



***REVIEW OF MEMBERS' ALLOWANCES  
FOR 2014 to 2017***

**Report of the Independent  
Remuneration Panel**

**25 April 2014**

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# 1 INTRODUCTION

- 1.1 Under the Local Authorities (Members' Allowances)(England) Regulations 2003, the County Council is required to establish and maintain an Independent Remuneration Panel (IRP) to make recommendations to the Council about the allowances to be paid under its Scheme of Allowances. Whilst it is ultimately for the County Council to decide its Scheme, under the Regulations it must have regard to the advice of the IRP before making any changes.
- 1.2 Surrey's IRP consists of three members, Katherine Atkinson, Janet Housden and Cathy Rollinson (Chair), who between them have considerable experience in the areas of public and private sector management, human resources, consultancy services, education and charity work. They all live in Surrey, have no connections with Surrey County Council and are independent of any political party. Advice and support for the IRP's work is provided by Bryan Searle, Senior Manager (Scrutiny & Appeals) in Democratic Services.
- 1.3 The IRP has undertaken a detailed review of the County Council's existing Members' Allowances Scheme, which was agreed by the Council in July 2010. This report sets out the IRP's findings and recommendations.
- 1.4 The IRP believes it has established a sound methodology which takes into account
  - the local circumstances in Surrey;
  - the responsibility and time commitment of each role; and
  - the allowances paid by Surrey's comparator authorities.
- 1.5 The recommended allowances are felt to be a fair reflection of the remuneration appropriate for each role, and would achieve a cohesive and balanced Scheme of Allowances. If accepted the recommendations would result in a significant additional cost to the Council. This is because there have been no changes to the Scheme since 2010 (with the Basic Allowance unchanged since 2008), and the fact that the number of positions with a role profile, outlining the additional responsibilities involved, has increased. It should also be noted that there was an increase in the number of Councillors from 80 to 81 in May 2013.
- 1.6 In devising its methodology and making its recommendations, the IRP has sought to put forward an Allowances Scheme which is fair in terms of ensuring adequate recompense for Councillors who are prepared to take on the important role of representing their community and has a sound and logical basis, as well as being sensitive to the views of Surrey residents about the cost of local democracy. However, the IRP

recognises that the level of allowances set is a political decision for Members to make in the context of the current budget pressures.

### **Terms of Reference of the IRP**

- 1.7 The Terms of Reference of the IRP are set out at **Annexe 1**. In reviewing the Scheme, the IRP has had regard to the Guidance on the 2003 Regulations, which was issued at the time by the Office of the Deputy Prime Minister in conjunction with the Inland Revenue. The IRP has considered any changes there may have been to the roles and responsibilities of Members since its last report, and has also taken into account the need for the composition of the County Council to reflect more closely the population of Surrey. The recommendations contained in this report seek to address both of these issues.

## **2 SOURCES OF INFORMATION AND CONSULTATION UNDERTAKEN**

- 2.1 In order to inform its review, the IRP has collected information on the allowances schemes of other comparable authorities in the South East, as well as seeking the views of Members of the County Council. The comparator authorities used were the five largest counties (in terms of population) which are geographically closest to Surrey: Essex, Hampshire, Hertfordshire, Kent and West Sussex. This ensured that the comparator group was relevant to Surrey.
- 2.2 As part of its consultation for this review, the IRP has held face-to-face meetings or telephone discussions with the following groups or individuals:
- Leaders of all four political groups
  - Leader of the Council
  - Cabinet Members (3)
  - Cabinet Associates (3)
  - Local Committee Chairmen (discussion at a Chairmen's Group meeting)
  - Chairman of the Police & Crime Panel
  - Backbench Members (2) (in relation to childcare allowances)
  - Independent Person on the Member Complaints Panel
  - Head of Legal & Democratic Services (in relation to the Independent Person role)
- 2.3 The IRP has also drawn on its comprehensive knowledge of the County Council and Member roles from its previous reviews, which included observation of meetings, analysis of questionnaire responses and visits to other County Councils to discuss the operation of their schemes. The IRP acknowledges the need to consider the unique circumstances in Surrey, and believes that its experience of the County

Council has enabled it to make informed and robust judgements about the appropriate levels of allowances for the County Council.

- 2.4 The tables of comparative data are set out at **Annexe 2**.

### **3 CONTEXT**

- 3.1 The financial pressures facing public services in the current economic climate have been well documented nationally and locally, and the Council has stated clearly its need to make savings of £72 million in the 2014/2015 financial year. This will require difficult decisions to be made about the level of services provided. In making its recommendations, the IRP has taken into consideration this financial context. However, the IRP also acknowledges the Scheme of Allowances has not been revised since July 2010, and there has been no increase to the Basic Allowance since 2008.

### **4 METHODOLOGY**

- 4.1 The review examined the four categories of allowance within the overall Scheme:
- Basic Allowance
  - Special Responsibility Allowances
  - Childcare and Dependants' Carers' Allowances
  - Travel expenses and Subsistence Allowance
- 4.2 The amounts payable to Members are matters for local determination. This enables authorities to take full account of their particular circumstances, including the precise form of their Constitution, and to be directly accountable to their electorate.
- 4.3 The IRP has sought to establish a methodology which ensures that the basis for the recommended allowances is logical, transparent, easy to understand and robust as the starting point on which future adjustments could be based. In outline, the steps followed were as follows:
- Independent professional evaluation of the profiles for all Member roles to equate them to the senior manager salary structure in terms of responsibility levels (using the Hay evaluation methodology).
  - Determination of a notional Basic Allowance based on white-collar salaries in the County, time required to undertake the role of councillor, the level of responsibility and the voluntary public service element of the role.

- Determination of notional levels for each Special Responsibility Allowance, based on the level of the notional Basic Allowance, the results of the job evaluation process (relative differences between the role levels) and the time commitment for the role.
  - Moderation of the notional allowances, taking into account the level of allowances in the five largest South East counties in terms of population, giving a comparator group of six (including Surrey), as well as the evidence obtained from consultation.
- 4.4 When considering the time element of roles attracting an allowance, the IRP based its decisions on the average amount of time felt necessary to be able to undertake the required duties, not the time which Members *choose* to spend in the role, which will vary depending on individual circumstances.
- 4.6 The methodology is explained in more detail in **Annexe 2**.
- 4.7 In applying this methodology, the IRP was guided by the principle that operation of the Scheme should be kept as simple as possible. Therefore it has chosen not to reflect any variations there might be in the workload or responsibility of different roles for which there is a common role profile, for example different Cabinet portfolios. Similarly, it was agreed that any temporary fluctuations in workload or differences in working practices would not give rise to any changes to the allowances paid. Also, the IRP has not made any judgement about the performance of individual Councillors in their roles, although it recommends that performance should be assessed by Group Leaders, who should themselves devise a suitable system for assessment.

## 5 BASIC ALLOWANCE

- 5.1 The Basic Allowance is intended to recognise the time commitment of all Members, including such inevitable calls on their time as attendance at Council and other formal meetings, training/briefings, constituency work and attendance at political group meetings. It is also intended to cover incidental costs such as the use of their homes for Council business. The allowance is not intended to be a financial incentive, but equally it should ensure that there is no *disincentive* to serving as a councillor for financial reasons, therefore helping to attract candidates from all sections of the community.
- 5.2 An explanation of the process to determine the recommended level of the Basic Allowance is set out in **Annexe 2**.

## 6 SPECIAL RESPONSIBILITY ALLOWANCES

- 6.1 The following extract is taken from the guidance on the Regulations for allowances, published in 2003:

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*'Special responsibility allowance (SRA) 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.*

*The Regulations do not limit the number of special responsibility allowances which may be paid, nor do the Regulations prohibit the payment of more than one special responsibility allowance to any one member.*

*However, these are important considerations for local authorities. If the majority of members of a council receive a special responsibility allowance, the local electorate may rightly question whether this was justified. Local authorities will wish to consider very carefully the additional roles of members and the significance of those roles, both in terms of responsibility and real time commitment, before deciding which will warrant the payment of a special responsibility allowance.*

*It does not necessarily follow that a particular responsibility which is vested to a particular member is a significant additional responsibility for which a special responsibility allowance should be paid.'*

*Source: New Council Constitutions: Guidance on Consolidated Regulations for Local Authority Allowances, Office of the Deputy Prime Minister (2003)*

- 6.2 Under the Scheme of Allowances agreed in 2010, the number of Special Responsibility Allowances paid by the County Council (excluding allowances for political roles, which are for the parties to decide within the per capita budget for each group) was 43. This represented 53.7% of the 80 Councillors in the previous Council. At the Council meeting on 21 May 2013, the decision was taken to merge two Select Committees to create the Children & Education Select Committee, reducing the number of SRAs by two. At the same meeting, Pensions Fund Board Chairman and Vice-Chairman posts and four new Cabinet Associate posts were created. A further new post, Lead Member for Scrutiny of the Police & Crime Commissioner has also been evaluated as part of this review, increasing the number of SRAs to 47. Following the recent boundary review, there are now 81 County Councillors, and the total of 47 SRAs represents 58% of all Councillors. In the light of the Guidance quoted above, the Council should consider whether paying Special Responsibility Allowances to a majority of its Members can be justified to the residents of Surrey.

## Role Evaluation

- 6.3 Role profiles for the County Councillor role and the positions of Leader, Deputy Leader, Cabinet Member, Cabinet Associate, Chairman of the Council, Vice-Chairman of the Council, and committee chairmen and vice-chairmen are set out in the Council's Constitution. New specific profiles for the role of the Chairman and Vice-Chairman of the Pension Fund Board, and the Lead Member for Scrutiny of the Police & Crime Commissioner have also been created.
- 6.4 In order that the IRP's view of the relative responsibilities of each role, based on interview evidence and observation, could be backed-up by further objective assessment, the agreed role profiles were submitted to the Council's Human Resources team for evaluation. The roles were evaluated using the Hay Group methodology, an established and commonly-used process for measuring jobs by relative size, nature and importance. This is the methodology used by the Council for evaluating officers' job profiles, and provides a consistent and objective framework to determine the relative importance and value of different roles and the relationships between them. The Hay process evaluates roles, not people, against three factors: know-how; problem-solving; and accountability. Hay evaluation is carried out by appropriately trained and accredited staff, and the results provided to the IRP are their professional judgement, based on the existing role profiles agreed by the County Council.
- 6.5 The Hay evaluation process enabled each of the Councillor roles to be equated to a position on the County Council's Senior Managers' Pay Structure - this was to reflect the responsibility involved in the role rather than to suggest an appropriate value for the allowance.
- 6.6 The results of the evaluation process are set out in **table 1 of Annexe 2**.

## Vice-Chairmen of Committees

- 6.7 The IRP has previously recommended that an SRA should not be paid to vice-chairmen of committees on the grounds that, whilst there may be an additional time commitment, the role does not represent **significant** additional responsibility. The evaluation of the recently developed role profiles carried out as part of this review suggests that the role does carry additional responsibility and therefore, in line with the IRP's methodology, should attract an SRA. However, it should be noted that Surrey is unusual amongst its comparator group in paying an SRA to vice-chairmen. In light of the overall number of SRAs paid, the Council should consider whether it is desirable to continue to pay allowances to vice-chairmen (or introduce new allowances) when faced with the need to find significant budget savings in the coming years.



## **7 CALCULATING ALLOWANCES – THE THREE STAGE APPROACH**

7.1 In determining its recommendations for the levels of Basic and Special Responsibility Allowances, the IRP applied a three-stage approach which involved

- (a) Calculation of notional allowances for each role based on the median salary for white collar workers in the County, the time commitment required for each role and the responsibility level;
- (b) Consideration of the rates paid by authorities in the County Council's comparator group; and
- (c) Determination of recommended allowance levels based on analysis of these internal and external factors.

### **Stage 1: Internal Calculation**

7.2 Notional Special Responsibility Allowances were determined by establishing a daily rate equivalent for the Basic Allowance based on the median white-collar salary in Surrey and an adjustment to recognise the voluntary element of the role. A calculation taking into account the responsibility level and time required for each SRA role was then undertaken, and the outcome was then subjected to external comparison under stage 2 of the process. The time commitment for the County Councillor role was determined as being 18 hours (or 2.5 days) per week, based on previous consultation with Members. The notional allowances are set out in **table 2 of Annexe 2**.

### **Stage 2: External Comparison**

7.3 The IRP focused its comparisons on the five largest counties (in terms of population) which either border Surrey or are near-neighbours, as it was felt that their circumstances (in terms of organisational complexity and location near London) more closely reflected the position in Surrey. The five counties are:

- Essex
- Hampshire
- Hertfordshire
- Kent
- West Sussex

7.4 The results of the comparison process are set out in **table 3 of Annexe 2**.

7.5 This process revealed some significant differences between the notional allowances established through the internal calculation at Stage 1 and the 'market rate' amongst the councils in the comparator group, notably for committee chairmen. The position for Local

Committee chairmen was influenced by the fact that only one other Council amongst the group of six (Essex) has local committee arrangements, which differ considerably from those in Surrey. It is also important to note that in Surrey the Council provides additional 'hidden' benefits such as pension contributions and the supply of computers and telephone lines, which several other councils expect Members to provide for themselves out of their Basic Allowance. However, the IRP acknowledges that after the recent Government announcement, Members will not be eligible for the Pension Scheme following the next elections.

### **Stage 3: Recommended Allowances**

- 7.6 In order to reflect both the local circumstances in Surrey (Stage 1) and the position externally within the comparator group (Stage 2), the IRP recommends that the Basic Allowance and Special Responsibility Allowances should be set at the mid-point between the notional level and the median of the six authorities in the comparator group. The recommended levels of allowance are set out in **table 4 of Annexe 2** and summarised in section 10 of this report:
- 7.7 As already stated, it should be noted that the existing allowances have not been reviewed since 2010, and the level of the Basic Allowance has been unchanged since 2008.
- 7.8 These stages are described in detail in **Annexe 2**. As this methodology has been applied consistently to all the roles, the recommended allowances are interdependent. Therefore any adjustments to individual recommendations would impact negatively on the overall cohesiveness of the Scheme.

## **8 OTHER ALLOWANCES/EXPENSES**

### **Officers of Political Groups**

- 8.1 The IRP has reviewed the allowances paid to minority groups and recommends that the existing payment of £170 for each group member should remain unchanged.

### **Travel**

- 8.2 The car and motorcycle rates are currently linked to the HM Revenue and Customs maxima of 45p (25p for mileage in excess of 10,000) and 24p per mile respectively. Any payment above the level of 45p per mile is considered to be 'a benefit in kind' and is therefore subject to tax. The rates were reviewed in 2011 and are in line with those received by staff, and the IRP therefore recommends that they remain unchanged.

- 8.3 The current cycle allowance is 20p per mile for business journeys, and the IRP recommends that this rate be maintained.

### **Subsistence**

- 8.4 The current allowances for daytime and overnight subsistence are the actual expenditure incurred up to the following limits:
- (a) Breakfast Allowance (more than 4 hours away from normal place of residence before 11.00am e.g. 7 am - 11 am) **£5.30**;
  - (b) Lunch Allowance (more than 4 hours away from the normal place of residence including a lunchtime between 12 noon and 2.00pm e.g. 10 am - 2 pm; 12 pm - 4 pm) **£7.25**;
  - (c) Tea Allowance (more than 4 hours away from the normal place of residence including the period 3.00pm to 6.00pm e.g. 2 pm - 6 pm) **£2.90**;
  - (d) Evening Meal Allowance (more than 4 hours away from the normal place of residence ending after 7.00pm e.g. 4 pm - 8 pm; 5 pm - 9 pm) **£9.00**.
  - (e) For absence overnight (deemed to cover a continuous period of 24 hours) from the usual place of residence, **£85.80**, or where the absence overnight is in London or for attending an approved conference, **£97.85**.

- 8.5 The rates are in line with those received by staff, and the IRP therefore recommends that they remain unchanged.

### **Co-Opted Members**

- 8.6 Co-opted members of committees may claim travel expenses but do not currently receive an allowance, and the IRP recommends that this position be maintained.

### **Childcare and Dependants' Carers' Allowances**

- 8.7 Under the current Scheme, Members can claim expenses incurred in providing childcare arrangements for children for whom they have parental responsibility to enable them to attend an approved duty, subject to the following requirements:
- (a) that payment is made to someone other than a close relative;
  - (b) that payments for the care of children under eight are restricted to registered childminders and other statutory approved childcare providers;

- (c) that payments are restricted to the care of children who normally reside with the Member, up to their fourteenth birthday;
  - (d) that no payments are made for the care of children of compulsory school age during school hours, except where the child is absent from school due to illness.
- 8.8 Feedback received as part of the current review of allowances and during consultation on previous reviews has highlighted the fact that the condition which requires the use of registered childminders or other statutory approved childcare providers is unnecessarily restrictive. For example, as part of their role many Members attend parish council meetings or other evening meetings relating to their division, and it would be difficult to meet this condition as approved providers or registered childminders may not be available in the evenings or at short notice. The more likely scenario is that Members will ask a member of the family or a friend or neighbour to look after their child or children for them, and they may or may not incur costs as a result. If costs are incurred, Members are not currently entitled to claim and will therefore be out-of-pocket for those duties. Relaxation of this condition to allow use of friends or neighbours for childminding would remove what may be a disincentive for people with young families putting themselves forward as candidates.
- 8.9 The Ofsted factsheet, '*Childminding Between Friends*', explains the legal position in relation to the need for childminders to be registered as follows:
- 'The law usually requires people to register as childminders where they provide care for children under the age of eight in their own home or someone else's home (not the children's own home) for more than two hours a day for reward.*
- The law also says that people who look after a child or children in the home of one of the child's parents do not usually need to register with us to do this.'*
- 8.10 This confirms that payment can be made to unregistered childminders, as long as the childminding takes place in the child's or children's own home. The IRP therefore recommends that Members should be able to claim for childminding costs incurred during the performance of approved duties on behalf of the County Council where payment is not to a close relative and the childcare takes place in the Members' own home. Requirement (b) above should therefore be amended as follows:
- (b) that payments for the care of children under eight are restricted to registered childminders and other statutory approved childcare providers, **unless the childcare takes place in the Members' own home;**

- 8.11 The current rates are £6.75 per hour for childcare and £14.50 per hour for the care of dependant adults and children. The IRP noted that only a few Councillors made use of these allowances but nevertheless remains of the view that the provision of these allowances is important in encouraging participation in the Council's activities from both existing and future councillors and meeting the aim of attracting candidates from all sections of the community. The IRP suggests that the hourly rate for the care of dependants should remain unchanged at £14.50 per hour, but strongly recommends that the childcare allowance should be increased to £8.00 per hour (per child). In both cases these are the maximum rates which can be claimed, and any claims made should be for the actual cost or the hourly rate, whichever is lower.

## **9 APPROVED DUTIES**

- 9.1 The list of approved duties, which determines the types of meetings or visits for which travel and subsistence expenses can be claimed, is set out in **Annexe 3**. The IRP does not feel that any changes to this list are necessary.

## **10 RECOMMENDATIONS**

- 10.1 In recommending a revised Scheme of Allowances, the IRP has applied a robust methodology which takes into account the responsibility inherent in the role (based on the Hay evaluation of the agreed role profiles), the time required to perform the roles and the allowances paid by the other authorities in the comparator group. The IRP recognises the financial challenges faced by the County Council, but also acknowledges that there have been no changes to the Scheme since 2010 and that the Basic Allowances has remained unchanged since 2008.
- 10.2 In the light of the current budget pressures, the IRP suggests that the Council considers three options when agreeing its Scheme of Allowances:
- (a) Make no changes to the existing Basic and Special Responsibility Allowances at this time, with the recommended allowances being applied following the elections in 2017. Allowances for new SRA roles such as the Cabinet Associates, the Lead Member for Scrutiny of the Police & Crime Commissioner and Local Committee Vice-Chairmen, could still be approved for inclusion in the current Scheme.
  - (b) Agree all the recommended changes to the Scheme with immediate effect, with any increases back-dated to the date of the Annual General Meeting on 21 May 2013 and decreases implemented from 6 May 2014.

- (c) Agree a phased implementation of the changes, with 50% of any changes applied immediately (with any increases back-dated to the Annual General Meeting on 21 May 2013) and the remaining 50% applied from the date of the AGM in May 2015.

10.3 The costs of Basic and Special Responsibility Allowances in 2014/2015 for the three options above would be as follows:

Option (a) £1,356,001\*

Option (b) £1,517,544 (+ £161,543)

Option (c) £1,451,078 (+ £95,077)\*\*

\* This figure includes the interim payments of £5,000 made to the four Cabinet Associates in 2013/2014.

\*\* This figure assumes new SRAs are paid in full in 2014/15

10.4 The IRP **RECOMMENDS:**

- (a) That the Council approves the following allowances:

**BASIC AND SPECIAL RESPONSIBILITY ALLOWANCES**

<b>ANNUAL ALLOWANCES</b> (and number of recipients)	<b>Present Allowance</b>	<b>Recommended Allowance</b>
Basic Allowance (81)	£11,791	<b>£12,418</b>
Leader of the Council (1)	£27,000	<b>£35,548</b>
Deputy Leader (1)	£19,500	<b>£30,333</b>
Cabinet Member (8)	£16,500	<b>£22,151</b>
Cabinet Associate (4)	-*	<b>£10,553</b>
Select Committee Chairmen (including Council Overview & Scrutiny and Health Scrutiny) (6)	£10,000	<b>£7,827</b>
Planning & Regulatory Committee Chairman (1)	£10,000	<b>£7,827</b>
Audit & Governance Chairman (1)	£9,000	<b>£7,827</b>

<b>ANNUAL ALLOWANCES</b> (and number of recipients)	<b>Present Allowance</b>	<b>Recommended Allowance</b>
Lead Member for Scrutiny of the Police & Crime Commissioner (1)	-	<b>£7,827</b>
Local Committee Chairmen (11)	£6,000	<b>£7,827</b>
Pension Fund Board Chairman (1)	-	<b>£4,715</b>
Pension Fund Board Vice-Chairman (1)	-	<b>£1,339</b>
Committee Vice-Chairmen (Select Committees (including Council Overview & Scrutiny and Health Scrutiny), Planning and Audit) (8)	£3,000	<b>£1,339</b>
Local Committee Vice-Chairmen (11)	-	<b>£1,339</b>
Chairman of Council (1)	£15,000	<b>£17,251</b>
Vice-Chairman of Council (1)	£5,000	<b>£7,669</b>
Officers of Political Groups	£170 per Member	<b>No Change</b>

\* Cabinet Associates received an interim payment of £5,000 in 2013/2014.

- (b) **That, the Council agrees one of the following options for implementation of the changes to the Basic and Special Responsibility Allowances:**
- (i) **all changes to the existing Basic and Special Responsibility Allowances deferred and implemented with effect from the start of the new Council in 2017.**

- (ii) all changes implemented with immediate effect, with any increases back-dated to the Annual General Meeting on 21 May 2013.
- (iii) 50% of all changes applied immediately, with any increases back-dated to the Annual General Meeting on 21 May 2013, and the remaining 50% applied from the date of the AGM in May 2015.

[NOTES: If option (i) is adopted, the Council could still agree allowances for new SRA roles such as the Cabinet Associates, the Lead Member for Scrutiny of the Police & Crime Commissioner, Pension Fund Board Chairman and Vice Chairman and Local Committee Vice-Chairmen for inclusion in the current Scheme. If option (ii) or (iii) is adopted, any reductions in SRAs should be effective from 6 May 2014 and not back-dated. As Cabinet Associates have already received an interim payment of £5,000 in 2013/2014, this would need to be taken into account in any back-dating of allowances.]

- (c) That other allowances within the Scheme be set as follows:

#### OTHER ALLOWANCES

	Present	Recommended
Travel (cycles/motorcycles/ cars)	20p/24p/45p per mile	<b>No change, based on maintaining link to HM Revenue &amp; Customs maxima</b>
Passenger rate	5p per mile	<b>No Change</b>
Subsistence (breakfast, lunch, tea and evening meal)	£5.30/£7.25/£2.90/ £9.00	<b>No Change</b>
Overnight (outside London/ London)	£85.80/£97.85	<b>No Change</b>
Co-optees	None	<b>No Change</b>
Childcare	£6.75 per hour	<b>Up to a maximum of £8.00 per hour (per child)</b>
Care of Dependants	£14.50 per hour	<b>Up to a maximum of £14.50 per hour</b>



**(d) That the increase to the Childcare Allowance to a maximum of £8.00 per hour be effective from 6 May 2014.**

**(e) That the requirement for Members to use registered childminders for the care of their child or children whilst carrying out an approved duty be amended as follows:**

‘that payments for the care of children under eight are restricted to registered childminders and other statutory approved childcare providers, **unless the childcare takes place in the Members’ own home.**’

**(f) That the agreed Scheme of Allowances remain in place until May 2017, subject to an annual review by the Independent Remuneration Panel to take account of any changes to roles and responsibilities.**

[NOTE: Under the Local Authorities (Members’ Allowances)(England) Regulations 2003, the Council is required to have regard to the recommendations of its Independent Remuneration Panel before any changes can be made to the Scheme of Allowances.]

**(g) That the performance of Members receiving a Special Responsibility Allowance should be assessed by Group Leaders, who should themselves devise a suitable system for carrying out the assessments.**

Katherine Atkinson  
Janet Housden  
Cathy Rollinson (Chair)

25 April 2014

**INDEPENDENT REMUNERATION PANEL**  
**MEMBERSHIP AND TERMS OF REFERENCE**

**Membership:**

The members of the IRP are:

**Katherine Atkinson**

Joined in 2009. Chief Executive of RAISE (a regional support charity for the voluntary sector in the South East of England). Previously Chief Executive of the Campaign for National Parks and a voluntary sector management consultant. Chairman of the Guildford Symphony Orchestra. Former Head of Human Resources at Voluntary Service Overseas.

**Janet Housden**

Joined in 2005. Chairman of Governors of the Ashcombe School, Dorking. Former Independent Member of Surrey Police Authority and Chairman of the Citizens' Advice Bureau, Dorking. Former Research Fellow, Surrey University.

**Cathy Rollinson (Chair)**

Joined in 2007. Chair of Cherchefelle Housing Association. Previously Chair of East Surrey Health Authority and Surrey Oaklands NHS Trust. Former Trustee of SeeAbility

**Terms of Reference:**

1. To review the County Council's Members' Allowances Scheme, taking into account the roles and responsibilities of Members (both in the Council and in serving their communities) set out in the County Council's agreed role profiles. The Panel will particularly have regard to:
  - (a) comparative data on the allowances paid by other similar local authorities; and
  - (b) the need for the composition of the Council to better reflect the population of Surrey.

2. To make recommendations to the Council on:
- (a) the amount of Basic Allowance which should be paid to all Members;
  - (b) the responsibilities or duties for which Members should receive Special Responsibility Allowances and the amount of such allowances;
  - (c) the amount of the Childcare and Dependants' Carers' Allowances;
  - (d) Travelling and Subsistence Allowances;
  - (e) Co-optees' Allowances;
  - (f) whether payment of allowances should be backdated to the beginning of the financial year;
  - (g) which Members are entitled to pensions in accordance with a scheme made under Section 7 of the Superannuation Act 1972;
  - (h) whether Basic Allowance or Special Responsibility Allowances, or both, are treated as amounts for which pensions are payable;
  - (i) whether any allowances should be withheld if a Member is wholly or partially suspended;
  - (j) 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.

## PROCESS FOR DETERMINING RECOMMENDED ALLOWANCES

### Determination of the Basic Allowance

- 1 In order to establish a Basic Allowance which is reflective of salary rates for a comparable group of people in the County, the IRP used the median salary level for full-time white-collar workers resident in Surrey as the basis for its calculations. The median is determined by ranking all the values in a sample and choosing the one in the middle, whereas the average (or mean) is arrived at by adding up the totals and dividing them by how many there are. The median is the preferred measure of the Office for National Statistics as it removes the extremes in terms of highs and lows from the calculation. The median salary for this group of workers is currently £39,572pa, up from £37,596 in 2012.
- 2 In calculating the Basic Allowance, it is also recognised that there is a public service element to the role, and that therefore a proportion of a councillor's time is given on a voluntary basis. This element is known as the 'public service discount', and the rate applied by councils varies nationally. Rates of 33.33% or 40% are most commonly applied, and the IRP was of the opinion that a discount of one third, or 33.33%, was a reasonable adjustment to make to reflect the voluntary element of the role.
- 3 The IRP also considered the time commitment required to fulfil the role. Based on their knowledge of the role, previous consultation with Members and information from the comparator authorities, the time commitment for the County Councillor role was determined as being 18 hours (or 2.5 days) per week or 0.5 of a full-time equivalent.
- 4 Using these figures, the following calculation was used to determine the **notional** Basic Allowance of £13,191:

$$£39,572^1 - 33.33\%^2 = £26,381\text{pa} \times 0.5^3 = £13,191$$

<sup>1</sup> median salary for white-collar workers in Surrey

<sup>2</sup> public service discount

<sup>3</sup> adjustment for full-time equivalent

- 5 This figure is described as 'notional' as it is a purely Surrey-based figure which takes no account of the level of allowances in the comparator authorities. It is not, therefore, the IRP's recommended level of allowance. The process for external comparison is described in paragraphs 12 to 14 of this annexe and the IRP's recommended allowances are set out in section 10 of the main report.

## Role Evaluation

- 6 Using the Hay Group methodology described in paragraphs 6.4 and 6.5 of the report, the County Councillor role was evaluated as equivalent to a senior manager on grade SP13. Using this role as the baseline, the IRP was then able to use the percentage increase in the minimum salary for each point on the scale to determine the differences in the responsibility levels between each role. This was then used to calculate a multiplier which could be applied to each Special Responsibility Allowance. For example, the percentage increase between the minimum salary for SP13 and the minimum salary for point 14A (the responsibility level to which a committee chairman is equated) is £6,107, or 11%. The multiplier for the role of committee chairman is therefore 1.11 of the Basic Allowance paid to all Members in their County Councillor role.
- 7 The results of this evaluation and the appropriate multiplier for each SRA role are shown in the table below:

Officer Job Type	Senior Mgt Grade	Pay £ Min	Pay £ Max	Multiplier (responsibility level)	Member Role
Senior Manager	SP13	55,185	66,344	1	County Councillor, Cabinet Associate, Committee Vice-Chairman (all)
	14A	61,292	76,997	1.11	Committee Chairman (all), Lead Member for Scrutiny of the Police & Crime Commissioner
	14B	76,083	90,169	1.38	Vice-Chairman of Council, Pension Board Vice-Chairman
Head of Service	15B	76,083	90,967	1.38	Chairman of Council, Pension Board Chairman
	15C	87,691	103,717	1.59	Cabinet Member
	15D	101,421	120,278		
Strategic Director	16E	116,434	140,851	2.11	Deputy Leader
	16F	127,418	151,943	2.31	Leader
	16G	149,386	178,561		
Chief Executive	CX	209,684	232,383		

**Table 1**

## CALCULATING ALLOWANCES – THE THREE STAGE APPROACH

- 8 In determining its recommendations for the levels of Basic and Special Responsibility Allowances, the IRP applied a three-stage approach which involved
- (a) Calculation of notional allowances for each role based on the median salary for white collar workers resident in the County, the time commitment for each role and the responsibility level;
  - (b) Consideration of the rates paid by authorities in the County Council's comparator group; and
  - (c) Determination of recommended allowance levels based on analysis of these internal and external factors.

These stages are described in detail below. As this methodology has been applied consistently to all the roles, the recommended allowances are interdependent. Therefore any adjustments to individual recommendations would impact negatively on the overall cohesiveness of the Scheme.

### Stage 1: Internal Calculation

- 9 Paragraph 1 above explains how the median salary for white-collar workers in the County (£39,572) was used to determine a notional Basic Allowance of £13,191 by deducting one third to recognise the voluntary element of the role and then making a further adjustment to reflect the fact that the number of hours necessary to carry out the County Councillor role is 18, or 0.5 of a full-time equivalent. By taking the figure of £26,381 (the Surrey median of £39,572 minus 33.33%) and dividing it by five, a daily rate equivalent of £5,276 was established. This was then used in the calculation of allowances by determining a figure for the amount of time required each week to carry out a role (eg the 'backbench' Councillor role requires 0.5 of a week, or 2.5 days per week, so  $0.5 \times £26,381 = £13,191$ ). The multiplier (the adjustment to take account of the responsibility level) shown in the table on the previous page can then be applied to establish a notional SRA for each role by using the following calculation:

Basic Allowance at daily rate x SRA time x responsibility level  
= notional SRA

- 10 The notional allowances determined using this calculation are shown in the following table:

<b>Role</b>	<b>Daily Rate</b>	<b>Days per Week</b>	<b>Multiplier (responsibility level)</b>	<b>Notional Allowance</b>
County Councillor (Basic Allowance)	£5,276	2.5	1	£13,191
Leader of the Council	£5,276	3	2.31	£36,548
Deputy Leader	£5,276	3	2.11	£33,397
Cabinet Member	£5,276	3	1.59	£25,153
Cabinet Associate	£5,276	2	1	£10,553
Committee Chairman (Select Committees (including Council Overview & Scrutiny and Health Scrutiny), Planning and Audit, and Lead Member for Scrutiny of the Police & Crime Commissioner)	£5,276	1	1.11	£5,860
Local Committee Chairman	£5,276	1	1.11	£5,860
Pension Fund Board Chairman	£5,276	0.5	1.38	£3,637
Pension Fund Board Vice-Chairman	£5,276	0.25	1.38	£1,819
Committee Vice-Chairman (Select Committees (including Council Overview & Scrutiny and Health Scrutiny), Planning and Audit)	£5,276	0.37	1	£1,952
Local Committee Vice-Chairman	£5,276	0.37	1	£1,952
Chairman of Council	£5,276	2.5	1.38	£18,186
Vice-Chairman of Council	£5,276	1	1.38	£7,274

**Table 2**

- 11 The time commitment required for each role attracting an SRA was determined by using evidence from questionnaire responses, interviews with Councillors in different roles, and the observations and knowledge of IRP members. The IRP recognises that the time taken to carry out a role can vary between Members and over time depending on workloads and other factors. The Leader, Deputy Leader and Cabinet Members, for example, will often spend more than 3 days per week in their roles, but that is likely to be at the expense of the time available to carry out their backbench role – this in effect means that they are notionally receiving an over-payment in their Basic Allowance. Overall, the levels were felt to be a fair reflection, based on the evidence received.
- 12 It is worth noting that, based on the IRP's determination of the time required to undertake the roles in Table 2 above, the cumulative time commitment for Members also undertaking an SRA role can be quite significant. For example, the time commitment for the Leader, Deputy Leader and Cabinet Members is 5.5 days per week, based on 2.5 days for their County Councillor role and 3 days for their SRA role.

## **Stage 2: External Comparison**

- 13 The IRP focused its comparisons on the five largest counties (in terms of population) which either border Surrey or are near-neighbours, as it was felt that their circumstances (in terms of organisational complexity and location near London) more closely reflected the position in Surrey. The five counties are:
- Essex
  - Hampshire
  - Hertfordshire
  - Kent
  - West Sussex
- 14 The median rate for the Basic Allowance and each SRA role was established by looking at the allowances paid in the above five authorities plus Surrey, and the following table shows the results of this exercise and the comparison with the notional allowances established under stage one of the process:



<b>Role</b>	<b>Notional Allowance</b>	<b>Median of Comparator Group</b>
County Councillor (Basic Allowance)	£13,191	£11,646
Leader of the Council	£36,548	£34,548
Deputy Leader	£33,397	£27,270
Cabinet Member	£25,153	£19,149
Cabinet Associate	£10,553	£10,553
Committee Chairman (Select Committees (including Council Overview & Scrutiny and Health Scrutiny), Planning and Audit, as well as Lead Member for Scrutiny of the Police & Crime Commissioner)	£5,860	£9,735
Local Committee Chairman	£5,860	N/A
Pension Fund Board Chairman	£3,637	N/A
Pension Fund Board Vice-Chairman	£1,819	N/A
Committee Vice-Chairman (Select Committees (including Council Overview & Scrutiny and Health Scrutiny), Planning and Audit)	£1,952	£726
Local Committee Vice-Chairman	£1,952	N/A
Chairman of Council	£18,186	£16,317
Vice-Chairman of Council	£7,274	£8,063

**Table 3**

- 15 This process revealed some significant differences between the notional allowances established through the internal calculation at Stage 1 and the 'market rate' amongst the councils in the comparator group, notably for committee chairmen. The position for Local Committee chairmen was influenced by the fact that only one other Council amongst the group of six (Essex) has local committee arrangements, which differ considerably from those in Surrey. Similarly, only one other Council (Hampshire) pays an allowance to the Pension Fund Board Chairman. It is also important to note that in Surrey the Council provides additional 'hidden' benefits such as pension contributions and the supply of computers and telephone lines, which several other councils expect Members to provide for themselves out of their Basic Allowance.

### Stage 3: Recommended Allowances

- 16 In order to reflect both the local circumstances in Surrey (Stage 1) and the position externally within the comparator group (Stage 2), the IRP recommends that the Basic Allowance and Special Responsibility Allowances should be set at the mid-point between the notional level and the median of the six authorities in the sub-group. Where there are insufficient relevant comparators, the IRP has made a judgement about the appropriate level of allowance. The recommended levels of allowance are summarised in the following table:

<b>Role</b>	<b>Current Allowance</b>	<b>Recommended Allowance</b> (mid-point between notional allowance and median of comparator councils)
County Councillor (Basic Allowance)	£11,791	<b>£12,418</b>
Leader of the Council	£27,000	<b>£35,548</b>
Deputy Leader	£19,500	<b>£30,333</b>
Cabinet Member	£16,500	<b>£22,151</b>
Cabinet Associate	—*	<b>£10,553</b>
Committee Chairman (Select Committees (including Council Overview & Scrutiny and Health Scrutiny), Planning and Audit, as well as Lead Member for Scrutiny of the Police & Crime Commissioner)	£9,000/£10,000	<b>£7,827</b>

<b>Role</b>	<b>Current Allowance</b>	<b>Recommended Allowance</b> (mid-point between notional allowance and median of comparator councils)
Local Committee Chairman	£6,000	<b>£7,827</b>
Pension Fund Board Chairman	-	<b>£4,715</b>
Pension Fund Board Vice-Chairman	-	<b>£1,339</b>
Committee Vice-Chairman (Select Committees (including Council Overview & Scrutiny and Health Scrutiny), Planning and Audit)	£3,000	<b>£1,339</b>
Local Committee Vice-Chairman	-	<b>£1,339</b>
Chairman of Council	£15,000	<b>£17,251</b>
Vice-Chairman of Council	£5,000	<b>£7,669</b>

**Table 4**

- 17 In the absence of external comparators for the Local Committee Chairman and Vice-Chairman roles, the IRP has determined that these posts should receive SRAs of £7,827 and £1,339 respectively. This figure is the mid-point between the figures indicated using the IRP's methodology and the median of the comparators' allowance for Committee Chairmen and Vice-Chairmen.

**APPROVED DUTIES**

**Approved duties are those activities for which Members are entitled to claim travel and subsistence expenses. The list of approved duties is as follows:**

- (a) a meeting of the Council, the Cabinet (or a Cabinet Member meeting), any committee, or any formally constituted task groups or panels appointed by the Council, the Cabinet or any committees;
- (b) any other meeting (including, for example, a site visit or tour or induction or training seminar) convened by the Council, the Cabinet or a committee, or convened by the Chairman of the Council, the Cabinet or committee acting on their behalf (but not a meeting convened by an officer of the Council), provided that it is a meeting to which members of at least two political groups have been invited (except in the case of meetings relating to the work of a local committee which consists of a single political group);
- (c) attendance by the Chairman of the Cabinet or a committee at a meeting of any Task Group of the Cabinet or that committee of which he/she is not a member;
- (d) attendance by a non-member of the Cabinet, a committee or task group in the following circumstances:
  - (i) an item on the agenda in which they have a local interest and on which, with the Chairman's consent, they would wish to speak;
  - (ii) an Original Motion in their name which stands referred to the Cabinet or a committee under Standing Orders;
  - (iii) an item on the agenda of which they have given notice under Standing Orders; or
  - (iv) a question of which they have given notice under Standing Orders.

and where advance notice has been given to the Democratic Services Lead Manager.

- (e) attendance by an individual or named group of Members especially appointed by the Cabinet or a committee or task group to examine a particular problem or site or to meet representatives of other organisations or individuals as part of an agreed programme of activity;

- (f) attendance by Members at local briefing meetings at the invitation of an officer of the Council, provided that members of at least two political groups have been invited (except in the case of meetings relating to the work of a local committee which consists of a single political group);
- (g) attendance by Members at public consultation meetings on significant matters of policy or service change, provided that members of at least two political groups have been invited (except in the case of meetings relating to the work of a local committee which consists of a single political group);
- (h) attendance by Members at joint briefings on the business to be transacted at committee meetings, organised by officers under the Member/Officer Protocol, provided that members of at least two political groups have been invited (except in the case of meetings relating to the work of a local committee which consists of a single political group);
- (i) attendance at County Hall or elsewhere by -
  - (i) the Chairman or Vice-Chairman of the Council;
  - (ii) the chairmen and vice-chairmen of committees;
  - (iii) Cabinet Members.

for the purpose of agenda planning and 'call-over' prior to a meeting; conferring with officers; visiting County establishments; inspecting sites; or being engaged in a similar manner directly in connection with the discharge of any of the functions -

- (i) of their respective offices; or
  - (ii) of their respective committees.
- (j) meetings held in connection with Local Ombudsman investigations; provided that they are meetings to which members of at least two political groups have been invited (except in the case of meetings relating to the work of a local committee which consists of a single political group);
- (k) a meeting of the Local Government Association, or of any committee, or other Member group of the Association to which a Member of the Council has been duly appointed;
- (l) attendance as a duly appointed County Council representative or nominee at meetings of those bodies listed in Appendix 1. *[Appendix not attached]*.

- (m) visits by Members to County Council establishments including children's homes, other social services' residential establishments and special schools in accordance with a pre-determined rota;
- (n) meetings between leaders of the political groups;
- (o) meetings of parish and town councils and residents associations;
- (p) attendance at official openings at the specific invitation of the Chairman or Vice-Chairman of the County Council;
- (q) attendance at formally arranged meetings with officers or representatives of external organisations to discuss a significant issue relating to a County Council service or affecting the Member's Electoral Division.
- (r) Attendance at a meeting with a constituent from the Member's own Division in direct response to a request about County Council services.