May 2024. Political Groups have submitted varying recommendations to the LGBCE ranging from a reduction in members to maintaining the current number.
9. The panel noted that allowances have increased very little in recent years. The council has a reasonable gender balance (i.e. access to democracy by all groups): councillors felt that career demands & family life, not allowances, made it difficult for some groups of people to stand (i.e. allowances do not need changing to attract/facilitate underrepresented groups standing).
10. However, the panel also noted that if allowances are frozen for a long time (which may be politically easiest for some) eventually a major re-set would be required.
11. The panel are aware of the overall financial pressure on councils and its possible impact on jobs & services: however, it also particularly noted the specific financial position of Tandridge & the likelihood of job &/or service cuts to achieve a balanced budget. The panel also noted that it cannot bind future decisions.
12. Therefore – taking the above into account the panel recommends:
 1. No major change in any allowances now (continue indexation linked to staff pay awards)
 2. That a new panel however be brought into being as soon as the effects of the boundary commission review are known & in particular the impact on councillor numbers
 3. A full review be undertaken at that time with likely possibly significant changes – the public service discount [see below] at Tandridge is out of line at 60% - if the current panel were to review in the future their thoughts were that a discount of 50% was more in line with the norm.
13. The panel notes that any individual councillor can always disavow their entitlement to any allowance.
14. In arriving at their decisions the chair of the panel made himself available for any councillor to contact individually to make any representations they wished – no one did.
15. The public sector discount is the element of a Members' time that is not remunerated and is given freely as public service.

Appendix 3

Tandridge District Council – Independent Remuneration Panel (IRP) Terms of Reference

1. The IRP shall be comprised of 3 independent persons. None of the members of the panel will be a Member of the Council or of a committee or sub-committee of the Council; or will be disqualified from being a member of the Council by virtue of section 80 of the Local Government Act 1972 and section 79 and 83(11) of the Local Government Act 2000.
2. A recruitment process shall be undertaken in accordance with the Council's standard recruitment arrangements. The term of office will be for one year.
3. The IRP shall:
 - a. Appoint its own Chair at the first meeting of the municipal year
 - b. Require a quorum of 3 members at all meetings
 - c. Otherwise devise its own rules for the conduct of meetings providing that they are consistent with legislative requirements and general good governance requirements.
4. The IRP is to review the District Council's Members' Allowances Scheme and make recommendations to Council. The panel will consider the roles and responsibilities of Councillors.
5. The IRP will have regard to:
 - a. Comparative data on allowances paid by other similar local authorities
 - b. The need for the composition of the Council to reflect the population of the district
6. The IRP will make recommendations to the Council on:
 - a. The Basic Allowance paid to all Members of the Council
 - b. The responsibilities and/or duties for which Members of the Council should receive Special Responsibilities Allowances
 - c. The amount of Special Responsibilities Allowances
 - d. The amount of Childcare and Dependants' Carers' Allowances
 - e. Travelling and Subsistence Allowances
 - f. Whether adjustments to the level of allowances should be determined according to an index, and if so, which index and how long that index should apply up to a maximum of four years
 - g. The start date of any recommended changes
7. The IRP will consider recommendations from the Council's Management Team when developing the review programme.
8. The IRP will have access to any information that it considers necessary to fulfil its duties.
9. The IRP will be able to request to meet any member or officer within the Management Team during the review.
10. The IRP will submit their report to the Strategy and Resources Committee, which will make recommendations on Members Allowances to Full Council.
11. The IRP will be supported administratively by Democratic Services.

Appendix 4

Recommendations if the financial position of the Council was improved.

As explained in paragraph 7 of the report, the IRP are recommending no change to allowances. However, the Panel are of the opinion that the basic allowance is set too low, primarily due to the fact that the Public Service Discount is set too high.

If the financial position of the Council was improved, the IRP would be inclined to make the following recommendations:

Basic Allowance

That the Basic Allowance be increased by reducing the Public Sector Discount from 60% to 50%. The Panel would recommend doing that over a period of two years. The Basic Allowance would remain linked to the annual staff pay awards.

The recommendation would therefore be that the Basic Allowance is set at:

2023/24: £4,856.63 (plus % of staff pay award)

This is made up from a reference point of the current Basic Allowance = £4,317, which has a 60% PSD applied. Remove that 60% PSD in its entirety = £10,792.50. Apply a 55% PSD = £4856.63.

2024/25: £5,396.25 (plus % of staff pay award)

The same calculation as above, but with a 50% PSD applied.

The IRP would seek to benchmark this figure at the time to ensure it is comparable to equivalent Councils. The 2024/25 figure would be close to the average of the equivalent Councils in 2022/23 (£5,274.38).

Special Responsibility Allowance

If considering an increase in basic allowance, the IRP would also be minded to consider whether to retain the SRA for Vice-Chairs and whether there is any mileage in exploring the different workloads of each of the committees to ensure allowances reflect the workload of each committee member.

Notes

The IRP recognise that a future Panel will put forward their own recommendations after consideration of the facts at the time. However, these recommendations may be a point of interest for the future IRP.