REVIEW OF MEMBERS’ ALLOWANCES FOR 2010/2011

Report of the Independent Remuneration Panel

25 June 2010
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**Annexe 1** – Terms of Reference of the Independent Remuneration Panel

**Annexe 2** – Comparative Data

**Annexe 3** – Suggested Revisions to the List of Approved Duties
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 (the Panel) to make recommendations to the Council about the allowances to be paid to Members. This includes recommendations about the level of Basic Allowance for all Members, the level of Special Responsibility Allowances and to whom they should be paid, and the level of other allowances such as Travel and Subsistence. Whilst it is ultimately for the County Council to decide its Scheme, under the Regulations it must have regard to the advice of the Panel before making any changes.

1.2 The Panel has undertaken a fundamental review of the current Members’ Allowances Scheme, which was agreed in July 2008. This report sets out its recommendations for revisions to the Scheme for 2010/2011. The report is due to be considered by the County Council at its meeting on 20 July 2010, and any changes to the Scheme will come into effect from that date unless otherwise specified.

Terms of Reference of the Panel

1.3 The Terms of Reference of the Panel are set out at Annexe 1. In reviewing the Scheme, the Panel 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 Panel 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.

Membership of the Panel

1.4 The Members of the Panel have between them considerable experience in the areas of public and private sector management, human resources, consultancy services, the magistracy, education and charity work. They all live in Surrey, have no connections with Surrey County Council and are independent of any political party. This is the IRP’s ninth report on Members’ Allowances prepared for the Council.

1.5 The members of the Panel are:

Katherine Atkinson
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.

Tim Prideaux JP DL (Chairman)  
Joined in 2000.  Chairman of Surrey Community Action.  Chairman of Mole Valley District Council Standards Committee.  Member of the Lord Chancellor’s Advisory Committee for Surrey.  Former Magistrate Member of Surrey Police Authority.

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

1.6 Advice and support for the Panel’s work is provided by Bryan Searle, Senior Manager (Scrutiny & Regulation) in Democratic Services.

2 SOURCES OF INFORMATION AND CONSULTATION UNDERTAKEN

2.1 The Panel met on a monthly basis between September 2009 and June 2010, and also attended meetings with panels from other authorities to discuss issues of common interest.  In order to inform its review, the Panel has collected data from a range of sources, as well as seeking the views of Members and officers within the County Council.  Brief details of the Panel’s work are set out below:

(a) Member Discussions  
To ensure the Panel had a full understanding of Member roles, including any changes to responsibilities since the last review, and to provide Members with an opportunity to contribute their views to the review, the following individual, group and telephone discussions were held:

- A meeting with the Leader and Deputy Leader prior to the start of the review to understand the priorities for the new Council, the changes to the role of the Leader and to agree the timescale for the review.

- A meeting with Select Committee Chairmen’s Group in November 2009.

- Discussions at the Conservative, Liberal Democrat and Residents’ Association Group meetings in December 2009.
Individual meetings with three committee vice-chairmen, the Leader and the Deputy Leader.

Informal meetings/telephone discussions with 13 Members from different parties and in different roles.

Two meetings with the Leader, Deputy Leader and Minority Group Leaders to discuss the outline findings of the review.

A seminar in June 2010 to share the review findings, which was attended by 36 Members.

Consideration of the final report by the Change & Efficiency Select Committee on 12 July 2010.

(b) Observation of Meetings
Panel members attended a variety of meetings, both this year and in the past, including Council, Cabinet and Individual Cabinet Member Decision-Making, Select Committees and Local Committees to ensure an understanding of the roles and responsibilities undertaken.

(c) Regional IRP Meetings
An annual regional meeting involving panel members and officers from county and unitary authorities in the South East was initiated by Surrey in 2005. The most recent meeting was held in September 2009, and involved representatives from Brighton & Hove, East Sussex, Essex, Hampshire, Isle of Wight, Kent and West Sussex.

In March 2010, Panel members also attended the first meeting of a new network established by South East Employers. This involved officers and panel members from county, unitary, borough and district councils across the region, and approximately 30 councils were represented.

(d) Comparison Visit to Kent County Council
The Panel met Kent County Council’s IRP members and the Head of Democratic Services and Local Leadership to discuss a number of issues, including their approach to determining and reviewing allowances, data collection and comparison with the schemes of other authorities.

(e) Member Questionnaire/Census Information
Questions relating to the estimated time commitment of Members of the Council were included in the Member Survey which was sent to all Members by Democratic Services in February 2010. Responses were received from 32 Members (40%). This information was used in conjunction with the results of the most recent National Census of Local Authority Councillors (2008),
carried out by the Local Government Association and the Improvement and Development Agency.

(f) Collection of Comparative Data
The Panel collected comprehensive data from the 15 other County Councils in Surrey’s Audit Commission ‘family’, and also looked in particular at the allowances paid in a sub-group of the five largest counties (in terms of population) which are geographically closest to Surrey: Essex, Kent, Hampshire, Hertfordshire and West Sussex. This ensured that the comparator group was relevant to Surrey and consistent with the source of data used by the County Council for budget and performance analysis.

The Panel acknowledges the need to consider the unique circumstances in Surrey, and has based its recommendations on the evidence gained from extensive collection of local and national data, discussions with Members, observation of meetings and its extensive knowledge of the Member role built up over a number of years. The extent of the comparative data obtained has supported the Panel in making informed and robust judgements about the appropriate levels of allowances for the County Council, whilst recognising that the roles and structures, and the way allowances schemes are operated, vary considerably between authorities. The tables of comparative data are set out at Annexe 2.

(g) Meeting with the Chief Executive
Members of the Panel had an introductory meeting with the new Chief Executive at an early stage and briefly discussed the context of the review.

3 CONTEXT

3.1 In reviewing the Scheme of Allowances, the Panel was mindful of the recent well-documented performance issues which the Council has faced, particularly with regard to Children’s and Adults services. The Panel recognises that significant changes have been made to the Council’s processes and management arrangements (including the political management) in order to address the issues highlighted in the inspection reports. It also acknowledges the link between the public’s perception of the Council’s performance and the allowances paid to Members. Throughout the period of the review there has also been on-going publicity at the national level about MPs’ expenses claims, which has increased the awareness and sensitivity of the public in relation to allowances paid to councillors. The Panel was aware that its recommendations were therefore likely to come under more detailed scrutiny, but acknowledges that the decision on the level of allowances
set is ultimately a political one for the County Council in the context of
the potential damage to public perception and credibility.

3.2 The financial pressures facing public services in the current economic
climate have also been well documented nationally and locally, and the
Council has stated clearly its need to make savings of £60 million in the
2010/2011 financial year. This will require difficult decisions to be
made about the level of services required and will inevitably result in a
reduction in the number of officer posts. As part of these savings, the
Council has announced a two-year pay freeze for staff. In making its
recommendations, the Panel has taken into consideration this financial
context. However, the Panel also acknowledges the Scheme of
Allowances has not been reviewed since July 2008, and there has
therefore been no increase to Basic or Special Responsibility
Allowances for two years.

3.3 Since the Panel’s last review in 2008 there have been a number of
changes to the political structure which the Panel has considered.
Elections were held in June 2009 which resulted in 30 new councillors,
and whilst there were small decreases in the actual number of
Conservative and Labour Members and corresponding increases in the
size of the Liberal Democrat and Residents’ Association Groups, the
overall political balance remained unchanged. In terms of the
demographics of the new Council compared to 2005, the average age
of Members is unchanged and there are two fewer female Councillors
(28 in total).

3.4 The most significant changes to the political management
arrangements since the last review were the adoption by the Council of
the Strong Leader model, with the appointment of a Leader and Deputy
Leader (a new post) for four-year terms, and the introduction of
individual Cabinet Member decision-making. Under the new
arrangements the Leader has the authority to carry out all of the
executive functions of the Cabinet, but can choose to delegate specific
functions to other members of the Cabinet. The Leader (rather than
the Council) is also now responsible for appointing the Cabinet
members annually. Individual decision-making means that Cabinet
Members are solely responsible for taking decisions relating to their
portfolio, within specified limits.

3.5 The budget implications of the Panel’s recommendations are discussed
later in the report. Whilst the recommendations were in no way
constrained by the budget available for 2010/2011, feedback from
Members throughout the consultation was that there should be no
overall increase in the cost of the Scheme in the current financial year.
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 For this review, the Panel took the opportunity to fundamentally review the basis on which all allowances had been established, effectively starting with a blank sheet of paper. The aim was to ensure that the recommended allowances are based on a methodology which is logical, transparent, easy to understand and robust in terms of being appropriate as the starting point on which future adjustments can 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.

- Determination of a notional Basic Allowance based on white-collar salaries in the County, time spent in 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 and the time commitment for the role.

- Moderation of the notional allowances, taking into account the level of allowances in the 15 other authorities in Surrey’s Audit Commission group (and in particular the five largest South East Counties in terms of population), as well as the evidence obtained from the consultation.

4.4 This methodology is explained in more detail in the following sections of the report.

Guiding Principles

4.5 In applying the methodology outlined above, the Panel 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.

4.6 The Panel was also mindful of the Council’s stated aim to be one of the top 25% of county councils nationally in terms of performance and in the bottom 25% for costs.

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 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.

Determination of the Basic Allowance

5.2 In order to establish a Basic Allowance which is reflective of salary rates for a comparable group of people in the County, the Panel used the median salary level for full-time white-collar workers 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 was £37,856pa in 2009.

5.3 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 Panel 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.

5.4 The Panel also considered the time commitment in fulfilling the role. Using data from the most recent National Census of Local Authority Councillors (carried out by the Local Government Association and the Improvement and Development Agency) and results from the
Democratic Services Members’ Survey (February 2010), it was determined that the average time spent by a County Councillor on their constituency/backbench role was 18 hours per week, or half a full-time equivalent.

5.5 Using these figures, the following calculation was used to determine the notional Basic Allowance of £12,619:

\[
£37,856^1 – 33.33%^2 = £25,237pa \times 0.5^3 = £12,619
\]

1 median salary for white-collar workers in Surrey  
2 public service discount  
3 adjustment for full-time equivalent

5.6 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 Panel’s recommended level of allowance. The process for external comparison is described in paragraphs 7.5 to 7.7 and the Panel’s recommended allowances are set out in paragraph 7.8.

6 SPECIAL RESPONSIBILITY ALLOWANCES

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

‘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.’


6.2 Some authorities, such as Kent, have set a target of no more than 50% of Members to be in receipt of an SRA, and West Sussex specifies in its Constitution that the number of SRAs paid in any one year will not exceed 35, which is 50% of the total membership of the Council.

6.3 The number of Special Responsibility Allowances paid by the County Council under its current scheme was reduced by seven as a result of appointments not being made to the Member Champion roles at the Annual Meeting in June 2009. This reduced the percentage of SRAs paid (excluding allowances for political roles, which are for the parties to decide within the per capita budget for each group) from 62.5% to 53.7%. This is in line with a recommendation from the Panel in its previous report to reduce the percentage of SRAs, and is a trend which the Panel feels strongly should continue.

Role Evaluation

6.4 The CIPFA Delivering Good Governance in Local Government: Framework refers to the need for councillors to have ‘clearly defined functions and roles’, and the report of the Councillors’ Commission, published in December 2007, recommends that ‘Local authorities, in conjunction with guidance from the LGA (Local Government Association), should develop and introduce clear role descriptions of what is expected of councillors.’ Role profiles for the positions of Leader, Deputy Leader, Cabinet Member, Chairman of the Council, Vice-Chairman of the Council and committee chairmen were agreed by the County Council at its meeting in December 2009. A profile setting out the responsibilities of all councillors in their constituency roles was agreed by the Council in 2008. All of these role profiles are set out in the Council’s Constitution.

6.5 In order that the Panel’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 Panel are their professional judgement, based on the existing role
profiles agreed by the County Council.

6.6 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.

6.7 The County Councillor role was evaluated as equivalent to a senior
manager on grade SP13. Using this role as the baseline, the Panel
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.

6.8 The results of this evaluation and the appropriate multiplier for each
SRA role are shown in the table below:

<table>
<thead>
<tr>
<th>Officer Job Type</th>
<th>Senior Mgt Grade</th>
<th>Pay £ Min</th>
<th>Pay £ Max</th>
<th>Multiplier (responsibility level)</th>
<th>Member Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Manager</td>
<td>SP13</td>
<td>54,085</td>
<td>65,244</td>
<td>1</td>
<td>County Councillor</td>
</tr>
<tr>
<td></td>
<td>14A</td>
<td>60,192</td>
<td>75,897</td>
<td>1.11</td>
<td>Committee Chairman (all)</td>
</tr>
<tr>
<td></td>
<td>14B</td>
<td>74,983</td>
<td>89,069</td>
<td>1.39</td>
<td>Vice-Chairman of Council</td>
</tr>
<tr>
<td>Head of Service</td>
<td>15B</td>
<td>74,983</td>
<td>89,069</td>
<td>1.39</td>
<td>Chairman of Council</td>
</tr>
<tr>
<td></td>
<td>15C</td>
<td>86,591</td>
<td>102,867</td>
<td>1.6</td>
<td>Cabinet Member</td>
</tr>
<tr>
<td></td>
<td>15D</td>
<td>100,321</td>
<td>119,178</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strategic Director</td>
<td>16E</td>
<td>115,334</td>
<td>139,751</td>
<td>2.13</td>
<td>Deputy Leader</td>
</tr>
<tr>
<td></td>
<td>16F</td>
<td>126,318</td>
<td>150,853</td>
<td>2.34</td>
<td>Leader</td>
</tr>
<tr>
<td></td>
<td>16G</td>
<td>148,286</td>
<td>177,461</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Chief Executive</td>
<td>CX</td>
<td>208,584</td>
<td>231,283</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Vice-Chairmen of Committees

6.9 The Panel has previously recommended that an SRA should not be paid to vice-chairmen of committees and remains of the view that, whilst there may be an additional time commitment, the role does not represent significant additional responsibility. The Panel noted that only three of the other fifteen authorities in Surrey’s Audit Commission comparator group pay an SRA for this role, and Surrey has never paid an SRA to the vice-chairmen of its Local Committees. The recommendation is therefore that the position be brought in line with Local Committee vice-chairmen and the practice in the vast majority of Surrey’s comparator authorities, and that no SRA be paid for committee vice-chairmen.

7 CALCULATING ALLOWANCES – THE THREE STAGE APPROACH

7.1 In determining its recommendations for the levels of Basic and Special Responsibility Allowances, the Panel 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 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 in the following sections of the report. As this methodology has been applied consistently to all the roles, the recommended allowances are interdependent. Therefore any ad hoc adjustments to the recommendations would impact negatively on the cohesiveness of the Scheme.

Stage 1: Internal Calculation

7.2 Paragraph 5.5 explains how the median salary for white-collar workers in the County in 2009 (£37,856) was used to determine a notional Basic Allowance of £12,619 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 half a full-time equivalent. By taking the figure of £25,237 (the median of £37,856 minus 33.33%) and dividing it by five, a daily rate equivalent of £5,048 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 2.5 days per week, so 2.5 x
£5,048 = £12,619). The multiplier (the adjustment to take account of the responsibility level) shown in the table on the previous page could then be applied to establish a notional SRA for each role by using the following calculation:

Basic Allowance at daily rate \times SRA \text{ time} \times \text{ responsibility} = \text{ notional SRA}

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

<table>
<thead>
<tr>
<th>Role</th>
<th>Daily Rate</th>
<th>Days per Week</th>
<th>Multiplier (responsibility level)</th>
<th>Notional Allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td>County Councillor (Basic Allowance)</td>
<td>£5,048</td>
<td>2.5</td>
<td>1</td>
<td>£12,619</td>
</tr>
<tr>
<td>Local Cttee Chairman</td>
<td>£5,048</td>
<td>0.5</td>
<td>1.11</td>
<td>£2,801</td>
</tr>
<tr>
<td>Other Cttee Chairman</td>
<td>£5,048</td>
<td>1</td>
<td>1.11</td>
<td>£5,603</td>
</tr>
<tr>
<td>Council Vice-Chairman</td>
<td>£5,048</td>
<td>1</td>
<td>1.39</td>
<td>£7,017</td>
</tr>
<tr>
<td>Council Chairman</td>
<td>£5,048</td>
<td>2.5</td>
<td>1.39</td>
<td>£17,540</td>
</tr>
<tr>
<td>Cabinet Member</td>
<td>£5,048</td>
<td>2.5</td>
<td>1.6</td>
<td>£20,190</td>
</tr>
<tr>
<td>Deputy Leader</td>
<td>£5,048</td>
<td>2.5</td>
<td>2.13</td>
<td>£26,878</td>
</tr>
<tr>
<td>Leader</td>
<td>£5,048</td>
<td>2.5</td>
<td>2.34</td>
<td>£29,528</td>
</tr>
</tbody>
</table>

7.4 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 Panel members. The Panel recognises that the time taken to carry out a role can vary between Members and over time depending on workloads and other factors. The Council Chairman, Leader, Deputy Leader and Cabinet Members in particular will often spend more than 2.5 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.
Stage 2: External Comparison

7.5 The Panel collected comprehensive data from the 15 other County Councils in Surrey’s Audit Commission ‘family’: Buckinghamshire, Cambridgeshire, Devon, Dorset, East Sussex, Essex, Gloucestershire, Hampshire, Hertfordshire, Kent, Leicestershire, Oxfordshire, Warwickshire, West Sussex, Worcestershire. This meant that the comparison group was consistent with the source of data used by the County Council for its budget and performance analysis. However, the Panel acknowledged that the cost of living in Surrey is higher than the majority of other counties in the comparator group as a result of its proximity to London, and therefore focused its comparisons on a subgroup of 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

7.6 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:

<table>
<thead>
<tr>
<th>Role</th>
<th>Notional Allowance</th>
<th>Median of Top 6 from Comparator Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>County Councillor (Basic Allowance)</td>
<td>£12,619</td>
<td>£11,343</td>
</tr>
<tr>
<td>Local Ctte Chairman</td>
<td>£2,801</td>
<td>£8,420</td>
</tr>
<tr>
<td>Other Ctte Chairman</td>
<td>£5,603</td>
<td>£9,003</td>
</tr>
<tr>
<td>Council Vice-Chairman</td>
<td>£7,017</td>
<td>£6,807</td>
</tr>
<tr>
<td>Council Chairman</td>
<td>£17,540</td>
<td>£15,711</td>
</tr>
<tr>
<td>Cabinet Member</td>
<td>£20,190</td>
<td>£19,031</td>
</tr>
<tr>
<td>Deputy Leader</td>
<td>£26,878</td>
<td>£25,222</td>
</tr>
<tr>
<td>Leader</td>
<td>£29,528</td>
<td>£34,150</td>
</tr>
</tbody>
</table>
7.7 This process revealed some significant differences between the notional allowances established through the internal calculation at Stage 1 and the ‘market rate’ amongst the key 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 similar local committee arrangements. 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**

7.8 In order to reflect both the local circumstances in Surrey (Stage 1) and the position externally within the comparator group (Stage 2), the Panel 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. The recommended levels of allowance are summarised in the following table:

<table>
<thead>
<tr>
<th>Role</th>
<th>Current Allowance</th>
<th>Recommended Allowance (mid-point between notional allowance and median of top 6 comparator councils)</th>
</tr>
</thead>
<tbody>
<tr>
<td>County Councillor (Basic Allowance)</td>
<td>£11,791</td>
<td>£11,981</td>
</tr>
<tr>
<td>Local Cttee Chairman</td>
<td>£6,000</td>
<td>£5,611</td>
</tr>
<tr>
<td>Other Cttee Chairman</td>
<td>£9,000/£10,000</td>
<td>£7,303</td>
</tr>
<tr>
<td>Council Vice-Chairman</td>
<td>£5,000 + £363 clothing allowance</td>
<td>£6,912</td>
</tr>
<tr>
<td>Council Chairman</td>
<td>£15,000 + £3,005 clothing allowance</td>
<td>£16,626</td>
</tr>
<tr>
<td>Cabinet Member</td>
<td>£16,500</td>
<td>£19,611</td>
</tr>
<tr>
<td>Deputy Leader</td>
<td>£16,500 (paid Cabinet SRA only, pending review)</td>
<td>£27,706</td>
</tr>
<tr>
<td>Leader</td>
<td>£27,000</td>
<td>£31,839</td>
</tr>
</tbody>
</table>

7.9 The recommended allowances for the Chairman and Vice-Chairman of the Council do not include provision for a separate claimable clothing allowance. The payment of clothing allowances is not common practice and places an additional administrative burden on officers, and
the Panel feels that it is no longer appropriate for the Council to continue this arrangement.

7.10 It should be noted that the existing allowances have not been reviewed since 2008. The level of the Basic Allowance in the existing Scheme has in recent years been simply increased by a percentage equal to the cost of living increase received by staff employed by the County Council. For example, in 2008 the Allowance was increased by 2.75%, but as the Scheme of Allowances was not reviewed in 2009, the figure was not increased in line with the 2.75% received by staff that year. If that increase had been applied, the Basic Allowance would currently be £12,115.

8 OTHER ALLOWANCES/EXPENSES

Standards Committee Chairman and Independent Representatives

8.1 The Standards Committee Chairman, one of the four independent representatives on the Committee, currently receives an annual allowance of £1,500, plus claimable payments of £40 per hour for chairing sub-committee meetings held to investigate alleged breaches of the Code of Conduct. The other three independent representatives currently receive an annual allowance of £500, plus claimable payments of £20 per hour for attending sub-committee meetings. Where an independent member acts as chairman of a panel, the rate of £40 per hour would apply.

8.2 The Panel’s recommendation is that no change be made to these allowances.

Officers of Political Groups

8.3 The Panel has reviewed the allowances paid to minority groups and compared them with those paid by other authorities within the Audit Commission ‘family’, the majority of which are significantly higher. The Panel recognises the political position in Surrey and recommends that a basic fixed allowance of £1,000 per group (subject to a minimum of two Members) be paid to reflect the additional administrative responsibilities which arise irrespective of the size of the group. The Panel recommends that the additional payment of £170 for each group member should remain unchanged.

Travel

8.4 The car and motorcycle rates are currently linked to the HM Revenue and Customs maxima of 40p and 24p per mile respectively. Any payment above the level of 40p per mile is considered to be ‘a benefit in kind’ and is therefore subject to tax.
8.5 The Panel reviewed the estimated costs per mile of running a car as part of its previous report and noted that, whilst costs had increased at that time as a result of higher petrol prices, the average running costs had not changed significantly since the year 2000. This was due to changes to other elements of the cost, such as capital, depreciation and servicing, and improvements in fuel efficiency. [Source: The Automobile Association].

8.6 The Panel recognises that there have been further recent increases in petrol costs, but feels that any increase in the mileage rate would have to be significantly above the 40p level in order to offset the tax implications for individuals, and there would be an additional cost and administrative burden for the County Council. The rate would also then be out of line with those available to staff (40p per mile or 15p per mile for those with lease cars). It is therefore recommended that car and motor cycle rates remain unchanged, but that the passenger rate should be increased to 5p per passenger per business mile (in line with the staff rate), to encourage car sharing and ‘greener’ business travel. Any future changes to the rates should be linked to changes to the staff mileage rates.

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

Subsistence

8.8 The current rates for daytime and overnight subsistence are as follows:

(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.
8.9 The Panel recommends that these rates should be maintained for the 2010/2011 financial year.

Co-Opted Members

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

Childcare and Dependents’ Carers’ Allowances

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 Panel noted that only a few Councillors made use of these allowances but remained of the view that the provision of these allowances was important in encouraging participation in the Council’s activities from both existing and future councillors. The Panel recommends that the hourly rate for the care of dependants should remain unchanged at £14.50 per hour, but 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.

8.12 The Panel is keen to minimise any barriers caused by the cost of childcare and the restrictions on claims in the existing Scheme, which requires the use of registered child minders. This cannot always be arranged at short notice or on an ad hoc basis. The Panel has considered the possibility of recommending the option of a lump-sum payment in order to reduce bureaucracy and provide a more flexible alternative to the existing arrangements. However, it was recognised that there were potential difficulties with this approach which required further consideration, and this was therefore an issue which would be looked at in detail as part of next year’s review.

9 APPROVED DUTIES

9.1 The existing list of approved duties, which determines the types of meetings or visits for which travel and subsistence expenses can be claimed, currently prevents Members who are not chairmen, vice-chairmen or Cabinet Members from claiming expenses for certain meetings or visits. These include formally arranged meetings with officers of the County Council or representatives of other organisations to discuss issues relating to a Member’s Division, or scrutiny interviews and fact-finding visits. The requirement that Members of at least two political parties are invited to attend various briefings and meetings also unreasonably prevents claims by members of local committees which consist of only one party, such as Runnymede.

9.2 It is therefore recommended that the list of approved duties be amended and updated to reflect the Council’s current working
practices. The current list of approved duties, with suggested amendments underlined, is set out in Annexe 3.

10 SUMMARY OF RECOMMENDATIONS

(a) That the existing Scheme of Allowances be revised as follows:

BASIC AND SPECIAL RESPONSIBILITY ALLOWANCES

<table>
<thead>
<tr>
<th>ANNUAL ALLOWANCES (and number of recipients)</th>
<th>Present Allowance</th>
<th>Recommended Allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Allowance (80)</td>
<td>£11,791</td>
<td>£11,981</td>
</tr>
<tr>
<td>Leader of the Council (1)</td>
<td>£27,000</td>
<td>£31,839</td>
</tr>
<tr>
<td>Deputy Leader (1)</td>
<td>£16,500 (Cabinet Member SRA)</td>
<td>£27,706</td>
</tr>
<tr>
<td>Cabinet Member (8)</td>
<td>£16,500</td>
<td>£19,611</td>
</tr>
<tr>
<td>Select Committee Chairmen (including Health Scrutiny) (8)</td>
<td>£10,000</td>
<td>£7,303</td>
</tr>
<tr>
<td>Planning &amp; Regulatory Committee Chairman (1)</td>
<td>£10,000</td>
<td>£7,303</td>
</tr>
<tr>
<td>Audit &amp; Governance Chairman (1)</td>
<td>£9,000</td>
<td>£7,303</td>
</tr>
<tr>
<td>Local Committee Chairmen (11)</td>
<td>£6,000</td>
<td>£5,611</td>
</tr>
<tr>
<td>Committee Vice-Chairmen (Select Committees (including Health Scrutiny), Planning and Audit) (10)</td>
<td>£3,000</td>
<td>No SRA</td>
</tr>
</tbody>
</table>
### ANNUAL ALLOWANCES

<table>
<thead>
<tr>
<th>Role</th>
<th>Present Allowance</th>
<th>Recommended Allowance</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman of Council (1)</td>
<td>£15,000 (plus clothing allowance of up to £3,004.80)</td>
<td>£16,626</td>
</tr>
<tr>
<td>Vice-Chairman of Council (1)</td>
<td>£5,000 (plus clothing allowance of up to £363)</td>
<td>£6,912</td>
</tr>
<tr>
<td>Officers of Political Groups</td>
<td>£170 per Member</td>
<td>£1,000 per group and £170 per Member (subject to a minimum of 2)</td>
</tr>
<tr>
<td>Chairman of Standards (1)</td>
<td>£1,500, plus £40 per hour for panel sittings</td>
<td>No Change</td>
</tr>
<tr>
<td>Standards Committee member</td>
<td>£500, plus £20 per hour for panel sittings (£40 if chairing)</td>
<td>No Change</td>
</tr>
</tbody>
</table>

### OTHER ALLOWANCES

<table>
<thead>
<tr>
<th>Allowance</th>
<th>Present</th>
<th>Recommended</th>
</tr>
</thead>
<tbody>
<tr>
<td>Travel (cycles/motorcycles/cars)</td>
<td>20p/24p/40p per mile</td>
<td>No change, based on maintaining link to HM Revenue &amp; Customs maxima</td>
</tr>
<tr>
<td>Passenger rate</td>
<td>3p per mile</td>
<td>Increase to 5p per mile</td>
</tr>
<tr>
<td>Subsistence (breakfast, lunch, tea and evening meal)</td>
<td>£5.30/£7.25/£2.90/ £9.00</td>
<td>No Change</td>
</tr>
<tr>
<td>Overnight (outside London/London)</td>
<td>£85.80/£97.85</td>
<td>No Change</td>
</tr>
<tr>
<td>Co-optees</td>
<td>None</td>
<td>No Change</td>
</tr>
</tbody>
</table>
Present | Recommended
--- | ---
Childcare | £6.75 per hour | Up to a maximum of £8.00 per hour (per child)
Care of Dependants | £14.50 per hour | Up to a maximum of £14.50 per hour

(b) That, with the exception of the Leader and Deputy Leader, the changes to the Basic Allowance and Special Responsibility Allowances be back-dated to the date of the Annual General Meeting on 11 May 2010.

(c) That the changes to the Leader and Deputy Leader SRAs be back-dated to the date of their appointment, 23 June 2009.

(d) That the changes to the claimable allowances and expenses such as travel and subsistence set out in the table above be effective from 1 August 2010.

(e) That the list of approved duties for which travel and subsistence can be claimed be amended as set out in Annexe 3.

11 **BUDGET IMPLICATIONS**

11.1 The allowances budget for 2010/2011 is £1,360,068. If the recommendations set out in this report are agreed, the annual cost of the new Scheme would be £1,352,750, marginally lower than the annual cost of the current Scheme (£1,353,748). These figures relate to the totals for the Basic Allowances and all the SRAs, including the group allowances and allowances for independent representatives on the Standards Committee, but are net of on-costs such as National Insurance and pension contributions, as well as claimable expenses such as travel, subsistence and care of dependants. The totals for the current Scheme and recommended allowances do not, however, include the additional hourly payments to independent representatives of the Standards Committee for sub-committee sittings to investigate complaints.
12 CONCLUSION

12.1 The Panel believes it has established a sound methodology which takes into account

- the local circumstances in Surrey;
- the time commitment and responsibility of each role; and
- the allowances paid by Surrey’s comparator authorities.

12.2 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 with annual costs within the existing budget. However, the Panel recognises that the level of allowances set is a political decision for Members to make in the context of the current budget pressures.

Katherine Atkinson
Janet Housden
Tim Prideaux (Chairman)
Cathy Rollinson

25 June 2010