

APPENDIX C



Governance, Audit and Finance Scrutiny Panel

Review of Members' Allowances

For

Havant Borough Council

Foreword

I am delighted to present this report of the Governance, Audit and Finance Review Scrutiny Panel for consideration by Full Council at its meeting to be held on 26 September 2018.

I would like to thank all those councillors and officers who gave evidence for their valuable Contributions.

The Panel recognises that the Council (as all Councils) should seek to attract a wider range of candidates, particularly from under represented groups, such as younger people who are employed, ethnic minorities, adults charged with home caring responsibilities. Indeed, this was a constant theme echoed by all interviewees. However, ultimately this issue needs addressing by central government in how it determines the model of English local government.

A Members' Allowances Scheme can only play a part in making standing and remaining as an elected Member a more feasible proposition for those from under represented groups. But, the reality is that if the Panel were to make recommendations that ensured being an elected Member was financially attractive it would be recommending levels of remuneration that would make Members in Havant Borough Council by far the highest paid in the UK. The Panel is aware that the Council could not afford to pay such suggested levels nor was there any suggestion from the evidence received that it should do so.

This is not to suggest that financial considerations have driven this review. While the Panel was aware of its fiduciary responsibilities in ensuring value for money for the Council Tax payers of Havant Borough Council it was concerned primarily with arriving at the appropriate allowances for the roles that Members are required to undertake. Moreover, the Panel did not feel entirely comfortable setting allowances at such a level to make being a Councillor financially attractive. The role of the Panel has been to balance the requirements that the Council provides proper remuneration for being an elected Member (within a sensible framework) while ensuring that a degree of public accountability is brought to bear on the Council's right to determine its own Members' Allowances Scheme. As such, it has sought to address anomalies in the scheme within the current framework.



Councillor Crellin
Lead for the Governance, Audit and Finance Scrutiny Panel

Executive Summary of Panel's Recommendations

Post	Current Number of SRAs	Basic Allowance	SRAs	SRA Totals
Basic Allowance				
All Members (38)		£5,430		
SRAs				
Leader	1	£5,430	£14,800	£14,800
Deputy Leader	1	£5,430	£10,018	£10,018
Cabinet Leads	4	£5,430	£8,425	£33,700
Chairman of Governance, Audit and Finance Board	1	£5,430	£6,831	£6,831
Chairman of Scrutiny Board	2	£5,430	£5,692	£11,384
Chairman of Development Management Committee	1	£5,430	£5,009	£5,009
Chairman of Joint Human Resources Committee	1	£5,430	£3,643	£3,643
Chairman of Licensing Committee	1	£5,430	£1,116	£1,116
Opposition SRAs				
Band A	2	£5,430	£911	£1822
Band B	0	£5,430	£1,822	0
Band C	0	£5,430	£2,732	0
Band D	0	£5,430	£3,643	0
Sub Totals		£103,170		£36,762
TOTAL				£139,932

Impact on Budget

Original Budget

Basic Allowance	SRAs	Total
£223,858	£94,510	£318,368
£111,929	£44,963	£156,892

**Less Committed Spend
(1/4/2018 to 30/9/2018)**

Sub Total

£161,476

**Less Projected Spend From
1 October 2018 (excluding
Modernisation Allowance)**

£103,170	£139,932	£139,932
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Estimated Underspend (Excluding Modernisation Allowance)

-£21,545

**Add Modernisation
Allowance From 1 October
2018**

Allowance = £461

Monthly Fee
From 1 October
2018 = £38

8759

Total Estimated Underspend

-£12,786

The Panel also recommends the following, namely that:

Maintaining the 1-SRA Only Rule

The Council continue to maintain the 1-SRA only rule.

Modernisation Allowance

A Modernisation Allowance of £461 (currently included in the Basic Allowance) be created to meet a number of expenses, including council related telephone calls both land line and mobile, line rental costs, IT and internet access.

The Panel further recommends that it should be paid automatically from 1 October 2018 at £38 per month per household from 1 October 2018.

This allowance will reduce the above predicted underspend to **-£12,786**.

Index Linked Basic Allowance

The Basic Allowance be increased in line with any NJC increase as agreed each year from 1 April 2020.

Leaders SRA

A further review be undertaken by the Panel into the Leader's Allowance, including budgetary implications of any changes to this allowance. The scheme arising from this review to be submitted to Cabinet and for consideration by the Independent Remuneration Panel when it convenes at 2019.

Role Evaluation Scheme

In future any proposed SRAs be submitted to this Panel for evaluation using the evaluation scheme introduced under this review.

Other Allowances

No changes be made to the other allowances included in the current scheme.

Implementation of the proposed Changes

Unless otherwise stated, the recommendations contained within this report should be implemented from 1st October 2018.

1 Introduction

- 1.1 The following is a synopsis of the proceedings and recommendations made by the Governance, Audit and Finance Scrutiny Panel appointed by the Governance and Audit Board to consider its current Members' allowances scheme and advise the Council on a revised scheme.

2 Associated Documents

This report should be read in conjunction with the "Background Papers" used by the Panel. These are published online in a separate document entitled "Background Papers to the Review of Members' Allowances for Havant Borough Council" and may be viewed on line using the following link:

<http://havant.moderngov.co.uk/ecCatDisplay.aspx?sch=doc&cat=14298&path=14065,14067>

3 The Panel

- 3.1 The Review was undertaken by the Governance, Audit and Finance Scrutiny Panel which included the following members:

Councillor P Crellin (Lead Councillor)
Councillor P Bains
Councillor T Hart
Councillor G Robinson

- 3.2 The Panel would like to record its gratitude to the Members and Officers of Havant Borough Council for making themselves available to meet with the Panel. Full details of these members and officers may be found in the document entitled "Background Papers to the Review into Councillor Allowances 2018" (Background Papers")

4 Terms of Reference

- 4.1 On 11 July 2018 the Council requested the Governance, Audit and Finance Board for a further review on the Councillor Allowances Scheme, in light of the governance changes agreed by the Council on 9 May, and in particular, to:

- "(1) review the special responsibility allowances attracted by each position to ensure that the level set is fair in relation to the responsibilities associated with the post;
- (2) consider whether any other changes to the scheme of allowances are appropriate at the present time"

5. Methodology

- 5.1 The Panel met in August and September 2018. Panel meetings were held in private session to enable the Panel to interview Members in confidence.
- 5.2 The initial meetings of the Panel were open to all Councillors. However, the last two meetings were in closed session and only open to members of the Panel, the Chairman of the Governance, Audit and Finance Board, the relevant Cabinet Lead and invited Councillors.

- 5.3 The Panel approved a project plan which is set out in the Background Papers
- 5.4 Although the Panel was not required to follow the statutory guidance relating to the Independent Remuneration Panels (IRPs), it considered that it would be appropriate to follow this guidance to ensure that the recommendations of this report are robust and based on nationally recognised processes.
- 5.5 The Panel's activity fell into 4 parts:

(A) Review of background information

This included, the current councillor allowance scheme, key documents relating to the previous Councillor Allowances Review, and details of the background to the Special Responsibilities Allowances ("SRAs") and changes made to these SRAs over previous reviews, number of meetings held, allowances paid in comparator authorities and copies of the regulations and statutory guidance. A full list of information considered by the Panel is reiterated in the Background Papers.

(B) A Members Survey

All members of the Council ("Councillors") were asked to complete a questionnaire to enable the Panel to obtain the view of the Councillors on the existing scheme and any changes need to provide details of the workload of councillors to enable the Panel to calculate the basic Allowance for Councillors.

The result of this survey are set out in the Background Papers.

(C) Benchmarking survey

A benchmarking exercise was undertaken to find out whether Havant Borough Council's allowances had fallen behind that paid by peer authorities.

The results of this exercise are set out in the Background Papers.

(D) SRA Role Evaluation Exercise

Whilst the members of the Panel welcomed the views and opinions of those members who were invited or joined the Panel, many of the opinions offered to the Panel were based on perceptions with no supporting evidence. The main weaknesses of many of the views presented to the Panel were that

- (i) they were not supported by evidence
- (ii) they tended to blur two different roles e.g. the role of a scrutiny lead with the role of a Chairman of a Scrutiny Board
- (iii) they included the work covered by the members' basic allowance to support increases in an SRA; and
- (iv) they referred to the performance of individual SRA post holders and/or Committees/Boards rather than the duties, responsibilities and skills and workload relating to a post.

To overcome these issues, the Panel decided to undertake a role evaluation exercise which would provide a hierarchy of roles that were free from discrimination. The Panel accepted that such an exercise might not mirror everyone's perceptions but felt that such an exercise would:

- (a) provide a rationale and justification for why SRA roles are ranked differently
- (b) be less subjective than non-analytical techniques to rank SRAs
- (c) be consistent
- (d) provide a good basis for a fair allowance structure
- (e) provide a hierarchy of role based on responsibilities and workload attached to SRA roles

The Panel also agreed that the exercise would not be a way of judging post holder's performance or be an exact measurement of tasks performed. The Panel considered that judgement on the performance of a post holder rested with the appointing person or body i.e. the leader of the Council or Council.

The exercise involved comparing the role descriptions against a factor plan and allocating points against each factor. To overcome concerns raised by non-members of the Panel that the role descriptions and factor plan should be agreed by the SRA post holders, the plans all members of the Council were given an opportunity to comment on the scheme as a whole, the role descriptions and factor plan before the evaluation exercise took place. No objections or comments were received. Therefore, the Panel assumed that a tacit agreement had been given to the scheme and relevant documents.

The score sheet arising from the evaluation exercise is attached as Appendix A to this report. From this score sheet the Panel considered a number of options, which are included in the Background Papers, applying different weights to Responsibilities, Skills and Workload. After careful consideration the Panel agreed Option 1 (Appendix B) best reflected the roles of each post and provided the best value for money.

The Panel is satisfied that this scheme has produced a hierarchy of SRAs role based on the Responsibilities, Skills and Workloads of each SRA post which is free from discrimination and perception and provides a fair system which can be used to evaluate any new SRAs or changes to existing SRAs.

Full details of the scheme, relevant documents and final score sheet are included in the Background Papers.

The Panel recommends that in future any proposed SRAs be submitted to this Panel for evaluation using the above scheme

(E) Interviewing a Selected Number of Councillors

A full list of Councillor interviewed is set out in the background Papers

(F) Arriving at recommendations

6. Principles of the Review

6.1 Before the Panel arrived at its recommendations it decided that its deliberations should be underpinned by the following principles; namely that:

- (i) the recommendations would seek to minimise barriers to public service without allowances becoming a motivating factor in serving the Council;
- (ii) the recommendations should be based on a transparent and logical construct that is understandable and justifiable;

- (iii) all recommendations should be based on evidence
 - (iv) Any scheme recommended should be simple to administer.
 - (v) Recommendations should seek to reflect the responsibilities, skills and workload held by Members in Havant Borough Council
2. As noted in the preamble the Panel has sought to address anomalies within the current scheme within the present financial and local framework.
3. The Panel has set out its deliberations in this report to assist Members and the public to understand its approach. The Panel has considered the worth of Members' roles and at the same time the issues of public perception and affordability. While the Panel's recommendations are not mandatory it is hoped that if the Council disagrees with the actual figures recommended that it would accept the Panel's logic. The recommendations presented in this report at the present represent the view of the Panel and not the official view of Havant Borough Council.

The Evidence Considered

7. Key Messages and Observations

7.1 The Issue of Member Performance

- 7.1.1 The issue of Member performance was raised with the Panel. A theme emerging from the representations made to the Panel by Councillors is a perception that some Members are not undertaking the full range of duties expected of them in return for the Basic Allowance and/or Special Responsibility Allowances.
- 7.1.2 Ultimately, the final arbiter on Member performance is the electorate, with the group system acting as the intermediate influence. The arbiters for the performance of the SRA holders are the person and/or body responsible for appointing the members to these posts i.e. the Leader of the Council and Council.

7.2 Members and Recognition, they are "Doing More with Less"

- 7.2.1 While the Council is seeking further savings in expenditure, it does not mean Members are doing less. The Council continues to address the range of issues that affect all councils. This has increasingly meant an enhanced partnership working that accompanies this agenda, particularly affecting senior Members. Indeed, it also affects the top tier of management as Havant Borough Council now has a shared Chief Executive and Executive Paid Officers with East Hampshire District Council. This sharing of senior Officers has reduced the top three tiers of management in both.
- 7.2.2 This has had an impact on senior members and the operation of the scrutiny function in Havant Borough Council; not least the reduction in the numbers in the Havant Borough Council within the Cabinet, reducing by 2 to five Cabinet Members (+ the Leader) which has resulted in savings in Members' allowances (approximately £17,000).

7.3 The Role of the Panel and Current Economic Context

- 7.3.1 The prime role of the Panel to assess what it judges the roles and posts under review are worth based on the evaluation of the evidence. Yet, the Panel has to be aware of the current economic climate both generally, where many residents of Havant Borough

Council are facing uncertain economic future and internally, where the Council is seeking further efficiencies.

- 7.3.2 This has led the Panel to take the view that it would be reluctant to significantly increase the total spend on allowances, and even a marginal increase in total spend would require strong evidence for the Panel to make such a recommendation. As it turns out the recommendations contained in this report will, if adopted by Council, result in some minor savings (approximately £5,386) on the current Members' Allowances scheme and the cost of supporting Members – a view that was generally supported through the representations received by the Panel.
- 7.3.3 On the other hand, the economic context has to be balanced against the demands that continue to be placed upon Members who cannot be expected to undertake the roles required of them on a voluntary basis – unless by individual choice. It is unrealistic not to at least provide a degree of support and recognition through the allowances' scheme to ensure proper democratic representation and fulfilment of the duties that they are required to carry out.

7.4 Appeal of the Allowances

- 7.4.1 Whilst the discussions revealed that allowances are important and an emotive issue, the overwhelming theme was that the level of these allowances were not the driving force in becoming a Councillor or an SRA postholder. The Leader acknowledged that he had not experienced any issues recruiting members to SRA posts. Other interviewees advised that in most cases they were unaware of the SRAs attached to posts until after they had taken up the post.

7.5 A Robust Scheme

- 7.5.1 The evidence received and reviewed by the Panel, both oral and written – including the contextual comparisons indicate that the Basic Members Allowances and the Leaders Allowance were reasonable and any increase to these allowances could not be justified. The Panel also considered that as the Council had made a commitment that this scheme would endure until 2020. Therefore, the Panel felt that any changes to these two allowances should only be made if there were overwhelming justification. This, and the broader context, means that the Panel has sought to correct current anomalies where they exist rather than undertake a fundamental re-setting of the whole allowances scheme.

8. Basic Allowance

8.1 Statutory Guidance

- 8.1.1 The Panel took into account the statutory guidance to which it must pay regard before arriving at its recommendations. In particular, the Panel was made aware that the authority's scheme of allowances must include provision for a Basic Allowance that is payable at an equal flat rate to all Members. The statutory guidance on arriving at the Basic Allowances further states:

Having established what local Councillors do, and the hours which are devoted to these tasks the local authorities will need to take a view on the rate at which, and the number of hours for which, Councillors ought to be remunerated.¹

¹ Department of Communities and Local Government and Her Majesty's Revenue and Customs, *New Council Constitutions: Guidance on Consolidated Regulations for Local Authority Allowances*, London: TSO, July 2003, par 67

8.1.2 The Panel based its underlying approach to setting the recommended Basic Allowance on the statutory guidance and the Inland Revenue and Customs (HMIR&C, par. 67). Based on the above statutory guidance the Panel was under a duty to arrive at answers for the following three variables:²

- * What time is necessary to fulfil the role of the ordinary Member?
- * What amount of that time should be viewed as given as public service, known as the public service discount (PSD)?
- * At what rate of pay should be the remunerated hours?

9 Recalibrating the Basic Allowance

9.1 The Panel decided to revisit the original variables to test whether they were still appropriate. It recalibrated the original formula utilised to establish whether the current Basic Allowance was still valid and how robust it remains.

10 Setting the Basic Allowance –

10.1 Expected Time Inputs

10.1.1 The Members Allowances Survey indicates that Councillors work a minimum average of 16 hours a week and a maximum of 18 hours per week for Basic Allowance work.

10.2 The Voluntary Principle – Or Public Service Ethos

10.2.1 The statutory guidance requires the maintenance of the principle of public service when setting an appropriate Basic Allowance. This is the notion that an important part of being a Councillor is serving the public and, therefore, not all of what a Councillor does should be remunerated; a portion of a Councillor's time should be given voluntarily.

10.2.2 The Members' Allowance Survey indicated that the Public Service Discount should be set at 46%

10.3 The Rate for the Job

10.3.1 Previous Independent Remuneration Panels utilised the Havant mean gross hourly wage rate as the rate for the job. In other words, to establish a rate for the job, it was recommended that a Member's hourly worth be on a par with the average hourly wage in Havant. The Panel notes that the average hourly wage in Havant for which latest figures are available was £13.28 per hour. This the Panel accepted as the optimum rate for the job in Havant Borough Council in arriving at the recommended Basic Allowance.

10.4 Calculating the Basic Allowance

10.4.1 If the Panel was simply to use the original variables from this review with an up dated rate for the job, which is £13.28 per hour it would result in the following recalibrated Basic Allowance:

Minimum

- = [832 hours per year minus 46 per cent] X £13.28 per hour
- = 387.72 hours X £13.28 = £5083 (rounded down to nearest £10)

Maximum

² See *Consolidated Guidance* July 2003 paragraphs 68-69 for further details.

- = [936 hours per year minus 46 per cent] X £13.28 per hour
- = 430.56 hours X £13.28 = £5718 (rounded down to nearest £10)

The Council current rate of £5891 is above the recalibrated calculated basic allowances

10.5 Benchmarking the Basic Allowances

- 10.5.1 The Benchmarking exercise showed that the Council is lower than the mean average for Basic Allowances paid by the benchmarking Councils. On the face of things, a recalibrated Basic Allowance to this mean average would represent an increase of over 4% on the current Basic Allowance of £5981 which would make the allowance higher than the Basic Allowance calculated using the formula set out in the guidance (see 10.4 above).
- 10.5.2 There had been no overwhelming changes to the basic responsibilities, skills and workloads of members. Therefore, the Panel is content that taking into account the modest values placed on the variables utilised to arrive at the Basic Allowance and when placed in a comparative context the current Basic Allowance of £5,891 is both equitable and appropriate. The Panel is even more convinced of its appropriateness when it notes that Havant Borough Council pays a limited range of expenses and SRAs compared to other comparable authorities.

11 Expenses

11.1 Modernisation Allowances

- 11.1.1 In 2016 it was decided that a modernisation allowance (£461) to meet a number of expenses, including council related telephone calls both land line and mobile, line rental costs, IT and internet access be included in the Basic Allowance.
- 11.1.2 The Panel notes the statutory guidance³ on Members' Allowances states, the:

Basic allowance is intended to recognise the time commitment of all councillors, including such inevitable calls on their time as 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.⁴

- 11.1.3 The Panel was informed there are expenses that go beyond 'incidental' and merited recognition in the Panel's recommendations. The Panel accepted this argument and further considered that the separation of the Modernisation Allowance from the Basic Allowance would make the allowances more transparent.
- 11.1.4 The removal of the modernisation allowance would reduce the current Basic Allowance to £5430 would not lower the ranking of the Basic Allowance amongst the Benchmarked Councils but would make the allowance within that the maximum and minimum Basic Allowance calculated using the formula set out in the guidance (see above).

³ DETR, *Guidance on Members' Allowances for Local Authorities in England*, paragraph 14, 9 April

⁴ DETR and Inland Revenue 2003 Consolidated Guidance, par. 10.

11.2 Other Additional Allowances

- 11.2.1 The overwhelming majority of respondents to the members Survey and attendees at the Panel meetings was that the current additional allowances are reasonable and do not need changing.
- 11.2.2 The benchmarking survey support this view by showing that Council's current additional allowances were similar to allowances given by the benchmarked Councils

11.3 The Panel recommends that:

- (a) **the Basic Allowance be reduced to £5520; and**
- (b) **a modernisation allowance of £461 be created to meet a number of expenses, including council related telephone calls both land line and mobile, line rental costs, IT and internet access**

12 Arriving at the Special Responsibility Allowances (SRAs)

- 12.1 The Panel noted that there was inconsistency in the calculation and level of allowances paid for SRAs. A majority of the allowances had been set, in accordance with government guidance as a percentage of the Leader's Allowance. However, a number of allowances appeared to be calculated using different methods. Thereby creating a number of anomalies in the Council's structure for SRAs which made it difficult for the Council to justify the level of the SRAs currently paid.
- 12.2 The members' survey and discussions at Panel meetings revealed that the SRAs that caused most concern relating to the Chairman of the Development Management Committee, the Chairmen of the Scrutiny Boards and the Chairman of the Licensing Committee.
- 12.3 To correct these anomalies the Panel undertook a Role Evaluation exercise to provide a hierarchy of roles that was free from discrimination. For details of the methodology of this scheme see 5.5 (D) above.

13 Testing the Leader's SRA

- 13.1 The Panel noted that the post of Leader is a substantial role, while not required to be full time it does require a significant commitment that precludes employment in the normal sense. Moreover, the Panel also noted that the Leader never accepted the increase recommended by the Independent Remuneration Panels since 2011.

13.2 Comparing the Leader with the Benchmarked Councils

- 13.2.1 Panel compared the Leader's SRA of £14800 with Leaders in comparable authorities. As shown below shows the Leader's SRA is ranked 5th compared to the six benchmarked Councils. The Havant Leader's SRA is below the average and median SRAs for the benchmarked Councils.

Council	Leader SRA for 2018/19 (£)
Test Valley	12,479
Havant Borough Council	14800
Winchester City Council	16734
East Hampshire District	18000

Council	
Eastleigh Borough Council	19959
Fareham Borough Council	20833

No. of Councils	6
Mean Average	17134
Median Average	17367

13.3 As a multiple of the Basic Allowance

- 13.3.1 The statutory guidance points out one particular approach to arrive at the Leader's SRA. In particular it states (July 2003 paragraph 76):

One way of calculating special responsibility allowances may be to take the agreed level of basic allowance and recommend a multiple of this allowance as an appropriate special responsibility allowance for either the elected mayor or the leader.

- 13.3.2 Increasingly, the 'factor' approach is becoming more popular due to its simplicity and the emergence of a commonly accepted multiplier, which is in the range of 2.7-3.45. A comparison of changes to the Leader SRA across the benchmark councils since 2016 shows the Council together with Winchester City Council have not increased this allowance since 2016. The mean and median average increases during this period were 3% and 1% respectively.

Council	2015/16 (£)	2016/17 (£)	2017/18 (£)	2018/19 (£)	% Increase
Test Valley	12355	12355	12355	12,479	1
Havant Borough Council	14800	14800	14800	14800	0
Winchester City Council	16734	16734	16734	16734	0
East Hampshire District Council	16000	18000	18000	18000	13
Eastleigh Borough Council	19761	19959	19959	19959	1
Fareham Borough Council	20023	20426	20426	20833	4
Mean Average	16612	17046	17046	17134	3
Median Average	16367	17367	17367	17367	1

- 13.3.3 If the Leader's SRA was increased by the mean average multiplier of the benchmark councils (2.81) for 2018/19 (see above), based on the reduced Basic Allowance recommend by this Panel (see above) the SRA would rise to £15285, which although lower than the mean and median averages for the benchmark councils, would be more in line with the SRAs paid for this post by the other benchmark councils.

Council	Leader SRA for 2018/19 (£)
Test Valley	12,479
Havant Borough Council	15566
Winchester City Council	16734
East Hampshire District Council	18000
Eastleigh Borough Council	19959
Fareham Borough Council	20833
No. of Councils	6
Mean Average	17427
Median Average	17367

13.4 Key Message

13.4.1 The Leader has advised the Panel that the current level paid for this post is acceptable and did not recommend any increase. There have been significant changes to the roles and responsibilities of this post since 2016. Furthermore, an increase in this allowance will ultimately lead to an overspend on the budget for SRAs. Therefore, despite the anomalies identified above, the Panel is not minded recommending any changes to this allowance at this stage.

13.4.2 The Panel does however, feel that there is a need explore increasing this allowance from 2020 onwards and factor in the subsequent increase in the other SRAs.

13.5 The Panel recommends that:

13.6 The Panel be instructed to undertake a further review into the Leader's Allowance, including budgetary implications of any changes to this allowance. The scheme arising from this review to be submitted to Cabinet and for consideration by the Independent Remuneration Panel when it convenes at 2019.

14 Arriving at Other SRAs

14.1 In arriving at the other SRAs the Panel took cognisance of the 2003 Statutory Guidance (paragraph 76) which states

A good starting point in determining special responsibility allowances may be to agree the allowance which should be attached to the most time consuming post on the Council (this maybe the elected mayor or the leader) and pro rata downwards for the other roles which it has agreed ought to receive an extra allowance.

14.2 This approach assesses the Leader's post (SRA) as 100% and relates all other posts as a percentage of the Leader's SRA, e.g., 70%, 60%, 50%, 40% and so on. The advantages of this approach are that the Panel is able to maintain current differentials between SRAs (unless in any particular case there is reason to alter a differential), is transparent and relatively simple to understand as it assesses posts in a hierarchical fashion based on the council political structures. The pro rata approach simply expresses the current differentials and the main issue is to consider if there is a case to alter them. Generally, where a Havant post holder receives a comparatively high SRA then the IRP has rounded it downwards and rounded it up where a SRA is comparatively low.

14.3 The differentials for this scheme were derived from the role evaluation exercise. The Leader advised the panel of his intention to increase the size of the Cabinet, this potential change was built into the workload Leader of the Council, Deputy Leader of the Council and Cabinet Leads used by the evaluation exercise (see 5.5(D) above).

14.4 The Deputy Leader

14.4.1 Currently the Deputy Leader receives a SRA of £8,800. This figure is 60% of the Leader's SRA which is close to the average differential in the benchmarked councils which is 57%.

14.4.2 The most significant increase in the responsibilities of this post was the addition of the financial strategy and budget to the post's portfolio. In addition, the workload of this post has increased with the reduction in the size of the Cabinet since 2016.

14.4.3 The score of the evaluation exercise supported the findings into the changes to the responsibilities, skills and workload of this SRA. The Evaluation Exercise found that the post should be 68% of the Leader's allowance which represented an increase of £1218

14.4.4 The Panel recommends that the Deputy Leader's SRA is 68% of the SRA for the Leader, which equates to £10,018.

14.5 Other Cabinet Leads

14.5.1 Currently the four Cabinet Leads each receive a SRA of £8140; which is 55% of the Leader's SRA. This ratio is at the higher end of the normal range. The mean SRA for Cabinet Leads in the comparative group is 39% of the average SRA for Leaders in the same group. The main reason the current relativity is so high is that the Council increased the recommended SRAs for the Cabinet Leads while decreasing the recommended SRA for the Leader after the 2003 review.

14.5.2 However, the Panel does note that since the 2017/18 the other Cabinet Leads have decreased from six to four in number, with six members in total in the executive including the Leader and Deputy Leader. This is a comparatively small executive – most of the comparative group have 8-10 in their executive.

14.5.3 The score of the evaluation panel reflects the changes in the responsibilities, skills and workloads of the other cabinet Leads since 2017 indicating that the percentage differential of the Leader's Allowance should be 57% which represents an increase of £285.

14.6 The Panel recommends that the other Cabinet Lead's SRAs are 57% of the SRA for the Leader, which equates to £8425.

14.7 Chairman of a Scrutiny Board

14.7.1 Background and Changes to this SRA

14.7.2 The new governance arrangements introduced in May 2018, replaced a single Scrutiny Board with two Scrutiny Boards and the Governance, Audit and Finance Board, which is discussed in detail in 14.8 below.

14.7.3 The IRPs in previous reviews consciously recommended relatively high SRAs for the Chairmen of the Scrutiny Boards as a reflection of the central importance the government provides for scrutiny in the post-2000 local government political structures. Furthermore, the Chairman of a Scrutiny Board has additional roles to that of a Chairman of Regulatory or other Committee in that they have the responsibilities of both a Chairman and relating

to the management of work programme together with the requirement to have the skills to match these responsibilities.

- 14.7.4 The current allowance of £5920 was initially based on the Council having two Scrutiny Boards. In 2011, the Independence Remuneration Panel (IRP) was informed that the number of Boards had been reduced to one and that the role of the Chair of the Scrutiny Board had changed in that the post had a 'lighter touch.' Rather than being the main vehicle for delivering scrutiny reviews, the previous Scrutiny Board's main function was to act as a co-ordinating body, acting as the organiser, conduit, and filter for reviews undertaken by the Scrutiny Panels. Consequently, the IRP decided that the original SRA (£5,920) was no longer appropriate and a more realistic assessment of the role was 30% of the Leader's SRA, which equated to £4,440.
- 14.7.5 The Scrutiny Board reviewed these recommendations and considered that the Scrutiny Board Chairman's SRA ".... should remain unchanged as the Chair was required to attend an increased number of meetings since the establishment of the five scrutiny panels. It was felt the Chair provided a focal point of the Board and this responsibility warranted the current allowance. This also maintains parity with the Chair of DMC. It was noted that both Chairs received remuneration cuts last year". The Council agreed with the recommendation of the Scrutiny Board and decided not to change this SRA.
- 14.7.6 The new governance arrangements agreed in May 2018 have reverted to two Scrutiny Boards with a Chairman each. Previous IRPs have established that the SRA for the Chairman of these boards should £5920.
- 14.7.7 Comparing the Allowance with the Benchmarked Councils
- 14.7.8 Currently each Chairman of the Scrutiny Board receive a SRA of £5920, which is 40% of the Leader's SRA.
- 14.7.8 The average SRA for Chairmen of DMCs in the benchmarked councils is £5474 and the median SRA is £6251, with the average being 37% of the Leader's average SRA. Therefore, the current allowance falls between the mean and medium average but higher than the average % of the Benchmarked Leader's SRA.
- 14.7.9 Views Submitted to the Panel
- 14.7.10 A number of representations were made to the Board either at meetings or via the members' Survey that considered that current allowance was too high. However, these representations compared the role of the Chairman of the new Boards with the previous Scrutiny Leads, who only undertook a portion of the work of a Scrutiny Board Chairman.
- 14.7.11 Evaluation Exercise
- 14.7.12 The Evaluation Exercise scored the role of Scrutiny Board Chairman against the Role Description of the Chairman of the Scrutiny Board. The exercise found that the percentage differential of the Leader's Allowance should be 38% which represent a reduction of £228.
- 14.7.13 This change would bring the SRA closer to the mean average SRA for similar Chairman of the Benchmarked Council and only 1% higher than the average % of the benchmarked Leader's SRA.
- 14.7.14 The Panel recommends that the Chairmen of the Scrutiny Boards' SRAs are 38% of the recommended SRA for the Leader, which equates to £5692.**

14.8 Chairman of the Governance, Audit and Finance Board

- 14.8.1 This is a new post arising from a change in the Council's governance arrangements agreed by the Council on 9 May 2018, which, amongst other things, created a Governance, Audit and Finance Board ("GAF Board").
- 14.8.3 The GAF Board is a hybrid comprising the functions of a decision-making committee (the former Governance and Audit Committee) and the scrutiny functions relating to the budget formation and the Council's corporate strategies and policies.
- 14.8.4 Currently the post is only paid the SRA for the scrutiny functions attached to this post
- 14.8.5 Details of the New Post
- 14.8.6 Governance Arrangements
- 14.8.7 Since the review there have been significant changes in the Council's governance arrangements with the replacement of one Scrutiny Board with two scrutiny Boards and the replacement of the Governance and Audit Committee with the Governance, Audit and Finance Board, which is responsible for the functions of the Governance and Audit Committee and the scrutiny functions relating to budget and strategy (details of the role and responsibilities for the Chairman of this new board is set out below).
- 14.8.8 Roles and Responsibilities
- 14.8.9 Due to the nature of the Board, the Chairman of this Board has dual roles relating to the Chairman of a Committee and the Chairman of a Scrutiny Board. The Chairman of this Board is also required to sign the Council's final Statement of Accounts and associated Letter of Representation on behalf of the Council. The scrutiny function requires the Chairman to be responsible for the Board's work programme and to oversee scrutiny reviews.
- 14.8.10 The detailed roles and responsibilities are set out in the Background Papers.
- 14.8.11 Skills
- 14.8.12 A move towards a Select Committee style of working will increase the needs for advanced chairing and project management skills
- 14.8.13 The detailed skills for this post are set out in the Background Papers t.
- 14.8.14 Workload
- 14.8.15 The workload for this post is intensive involving strict audit plans and the scrutiny work programme. The initial work programme for the Board Schedules 9 meetings for this municipal year: the Governance and Audit Committee met 4 times in 2017/18 and the Scrutiny Board met 7 times in 2017/18.
- 14.8.16 Comparing the Allowance with the Benchmarked Councils
- 14.8.17 The only benchmark Council that provides a similar Board to Governance, Audit and Finance Board is East Hampshire District Council. However, the scrutiny element of this Committee is significantly lower in importance and workload than predicted for the Council's Board. Therefore, it would not be a like for like comparison.

14.8.18 Evaluation Exercise

14.8.19 The Evaluation Exercise found that the percentage differential of the Leader's Allowance should be 50% which represented an allowance of £7363.

14.8.20 Although this allowance may appear high the Panel is satisfied that it accurately reflects the responsibilities and skills needed for a Board that has scrutiny and audit functions and is an integral part of the Council's governance arrangements.

14.8.21 The Panel recommends that the Chairmen of the Governance, Audit and Scrutiny Board's SRAs is 46% of the recommended SRA for the Leader, which equates to £6831

14.9 Chairman of the Development Management Committee

14.10 Background to this SRA

14.10.1 The SRA for this post is one of the anomalies identified during the review. The current SRA for the Chairman of the Development Management Committee (DMC) is £3577, which is a figure set by a previous Scrutiny Panel and based in the number and duration of meetings: the level of SRA paid no regard to other factors such as responsibilities or skills.

14.10.2 Comparing the Allowance with the Benchmarked Councils

14.10.3 The average SRA for Chairmen of DMCs in the benchmarked councils is £6900 and the median SRA is £7486, with the average being 52% of the Leader's average SRA. Therefore, the Councils SRA is significantly lower than the mean SRA and the mean % of the Leader's SRA of the Benchmarked Councils

14.10.4 The Benchmark Survey also showed that the number of meetings of the Development Management Committee had increased since the last review and is now on par with the Benchmarked Councils.

14.10.3 Views Submitted to the Panel

14.10.4 A number of representations were made to the Board either at meetings or via the Members' Survey that considered that current allowance was too low. However, these had a tendency to include the responsibilities and skills covered by the Basic Allowance. Some of the representations also included work which was beyond the authority of this role.

14.10.5 Evaluation Exercise

14.10.6 The Evaluation Exercise score for the role of Development Management Committee Chairman set the percentage differential of the Leader's Allowance at 34% which represented an increase of £1432.

14.10.7 This change would bring the SRA closer to the mean average SRA for similar Chairman of the Benchmarked Council and the average % of the benchmarked Leader's SRA.

14.10.8 The Panel recommends that the Chairman of the Development Management Committee's SRA is 34% of the recommended SRA for the Leader, which equates to £5009.

14.11 The Chairman of the Licensing Committee

14.11.2 The Chairman of the Licensing Committee receives a SRA of £2,960 and is set at 20% of the Leaders' recommended SRA. There have been changes to roles and responsibilities of this post since 2016 with the delegation of taxi and private hire licensing to the Licensing Sub Committee.

14.11.3 Comparing the Allowance with the Benchmarked Councils

14.11.4 The average SRA for Chairmen of DMCs in the benchmarked councils is £3839 and the median SRA is £3042, with the average being 29% of the Leader's average SRA. Therefore, the Councils SRA is lower than the mean SRA and the mean % of the Leader's SRA of the Benchmarked Councils

14.11.5 Views Submitted to the Panel

14.11.6 A number of representations were made to the Board either at meetings or via the Members' Survey that considered that current allowance was too low. This was supported by the Chairman of the Licensing Committee, who recognised that the workload had significantly reduced with the transfer of the taxi/private hire licensing functions to the Licensing Sub Committees.

14.11.7 Evaluation Exercise

14.11.8 The Evaluation Exercise took into account the changes to the Licensing Committee and the score for the role of Chairman for this Committee set the percentage differential of the Leader's Allowance at 8% which represented a reduction of £1844.

14.11.10 This change would be significantly lower than the mean average SRA for similar Chairman of the Benchmarked Council and the average % of the benchmarked Leader's SRA. However, the change reflects the reduction in the workload and responsibilities of this SRA.

14.11.11 The Panel recommends that the Chairman of the Licensing Committee's SRA is 8% of the recommended SRA for the Leader, which equates to £1116.

14.12 The Joint Human Resources Committee

14.12.1 Background

14.12.3 This post was created in 2012 and the Council, upon the recommendation of the Panel, set the SRA at £1,973 (13% of the Leader's SRA). The Chairman of the Joint Human Resources Committee alternates each year between a Havant and East Hampshire Member. A member from this Council is the Chairman of the Committee for this year.

14.12.4 In 2011 and 2016, the Independent Remuneration Panel did not recommend any changes to this SRA which was agreed by the Council

14.12.5 Comparing the Allowance with the Benchmarked Councils

14.12.6 The average SRA for Chairmen of Human Resources Committees in the Benchmarked Councils is £2338 and the median SRA is £2000, with the average being 14% of the Leader's average SRA. Therefore, the Councils SRA is lower than the mean SRA and the mean % of the Leader's SRA of the Benchmarked Councils

14.12.7 Evaluation Exercise

14.12.8 The Evaluation Exercise score for the role of Chairman for this Committee set the percentage differential of the Leader's Allowance at 25% which represented an increase of £1670.

14.12.9 Although this change is significantly higher than the mean average SRA for similar Chairman of the Benchmarked Council and the average % of the benchmarked Leader's SRA, the Panel is satisfied that it accurately reflects the responsibilities of the Chairman with regards to the policy responsibilities of the Committee

14.12.13 The Panel recommends that the Chairman of the Joint Human Resources Committee's SRA is 25% of the recommended SRA for the Leader, which equates to £3643.

14.13 **Opposition Group Leaders**

14.14 **Background**

14.4.1 The Council is under a legal obligation to award at least one member of the Opposition an SRA (where they are paid at all) when one or more party groups form an administration. The purpose of this requirement is to ensure that the Opposition is resourced to fulfil its role. This is only a legal requirement where the political groups are registered as political groups under the Local Government and Housing Act 1989, which is the case in Havant Borough Council.

14.4.2 The low SRA for the Opposition Group Leaders is inherent in the approach that is utilised to arrive at their SRAs. In an attempt to relate Opposition Group Leaders' SRAs to the size of their respective group the Panel in 2001 recommended their SRAs be payable according to which one of four bands of group size their group fell in.

14.4.3 This approach was maintained in the 2003 review. The Panel remained convinced that it is important to provide support for the Opposition in Havant to ensure effective challenge in the democratic context thereby benefiting the whole Borough. The Panel acknowledged that although the SRA reflects the size of the Opposition Groups it does not recognise the breadth and depth of the role of the Leader of the Main Opposition Group. This post holder has a duty to act as the Leader of the principle opposition and be prepared to take a view across the whole of Council. While it does not preclude the Leader of the other Opposition Groups from doing the same the expectation is less so on Leaders of other Opposition Groups – although the Panel recognised that with the current size and little difference in their size, of the Opposition Groups this assumption is less strong than it might otherwise be.

14.4.4 In 2003 the Panel decided to maintain the approach of linking the SRAs for Opposition Group Leaders to their group size but to increase the SRA for each band by 20% on the 2003 levels.

14.4.5 The SRAs for the Leaders of all the Opposition Groups was set based on a banding system according to group size as follows:

Band A	2-5 Members:	£600
Band B	6-10 Members:	£1,200
Band C	11-15 Members:	£1,800
Band D	16+ Members:	£2,400

14.4.6 The Panel considered that the minimum SRA for Leader of the Principal Opposition Group should be set at £1,200 on the basis that regardless of group size the Principal Opposition Group Leader has a duty to provide critical challenge to the ruling group.

14.4.7 The Panel in 2011 considered that the above approach should remain unaltered

14.4.8 The 2016 Panel reviewed the scheme and recommended that, in the interest of fairness and to ensure a fair recompense for the role, all non ruling party group leaders receive an allowance based upon the following formula:

14.4.9 The Council Leader's SRA, divided by the total number of councillors on the council, multiplied by the number of councillors in the group. To ensure an appropriate allowance for leaders of small groups, a minimum SRA of £1,500 to be paid. This was not agreed by the Council and since the Council does not have a principal opposition party, the minority group leaders currently receive £600 each.

14.4.10 Comparing the Allowance with the Benchmarked Councils

14.4.11 A direct comparison of the SRAs paid to the Opposition Group Leaders across the benchmarked Council was difficult due to the variety of different methods used to award allowances to the opposition leaders. However, compared to Fareham Borough Council, who had a similar scheme, this Council's SRA for Opposition Leaders was lower.

14.11.12 Evaluation Exercise

14.11.26 The Evaluation Exercise score for the opposition Leaders set the percentage differential of the Leader's Allowance at 25%. This was allocated to the highest band. The other bands were set at 25%, 50% and 75% for bands A, B and C respectively.

14.11.27 The Panel is satisfied that it accurately reflects the responsibilities of this post.

14.11.28 The Panel recommends that the Opposition Group Leaders' SRAs be set as follows:

Band A - £911

Band B - £1822

Band C – £2732

Band D - £3643.

15 Additional SRAS

15.2 The Panel received representations for additional SRAs for members of the Development Management Committee and Vice Chairmen of the Scrutiny Boards. The Panel did not consider that at this stage significant evidence had been submitted to justify the additional of these SRAS before 2020.

16 Confirmation of Implementation and Indexing

16.1 The Panel recommends that the recommendations contained within this report (with any amendments) are implemented from the 1st October 2018. The Panel considered backdating the changes but felt that this would inequitable for those SRA holders who had accepted the post with a higher SRA at the beginning of this municipal year and costly to

administer.

- 16.2 The Panel considered representations to increase the Basic Allowance in line with staff pay rises. The Panel considered that this should be applied with effect from the beginning of the 2020/21 municipal year and the increase should be in line with any NJC increase as agreed each year from 2020/21.

17 Limits on SRAs

- 17.1 The Panel recommends that as per current practice Members can draw one SRA only regardless of number of remunerated posts they may hold.

SRA Role Evaluation Score Sheet

	Leader of the Council	Deputy Leader of the Council	Cabinet Lead	Governance, Audit & Finance Scrutiny Chairman	DMC	Scrutiny Board Chairman	Joint Human Resources Committee Chairman	Licensing Committee	Minority Group Leader
Responsibilities									
Political Leadership	3	2	0	0	0	0	0	0	0
Corporate Leadership	4	3	3	2	0	1	1	1	0
Partnership and Community Leadership	3	3	2	2	0	2	1	0	0
Reporting and Accountability	4	3	3	2	1	2	1	1	0
Governance, Ethical Standards and Relationships	4	3	2	3	1	1	1	1	0
Chairmanship	4	0	0	4	2	2	4	4	0
Individual Decision Making	2	1	1	0	0	0	0	0	0
Sub Total	24	15	11	13	4	8	8	7	0
Skills									
Political Leadership Skills	2	2	2	0	0	0	0	0	1
Corporate leadership Skills	4	4	3	2	0	1	0	0	4
Thinking Skills	4	4	4	3	2	3	3	2	4
Ambassadorial Skills	4	3	3	2	1	2	1	1	4
Business management Skills	4	4	3	2	1	0	0	0	4
Team Working Skills	4	4	3	2	0	2	0	0	1
Decision Making Skills	4	4	4	3	1	3	1	1	0
Sub Total	26	25	22	14	5	11	5	4	18

	Leader of the Council	Deputy Leader of the Council	Cabinet Lead	Governance, Audit & Finance Scrutiny Chairman	DMC	Scrutiny Board Chairman	Joint Human Resources Committee Chairman	Licensing Committee	Minority Group Leader
Workload									
Number of Public Meetings Chaired	2	0	0	1	3	2	1	1	0
Private Meetings - Number Chaired	4	0	0	0	2	0	0	0	0
Duration of Public Meetings Chaired	1	0	0	1	2	2	1	1	0
Duration of Private Meetings Chaired	4	0	0	0	2	0	0	2	0
Cabinet Lead Workload Increase	1	1	1	0	0	0	0	0	0
Average Number of Hits on Web Pages	3	3	3	1	4	2	1	1	0
Sub Total	15	4	4	3	13	6	3	5	0
Structure Points	130	88	74	60	44	50	32	10 ^s	36

^s Weighted as 80% of Responsibilities and Skills and 20% Workload

Special Responsibility Allowance Options

Revised Special Responsibility Allowances Based on the Scores Agreed by the Panel on 5 September 2018

(Weights: Responsibilities 100%, Skills 100%, and Workload 100%)

	Leader of the Council	Deputy Leader of the Council	Cabinet Lead	Chairman of the Governance, Audit and Finance Board	Chairman of the Development Management Committee	Chairman of Scrutiny Board	Chairman of the Joint Human Resources Committee	Chairman of Licensing Committee	Minority Group Leader
Structure Points	130	88	74	60	44	50	32	10	
Suggested % of the Leader's Allowance		68%	57%	46%	34%	38%	25%	8%	
Current SRA (£)	14800	8800	8140	5920	3577	5920	1973	2960	
Revised SRA (£)		10018	8425	6831	5009	5692	3643	1116	
SRA Variation (£)		£1,218	£285	£911	£1,432	-£228	£1,670	-£1,844	
Impact on Budget	-£5,386								

Minority Group
Leaders

Band D as a % of
Leader of the
Council's Allowance

25%

Structure Points	36		SRA Variation
	£	£	£
Band A	600	911	311
Band B	1200	1822	622
Band C	1800	2732	932
Band D	2400	3643	1243

Notes

The Cabinet Lead Workload figure has been reduced to 1, to take into account the likely increase of the Cabinet up to 7 members

The Licensing Committee Chairman's responsibilities and skills have been weighted to take into account of the fact that 80% of the work of the Committee is now dealt with the Licensing Sub Committee, which is not answerable to the Chairman of the Committee

Impact on budget based on new fees being introduced from 1 October 2018

The banding for the minority political groups has been calculating the size of the highest band as a percentage of the structure points calculated in the review as a proportion of the leader's structure points. The other bands were calculated as follows

Band A = 25% of the highest band

Band B = 50% of the highest band

Band C = 75% of the highest band

Band D = 100% of the highest band