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**Brandon Lewis MP**  
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Dear Cllrs,

**COUNCILLOR ALLOWANCES & SURREY COUNTY COUNCIL**

Thank you for your recent separate letters about the new scheme of councillor allowances that Surrey County Council members voted to adopt at their council meeting of 6 May. I am responding as the Minister for Local Government. I thought it may be appropriate to reply to both your letters together.

It is deeply concerning that the County Council has chosen to act in a way which has not only prompted the resignation of their entire independent remuneration panel, but shows contempt for the hard-working families of the area who pay their council tax. Of course, setting allowances is a local matter for the council concerned. But particularly given the pay freeze that local government workers have faced in recent years, the Government expects those in public life to show restraint and to set levels of allowances for councillors and remuneration for officers which reflect the pressure on budgets and the need to pay off the deficit left by the last Administration. Ministers have done this, as Ministerial salaries were cut by the Prime Minister in 2010, followed by a Ministerial pay freeze for the rest of this Parliament.

In answer to your specific questions:

- Whilst it is the case that under the Local Authorities (Members' Allowances) (England) Regulations 2003, councils have a duty to have regard to the recommendations of the Panel, they are not bound by a panel's recommendations when voting on the level of allowances. Nonetheless, it is deeply disappointing if a council feels that they can set a level of allowances that exceed the levels that have been proposed by their panel, in apparent disregard of the prevailing circumstances. I note that the proposals for these inordinate increases in allowance were tabled with little or no notice before the meeting; this is of further serious concern given the importance this Government places on openness and transparency. You may want to consider carefully whether this conforms with the Council's own standing orders.

- You also raise the issue of the number of special responsibility allowances that the Council has awarded. I note that in its own recommendations, the Panel suggested the Council should consider whether paying special responsibility allowances to a majority of its councillors can be justified to the taxpayers of Surrey. Whilst this is ultimately a local matter, I would put on record that as the Government we cannot conceive a situation where this would be justified. By definition, they cease being 'special' if the majority of councillors receive them.
- You point out that the amended allowances have been backdated to the Annual Council Meeting of 21 May 2013. I note that in making its recommendations including options for implementation, the Panel itself suggested backdating allowances to that date. Whilst I cannot provide legal advice, my reading of the Regulations is that authorities can apply amendments retrospectively but only to the beginning of the financial year in which the amendment is made; similarly panels may make recommendations about the backdating of allowances, but my understanding is that too extends only to the beginning of the financial year.
- You have expressed concerns about the Council applying automatic increases to its scheme of allowances. My understanding of the regulations is that they do provide for schemes to be adjusted annually by reference to an index specified by the authority. Provided such an adjustment is the only change to be made in a year, the scheme is not deemed to have been amended. However, where such an index is applied to a scheme, it cannot be used for a period longer than four years without a council then seeking a fresh recommendation from their panel.
- As regards the potential failure to publish the Panel's recommendations, the regulations are very clear about the statutory duty to ensure copies of a panel's report are made available for inspection to members of the public and the main features are publicised in the local press. This is not discretionary.

The way in which the Council has managed this process clearly leaves a lot to be desired. If they have breached their statutory responsibilities, then that is in first instance, a matter for the monitoring officer. However, alternatively, you may wish to raise this formally with the local auditor if you believe there has been unlawful expenditure; the auditor in turn has a series of powers to intervene.

I am placing this letter in the public domain to ensure transparency on the spending of public money and in light of the local press attention that this matter has received.

A handwritten signature in black ink, appearing to read 'Brandon Lewis', written in a cursive style.

**BRANDON LEWIS MP**