

**NON EXEMPT
HAVANT BOROUGH COUNCIL**

**Council
REPORT OF THE INDEPENDENT REMUNERATION PANEL**

17 February 2016

**FOR DECISION
Key Decision: No**

1.0 Purpose of Report

1.1 The Independent Remuneration Panel, comprising of Mr Ian Hamill (Chairman), Mrs Joanna El-Batal and Mrs Susan Spencer, has undertaken a review of the Councillors' allowances Scheme and this report sets out its recommendations.

2.0 Recommendations

2.1 That:

- (i) the scheme of allowances attached at Appendix A be agreed and take effect from 1 April 2016; and
- (ii) if the council is minded to implement performance related arrangements for the basic allowance, the recommendations be agreed, but not take effect until the end of the financial year in which such a scheme is implemented.

3.0 Summary/Remit of the Panel

3.1 Under the Local Authorities (Members' Allowances) (England) Regulations 2003 and subsequent amendments to these regulations (SI 1022 and SI 1692), all authorities are required to establish an Independent Remuneration Panel to make recommendations to Council on Members' Allowances. Council should have regard to the recommendations of the panel, but can substitute its own recommendations.

4.0 Subject of Report

4.1 The panel was tasked with undertaking a ground up review of the councillors' allowances scheme including the amount of each allowance using the terms of Reference at Appendix B. The panel met between June and September 2015 and during this period interviewed a broad selection of councillors. It also circulated a questionnaire to all councillors, although was disappointed at the low number of returns (15 out of a possible 38). A number of common themes became apparent through this research and the panel would like to record its gratitude to councillors for sparing their time. The valuable information gained, along with a benchmarking exercise against 20 similar local authorities in the South East of England helped to form its recommendations.

4.2 The conclusions of the panel are as follows:

- (i) Performance-related arrangements. In gathering its evidence, the panel received a majority view, often strongly expressed, that allowances should be related to the contribution made by the individual. This view accepted that any performance related arrangements would have to be based on councillors having a firm idea of the

expectations and competences required of them and that they should have ready access to training in the competencies needed to support delivery of their objectives. The panel was pleased to learn that there is a drive to further improve councillor training, although the need to provide additional opportunities to access it was an issue for some. Crucially, performance related reward also necessitates a process of assessment and appraisal which is open, transparent and rigorously fair and entirely and robustly evidence based.

There was a minority view opposed to such a cultural change and also some concern about practicalities. Some of those who held this view supported a return to allowances being dependent on attendance, especially with the value of this attendance being underwritten by appropriate training.

It is outside of the remit of the panel to prescribe specific HR processes, however current business protocol leans to linking reward to performance, and it should therefore be possible to implement a system for payments to councillors based on performance. Tools available might include:

- SMART (Specific, Measurable, Achievable, Realistic and Timely) objectives derived from core and specific competencies;
- Training;
- Attendance;
- 360 degree appraisal;
- Self evaluation; and
- Regular one-to-one appraisal sessions.

The panel is very encouraged to learn that work required to implement and support this type of scheme is well advanced, including a Councillor Development Strategy and a Councillor Competency Framework. The goal to achieve chartered status from South East Employers for member training is applauded.

In order to accommodate a robust appraisal regime, reward for performance would have to be retrospective and therefore the scope for its introduction within the financial year 2016/17 might prove challenging. Our recommendations have therefore also looked at the way in which the existing scheme might be tailored to provide an interim transition.

- (ii) **Basic Allowance.** During benchmarking it was established that, contrary to some perceptions, the existing basic allowance of £5,350 is higher than the average for similar local authorities in this part of the country. It is therefore the panel's recommendation to reduce this to £5,000 in the interim and for it to be adjusted upon implementation of a performance based scheme. £5,000 would then remain the payment for adequate performance, within a range of £3,000 for the lowest performers to £6,000 for the highest.
- (iii) **Committee Chairmen/Vice Chairman.** The panel was mindful of the differing responsibilities of the council's various committees and felt it appropriate to set three different levels of allowances to reflect their responsibilities. Whilst benchmarking against similar councils was undertaken, proportionate weight was also given to local evidence where roles differ from those at other councils.

Development Management Committee Chairman and Scrutiny Board Chairman. The panel gained sufficient evidence to support the level of responsibility of these high profile roles and the work that they were required to deliver. It noted however that

the current allowance is approximately 20% higher than the average of the benchmarked authorities and therefore recommends that the SRA of £5,920 remain for these positions.

Whilst the Licensing Committee Chairman has a responsible role, the panel believes that it is justified in recommending a decrease. The Licensing Committee meets to recommend policy changes and to determine Hackney Carriage and Private Hire Vehicle Drivers' Licences. The number of meetings per year is therefore variable and based upon the evidence received; the panel is satisfied that the workload is comparable to that of the other committee chairmen below. The panel recommends a SRA of £2,500 for this role and the roles listed below.

The panel feels that the Governance and Audit Committee Chairman's SRA is currently undervalued against the benchmark figure of £2,495, given the level of responsibility that the committee holds such as approving the Annual Statement of Accounts and promoting ethical standards within the council.

The panel recognises the work of the Joint HR Committee in adopting new policy aims in respect of certain staffing matters and appointing panels from its number to hear grievance appeals. It also notes that the Chairmanship rotates annually with East Hampshire District Council and suggests that parity between the two councils is both logical and fair.

The panel acknowledged the profile of scrutiny within the council, the number of meetings and the work undertaken by the scrutiny leads. It therefore recommends an uplift from £1,973 to £2,500.

The panel considered the recently introduced role of Chairman of the Safer Havant Partnership and the Council's representation on outside bodies at length. The panel found it hard to justify the current allowance of £5,920, which is the same as the DMC Chairman and the Scrutiny Board Chairman. Whilst the role entails chairing a multi-agency panel, the panel took into account that only three or four meetings are held per annum. In addition the role involves managing the council's appointments to outside bodies, including ensuring that regular reports are submitted to meetings of the full Council. After assessing the workload, the panel recommends the same level of SRA as the majority of committee chairmen, £2,500.

The panel is not generally minded to recommend SRAs for vice-chairmen, but the role of Development Management Committee Vice Chairman carries a responsibility that it feels should be acknowledged with a SRA of £1,500. Whilst this is a reduction from the current figure of £1,973, it remains above the benchmark figure of £1,383.

- (iv) Cabinet Members. The role of the cabinet member is high profile and time consuming, in some cases almost equating to a full time job. The panel notes that the current SRA of £8,140 is higher than average, although this is offset by the small number of cabinet members and that there are no deputy positions.

Taking these factors into account the panel recommends that the existing SRA of £8,140 remain.

- (v) Deputy Leader. Given the workload and responsibility and taking into account benchmarking against other similar local authorities, the panel does not propose any changes to the existing SRA of £8,800.

- (vi) Leader of the Council. In benchmarking terms there is an enormous range in the comparable authorities, the lowest being Guildford Borough Council at £5,019 and the highest being Maidstone Borough Council at £23,326. The existing Leader's SRA of £14,800 is slightly below the average of £15,041, therefore the panel recommends a small increase to £15,000.
- (vii) Non ruling party group leaders. The current scheme pays an SRA of between £600 and £2,400, based upon the number of councillors in the group. In the interest of fairness and to ensure a fair recompense for the role, the panel recommends that all non ruling party group leaders receive an allowance based upon the following formula:
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.
- (xi) Mileage. The panel concluded that the current rate of 45p, maintained in line with the HMRC base rate remains appropriate. Passenger and cycle rates should remain at 5p per passenger and 20p per mile respectively. Councillors are encouraged to claim on a monthly basis, although claims must be made within six months of the date of travel. Claims may only be made to cover travelling costs incurred whilst carrying out approved council duties as a councillor. This does not include ward business or political activities, such as attending group meetings.
- (ix) Taxi/Rail journeys. There is a presumption in the scheme that, where practicable, councillors will pre-book rail journeys for council business via the council. Where this is not practicable, then a valid receipt/train ticket must be presented, along with reason for that journey. Councillors are encouraged to claim on a monthly basis, although claims must be made within six months of the date of travel. Claims may only be made to cover travelling costs incurred whilst carrying out approved council duties as a councillor. This does not include ward business or political activities, such as attending group meetings. Travel arrangements appropriate to their particular circumstances should be made for registered disabled councillors so that they are not disadvantaged.
- (x) Child care and dependent relative care allowances. The panel is keen that those councillors who have young children or dependent relatives should not be disadvantaged financially when attending council meetings. Evening childcare rates in the area were investigated and it was noted that the rate for babysitters from one national agency is £7.25 per hour before 6pm and £6.50 per hour after. Each booking is also subject to a £6 booking fee. Given the time of council meetings and coupled to an average time that a babysitter would be required (3 hours), an average hourly rate of up to £8.75 is deemed appropriate. It is recommended that the allowance for dependent relative care be maintained in-line with the Hampshire County Council approved care providers hourly rate, currently £14.20. In respect of these allowances, councillors should be encouraged to use the most cost effective solution that ensures adequate safeguarding and provides the required level of care.
- (xi) Subsistence allowance. The panel recommends that the councillor rates be maintained in line with the officer rates.
- (xii) Communications and Broadband Allowances. Due the prevalence of IT, the panel does not believe that there is a continued need to specify this as a separate

allowance and recommends that it be absorbed within the amount of the basic allowance recommended at para 4.2(ii).

- (xiii) Indexing. Given the current low rate of inflation and the fact that the scheme is required to be reviewed every four years, the panel does not recommend any form of index linking.

5.0 Appendices

- Appendix A - Recommended scheme of Councillor's Allowances; and
- Appendix B - The panel's Terms of Reference.

5.1 Background Papers:

- The Council's Constitution, previous Independent Remuneration Panel reports, South East Employers' Members Allowances Survey 2014/15, responses to the panel's questionnaire, the Council's Member Development Strategy, the Council's Corporate Strategy, the Local Authorities (Members' Allowances) (England) Regulations 2003 and the report of the Independent Panel 'The Remuneration of Councillors in London 2014'.

6.0 Officer comments:

6.1 Legal/Monitoring Officer comments: The Council is required to review its scheme of councillor allowances every four years, following a review by an Independent Remuneration Panel. The last report of an Independent Remuneration Panel was considered by the Council on 14 December 2011. The panel's recommendations are not binding on the Council, but the Council must be seen to give due consideration to the panel's work and should give reasons where it does not agree with a panel's recommendation.

6.2 Finance/Section 151 Officer comments: Based upon the current committee structure and political balance of the council, the current appointments and the retention of the policy limiting councillors to one SRA, the recommendations of the panel, if approved, will realise a saving to the council of £31,079 per annum. However, this does not take into account the introduction of performance related arrangements. If introduced and all councillors performed exceptionally well this would add an additional cost of £6,921 (£1,000 performance related uplift x 38 councillors = £38,000 - £31,079) to the council. The introduction and subsequent management of performance related arrangements may have resource implications on council officers. The performance related pay scheme could lead to an increase in costs for the Council, depending on how such a scheme were implemented.

6.3 Accessibility and equalities comments: The Integrated Impact Assessment (IIA) has been completed. While the subsistence rates are proposed to be aligned across councillors and employees, the proposed mileage rate is not. Current officer mileage allowances are based on the AA scheme, with casual users at 19.3p per mile and essential users at 49.4p per mile, with any allowance beyond the HMRC rate of 45p taxed at the employee's applicable tax rate.

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Appendix A

Allowance	Current	Recommended
Basic Allowance (Under revised scheme to incorporate the previously separate IT allowance)	£5,350	£5,000 until such time that performance related arrangements are implemented. Once implemented, a tiered scale of £3,000, £5,000 and £6,000 be applied.
Leader	£14,800	£15,000
Deputy Leader	£8,800	£8,800
Cabinet Member	£8,140	£8,140
DMC Chairman and Scrutiny Board Chairman	£5,920	£5,920
Chairman of the Safer Havant Partnership and the Council's representation on outside organisations.	£5,920	£2,500
Licensing Committee Chairman	£2,960	
Governance and Audit Committee Chairman	£1,480	
Joint HR Committee Chairman	£1,973	
Scrutiny Leads	£1,973	
DMC Vice-Chairman	£1,973	
Group Leader	£600- £1,200	£1,500 minimum* (Political Group Leader)

*Leaders of any political group, other than the ruling group, comprising two or more members to receive a Special Responsibility Allowance based upon the following formula:

The Council Leader's SRA, divided by the total number of councillors on the council, multiplied by the number of members in the party. A minimum SRA of £1,500 to be paid.

Additional allowances

Mileage: To be maintained in line with the HMRC rate, currently 45p per mile. Passenger and cycle rates set at 5p per passenger and 20p per mile respectively. Claims to be made within six months of the date of travel. Claims may only be made to cover travelling costs incurred whilst carrying out approved council duties as a councillor. This does not include ward business or political activities, such as attending group meetings.

Taxi/Rail: There is a presumption in the scheme that, where practicable, councillors will pre-book rail journeys for council business via the council. Where this is not practicable, then a valid receipt/train ticket must be presented, along with reason for that journey.

Child care: up to £8.75 per hour.

Dependent relative care: up to the hourly rate for approved care providers within Hampshire County Council (currently £14.20 in 2015).

Claims for carers allowances must be accompanied with a receipt stating the date, hours worked and cost. Claims may only be made to cover the carer costs incurred whilst carrying out approved council duties as a councillor, such as attending council meetings.

Subsistence (meal) allowances: The council does not make subsistence allowances available for approved duties within the district. Maximum claims for meals to be maintained in line with the rates that can be claimed by officers, currently (2015):

- Breakfast = £5.73
- Lunch = £7.92
- Meal = £9.80

There is a presumption in the subsistence scheme that, where practicable, councillors will pre-book meals and accommodation through the council. Where this is not practicable, then the above subsistence rates are the maximum reimbursements, up to a maximum of £43 per day, including incidental subsistence costs.

This scheme was adopted by Havant Borough Council, after considering recommendations from the Independent Remuneration Panel, on [to be inserted] 2016.

Under current legislation a new scheme must be adopted every four years, following a review from an Independent Remuneration Panel. The next scheme must be in place by April 2020.

Appendix B

TERMS OF REFERENCE – INDEPENDENT REMUNERATION PANEL 2015

The following terms of reference have been set for the Independent Remuneration Panel for 2015:

To make recommendations to the Council:

1. as to the amount of basic allowances that should be paid to Councillors;
2. about the responsibilities or duties which should lead to the payment of a special responsibility allowance and as to the amount of such allowances;
3. as to any amount relating to and ICT provision for Councillors;
4. about the duties for which a travelling and subsistence allowance can be paid and as to the amount of such allowances;
5. as to the allowance for arranging for the care of children and dependants and for the duties for which such allowance can be paid;
6. on whether any allowance should be backdated to the beginning of a financial year in the event of the scheme being amended; and
7. as to whether annual adjustments of allowance levels may be made by reference to an index and, if so, for how long such a measure should run.

In forming its recommendations, the panel will pay regard to affordability and public perception.