

# ANNEX

## Report of the Joint Independent Remuneration Panel

### 1. Introduction

- 1.1. This report sets out the conclusions and recommendations from the fundamental review of the Somerset County Council Scheme of Members' Allowances carried out by the Joint Independent Remuneration Panel.

It builds on the previous reports submitted by the Panel. In this report Somerset County Council is referred to as SCC, the Basic Allowance is referred to as BA and the Special Responsibility Allowances are referred to as SRAs.

In preparing this report, the Panel was aware that since the elections in May, there are new councillors who are unfamiliar with the Panel and the issues considered by it.

### 2. Executive Summary

- 2.1 Section 3 of this report gives an overview of the legal position of the Panel. Section 4 explains the Panel's approach to the fundamental review of the Basic Allowance and gives recommendations. Section 5 explains the work done on the Special Responsibility Allowances and again gives recommendations, including the Panel's reasoning and the evidence used. Section 6 considers other allowances provided for within the Scheme.

There are three appendices:-

- (a) Appendix A: SRA criteria
- (b) Appendix B: The SRA Band structure
- (c) Appendix C: The revised Scheme of Members' Allowances for 2017-18 which includes amendments to reflect the Panel's recommendations. The main changes are highlighted in red text.

### 2.2 Context:

- (a) The statutory task of the Panel is to make recommendations to the Council before it makes or amends a Scheme of Members' Allowances. The Council must have regard to the Panel's recommendations before a decision regarding a Scheme is made.
- (b) This report is based on comprehensive data, information and evidence obtained from internal and external resources including a questionnaire and interview data from SCC councillors<sup>1</sup>, the Office of National Statistics (ONS), NOMIS, the Bank of England (BoE), the Local Government Association (LGA), South West Councils, and the Chartered Institute of Public Finance and Accountancy (CIPFA).
- (c) The Panel has used the latest available data but, unavoidably, this has not always been up-to-date.

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<sup>1</sup> The high response rate (84%) from SCC councillors was appreciated since it provided data and information of considerable assistance to the Panel's deliberations.

## 2.3 Main recommendations

### Basic Allowance

The Panel was mindful of available external research and SCC councillors' comments as regards the purpose of the BA, together with many IRPs' concerns about the level of BA in respect of maintaining *representative* citizen involvement in the local political process. The Panel is aware that there are no uncontested seats for the SCC elections, although that fact does not of itself shed light on the breadth of citizen involvement.

Nevertheless, the Panel is of the view that a level of BA in real terms should be maintained, if possible, and the vagaries of inflation not to be permitted to make the BA's real value unstable. Tables 2.0 & 3.0 illustrate this point.

The Panel recognises that the present level of BA (£10,795pa.) compares favourably (Table 6.0) with payments made by all other county councils, and particularly the 'top ten' comparators.

**The Panel *recommends* a return to the arrangement whereby the BA is linked to a local labour market comparator rather than the local authority officer pay scale.**

Such an arrangement could have considerable simplicity as well as being clear and transparent for public scrutiny. Thus, at the present level of Somerset median gross wage, the current BA is 43% of this external comparator wage. Using the ratio of 43% for the future levels of BA, simplifies and incorporates both public service and hourly adjustments. £10,795 thus becomes a new base BA in real terms which can be maintained into the future unless there are significant and recognised changes in the nature of the role and time-commitment of the backbench councillor.

**The Panel *recommends* the present BA payment is maintained at £10,795pa.**

In regard to the indexing arrangement for the BA, **the Panel *recommends* the ending of the link with local authority employee pay, and replaced with the index for changes in the Somerset median gross wage.** The Panel would have preferred to index the BA by CPIH, which is CPI including housing costs. This is because the BA is not a wage; it is not a payment for performance or output of a councillor – it is more a payment having a social purpose. However, as far as possible, it is important to maintain the *real* value of the BA, *but* as the Panel is recommending a labour market comparator for the BA calculation, it follows that an appropriate indexing mechanism for the 4 years of the quadrennium would be the labour market comparator.

In summary, the Panel's ***recommendations*** in relation to the BA are:

- that the BA calculation for 2017/18 is based on the Somerset median gross wage (all employees) and set at the sum of £10,795pa , (or 43% of the Somerset median gross wage [all employees]);
- that the annual indexing mechanism to calculate increases in the BA over the 2017-21 period is based on a sum equivalent to 43% of the Somerset median gross wage [all employees]<sup>2</sup>at that point in time.

For further discussion see 4.7

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<sup>2</sup> Again, this would be the numerical equivalent of using an index of wage rate increases in Somerset.

## Special Responsibility Allowances

In the past year, the Panel has focussed considerable attention on the nature of “special” responsibility [see Appendix A]. Accordingly, the Panel has reviewed the existing arrangement for SRAs: level, linkage, and banding. The present arrangement is for an SRA to be a multiple of the BA, and linked to the highest multiple (x3) for the Leader of the Council.

The Panel has noted that there have not been significant changes to the posts and corresponding SRAs established since the May 2017 election, with the exception of two posts removed from the SRA scheme and the addition of the Junior Cabinet Member posts.

The Panel has reviewed the existing posts in relation to their SRAs, in the light of: (a) posts and SRAs in comparator councils; (b) the views of SCC councillors; (c) criteria formulated by the Panel. [The detailed discussion of recommendations can be found in 5.7 but of particular relevance and concern of the Panel was the need to apply SRA criteria consistently across the Report even though for different posts the mix of validating criteria may well vary]

### ***The findings and recommendations of the Panel in summary are that:***

- (a) the mechanism of an SRA being a multiple of the BA has a sensible logic and should be maintained;
- (b) the existing SRAs be maintained with exceptions set out below;
- (c) the present banding be maintained, with the addition of an explicit band for the Deputy Leader of the Council and separate arrangements for the leaders of the smaller political groups;
- (d) vice-chairmen of committees no longer to qualify for SRAs;
- (e) group leaders of small political groups should qualify for SRA payments based on group size;
- (f) the Deputy Leader of the main Opposition Group to no longer qualify for an SRA;
- (g) the new Junior Cabinet Member posts should qualify for an SRA payment at the same level as the main committee chairmen.

## Other allowances and Scheme provisions

The Panel has also reviewed the arrangements for the other ‘claimable’ allowances contained in the Scheme, namely carers’, travel and subsistence allowances and the rules that apply to the claiming process. These are important to ensure that members are appropriately compensated for essential expenses incurred when undertaking ‘approved duties’ as a councillor. The Panel has, therefore, reviewed the provisions within the Scheme to ensure that they are still appropriate and consistent with best and common practice and no changes are proposed except for the addition of two additional ‘approved duty’ provisions. For the reasons set out in 8.2, the Panel **recommends** the following additions to the list of approved duties in the Scheme:

- Attendance at any civic or ceremonial event at the specific invitation of the Chairman of Council, the Lord Lieutenant or High Sheriff
- Any duty for which express authority is given by the Chief Executive in the event of an emergency.

## Revised Scheme of Members' Allowances 2017-18

The Panel's recommendations have been reflected in the revised Scheme of Members' Allowances for 2017-18 attached as Appendix C to the Panel's report. The Panel **recommends** the Council to approve Appendix C as the Council's revised Scheme.

### **3. Members' Allowances and Remuneration Panels – the legal position**

- 3.1 Following the elections in May there will be some new members of the Council who might not be familiar with the Panel and its work. By way of an introduction the legal provisions in relation to members' allowances are set out in the Local Authorities (Members' Allowances) (England) Regulations 2003 (SI 1021) and subsequent amendments to the regulations (SI 2003/1022 and SI 2003/1692) ["the Regulations"]. Under the Regulations each Council has to appoint an Independent Panel to make recommendations on its Scheme of Members' Allowances. The Council must have due regard to the recommendations of the Panel before it makes any decisions in relation to its Members' Allowances Scheme but it may accept, reject, or amend any of the Panel's recommendations. The Regulations provide for a single panel to advise more than one Council [see 3.4 below].
- 3.2 The regulations define a number of basic requirements for allowances schemes but also give considerable scope to allow a council to adopt local provisions according to their circumstances. The only mandatory element provided for, in the Regulations, is the payment of a Basic Allowance to all members of a Council. All the other elements that are currently paid under the scheme, i.e. Special Responsibility, Travel, Subsistence and Carers' allowances are discretionary.
- 3.3 The basic principles on which Remuneration Panels work are not set out in statute but there are national operational standards. In summary they include:
- the 50% rule (no more than 50% of Members of any individual Council should receive an SRA);
  - any Member should only receive one SRA at any one time;
  - BA payments should be based on a discretionary voluntary time contribution of 30% or 33%<sup>3</sup> to maintain the difference between a salary and an allowance;
  - when considering the payment of SRA, clarity is needed by both Council and the Panel as to explicit criteria used by the Panel when considering each specific position and whether it qualifies for an SRA, e.g. is the position one which requires judgment and responsibility or is it much more of a supporting role but based on substantial additional time and effort.
- 3.4 **Joint Independent Remuneration Panel:** SCC is a member of a joint IRP alongside Taunton Deane Borough Council, West Somerset Council, and Mendip District Council. The Panel's membership comprises 3 independent representatives appointed by SCC and 1 each by the District Councils. All of the members of the Panel are residents of Somerset. The current Panel membership is outlined in brief below for information:

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<sup>3</sup> The Council, in the past, has used, 33%. This discount on hours 'worked' by councillors reinforces that the BA payment is not a salary paid for employment.

Ian Partington	Economist. Appointed JP in 1982. Previous academic employment: Principal Lecturer in Economics, at Oxford Brookes University.
Paul Fellingham	Barrister at law. Previously 43 years in the Magistrates Courts. The last 20 years as the Justices Clerk for Hertfordshire.
Jason Woods	Engineering, Business, and Training professional. Officer in the Royal Navy. Elected Parish Councillor
Graham Russell	Former Head of Democratic Services (Bath & North East Somerset Council). Chair of annual meeting of IRP Chairs and member of, and adviser to, a number of IRPs across the region and in Cumbria
John Campbell Thomson	From a housing background, initially worked for local authorities and then was Chief Executive of SHAL Housing Association for 20 years and now retired.
Mark Okuniewski	Recently retired following a long career in local government and the Environment Agency as a senior policy manager in industry and waste regulation.

#### **4 Basic Allowance (BA)**

4.1 The Panel has considered the BA within the present arrangements for the SCC Scheme of Allowances. The Panel's consideration has been under the following headings:

- The purpose or rationale of the BA
- Councillors' opinions
- Calculation and measurement of the BA
- BA and comparators
- Panel's observations on the BA

#### **4.2 The purpose or rationale of the BA**

4.2.1 The Panel has to be mindful of the statutory purpose of the BA<sup>4</sup> since it is the duty of the Panel to comply with this requirement. The purpose of the BA is:-  
*".....to recognise the time commitment of all councillors, including such inevitable calls on their time at meetings with officers and constituents and attendance at political group meetings. It is also intended to cover incidental costs such as the use of their homes, [...telephone calls and visiting constituents]."*

4.2.2 This statement makes clear that the BA is not intended as a payment for a job; it is not a wage or salary. However, the use of estimated hours that the average councillor spends on fulfilling his/her obligations is a well-known method of contributing to a calculation of the BA. So too is the practice of deducting a proportion of these hours as representing the public service (voluntary service) component and which are not taken into account in assessing an appropriate BA. This latter practice also reinforces the conclusion that the BA is not to be regarded as, or in effect, a wage or salary. It is perhaps relevant to suggest that 'a wage' is

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<sup>4</sup> One IRP report of another local authority, for example, identified the purpose of the Basic Allowance as covering councillors' expenses. This is part of its purpose but not primarily its role.

broadly a payment (i) for output; (ii) as compensation for a worker’s sacrifice of time, and its alternative use and value. In regard to the BA, this is plainly intended only as a payment for the latter. If this view is valid, then the conclusion has a bearing on the size of the BA and a suitable comparator. However, the problem that this creates is how to value the average councillor’s time as opposed to valuing what s/he does. A pragmatic way of resolving this problem is simply to avoid the issue and choose what may appear to be a ‘good enough’ labour market, or other appropriate comparator, and many IRPs do this in some form.

4.2.3 The Panel acknowledges this latter approach, and in forming its rationale also takes account of the following factors:

- a) LGA surveys, University of Plymouth Election Survey, as well as other reports, eg. Councillors Commission, have drawn attention to the importance and relevance of the BA to ensuring that the citizen’s inclination to take part in the political process is not weakened by an inadequate level of BA. Many or most IRPs continue to be concerned about this, as evidenced in IRP reports.
- b) The LGA national data shows:
  - Almost half the councillors are retired (and for this group any IRP trying to assess the value of time will find considerable difficulty).
  - About 44% of councillors, nationally, are in some form of paid employment or self-employment.
  - 76% of councillors regard the financial and other benefits *very important* in being able to do the job of councillor, but about 25% do not find these benefits relevant for the purpose of doing the job.
  - Significantly, from the point of view of assessing the value of time, about 2/3 of councillors engage in other voluntary work in addition to their role as a councillor.
- c) SCC – 2017 Survey and interview data. Table 1.0 provides a profile of the SCC councillors (pre-2017 election) and the comparable results from the Local Government Census of Councillors 2013 (this latter survey being the only available data). Even with the limited number of observations in Table 1.0 it is clear that the profile of SCC councillors (before the 2017 elections) accords very closely with the councillors’ profile provided by the large survey by the LGA<sup>5</sup>.

Table 1.0  
Councillors’ profile: Somerset County Council – pre May 2017, Local Government Association survey – 2013

	SCC	LGA
Average age (years)	61	60
Average years as a councillor	9	9
Average weekly hours undertaking councillors’ duties	25 (31)	21
Employed (%)	43	44
Not in employment (%)	14	9
Retired (%)	42	47
Benefits (incl. BA) regarded as important (%)	91	76

(Note: the average figure in ( ) for weekly hours is an estimate when SRA time is included)

<sup>5</sup> The correlation coefficient is +0.97

- 4.2.4 These various elements, in particular the significance of the alternative use of time by councillors in some form of paid employment including self-employment, have contributed to the Panel's thoughts on evaluating the BA.
- 4.2.5 As has been identified, evaluating time is inherently very difficult but at the margin and in the case of the employed councillors especially (if not the retired) the alternative use of time may well be in *further* paid employment rather than leisure.
- 4.2.6 Thus, even if for the average councillor alternative use of time might be the pursuit of other voluntary work or just leisure (neither of which can be valued readily), what is important is the marginal councillor who is more likely to be in receipt of a wage, salary, or profit-stream; that is, in some form of employment<sup>6</sup>. For the citizen on the cusp of taking on the role of councillor (the marginal councillor) a labour market comparator is likely to be highly relevant to this decision, if not immediately before choosing nomination, probably later when considering – again at the margin – re-election. There is anecdotal evidence for this, sometimes included in authoritative reports – but little or no formal research evidence. The Elections Centre, University of Plymouth conducted a survey (n = 1,989) in 2013, of local election *candidates*. Of this sample, 30% were of the opinion that insufficient payment to councillors discourages people from standing. The large sample size permits confidence in the figure of around 30% in relation to all candidates. (At a full council meeting in 2015, not SCC, for example, at which a Panel report was being presented and debated, several councillors spoke with strong conviction as to the financial importance of an adequate BA in allowing them to carry on as a councillor.)
- 4.2.7 The Panel's opinion is that part of its function is to provide relevant data and perspective on elements of the Scheme and whatever the Panel's recommendations and the final decision of the SCC, the Panel would wish to ensure the Council is appropriately well-informed. The Panel's deliberations on this matter might seem abstruse or peripheral to the primary work of the Panel. However, the Panel, in producing its report and recommendations to the Council, must give reasons or provide a rationale for such recommendations. Simply to array, for example, comparators from, say, ONS labour market data or other comparator and then select one comparator that seems to fit, is of itself not sufficient.

### 4.3 Councillors' opinions

- 4.3.1 The Survey of SCC councillors carried out in advance of the 2017 elections, via both questionnaire and interviews, showed that a high proportion of the sample (90%) regarded the payment of the BA as important for the performance of their role of councillor. A high response was expected, but perhaps not as high as the outturn.
- 4.3.2 The large LGA survey<sup>7</sup>, most recent being 2013, showed that for only 24% of councillors, could they *fully* undertake their role as councillor without the various benefits provided for them; whereas for 15% of the LGA sample, the various benefits

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<sup>6</sup> For the average councillor it could well be argued – given the “average councillor's profile”, that a ‘low’ BA may well be regarded by such councillors as quite acceptable, perhaps a matter of indifference. For those councillors who do not ‘need’ the BA then they can easily decline payment in whole or in part and the monies in effect returned to the public purse.

<sup>7</sup> Census of Local Authority Councillors 2013, Local Government Association

were essential for fulfilling their role as councillor.

- 4.3.3 Of the 44 SCC councillors that responded to this question on the BA, 21 wrote additional comment, of which 9 made clear that they regarded the BA as partial compensation for loss of earnings. This particular sample is too small to generalise, but it may well be a relevant indication for the Panel in its assessment of the nature and function of the BA, and thus its size.
- 4.3.4 The data in Table 6.0, for example, does suggest, however, that at least measured on an hourly basis, the present BA represents a very modest, comparative, compensation for the time spent by councillors.
- 4.3.5 Several councillors expressed the view that the 33% 'public service' discount in respect of the BA, is too high – not least because the nature of the work-load for councillors is now much more demanding: both time and effort. The Panel noted the arguments but could not regard the views as representing most councillors because of the small sample size.

#### 4.4 Calculation and measurement of the BA

##### 4.4.1 Present position

The present position largely derives from a Panel report in 2009 and 2013 and subsequent decisions by the Council. On an earlier occasion, (February 2010) the recommended target BA figure by the Panel was £10,620 pa with increases phased over three years. This recommended sum was derived from the South West median white-collar wage. The Council for reasons of affordability determined that the BA should not be phased but set at £9,880 pa (a grossed-up equivalent to £18,432pa) and increased subsequently in line with pay awards to Council staff. In the absence of pay awards, the BA remained at £9,880 until the Panel conducted a fundamental review in 2013. The South-West median *white-collar* wage was no longer published and the Panel selected the Local Government Officers' pay scale as the basis for the BA calculation. Point 21 on the scale corresponded with an administrative officer post at top of scale 13: £19,126 pa. After the conventional deduction of the 'public service' component and *pro rata* adjustment based on average councillors' hours, the recommended BA was £10,251 pa. The Council accepted these proposals, with the BA subsequently increasing in line with staff pay awards. Table 2.0 illustrates this narrative.

One view is that the history of the BA calculation for most IRPs is one of seeking a rationale but with limited or unsuitable information. The key variables have been (a) a suitable comparator for generating the initial financial input into a BA calculation; (b) the choice of % as 'voluntary element'; (c) the assumed hours spent by a backbench councillor in relation to the 'working week'.

##### Suitable comparator

Of the closest county council comparators to SCC, about one-third use the Local Government Officers' pay scale but two-thirds choose alternative comparators, mainly some suitable measure of a wage rate, usually locally based. Nevertheless, most of the councils use the % pay award to local government officers as their



indexing device. [The median gross annual earnings of full-time workers in Somerset was £25,084 in 2016 (£25,234 Panel estimate for 2017) and £19,939 on Local Government Officer pay scale).]

The use of the local government pay scale has the merit of simplicity and clarity but it is difficult to establish a rationale for it. In this regard, the problem is that the BA is not a wage, nor a payment for work done, but is a compensation for time. Also, the local government pay scale relates to one form of employment only, compared with composite alternatives.

### Choice of voluntary element<sup>8</sup>

In calculating the BA, 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. The exact % discount is not a statutory matter but one determined by a council. Reference is usually made to the selection of either 30% or 33%, but the range of 25%-40% has been quoted (Councillor Commission). Anecdotally, as well as direct evidence from councillors, suggests a case can be made for adjusting downwards the public service discount for SCC councillors to, say, 30% on the main grounds that recent technological developments, especially in communication, have made the job of councillor more demanding both now and in the future.

### Assumed hours spent by a backbench councillor

For many IRPs this element is almost as troublesome as the selection of comparator. Part of the difficulty is obtaining useful data, and also the appropriate choice of statistic to adequately measure or illustrate the time-commitment of councillors. A further problem is the reliability of any data gained for this purpose. Very few IRPs collect sufficient data and as a consequence the selection of 'hours' can be anecdotal; based on a small sample; or simply an arbitrary choice by a Panel based on its own opinion of the hours 'needed' by a councillor to do the job. As regards SCC, in recent years, the Panel has obtained data from different sources such that one average figure was 34 hours per week, and another 29.6 hours per week. The most recent survey, having a high response rate, yielded an average of 25.6 hours per week. As regards the latest survey, the use in this particular case of the simple average would cause the Panel some concern: the dispersion of responses around the mean is considerable; thus, for example, over 40% of backbench councillors in the sample stated they were engaged for over 30 or more hours per week in their role as councillor. In fact, the average for this particular group was 34.4 hours. The Panel would have concerns, therefore, that the 'mechanical' use of the latest average in the calculation of the BA would generate considerable unfairness. The Panel attaches significance to the historical narrative, *viz.* the Council – for good reasons at the time – including affordability – changed the base salary input in 2010 (for the BA calculation), with a further switch in 2013 to the local government officers' spine; a switch from the South-West median white-collar wage since it was no longer estimated – these changes, especially the latter, at a stroke reduced the real-terms compensation in the BA over several years [see Tables 2.0 & 3.0]. The

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<sup>8</sup> Sometimes referred to as the 'public service discount', ie. a measure or indication that it is appropriate to regard part of the time commitment of a councillor as equivalent to any other citizen undertaking voluntary work.

Panel's view is that had the South-West median white-collar wage continued to be published and used in the formula as the base salary, then the present level of BA would have been about the same or higher than the present determination for 2017/18<sup>9</sup>

Table 2.0

BA – recommended by IRP and Council decision

(i)	(ii)	(iii)	(iv)
	SCC decision (£)	IRP advised (£)	Real value of SCC decision
2009/10	9639	n/a	n/a
2010/11	9880	10080	9471
2011/12	9880	10327	9369
2012/13	9880	10620	9610
2013/14	10251	10251	9867
2014/15	10354	10354	10153
2015/16	10580	10580	10475
2016/17	10688	10688	10623

4.4.2 The real value of the BA since 2009 is relevant, along with the decision by the Council to set a BA in 2010 at £9,880. Table 3.0 provides inflation adjustments to the value of the BA.

Table 3.0

Illustration of Inflation adjustments to BA

	(i)	(ii)	(iii)	(iv)	(v)
	Actual BA - SCC decision	IRP advised	Inflation-adjusted £9,880	Shortfall (A) Col. (iii) <i>minus</i> Col. (i)	Shortfall (B) Col (iii) <i>minus</i> Col (ii)
2010/11	9880	10080	9880	0	-200
2011/12	9880	10327	10334	454	17
2012/13	9880	10620	10871	991	251
2013/14	10251	10251	11219	968	968
2014/15	10354	10354	11556	1202	1202
2015/16	10580	10580	11833	1253	1253
2016/17	10688	10688	11952	1264	1264
Total			77645	6132	4755

4.4.3 Comments on Tables 2.0 and 3.0

- (a) In Table 2.0 the decision by SCC as regards the level of BA coincides with the recommendation of the JIRP after 2012/13 because the BA becomes geared to local government salary scales. However, Col. (iv) shows the annual effect of current inflation on the real value of the BA since 2009/10. This calculation draws attention to the fact that on-going inflation imposes real losses at the time.
- (b) Table 3.0 provides an additional approach to Table 2.0 showing the effect of inflation on the real value of the BA from a set date. It is a reasonable and proper assumption that the decision by SCC to set the BA at £9,880 in 2010/11

<sup>9</sup> Although data is scarce, it is likely that the available wage data (Somerset gross wage) probably would underestimate, as a proxy, the median white-collar wage.

- was a well-thought evaluation and was deemed appropriate for councillors in real terms – at that time. Col. (iii) recalculates £9,880 so that the effect of inflation is taken into account with the resulting figures representing the value of BA that maintained the 2010/11 real value.
- (c) Col. (iv) and (v) represent the notional losses that derive from the inflation-adjusted BA in Col. (iii) in relation to the values of the BA in Col. (ii) and (iii).
  - (d) Table 2.0 and Table 3.0 are a useful and cautionary note in illustrating the effect of inflation on the real value of the BA. They also add emphasis to the question as to why a move away from maintaining the value of the BA is logically valid when the fact is that the BA is not a wage or salary.
  - (e) Although labour market comparators can be used at the margin to offer a way of valuing the time spent by councillors, such an approach and concomitant calculation does not invalidate a presumption that the payment of the BA has a special purpose *unconnected with the labour market and general economic conditions*.

#### 4.5 BA and comparators

- 4.5.1 Table 5.0 identifies characteristics of the BA for all county councils as well as the ‘top ten’ selected for their criteria-based proximity to the characteristics of SCC. Table 4.0 are the ‘top ten’ closest comparator councils<sup>10</sup>. [Also see 5.5.6 for further explanation]

Table 4.0

‘Top Ten’ – nearest-neighbour county councils

1	Suffolk
2	North Yorkshire
3	Gloucestershire
4	Norfolk
5	Worcestershire
6	Warwickshire
7	Devon
8	Dorset
9	Cumbria
10	Leicestershire

#### 4.5.2 Comment on Table 5.0

In considering the content of Table 5.0 it is important to emphasise that the data should be largely regarded as indicative and descriptive. Local authorities vary in the assiduousness with which they provide appropriate data on their websites. The Panel’s choice of data represents the most suitable and consistent that is available on the various websites.

<sup>10</sup> The Chartered Institute of Public Finance and Accountancy (CIPFA) provide software that permits grouping of local authorities that are similar (“near-neighbours”); similarity determined by choosing, from about 50, particular criteria, eg. population (structure); tax base; benefit recipients; retail outlets.

Table 5.0

BA comparison: all County Councils,  
Top Ten, & SCC - 2017/18

	(i)	(ii)	(iii)	(iv)
	All C/C incl. SCC	All C/C excl. SCC	Top Ten C/C excl. SCC	All C/C excl. SCC and Top Ten
<b>Mean</b>	10450	10436	9885	10803
<b>Minimum</b>	8405	8405	8405	8772
<b>Maximum</b>	12933	12933	12483	12933
<b>Median</b>	10349	10273	9721	10696
<b>SCC BA</b>	10795	10795	10795	10795

At its simplest, the SCC BA is little more than 3% higher than the average for all councils (col. ii) and even compared with the 'top ten' (col. iii), the figure might be regarded as relatively modest at 9% higher. However, a comparison with the median values in cols. (ii) and (iii) show the SCC BA to be higher by 5% and 11% - figures though that might still be regarded as not excessive.

4.5.3 Table 6.0 provides a different perspective, based on 2016 data. Measured in terms of hours of councillors' time used to fulfil their obligations and the associated financial compensation, the hourly compensation may be fairly regarded as quite modest. The estimate of hourly compensation in Table 6 does add some weight to the suggestions presented above, that the present BA payment to SCC councillors is not excessive.

Table 6.0

Sample occupations and hourly earnings (ONS),  
and state benefits - 2016

	<u>Occupations in South-West England</u>	<u>Hourly rate (£) (excl. overtime)</u>
(i)	Elementary admin. & service occupations, eg. sorting, delivering mail, simple clerical tasks	8.67
(ii)	Sales & customer service occupations	9.18
(iii)	Skilled agricultural & related trades, eg. producing crops and animals, tending private and public gardens	9.85
(iv)	Secretarial & related occupations, eg. medical secretary, school secretary	10.18
(v)	Health & social care associate professionals, eg. dental technician, sports therapist	13.72
(vi)	Health professionals	20.23
(vii)	Teaching & educational professionals	22.56
(viii)	Corporate managers and directors	22.22
(ix)	South west hourly pay (excl. overtime)	12.80
(x)	<i>Somerset County</i>	12.00
(xi)	<i>Very approximate</i> hourly rate of payment – average of main state benefits <sup>11</sup>	5.50
(xii)	National minimum wage	7.50
(xiii)	Living wage	8.45
(xiv)	<b>Calculated hourly rate for SCC councillors using Basic Allowance formula and data</b>	<b>7.45</b>

<sup>11</sup> Calculation based on Daily Telegraph estimates for families in the lowest 10% of earners

## 4.6 Panel observations on the BA

### 4.6.1 The Panel's summary financial overview is:

- a) The BA settlement in 2010/11 (£9,880) has experienced substantial inflation erosion [Table 3.0 Col. (iii)]
- b) If the BA set in 2009/10 *had continued to be adjusted* in line with median South West earnings the final figure in 2015/16 would have been close to the SCC decision but, crucially, the inter-year remuneration 'losses' identified in Table 3.0 (col. iv) would not have been experienced.
- c) The Panel's recommendation in 2013 to link the BA to the Local Government Officers' pay scale was probably pragmatic, and a default decision: the publication of the South West median white-collar wage rate had ceased, and the Council had preferred indexing to be tied to the Local Government Officers' pay scale. At that time the Panel discussed, and considered selecting an ONS close alternative, representing the movement of earnings in the South West.
- d) SCC has continued to apply the indexing calculation linked to officer pay awards through to 2017/18 but the implicit hourly rate of the BA does not compare favourably with other occupations [Table 6.0]
- e) Median annual earnings in 2016 for Somerset were around £25,299. However, the grossed-up figure based on the BA of £10,580 is a gross salary of £19,739 (2016/17: £19,940). The Panel's view is that the comparison with the Somerset annual earnings figure is one of several that are reasonable and valid, and represents a very large difference/shortfall of the BA – about 30%.

4.6.2 The Panel has, in this report, made reference to the nature of the raw data that it has gathered and used as descriptive evidence. Although this evidence can be the subject of debate or challenge because of the nature of the source, what has emerged from the various view-points taken by the Panel is that SCC need not regard its present, and recent, decisions regarding the monetary value of the BA as out of alignment with other comparable councils. But for the Panel, this is not the main issue as is clear from previous discussion in the report.

4.6.3 The Panel does draw attention to the comparative data in Table 6.0. Although the present BA is not, perhaps, out of serious alignment with other councils, in the opinion of the Panel, this does not mean that either the level of BA is appropriate or the method of adjustment of the BA over time. Taking the present calculation of the BA, for posts at around spinal column point 21, a published hourly rate equivalent is around £10 per hour. This places the position of councillor at about row (iii) or (iv) in Table 6.0 or by way of a different illustration, the position of a teaching assistant (this positioning ignores the 'public service' component of the BA).

4.6.4 The Panel in this report has been considering a rationale for a BA that might be regarded as somewhat abstract, but for the Panel there has been a requirement for clarity; the alternative being simply to choose a labour market or other comparator that will 'do'. Nevertheless, partly because of what might be regarded as the 'average profile' of councillors, the Panel has further considered two issues: the nature of the skills and competences required to be a 'good-enough' councillor; and the financial remuneration appropriate for the 'marginal councillor [see 4.2.6]. The

Panel's view is that SCC and the BA may well at some stage have to meet the likely needs of this 'marginal councillor', in respect of a labour market comparator.

4.6.5 Nevertheless, the Panel's view on the rationale for the BA was influenced by the SCC Survey and discussions with councillors, especially in regard to the present political system's ability to 'deliver' a cohort of councillors competent to manage the Council's activities effectively. In other words, a case can be made that in present circumstances, if the present arrangement/system 'works' for SCC – albeit without a firm rationale – then let the matter be; at least for the time being. In this context, it is evident from the LGA survey and the Plymouth University survey of candidates that the councillor 'population' nationally is likely to be highly educated and skilled – and this may well be true of SCC [the JIRP did not explore this aspect in its survey].

4.6.6 As regards skills and competences, the Panel accepted that a 'good-enough' councillor would need high level, core skills and competences, of the kind listed below; skills and competences that would be highly valued in the labour market – at a level well above an imputed rate of £7.45 ph. (Table 6.0)

- a. Analytical and problem-solving skills;
- b. Organisational skills – personal as well as within the role of councillor;
- c. Team working abilities;
- d. Communication skills;
- e. Broad knowledge-base related to the responsibilities of a county council such as SCC.

4.6.7 Some councillors will bring such abilities to the job of councillor by virtue of their previous employment and others will need guidance and training. The point to be made, however, is that these skills and competences - however acquired, and encapsulated in one individual – represent a relatively high position in the labour market, with a concomitant hourly rate of remuneration.

#### 4.7 Panel conclusions and recommendations for the BA

1. The Panel is convinced there is sufficient evidence as to the financial relevance and importance of the BA for a high proportion of councillors, locally and nationally. LGA surveys, De Montfort University Councillor Commission, University of Plymouth Election Studies, data from the 2017 SCC councillors' survey, and anecdotal evidence; - all emphasise the importance of the BA as a support for councillors in properly fulfilling their obligations to their electors, and also contributing to a flourishing, or at least encouraging, local democracy.
2. The evidence accumulated by the Panel, which concurs with other Independent Remuneration Panels (IRPs) in England, suggests that even the present level of BA is low compared with other occupations (Table 6.0).
3. However, benchmarking the BA to other county councils shows it to be around or slightly above the median figures for the sector indicating that it is currently set – at least on a comparative basis - at an appropriate level.
4. The Panel recognises the fiscal reality which local government has had to adapt to, and continues to do, in the past ten years or so and which is reflected in the benchmarking data referred to in (3) above. This reality has clearly had a

bearing on the size of the BA in real and nominal terms at SCC as well as other county councils.

5. The Panel **recommends** that the BA, however arrived at, needs to be financially stable in real terms, as far as possible, now and over the period of the quadrennium to which this Scheme applies. The Panel's reasons for this recommendation are (1) and (2) above, and also a recognition that if, as evidenced, the BA has a bearing on the decisions of some categories of prospective candidates, then to permit variable inflation in particular, to devalue the BA in the future does inject an element of uncertainty into candidate decision making. Such devaluation would also leave the Council, at least potentially, facing a decision in 2021 as to consider losses to inflation over the intervening years and the prospect of restoring the BA towards an historically acceptable and reasonable level.
6. The Panel accepts that any scheme, mechanism, and outcome has in some degree to meet reasoned public scrutiny and it is hoped approbation. To this end, a scheme needs at least to be simple, transparent, and plausible.
7. With this and other relevant factors considered by the Panel, the Panel **recommends** a return to the use of an external wage comparator as the basis for the BA calculation and the associated indexing mechanism to apply for the 2017-21 period, viz. the Somerset median gross wage (all employees), as:
  - I. by definition this comparator is highly local;
  - II. by definition it encompasses a wide range of occupations and thus has, perhaps, a greater relevance to the "average person" in Somerset than the County Council's salary scale which is the current mechanism used to calculate the BA;
  - III. this choice has more relevance than the Council's pay scale to those councillors, - actual and prospective – who are not retired but in employment and for whom especially the BA matters;
  - IV. the Panel's recommended indexing mechanism, assuming a continuation of the current Government public sector pay policy, is more likely to better reflect inflationary pressures over the period of the quadrennium than the County Council's officer pay scale.
8. As regards the Panel's numerical recommendation, the approach has been to take the *present level* of BA as the starting point for a new base for the future, and considered to be appropriate because:
  - I. the present BA is close to the inflation-adjusted BA (within about 9%) – see Table 2.0 as a result of Council decisions taken previously;
  - II. the present BA provides a simple start because it already contains the usual public service discount and hours adjustments and has already been accepted by the Council as being at an appropriate level;
  - III. the present BA is 43% of the Somerset median gross wage, and this provides a single percentage (43%) for future reference to an appropriate BA; and
  - IV. it benchmarks well against the County Council's peers.
9. In terms of indexing future increases in BA over the quadrennium, *the Panel's first preference and recommendation* would have been for the BA, based on the Somerset median gross wage, to be maintained in real terms by using the

- CPIH<sup>12</sup>. This preference arises from a recognition that CPIH more closely relates to the purpose of the BA than, say, CPI. However, it may be relevant to note that data from 2006 shows that CPIH runs at or below the level of CPI.
10. However, the Panel's **recommendation** to be logically consistent (see [8] above) is to use directly, 43% of the current Somerset median gross wage in a particular year as the basis for the calculation<sup>13</sup>.
  11. The Panel's recognises that the recommendation to index-link the BA to the Somerset median gross wage is likely, historically, to deliver annual adjustments to the BA which are sometimes lower than CPIH. This is because of the nature of the labour market in Somerset compared with the rest of the economy. However, there is perhaps, a broadly compensating factor which is that the Somerset regional inflation rate is likely to be lower than a national inflation rate figure that derives from all regions.<sup>14</sup> One result of using the indexing mechanism recommended by the Panel would be the need for the Council to review the level of BA after the next election to assess the impact of inflation and wage-rate growth, but any adjustment would be likely to be less severe than using the Council officer pay scale as the basis for indexing the BA.
  12. Therefore, the Panel's key **recommendations** in relation to the BA are:
    - that the BA calculation for 2017/18 is based on the Somerset median gross wage (all employees) and set at the sum of £10,795pa , (or 43% of the Somerset median gross wage [all employees]);
    - that the annual indexing mechanism to calculate increases in the BA over the 2017-21 period is based on a sum equivalent to 43% of the Somerset median gross wage [all employees]<sup>15</sup> at that point in time.

## 5 **SRAs**

5.1 The Panel has considered the SRA structure and detail within the present arrangements for SCC's Scheme of Allowances. The Panel's consideration has been under the following headings:-

- The purpose or rationale of SRA payments
- Councillors' opinions
- Calculation and measurement
- SRAs and comparators
- Panel's observations on the SRAs

### 5.2 The purpose or rationale of SRA payments

5.2.1 The statutory basis for members' allowances is contained in the Local Authorities (Members' Allowances) (England) Regulations 2003, and which refers to the Basic Allowance (BA) as well as SRA [see 4.0 above for the Panel's fuller assessment of the BA].

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<sup>12</sup> As of 21 March 2017, the Consumer Prices Index including owner occupiers' housing costs (CPIH)

<sup>13</sup> This would be the numerical equivalent of using an index of wage rate increases in Somerset.

<sup>14</sup> There is no available official estimate of regional inflation but one unofficial estimate puts the south-west inflation rate in recent years as approximately 1% point below the national rate. The rate of increase of wage rates in Somerset and the south-west is also likely to be lower than the national average in most years.

<sup>15</sup> Again, this would be the numerical equivalent of using an index of wage rate increases in Somerset.



5.2.2 Section 4 states an authority shall make a scheme to provide for the payment of a BA. This allowance is intended to recognise the time commitment of councillors and includes meetings in constituencies, with officers and political group meetings. It also recognises incidental costs in conducting the role. It is payable to all councillors as a flat-rate allowance.

Panels have to assess other support for councillors from the council such as IT provision.

In this context it is also essential that consideration is given to what might be reasonably expected of a councillor in return for the BA, such as:-

- Attendance at committees
- Occasional chairing of meetings
- Routine monitoring of services and budgets
- Participation in (a) performance management and (b) training.

5.2.3 Section 5 states that an authority “may provide” for the payment of an SRA to members of the authority in one of the following categories:-

- Leader or deputy leader of a political group;
- Members of an executive;
- Chair of a committee or sub-committee;
- Representative of the council;
- Member of a meeting with exceptional frequency / period;
- Spokesman of a political group;
- Member of an adoption or licensing panel; and
- Any other activity requiring time and effort equal to, or greater than, the roles listed above.

5.2.4 Broadly speaking an SRA can reflect, *inter alia*, the degree of *responsibility* a post-holder has, the level of *accountability* and the amount of *time devoted* to the task. Some roles have a high degree of decision-making and post-holders are held to account if things go wrong. This can readily be seen in the categories above. A role deserving an SRA is in addition to the “constituency” role and ‘expected responsibilities’ that all councillors have and for which the BA is paid. The Panel draws attention to Appendix A for a discussion and illustration of the possible composition of “special responsibility”.

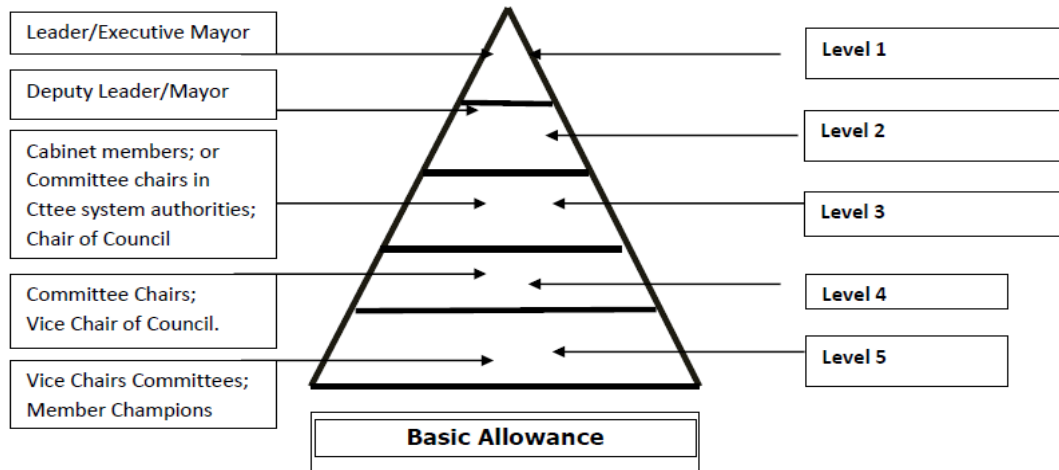
5.3 Councillors’ opinions

5.3.1 In interviewing members in March 2017, most of those interviewed had a view on SRAs and many commented upon the responsibility of the roles, the work that is required in making a success of them, and the way in which members are accountable. No one suggested that the monetary value of an SRA attracted people to these roles and there were frequent comments that the monetary value of an SRA was inadequate. The size of the SCC budget, and its concomitant obligations for councillors, and the geography of the county leading to extensive travel time - these were also mentioned - people with senior positions were spending many days each week on Council business and, with travel time taken into account, these could be long days.

The various narratives by councillors re the SRA role provided the Panel with an almost unique insight in this aspect of the work of the SCC.

## 5.4 Calculation and measurement

- 5.4.1 The existing scheme has been in place since 2013 and includes a “pyramid of responsibility” which defines certain roles. The “level” determined for a role gives (a) comparison with other roles and (b) a level of payment. The figure below illustrates this concept.



- 5.4.2 The current SCC scheme calculates the payment at various levels by reference to the BA paid to all members and in relation to the SRA paid to the Leader. Thus, for example, currently the Leader receives a payment calculated as 3 times the BA, whilst the chair of the Pensions Committee receives 0.2 times the BA. [See [Appendix B](#) for the band structure of the present SCC Scheme.]
- 5.4.3 In assessing roles, the Panel must consider the expectations of SCC for the role (and which may be contained in a role description) and statutory guidance, for example, which expects a council to have no more than 50% of its members to be in receipt of an SRA. The legal status of statutory guidance requires a council to have regard to this requirement and follow it, unless it has good reasons not to do so that must be stated.
- 5.4.4 Naturally councillors approach their task in an individual way. As indicated in paragraph 5.5.4 below, the number of hours put into a special responsibility task varies. This will depend, in part, on the role being undertaken and the responsibility accorded to it. In the interviews some members placed significant emphasis on the time they spent on their role, whilst others seemed to have the same or similar task but dealt with it in a different way and the time spent was consequently different. It is for this reason that the expectations of *the Council* as contained in a role description must be seen as paramount. It is the *role* that attracts the SRA, not the person undertaking it, and their particular view of the role.

The recent survey of councillors shows that the average hours worked by an SRA-holder is 12.6 pw and with wide dispersion.

- 5.4.5 So the first question to be asked, in considering an SRA, is whether the role is (a) outside the scope of the BA (see paragraph 5.2.2 above), (b) formally recognised by the Council and (c) included in the list in the 2003 Regulations. If the role satisfies

these criteria, and other criteria identified by the Panel as relevant, then the role may merit, *prima facie*, an SRA.

5.4.6 The second, and perhaps more difficult question, is the level of responsibility. The “pyramid” approach seems to be clear, but the number of levels, and the banding of roles (to put roles of similar worth in the same level) requires determination.

5.4.7 Finally, the payment to be made at each level also requires determination.

## 5.5 SRAs and comparators

5.5.1 On the assumption a role merits an SRA, the question of its band needs to be settled. As mentioned in paragraph 5.2.4 above, the elements that validate an SRA include, *inter alia*, responsibility, accountability and time committed [see also Appendix A]. The Panel has considered the South West Councils’ publication Councillors’ Allowances and compared SCC with its peers, and particularly the ten counties closest to SCC. These councils are listed in Table 4 above.

5.5.2 It is almost self-evident that across local authorities the definitions of roles and responsibilities for positions that currently carry an SRA will vary; similar general criteria, but in a different ‘mix’, will yield different SRA decisions. Correspondingly, it is very important to emphasise that there is a question as to the complete validity of any simple monetary comparisons which most Panels undertake in their reviews.

Accordingly, the Panel has selected roles which *generally* feature as part of authorities’ structures:

- Leader of the council
- Deputy Leader of the council
- Cabinet member
- Assistant Cabinet member
- Chairman of the council
- Vice-Chairman of the council
- Leader of the Opposition
- Chairman of main committees such as Audit, Scrutiny

5.5.3 Other than Vice-Chairman of the Council, other vice-chairmanships have not been included in the Panel’s selected roles because of difficulties of comparison with other councils. The role and appropriate allowances made available seems to vary across councils. The question of vice-chairmen, smaller party group leaders and opposition group spokespersons is considered separately in 5.6 below.

5.5.4 As part of its approach, the Panel surveyed SCC councillors (43 responded out of 55) and within the responding group, 35 were SRA holders. Table 7 shows a simple profile of the SRA respondents. The presentation of the *range* of hours provided in col. (iv) is probably necessary because of outliers. Table 8 provides comparisons of posts identified in 5.5.2.

Table 7.0

	(i)	(ii)	(iii)	(iv)
	Median hours allocated to general cllr. Role	Hours allocated to SRA role	Range of total hours for SRA cllrs	Years of service as a cllr
SRA cllrs only	25.0	12.6	29.7 – 37.4	9.7

- 5.5.5 Comparisons should be regarded cautiously and the Panel in this report fully recognises this. Although there may be some question as to the degree of comparability of roles that carry an SRA, it is possible to be reasonably certain as to the *overall* comparison of one authority with another. CIPFA near-neighbour software can provide one such basis for comparison.
- 5.5.6 The survey by the Panel has been based on data from all the county councils but their ranking in terms of the degree of proximity to SCC derives from the criteria selected as part of the CIPFA-near-neighbour procedure. The criteria selection is a matter of judgement but the Panel selection is largely based on economic factors, e.g. % unemployment, tax-base per head of population, proportion claiming Housing Benefit; presence of offices and retail premises in the area.
- 5.5.7 Local authorities vary in the assiduousness with which they provide data on their websites and which is readily accessible, and also the extent to which the content of Panel *reports* is also easily available. The Panel’s choice of data represents the most suitable and consistent that is available on the various websites.
- 5.5.8 The ‘top ten’ authorities derived from CIPFA near-neighbour are identified in Table 4 above. Reasonable changes to the criteria for selection alters the ranking slightly but generally, with the use of reasonable and appropriate filters, the authorities identified above feature in the ‘top ten’ listings. The ranking of the ten authorities is in order of closeness to SCC as comparators.
- 5.5.9 Table 8 below show averages for representative posts for all county councils as well as the ‘top ten’ closest to SCC, with SCC ‘equivalents’.

Table 8.0  
Comparable SRA posts and Basic Allowance multipliers - 2017/18

	(i) All C/C	(ii) Median (All C/C)	(iii) Top 10 C/C	(iv) SCC SRAs	(v) Basic multiplier (all C/C)	(vi) Basic multiplier (top ten C/C)	(vii) Basic multiplier (SCC)
Basic All.	10436	10273	9885	10795			
Leader	32138	31384	28435	32385	3.07	2.88	3
Dep. Leader	21854	20920	17734	19272	2.09	1.79	1.78
Cabinet post	17833	18043	13848	17272	1.7	1.4	1.6
Asst. Cab. post <sup>16</sup>	8492	9978	6270	4318	.81	.63	.4
Ch. C/C	12600	12510	9272	9716	1.2	.93	.9
Vice. Ch. C/C	4885	4024	3079	1079	.47	.31	.1
Opposition Leader	10162	9591	8507	9716	.97	.86	.9
Ch. Audit	7022	6060	6034	5398	.67	.61	.5
Ch. Scrutiny	8407	7980	6948	5398	.8	.7	.5

#### 5.5.10 Comment on the data

1. The cautionary note at the beginning of 5.5.5 needs to be repeated, i.e. the data and comment should be taken as indicative.
2. The data are current values and since the assessment is a comparative assessment, adjustments (for example for inflation), are not relevant or needed.
3. Analytically, the SRA values for SCC do not differ to a great degree from the values for *all councils* with the exception of SRAs for chair of main committees such as Scrutiny and Audit and particularly vice chair of the Council. The comparative data are, not surprisingly, highly correlated.
4. The 'top ten' councils are councils that are much closer as comparators with SCC than choosing all county councils as a base. Inevitably, different councils for historical or other reasons are likely to attach different values to the selected SRA posts.
5. Columns (v) – (vii) in Table 8 represent SRAs as a multiple of the BA for the groupings of councils. In view of the comparisons of the nominal SRAs, it is not surprising that the multiplier comparisons, given the method of calculation, also indicate no significant difference between SCC and the other councils, and are highly correlated. The multipliers can be viewed as another numerical presentation of the original data, and give a different and useful comparative angle. Although the comparison of SCC values for the various SRAs show a close relationship with other councils, examination of all individual councils' SRA values in the sample [data not shown] reveals fairly wide variation<sup>17</sup>. For example, the BA multiplier for the Leader of a council ranges from 2.2 to 4.6 with an average of 3.09. Similarly, the range for the Deputy Leader SRA is 1.5 to 3.5 with an average of 2.11. Different values for the various role multipliers are to be expected because different councils attach different responsibilities and

<sup>16</sup> Six of the councils in the sample had an Asst. Cabinet post as an SRA and included in Table 3 for consistency.

<sup>17</sup> Using the arithmetic mean is a valuable tool, nevertheless its 'smoothing' effect can, at face value, obscure underlying variation.

accordingly place different money values on the various roles. The calculation of multipliers is more than a matter of arithmetic: by establishing an SRA as some multiple of the BA, either explicitly or implicitly, a council is establishing a measure of the relative importance of the role of ordinary councillor and an SRA holder.

6. For the SRAs decided by SCC to be so close to the mean values for all councils and also the 'top ten' may well indicate that SCC decisions have, in the past, taken close account of comparisons with other councils.<sup>18</sup> This would suggest that, largely, the approach at SCC, of banding SRA roles, results in a similar order and, hence, similar payments, to that of other county councils. The one role which compares particularly poorly is that of the vice- Chairman of Council. At SCC the role is placed currently in band 6 with a multiplier of 0.1. Other councils would see the role between bands 5 and 4 with a higher multiplier.

## 5.6 Vice- chairmanships, political group leaders, opposition group spokespersons, 'shadow' roles, and SRA allocations

- 5.6.1 It is evident from an examination of IRP reports from other county councils that different councils take quite different attitudes towards allocating SRAs to vice-chairman of committee roles, and also political group leaders and opposition group spokespersons (sometimes referred to as shadow cabinet members).

Collecting and assessing data from the IRP reports and county council remuneration Schemes is not easy because of the variety of presentation of councils' policies in these particular matters. Table 9.0 uses the best available data; mainly indicative, albeit accurate.

All the councils awarded an SRA for vice-chairman of council, so this is not included in the table; the v-c SRAs identified in the table are extra to this common award.

Table 9.0

	(i)	(ii)	(iii)	(iv)	(v)	(vi)	(vii)
	No. of councils <u>without</u> V-c SRAs	Total no. of v-c SRAs in sample	Av. no. of v-c SRAs per council	Average no. of v-c SRAs in 'user' councils	Average value of v-c SRAs paid 'user' councils	Average SRA paid to 'majority' opposition	Average SRA paid to 'minority' opposition
County councils (26)	11 (42%)	85	3.4	5.7	£3,934	£11,214	£5,654
Corresponding data for 'top nine'	5 (56%)	7		1.75	£3,278	£9,004	£4,196
SCC		5			£1,058	£1,058	£1,058

- 5.6.2 Fourteen of the county councils chose to award SRAs for particular vice-chairman roles, which leaves a high proportion of councils who do not (42%) This fact itself provides food for thought. However, all the councils in the sample chose to make some arrangement for awarding SRAs to political group leaders, usually as part of a

<sup>18</sup> A proper assessment of this would require compilation of time-series data for SCC decisions for SRAs.

structured arrangement, such conditions as: a minimum number of members required of a group; 10% of total number of councillors; or a weighted award as part of an 'objective' scheme for all SRA allocations within a council.

As regards the formal recognition of spokespersons, only six councils explicitly identified and paid an SRA for this role, and only one in the 'top ten' – average payment around £3,500. However, there is no common nomenclature used by councils for some SRA roles, and therefore the role of spokesperson may well exist but subsumed under another role-title.

All the numerical data from the county councils' published Schemes are small samples, generating an arithmetic mean, but nevertheless show wide variation around the mean. The figures in the table need to be judged in the light of this.

- 5.6.3 SCC provides relatively low value 'opposition SRAs' for the leaders of the smaller political groups and opposition group spokespersons (£1,058). The same applies to vice-chairmanship of committees and indeed Full Council. The Panel has noted that occasional vice-chairmanship is regarded, by a high proportion of councils, as part of the 'expected responsibilities' of the backbench councillor. However, the Panel has considered the extent to which these duties meet (or meet sufficiently) the criteria established by the Panel in judging whether an SRA for any particular role is justified.

## 5.7 SRA Scheme conclusions

- 5.7.1 In carrying out this review, the Panel is very aware of the national operational standards explained in paragraph 3.3 above, in particular the "50%" rule – that is the SCC should have no more than 50% of councillors in receipt of an SRA. The Council has, for some time, been in excess of the 50% target primarily as a result of the number of posts included within the lowest SRA banding which has had a disproportionate effect on the SRA scheme. The Panel has been mindful of this target in making its recommendations in relation to the SRA banding scheme.
- 5.7.2 SCC awards SRAs on the basis of the formally recognised roles permitted by the regulations. In addition, it has used the 'catch-all' provided by the regulations which allows other posts which have appropriate similar responsibilities to receive SRAs even where they are not listed within the regulations. The aims of this review are to recommend an SRA banding structure, determine which roles justify an SRA, determine the appropriate band for each role and then agree the financial values associated with each band.
- 5.7.3 Most of the Council's member roles which carry significant responsibilities, (eg, Leader, Cabinet Members, Chairman of Council, Leader of the Opposition and Chairman of the larger committees), self-evidently justify an SRA and these are common to virtually all county councils - as are the "grades"/bands accorded to each of them. The Panel's recommendations provide therefore for these posts to be remunerated at similar levels to previously with the exception of the Chairman of the larger committees where the Panel considers these undervalued.
- 5.7.4 However, SCC's current scheme also includes a number of modest payments in the lowest SRA band (£1079pa) to the vice-chairmen of committees, group leaders of small political groups, opposition group spokespersons and the deputy leader of the

Liberal Democrat Group. The Panel's conclusions in relation to these posts are set out in the following paragraphs.

#### 5.7.5 Vice-Chairmen of Committees

Best practice would suggest that occasional chairing of meetings, eg, as a vice-chairman standing in for an absent chairman is included as part of the expected responsibility covered by the BA (see 5.2.2; 5.2.4 above). This differs from the role as a chairman of a committee where the responsibilities are continuous and involve regular chairing of formal meetings, overall responsibility for, and management of, the committee's business and ensuring that the committee carries out its legal and constitutional responsibilities. As stated earlier the regulations list committees chairs as one of the roles which can be remunerated via an SRA. It is noted (in 5.6.2 above) that many councils do not make any SRA payment for vice-chairmanship roles on committees and sub-committees. SCC, however, currently pays a small SRA to the vice-chairmen of the larger committees, Scrutiny, Audit and Regulation. The Panel's view is that this role is limited in terms of the level of responsibility and accountability being essentially a support role to their Chairman in the organisation and management of the committee's business and the occasional chairing of meetings. This conclusion together with the limited comparative evidence, has led the Panel to conclude that the posts do not carry sufficient *special* responsibility to justify the payment of an SRA and the Panel **recommends** these posts are deleted from the SRA scheme. The role of Vice-Chairman of Council is rather different and this is considered separately in para 5.7.8 that follows.

#### 5.7.6 Group Leaders of smaller political groups

As stated above, the Council currently pays a small SRA to the Leaders of the smaller political groups of £1079pa. In relation to such payments, Suffolk CC in Table 4.0 is considered a good comparator. Like many county councils, Suffolk pays an SRA to the Leader of the majority group and to the opposition leader. However, it restricts payment of SRAs to other political group leaders where they have 5 members or more. An SRA should reflect the level of responsibility, and accountability as well as the time devoted to the task (see 5.2.4 above and Appendix A). The Panel does not consider the role of leader of a very small political group justifies the payment of an SRA because of the small numbers involved and their limited constitutional role. The Panel considers for a group of 5 members or more, it is reasonable to assume that there would need to be a political group infrastructure to manage the business of the group. Also the constitutional role begins to justify the payment of an SRA but at a relatively low lump-sum as well as based on a sum per member of the Group. This funding mechanism takes these posts outside the SRA banding structure as a one off arrangement. The Panel **recommends** initially a lump sum of £500 and £100 per member in place of the current arrangement.

#### 5.7.7 Opposition Group Spokespersons

Currently the Council pays a small SRA for the members of the 'shadow cabinet', referred to by the Council as opposition group spokespersons. Although not all county councils recognise this role in SRA terms, this is an important constitutional role within SCC and is designed to ensure that effective political opposition is provided to the Cabinet Members. It requires detailed and very pertinent knowledge of the subject area and, with the constitutional responsibilities associated with the



role, the Panel considers that this role continues to justify the payment of an SRA. The Panel **recommends** these posts to be included within the new band 7 (previously band 6) in the Scheme and limited by number to the number of Cabinet Member roles. The level of remuneration therefore stays at £1079pa.

#### 5.7.8 Vice-Chairman of Council

The role of Vice-Chairman of Council is provided with an SRA in the lowest banding and this compares poorly with SCC peers in the “top 10” councils. The Panel, having considered the background to the role, is of the view that it goes far beyond occasional chairing of meetings in the absence of the Chairman. The post holder is expected to formally represent the Council on an official basis at many functions at times when the Chairman is unavailable. This is particularly so at certain times of the year, eg, the Christmas period, when, frequently, invitations arrive to attend more than one function at the same time. It is therefore the Panel’s view that a strong case can be made for a larger SRA than is currently paid, and for this role to be placed in a higher band, more in line with that paid by other comparable councils – and the Panel **recommends** strongly this post is placed in new band 6 which equates to £2,160pa (an increase from £1079pa).

#### 5.7.9 Chairmen of the larger committees

Table 8 indicates that, whilst most SRA roles are broadly comparable with Somerset’s peers, the roles of the chairmen of the larger committees, Scrutiny, Audit and Regulation, are under-valued when compared with our peer councils. These are important legal and constitutional roles with a high degree of accountability and responsibility and we believe that this is a strong argument for increasing the level of remuneration of these roles. Our recommendations include an amended value for these roles aimed at starting to bring these posts more in line with the other County Councils but retaining affordability. The Panel **recommends** that for new band 5 (previously band 4) the BA multiplier should be increased from 0.5 to 0.6, thus increasing the SRA to £6,477pa from £5498pa.

#### 5.7.10 Chairmen of the smaller committees

The Council’s scheme currently provides for a relatively modest SRA payment – equivalent to new band 6 (previously band 5) - to the chairmen of smaller committees which have less responsibility and accountability than the larger committees and meet less frequently. The band and the level of remuneration compare favourably with comparable councils. The Panel noted that the Constitution and Standards Committees which had been separate bodies prior to May 2017 have been amalgamated into a single Committee. Having reviewed the limited decision-making responsibilities of this Committee and the limited number of meetings anticipated, the Panel **recommends** that the Chairman’s SRA payment for the new committee should continue unchanged within new band 6 in the Scheme and alongside the Chairman of the Pensions Committee. This equates to a payment of £2160pa.

#### 5.7.11 Deputy Leader of the Council

Currently the Deputy Leader is included in the same band as other cabinet members, but has an enhancement of £2,000 to recognise the additional responsibilities of being Deputy Leader of the Council. The role of Deputy Leader is a significant one

with the requirement to exercise the full legal responsibilities of the Leader when absent or are unable to exercise the role. These responsibilities are in addition to holding the role of a cabinet member with a significant portfolio of service responsibilities. Although the value of the role is recognised, the Panel **recommends** that a more appropriate way of recognising its importance would be to create a deputy-leader band within the SRA scheme. The Panel **recommends** a new band 2 for this purpose, with a multiplier of 1.79 and an unchanged annual payment of £19,272pa.

#### 5.7.12 Junior Cabinet Member

The new Leader has created four new posts of Junior Cabinet Member. The detailed job specification for this role has been considered by the Panel, and would indicate strongly that these roles will be important and valuable, particularly around policy review and development and providing clear political leadership for specific service areas. The role descriptions also suggest a necessary high level of time-input for the post-holder. Inherent too, in these posts, would seem to be a considerable degree of accountability. Identifying valid comparators for these posts is not easy since such posts have not been widely adopted by other councils, nor can it be certain how these roles will work in practice at SCC. Nevertheless, and consistent with its review, the Panel **recommends** that these posts are provisionally allocated within the new band 4 with a thorough review of the appropriate band level after a year once the precise nature of the role has become apparent. This equates to 6,477pa.

#### 5.7.13 Deputy Leader of the Opposition

The current scheme provides for the payment of a small SRA to the Deputy Leader of the Opposition. Beyond assisting with the internal organisation of the political group and standing in for the Leader when absent, the Panel notes that the post does not have any formal constitutional role in terms of responsibility and accountability. The Panel considers that the role does not justify the payment of an SRA and **recommends** that it is deleted from the SRA Scheme.

#### 5.7.14 Other SRAs

The Panel was advised and with reasons that the posts of the Chairman of the Health and Well-being Board and the Corporate Parenting Board are no longer within the scope of the SRA scheme and could therefore be disregarded by the Panel.

5.7.15 In summary, therefore, the Panel **recommends** the revised SRA banding structure, allocation of posts to bands and the monetary value given to the bands as set out in Appendix B to this report.

## 6. Other allowances and Scheme provisions

6.1 In addition to the BA and SRAs, the Somerset CC Scheme, in common with many, also includes other 'claimable' allowances, namely carers', travel and subsistence allowances. These attracted little comment from members during the Panel's evidence-taking process but form an important part of the Scheme to ensure that members are appropriately compensated for essential expenses incurred when undertaking 'approved duties' as a councillor. The Panel has, therefore, reviewed the provisions within the Scheme to ensure that they are still appropriate and

consistent with best and common practice.

## **7. Carer's allowance**

7.1 The Council's scheme makes provision for the payment of carers' allowances to enable members to undertake 'approved duties'. The Scheme's provisions are common to many councils with a number of conditions to be met in order for the member to be reimbursed. These include the requirements about the need for professional and not family care and reimbursement made on the basis of *actual* expenditure up to a limit. The Council's Scheme uses the national minimum wage as the basis for payments and this is a common mechanism albeit up to a maximum of 8x on any individual occasion. The Panel can see no case for amending the current provisions.

## **8. Travel and subsistence allowances**

8.1 Members will be aware of the provisions within the Scheme for the payment of travel and subsistence allowances. These provisions are common to most councils in terms of the amounts paid and the rules applied to claims and payments. They are also consistent with HMRC tax requirements and officer reimbursement provisions, where appropriate.

### **8.2 List of 'Approved Duties'**

The list of 'approved duties' is used as the basis for the payment of travel, subsistence and carer's allowance claims. The list is considered to be comprehensive in most areas of permissible activity but the Panel's review of district council schemes in 2015 has led to the Panel **recommending** the addition of two additional approved duties to the existing list. These are set out below and in the Panel's view would be sensible additions to further improve the clarity within the list. The first relates to member attendance at local civic events which recognises the importance to Somerset and Somerset County Council of such events and member involvement in them. The second addition recognises the urgent need for action by members in the event of an emergency. The flooding situation in 2015 is an example of the sort of situation where members need to be certain that expenses incurred in helping their local communities will be repaid.

The **recommended** additional approved duties are as follows:

- Attendance at any civic or ceremonial event at the specific invitation of the Chairman of Council, the Lord Lieutenant or High Sheriff
- Any duty for which express authority is given by the Chief Executive in the event of an emergency.

## **9. Claims**

9.1 This section of the scheme remains unchanged and includes provisions in relation to late claims and low claimers which bring discipline into the scheme and provide clear guidance for members and for the officers administering the claims process.

**10. Pension Entitlement**

- 10.1 Following recent changes in the relevant legislation members can no longer claim entitlement to pensions for duties undertaken as a councillor so this section has been removed from the Scheme.

Ian Partington  
JIRP Chairman

Julian Gale  
Monitoring Officer

09/07/17

## Appendix A

### SRAs

- a) The legislation lays down that local authorities are permitted to pay special responsibility allowances for certain defined roles. The JIRP task is largely to identify and recommend the monetary value of the SRAs based on an assessment of their 'specialness' and other criteria. An obvious corollary to these statements is the question: how might an IRP in general assess the relative specialness of a particular post or role? Although "specialness" has, by definition, to be an important part of defining the relative position and remuneration of a post or role, it is not the only element. Practical aspect to the roles, such as time involved, is relevant as well.
- b) Cornwall County Council (CCC) IRP, for example, has gone to considerable lengths, compared with many other IRPs, in trying to assess and evaluate SRAs<sup>19</sup>. The CCC IRP has used a range of evaluative criteria, that are applied to a particular SRA:

- (i) Financial budget responsibility/Level of delegation.
- (ii) Number of meetings.
- (iii) Level of strategic understanding required.
- (iv) Knowledge and skills required.
- (v) Volume of reading per year (in pages).
- (vi) Average length of meetings.
- (vii) Public Relations involvement (i.e. whether the role required media interaction).
- (viii) Public interest level.
- (ix) Involvement with outside bodies (i.e. whether the role required the Member to sit on other committees).
- (x) Responsibility/accountability.
- (xi) Decision making power of committee.

The CCC IRP then ranks the various criteria attached to an SRA:

- 0 = Not applicable
- 1 = Low
- 2 = Medium
- 3 = High

- c) Having assigned a ranking (0-3) to each SRA for each of the 11 criteria, the 11 ranks are then summed and each SRA thus has a final score. So, for example, the chairman of standards scored 9 and cabinet members scored 24. Interesting though this approach is, it is flawed simply because the CCC IRP converted their ranking of various criteria into absolute values.<sup>20</sup> It may well be, of course, that using some proper kind of ranking forms only *part* of an overall evaluation of a potential SRA allowance and not the sole determining factor.

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<sup>19</sup> One might regard the CCC approach as being at one end of the IRP response range; Luton IRP perhaps being placed towards the other end (Luton IRP very heavily influenced, not least, by benchmarking).

<sup>20</sup> Suppose one is asking a sample of readers to rank three magazines in order of entertainment value: 1,2, or 3 with 3 the most entertaining. If one then *adds* all the rankings provided by readers, one has thus converted a ranking into absolute values. *But* for purposes solely of *ranking*, the numbers assigned for the readers to use, could have been 19, 52, 99 rather than, 1, 2, 3. One might note too, in the same vein, moving from 1 to 2 is a shift of 100% whereas a shift from 2 to 3 is a shift of 50%. Ascribing absolute values to a previous ranking arrangement is really an arbitrary exercise.

- d) As perhaps occupying the 'middle-of-the-road', the Oxford City IRP assesses SRAs by a more limited range of criteria<sup>21</sup> and does not attempt an arithmetic ranking. The criteria are:
- the level of decision-making responsibility associated with each role;
  - other responsibilities associated with each role (such as responsibility for chairing a committee);
  - the time requirement of each role;
  - any other specialist skills, knowledge or other factors needed to be able to carry out each role effectively.

### SCC Councillors' opinions - 2017

Councillors in interview expressed a wide range of views about the nature of "special responsibility". A dominant comment was that special responsibility has to relate to accountability in fulfilling the SRA role, albeit that accountability can appear in various ways. An SRA role might not involve, say, decision-making (and its associated accountability) but nonetheless the role might involve the generation of 'outputs' that are involved in important decision-making elsewhere. Such an SRA role might not therefore be judged explicitly as to the extent of decision-making and yet the role encompasses activity that would be widely regarded as of special importance.

Overall, councillors were of the opinion that the present SRA payments are either adequate or more commonly, are underpayments for the time, responsibility, and in some cases the loss of alternative earnings.

### The Panel's approach to SRA evaluation

The Panel's view is that it should make clear the criteria it would be using when councils ask for an opinion on a particular role and whether it merits an SRA. It is also of the opinion, that a particular role is likely to contain responsibilities – special or not – in a 'mix' which is not uniform for all roles. The Panel's objective in this context is to establish a simple, acceptable range of criteria.

The Panel considers, in abstract, a role in relation to an SRA: by considering the job-specification for the role; associated actions in that role; consequences flowing from such actions. Following on from this approach, the Panel regards the following as likely components, in varying degrees, of the 'specialness' within an SRA:

Time commitment

Specialist skills

Leadership

Important decision-making

Complexity

Identifiable accountability

Direct responsibility for important outcomes

Culpability

Constitutional relevance

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<sup>21</sup> Cambridgeshire County Council IRP adopted a similar list of criteria.

**Appendix B**

**RECOMMENDED REVISED SRA BANDING SYSTEM - Total banded Allowances  
2017/18**

Member Role	Rate of Allowance		
	Basic £	SRA £	Total £
<b>Band 1: BA x 3:</b> Council Leader	<b>10,795</b>	<b>32,385</b>	<b>43,180</b>
<b>Band 2: BA x 1.79</b> Deputy Leader (with Cabinet responsibilities)	<b>10,795</b>	<b>19,272</b>	<b>30,067</b>
<b>Band 3: BA x 1.6</b> Cabinet member	<b>10,795</b>	<b>17,272</b>	<b>28,067</b>
<b>Band 4: BA x 0.9:</b> Opposition Leader (Liberal Democrat) Chairman of County Council	<b>10,795</b>	<b>9,716</b>	<b>20,511</b>
<b>Band 5: BA x 0.6</b> Chairman of Regulation, Audit and Scrutiny Committees Junior Cabinet Members	<b>10,795</b>	<b>6,477</b>	<b>17,272</b>
<b>Band 6: BA x 0.2</b> Chairman of Pensions Committee Chairman of Constitution & Standards Committee Vice-Chairman of County Council	<b>10,795</b>	<b>2,160</b>	<b>12,955</b>
<b>Band 7: BA x 0.1</b> Opposition Group Spokespersons	<b>10,795</b>	<b>1,079</b>	<b>11,874</b>
<b>No Band allocated</b> Group Leader – smaller opposition groups (minimum of 5 members required per group)	<b>10,795</b>	<b>500 + 100 per member</b>	<b>Variable</b>

In addition, co-opted members of the Standards Committee receive a Co-opted Members Allowance of £540 p.a., which equates to Basic Allowance x 0.05.

**CURRENT SRA BANDING SYSTEM - Total banded Allowances 2017/18**

Member Role	Rate of Allowance from 1/4/17		
	Basic £	SRA £	Total £
<b>Band 1: BA x 3:</b> Council Leader	<b>10,795</b>	<b>32,385</b>	<b>43,180</b>
<b>Band 2: BA x 1.6</b> Cabinet member (*Deputy Leader receives additional SRA payment of £2000 pa = £19,272)	<b>10,795</b>	<b>17,272</b>	<b>28,067</b>
<b>Band 3: BA x 0.9:</b> Opposition Leader (Liberal Democrat) Chairman of Council	<b>10,795</b>	<b>9,716</b>	<b>20,511</b>
<b>Band 4: BA x 0.5</b> Chairman of Regulation, Audit and Scrutiny Committees	<b>10,795</b>	<b>5,398</b>	<b>16,193</b>
<b>Band 5: BA x 0.2</b> Chairman of Pensions Committee Chairman of Constitution & Standards Committee	<b>10,795</b>	<b>2,160</b>	<b>12,955</b>
<b>Band 6: BA x 0.1</b> Deputy Leader (Liberal Democrat Group) Vice-Chairmen of Regulation, Audit, and Scrutiny Committees Vice-Chairman of County Council Group Leader (Labour, Green and Independent Groups) Opposition Group Spokespersons	<b>10,795</b>	<b>1,079</b>	<b>11,874</b>

In addition, co-opted members of the Standards Committee receive a Co-opted Members Allowance of £540 p.a., which equates to Basic Allowance x 0.05.



## APPENDIX C

### DRAFT – SCHEME OF MEMBERS' ALLOWANCES – 2017/18

#### 1. INTRODUCTION

1.1 The County Council's Scheme provides for payment of:

- a Basic Allowance (BA), a flat rate payable to each County Councillor;
- a Special Responsibility Allowance (SRA) for Members undertaking “special responsibilities”, as defined by the Council;
- a Carer’s Allowance (CA) to reimburse expenditure incurred by Members (a) in providing child care arrangements and (b) on professional care for elderly, sick or dependent relatives to enable them to undertake approved duties; and
- Travel Allowances and Subsistence Allowances for Members undertaking ‘approved duties’.

#### 2. GENERAL POINTS

2.1 The term "Member" in these notes means a Somerset County Councillor.

2.2 Members have the option of not claiming all or part of an allowance. The Finance & Performance Director must be notified in writing if a Member wishes to pursue this option.

2.3.1 Where the Member's term of office or appointment to a post qualifying for SRA begins or ends during the financial year, he/she is entitled to the appropriate proportion of the annual payment.

2.4 In the case of a Council election year, all positions / posts held by Members on the Council (including posts qualifying for SRA) remain valid until the day of the Annual Meeting of the Council (the first meeting of the new Council following the election) and therefore Members holding those posts will continue to receive allowances. This is until a replacement is appointed, unless the post-holder ceases to be a Member of the County Council in which case any appointment is invalid from that point and any associated allowance payment will cease.

2.5 All enquiries relating to members allowances should be made to Rebecca Dunstan in the Community Governance Group on 01823 359039 or 357628.

#### 3. BASIC ALLOWANCE (BA)

3.1 A **BA of £10,795 per annum**, has been approved for 2017/18 and will be paid to all Members in monthly instalments.

3.2 **Definition of BA:** BA recompenses Members for time devoted to their work as a councillor, and is intended to cover:-

- constituency and community duties, including use of the Members home;
- dealing with correspondence;
- single Member duties;
- attendance at single party/political meetings;
- attendance at formal meetings of the Council (including travelling time to and from meetings);
- attendance at seminars, conferences and training sessions;
- attendance on 'outside bodies' as a County Council representative; and
- other incidental costs, for which no other specific provision is made.

3.3 The annual sum is based on the Somerset median gross wage (all employees) figure discounted by 43% to give the current figure of £10,795pa. The discount takes account of the required voluntary element of the work (calculated at 33%) and acknowledges the average number of hours per week – 26 (as confirmed by SCC survey) - that councillors spend on Council business. The resulting sum has been further reduced to equate to the sum that would have applied for 2017/18 under the Council's previous Scheme.

3.4 The Council has agreed to index-link further increases in the Basic Allowance (and by association the Special Responsibility Allowances) for the 2017-21 period to annual increases in the Somerset median gross wage rate (applying the 43% calculation).

#### 4. **SPECIAL RESPONSIBILITY ALLOWANCE (SRA)**

4.1 **SRA** is:

- paid to Members who are elected or appointed to positions of special responsibility on the Council
- allocated on the basis of degree of responsibility and upon a perceived call on Members time, as agreed by the Council;
- paid in addition to the BA which the Member continues to receive; and
- paid in monthly instalments for as long as the Member has the responsibility.

4.2 **SRA** payments cover:-

- chairing formal meetings on a regular basis
- individual and collective decision-making and service responsibilities of Cabinet Members
- policy review and development activity
- meetings with Officers;
- attendance at County Hall and other Council premises to undertake official Council business;
- meetings with fellow Chairmen or decision-makers and other single party meetings;
- dealing with correspondence;
- visits directly connected to the performance of an SRA duty e.g.
  - . headteacher interviews
  - . official openings
  - . familiarisation / fact findings visits;
- press meetings;
- any other official Council business carried out by the Member in the role.

- 4.3 The Council has adopted multiples of the BA as the base for the calculation of the SRA bandings contained within this Scheme. The top banding of SRA which applies to the post of Leader of Council reflects the importance and responsibility of this role. The Leader's Allowance is based on a multiple of 3 x the BA.
- 4.4 Other SRAs are banded below the Leader's Allowance reflecting levels of responsibility associated with those specific roles.
- 4.5 A full list of the posts approved for SRAs is attached at **Appendix 1**. This Appendix sets out the bandings and payments for 2017/18.
- 4.6 The number of Opposition Group Spokespersons receiving SRAs shall total no more than the number of Cabinet Members receiving SRAs at that time. The maximum number of Cabinet Members who can receive SRA is 10 – in accordance with the legislation which prescribes a maximum of 10 members for a local authority 'executive'.
- 4.7 An individual Member may only receive one SRA at any one time.
- 4.8 In accordance with statutory guidance, the Council aims to have no more than 50% of the total membership in receipt of a SRA at any one time.

## 5. **CARERS ALLOWANCE (CA)**

- 5.1 The Scheme provides for the payment (by way of reimbursement) of expenditure incurred by Members (a) in arranging child-care and (b) on professional care for elderly, sick or dependant relatives to enable them to undertake approved duties. This is paid in accordance with the following;

[Please note that these payments are not covered by any special exemptions for taxation purposes. They are treated as emoluments (remuneration) of the 'office' and are taxed accordingly].

### *Child-care*

- 5.2 Expenditure on child-care is reimbursed in accordance with the following requirements:
- that payment is made to someone other than a close relation;
  - that payments for the care of the under 8's are restricted to payments to registered childminders and other statutory approved child care providers;
  - that payments are restricted to the care of children up to their 14th birthday who normally reside with the Member;
  - that no payments are made in respect of the care of children of compulsory school age during school hours except where the child is absent from school due to illness.

### *Care of Dependants*

- 5.3 The reimbursement of expenditure on professional care for an elderly, sick or disabled dependant relative normally residing with the Member and requiring constant care, to enable the Member to undertake approved duties, is subject to payments being restricted to agencies or persons qualified to provide the care, other than close relations.

### *General Conditions*

- 5.4 The following conditions apply to both types of allowance:
- that payments are made on the basis of the reimbursement of actual expenditure incurred up to a maximum of an hourly rate of the national minimum wage at the time of the claim subject to a maximum of 8x the national minimum wage figure;
  - that Members self-certify their claims confirming that they have incurred expenditure in accordance with the scheme;
  - that qualifying meetings be restricted to those that qualify as an “approved duty” for the Member concerned;
  - that neither the Member nor the person being cared for receives an allowance for care from any other source.

## 6. **TRAVEL ALLOWANCE (TA)**

### 6.1 **TA:**

- can only be claimed for an approved duty, or for any duty covered by a special responsibility payment and for ‘normal allowable journeys’.
- is claimed monthly on the Members claim form (except for ‘low claimers’ see para 10.1 below) and receipts, including fuel VAT receipts, should be submitted to support expenditure.
- is payable at the rates shown in **Appendix 2**.

### 6.2 **List of 'Approved Duties'**

The list of approved duties is set out in **Appendix 3**.

### 6.3 **Definition of ‘normal allowable journey’**

The **normal allowable journey** (for which mileage can be reimbursed) is from a member’s home to council offices and then back again. ‘Council offices’ will often be County Hall but could relate to any building where a member is undertaking an ‘approved duty’ under the Scheme, including, for example, attending a parish meeting.

The mileage that members can claim for is the **actual additional mileage** as a result of council business that the member incurs on any journey. The **maximum** the member can claim for is the normal allowable journey mileage.

#### 6.4 **TA - additional information**

- Train Fares are reimbursed at 2nd Class rate.

NB - Members who are aged over 60 and who regularly use the train for Council business may reclaim the cost of a Senior Rail Card.

- The car mileage rate may be claimed for any journey, providing the following criteria can both be met:
  - travel by car represented the best option in order to undertake the approved duty
  - travel by car could be justified on cost grounds

In all other cases, payment will be made at the public transport rate.

- Wherever possible all claims should be supported by a valid VAT receipt. Fuel receipts submitted should pre-date the first date claimed for on the relevant claim form. It is also acceptable for a single fuel receipt to cover more than one month's claim as long as the value of the receipt is equivalent to expenditure of at least 10p per mile claimed.
- If a VAT fuel receipt is not provided in support of mileage then the level of reimbursement will be at a lower rate.
- A cycle allowance is payable to Members who use a bicycle to attend an approved duty.
- It is essential that Members minimise the need for travel wherever possible by combining trips, sharing transport, undertaking business by 'phone, including by conference calls or by email.
- A Member who is claiming mileage should always bear in mind the need to be able to demonstrate that the journey was wholly and necessarily in relation to his/her role as a Member.
- Additional payments of 5p per person per mile are payable for passengers carried.
- Reimbursement of taxi fares may be made in exceptional circumstances.
- Reimbursement may be claimed for expenditure on tolls, ferries, parking fees etc.

### 7. **SUBSISTENCE ALLOWANCES (SA)**

#### 7.1 **SA is**

- paid at the same rates as those paid for Officers;

- claimable for any approved duty exceeding 4 hours which spans the agreed meal time periods (specified in **Appendix 2**);
- claimable for the actual cost of the meal or the overnight expenses up to the maximum allowed;
- claimed monthly via the Members claim form; receipts should be submitted to support expenditure;
- only claimable for meals or overnight expenses for approved duties / SRA duties undertaken **outside** Somerset;
- not claimable if a meal is provided by a host free of charge;
- only claimable for a members own meal. There is no provision in the scheme for reimbursing claims for hospitality for other people;
- reimbursed at the rates shown in **Appendix 2**.

## 8. **NON CLAIMABLE DUTIES**

8.1 For the avoidance of doubt, the following duties are **not** approved for the purpose of claiming Travel Allowances and Subsistence Allowances:-

- single Member duties except where the Scheme provides otherwise
- attendance at single party meetings e.g. group meetings, except where the Scheme provides otherwise
- constituency meetings and duties.
- duties relating to outside organisations that are not Board, committee, sub-committee or working group meetings. e.g. book launches, openings etc.
- attendance at party political conferences
- social functions including religious meetings / church services
- acting as governors of primary or secondary schools; and
- where an outside body to which the member has been appointed itself pays members expenses.
- where the member attends an outside body but in circumstances where they have not been appointed as an official representative of the Council, ie appointed either by the Council or the Leader of the Council.

## 9. **CLAIMS**

### 9.1 **How to Claim**

- BA and SRA are paid automatically after completion of initial details.
- CA, SA and TA must be claimed on the Members' Claim Form for allowances.
- Claims must be submitted monthly to the authorising officer by 8<sup>th</sup> of the month in

order to payroll deadlines.

- All claims and fixed entitlements are paid together on the last working day of that month.
- Late claims will result in late payment unless notification is given in advance. Claims older than 2 months will be referred for approval to pay to the Finance & Performance Director, in consultation with the Leader and appropriate Cabinet Member, and payment may be delayed or refused unless there is good cause for the lateness. Claims older than 3 months will not be reimbursed.
- A supply of claim forms can be obtained from Rebecca Dunstan in the Community Governance Group on 01823 359039 or 357628 respectively.
- Allowances must not be claimed where the member is entitled to receive payment from another body.
- Members who are both County Councillors and District Councillors may claim Travel Allowances, if applicable, from both Authorities, if attending approved duties for both on the same day. However, a Travel Allowance cannot be claimed from both Authorities for a joint meeting. In this case, the Member should claim from one of the Authorities.
- To cater for changes in circumstances that occur during the year and to ensure that no individual cases of exceptional hardship are experienced, the Finance & Performance Director, in consultation with the appropriate Cabinet Member, can temporarily agree SRAs for individual Members as considered necessary.

Note: The exception to the requirement to submit monthly claims relates to low claimers. 'Low claimers' have the option of only having to submit claims once every three months.

The following rules apply to 'low claimers':

- Low claimers are defined as members submitting claims under a likely value of £100 over the 3 month period. If a member thinks that they are likely to fall into this category they should inform Rebecca Dunstan in the Community Governance Group.
- Low claimers are now only required to submit 1 claim for every 3 months, 4 in total for the year **BUT** all claims for a particular financial year must be submitted by the end of that financial year.
- Any claims over 3 months old will be rejected.

## 9.2 Payment of Claims

- Payments are made through the council's computerised salaries and wages system to assist with the deduction of income tax and national insurance.
- An advice slip is provided giving details of allowances paid.
- Payment will be made direct to a bank or building society account.

## 9.3 Tax and National Insurance

- BA, SRAs and CA are taxable and are subject to national insurance.
- Members can request a PAYE code from HMRC for the taxing of payments. If no other tax code is supplied, members will be taxed at basic rate.
- Details of meals paid for are given to HMRC who may adjust individual personal tax

codes as a result.

- Mileage rates are in accordance with limits set within the HMRC's Fixed Profit Scheme.
- Some Members may be able to obtain an exemption card for national insurance from the Department of Social Security, if they are over 65 (men) or 60 (women).
- Some female Members may be able to obtain a reduced rate certificate (married women or widows).
- For further information please contact Rebecca Dunstan in the Community Governance Group on 01823 359039 or 357628.

#### 9.4 **Members Allowances and Benefits**

- Members who are incapable of work, who are unemployed, who have a low income or who are retired may find that being paid allowances will offset their entitlement to Social Security benefits. The exact way the entitlements may be changed depends on the individual benefit being received.
- In general terms members' allowances are taken into account in calculating benefits payable. Members claiming benefits are advised to keep their local DSS office informed timely of the amount of members allowance being received (for Housing or Council Tax benefits the local District Council should be notified, and for the Job Seekers allowance the local Employment Service Job Centre).
- Members are advised to contact these offices to obtain more details of their entitlements to the following benefits –

Benefit	Office to be contacted
Jobseekers Allowance	Local Employment Service/Job centre
Income Support	Local Job Centre
Housing Benefit	Local District Council
Council Tax Credit	Local District Council
Family Credit	Working Tax Credit Office I. R. 0845 300 3900
Incapacity Benefit	Local Job Centre
Severe Disability Allowance	Local Job Centre
Disability Working Allowance	Disability Working Allowance Office 0845 605 5858
Children's Tax Credit	HMRC 0845-300-3900
Working Tax Credit	HMRC 0845-300-3900

#### 9.5 **Statutory Sick Pay**

Members who pay National Insurance on their allowances may be entitled to receive Statutory Sick Pay in respect of absence in excess of 3 consecutive days. To pursue a claim please promptly notify the Finance & Performance Director of the sickness absence.

#### 9.6 **Statutory Maternity Pay (SMP) and Maternity Allowance**

Female members can claim SMP if their average earning exceeds the National Insurance contributions lower limit and they have been a member for 26 weeks prior to the 15<sup>th</sup> week before the baby is due. Again please notify the Finance and Performance Director once the pregnancy has been confirmed by your doctor.



## 9.7 **Backdating of Allowances**

Where there is an amendment made to the Scheme of Allowances, that amendment may be applied retrospectively by the Council to the beginning of the financial year.

Where a Member takes on duties entitling them to a different level of allowances, the new entitlement may be applied retrospectively to the date the changes were effective from.

## 10. **CO-OPTED MEMBERS**

Co-opted Members of the Standards Committee receive a Co-opted Members Allowance as indicated in Appendix 1. Other co-opted members of committees do not receive a Co-opted Members Allowance.

SCC's appointments to the Joint Independent Members Remuneration Panel also receive the Co-opted Members Allowance.

All co-opted members may claim travel and subsistence for approved duties at the same rate as elected Members, as may non-elected representatives appointed to outside bodies by the County Council.

A Financial Loss allowance (FLA) may be paid to co-opted members (and to non-elected representatives appointed to outside bodies) for loss of earnings and expenses incurred by them in the performance of any approved duty. Such loss of earnings would normally be supported by a certificate supplied by the employer or such other evidence as to enable the loss of earnings to be determined.

**APPENDIX 1**

**SRA BANDING SYSTEM - Total banded Allowances 2017/18**

<b>Member Role</b>	<b>Rate of Allowance from 1/4/17</b>		
	<b>Basic £</b>	<b>SRA £</b>	<b>Total £</b>
<b>Band 1: BA x 3:</b> Council Leader	<b>10,795</b>	<b>32,385</b>	<b>43,180</b>
<b>Band 2: BA x 1.79</b> Deputy Leader (with Cabinet responsibilities)	<b>10,795</b>	<b>19,272</b>	<b>30,067</b>
<b>Band 3: BA x 1.6</b> Cabinet member	<b>10,795</b>	<b>17,272</b>	<b>28,067</b>
<b>Band 4: BA x 0.9:</b> Opposition Leader (Liberal Democrat) Chairman of County Council	<b>10,795</b>	<b>9,716</b>	<b>20,511</b>
<b>Band 5: BA x 0.6</b> Chairman of Regulation, Audit and Scrutiny Committees Junior Cabinet Members	<b>10,795</b>	<b>6,477</b>	<b>17,272</b>
<b>Band 6: BA x 0.2</b> Chairman of Pensions Committee Chairman of Constitution & Standards Committee Vice-Chairman of County Council	<b>10,795</b>	<b>2,160</b>	<b>12,955</b>
<b>Band 7: BA x 0.1</b> Opposition Group Spokespersons	<b>10,795</b>	<b>1,079</b>	<b>11,874</b>
<b>No Band allocated</b> Group Leader – smaller opposition groups (minimum of 5 members required per group)	<b>10,795</b>	<b>500 + 100 per member</b>	<b>Variable</b>

In addition, co-opted members of the Standards Committee receive a Co-opted Members Allowance of £540 p.a., which equates to Basic Allowance x 0.05.

## APPENDIX 2

### SUMMARY OF RATES OF ALLOWANCES FOR MEMBERS

<b>1</b>	<b>TRAVELLING ALLOWANCE</b>	<b>Pence per mile</b>
	Mileage rate - up to 10,000 miles	45.00
	Over 10,000 miles	25.00
	Passenger supplement (5p per person per mile)	
	Motor Cycle	24.00
	Bicycle Allowance	20.00
<b>2</b>	<b>SUBSISTENCE ALLOWANCE</b>	
	<ul style="list-style-type: none"> <li>• Breakfast allowance (more than 4 hours away from the normal place of residence before 11 am) – up to a maximum of £6.72;</li> <li>• Lunch allowance (more than 4 hours away from normal place of residence, including the lunchtime period between 12 noon and 2 pm) – up to a maximum of £9.24;</li> <li>• Tea allowance (more than 4 hours away from normal place of residence, including the period 3 pm to 6 pm) – up to a maximum of £3.64;</li> <li>• Evening meal allowance (more than 4 hours away from the normal place of residence, ending after 7 pm) – up to a maximum of £11.44.</li> </ul>	
	<p>These payments only apply to duties undertaken outside of Somerset. Subsistence cannot be claimed for duties undertaken in Somerset.</p>	
<b>3</b>	<b>OVERNIGHT ABSENCE</b>	<b>£</b>
	maximum	106.40
		£
<b>4</b>	<b>Co-opted Members Financial Loss</b>	up to 4 hours
		27.65
	(evidence based)	over 4 hours
		55.31

## APPENDIX 3

### LIST OF APPROVED DUTIES

1. Attendance:-
  - a) at formal meetings of the Council including Committees, the Cabinet, Committees, and Sub-Committees, and any other authorised meeting of these bodies or organised by these bodies
  - b) at ad-hoc formally constituted Working Groups / Panels (eg scrutiny task and finish groups), where named members of the body or formally invited to participate.
  - c) at County Hall or other County Council establishment for a meeting with either a member in receipt of an SRA or an Officer for the purpose of discussing matters relating to Council business in which it is reasonable to expect the member to have an interest.
  - d) as the Council's named representative on bodies to which the Council makes appointments except where the body itself pays allowances to the Council's representative. The approval relates to meetings of the body itself, its standing committees / sub-committees but not to other activities of the body.
  - e) at a meeting of any body that the Council is required to, or has agreed to, provide Council attendance at, acting as the Council's nominee or representative.
  - f) at local briefing meetings at the invitation of an Officer of the Council provided that the members of at least two political groups have been invited.
  - g) at a formal meeting of a District or Parish Council – where not a member of that Council:-
    - where formally invited to attend or where the Member has a specific interest in any/ all of the business on the agenda
  - h) at conferences where the Council has agreed to meet the conference fees or where the Member agrees to meet the conference fees
  - i) at Member induction, learning and development events / sessions organised by the Council
  - j) at up to 12 single party officer briefing / training events per annum
  - k) at open days, sports days and similar events at County Council establishments by formal or official invitation where the Member is

performing a specific function.

- l) Attendance at any civic or ceremonial event at the specific invitation of the Chairman of Council, the Lord Lieutenant or High Sheriff.
2. Duties authorised by Council or Leader of the Council, including briefing meetings, site visits, meetings with outside bodies or individuals, tours of inspection, and general information visits, visits to County Council premises.
3. Duties carried out arising out of a Member holding an office:-
  - a) to which a SRA applies or such a duty carried out by their nominee,
  - b) as a named Member Champion,including attendance at County Hall or other County Council establishments for any purpose which he/she considers necessary.
4. The undertaking of any duty associated with the Council where invited by or on behalf of the Scrutiny Committee.
5. Any duty for which express authority is given by the Chief Executive in the event of an emergency.
6. Any other attendance for which prior approval has been given by the Service Director for Finance & Property after consultation with the Cabinet Member for Resources.

*Note 1:*

*The term 'Council' covers Council, Committee, Sub-Committee and Cabinet business unless otherwise indicated.*

*Note 2:*

*A duty cannot be approved, in retrospect, for the purpose of paying allowances.*

