

HAVANT BOROUGH COUNCIL

SCRUTINY BOARD

Meeting Date 29 March
2016

Review of Councillor Allowances

Report by the Governance and Logistics Scrutiny
and Policy Development Panel

FOR RECOMMENDATION

Cabinet Lead: Councillor Wilson

1.0 Purpose of Report

1.1 The purpose of this report is to present a summary of the Governance and Logistics Scrutiny and Policy Development Panel's review of Councillor Allowances Scheme

2.0 Recommendations

2.1 The Scrutiny Board recommends to Council that the Councillors Allowances Scheme be amended as follows:

2.1.1 A modernisation allowance of £461 approved and subsumed into the basic allowance, making this allowance £5891;

2.1.2 A Special Responsibility Allowance for the Chairman of the Development Management Committee of £3577 be added;

2.1.3 References to rotating the Chairman of the Development Management Committee be deleted; and

2.1.4 The Allowance for the Scrutiny Leads be reduced to £2500.

2.2 The Scrutiny Board include in the Work Programme for 2016/17 a review of the Special Responsibility Allowance Scheme (including a 6 month monitoring exercise of the number of meetings attended by Chairman of Committees and Boards)

3.0 Summary

3.1 The Panel considers that the Scheme of Members Allowances should be amended as follows:

- A Modernisation Allowance of £461 be approved and subsumed into the basic allowance
- A Special Responsibility Allowance for the Chairman of the Development Management Committee of £3577 be added
- References to alternating the Chairman of the Development Management Committee being deleted
- The Allowance for the Scrutiny Leads be reduced to £2500

3.2 These changes represent a saving of £2343 from the previous scheme.

4.0 Introduction

4.1 In accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003 the Council on 17 February 2016 received and considered a report and recommendations from the Independent Remuneration Panel on Councillors Allowances. The Panel had recommended a schedule of basic and special responsibility allowances for Councillors and the introduction of performance related arrangements for the basic allowance.

4.2 To address concerns the Council had about the viability of introducing performance related allowances for Councillors and, in particular, the difficulty of introducing an equitable mechanism for assessing performance in a political environment, the Leader of the Council submitted an alternative schedule of allowances, that would offer a reduction in overall costs as compared with the current scheme, which was adopted by the Council.

4.3 The Council decided not to adopt the recommendations of the Independent Remuneration Panel but to agree to the alternatives recommended by the Leader of the Council.

4.4 Following this meeting concern was raised that, without consultation with the Scrutiny Board, the Council had agreed to a scheme of allowances that:

- Resulted in a significant reduction in the allowances that could be claimed by a majority of members of the Council
- Agreed to the removal of the special responsibility allowance for the Chairman of the Development Management Committee
- Implied a change to the workings of the Development Management Committee

4.5 The Chairman of the Scrutiny Board requested this panel to review the schedule of allowances agreed by Council on 17 February 2016 with the aim of submitting its findings and recommendations to the meeting of the Council to be held on 13 April 2016.

5.0 Membership of the Panel

5.1 Councillors Wade (Scrutiny Lead), Branson (Scrutiny Board Chairman), Brown, Buckley, Cresswell, Hughes, Sceal, Shimbart, Keast and K Smith.

6.0 Panel's Brief

6.1 The Panel was asked to review the 2016/2020 Members' Allowances' Scheme with particular reference to:

- i The amount of Basic Allowance that should be payable to elected Members
- ii the scope of other allowances and expenses
- iii The scope and level of the Special Responsibility Allowance for the Chairman of the Development Management
- iv the role of the Chairman of the Development Management Committee

7.0 Considerations

7.1 In arriving at their decisions, the Panel considered several factors:

- There has been a Council pay freeze since 2007
- The changes to the workload of the Development Management Committee
- The advice of the Councillor Commission's that:

Remuneration should be an incentive for service as a councillor. Nor should lack of remuneration be a barrier. The basic allowance should encourage people from a wide range of backgrounds and with a wide range of skills to serve as local councillors. Those who participate in and contribute to the democratic process should not suffer unreasonable financial disadvantage as a result of doing so. Councillors should be compensated for their work and that compensation should have regard to the full range of commitments and complexity of their roles

8.0 Method of the Review

8.1 In arriving at its recommendations, the Panel specifically took into account the following range of evidence:

- Any changes in roles and responsibilities of Members since the previous review
- The views of Members, both written and oral
- Advice from the former leader of the Council, Honorary Alderman Gillett
- Scope and level of allowances payable in comparable authorities, namely other Hampshire district councils and all district councils that responded to the South East Employers Organisation 2015 and 2016 surveys of members' allowances
- Other relevant supporting material such as the guidance from OPDM, the meetings schedule of the Council and its committees

9.0 Witnesses

9.1 Witnesses who gave evidence to the Panel were:

- Honorary Alderman Gillett

10.0 The Historical Pattern

- 10.1 Since 1974 there has been change from a view that councillors should only be entitled to some expenses to an allowance system.
- 10.2 The 1986 Committee of Inquiry into the Conduct of Local Authority Business enunciated criteria for a system of remuneration, which is still relevant today:
- the 'system should be simple to operate and understand, and not susceptible to faulty claims'. They felt that this argued against the attendance and financial loss allowances.
 - the 'system should not encourage the proliferation of meetings or councillors spending more time on council business than is necessary', arguing against the attendance allowance.
 - the level of remuneration should relate to 'the non-manual worker at the average male wage if he worked one day per week', a benchmark currently recommended by the Local Government Association and widely adopted as a result.
 - the 'system should recognise that some councillors have much greater calls on their time than others (depending on their responsibilities)'
 - allowances 'should be available as of right to all councillors meeting the statutory criteria for payments', i.e. local discretion should be limited; and
 - the 'levels of allowances should be regularly reviewed'.
- 10.3 The Government response to this change in attitude has been a series of legislation which has culminated in The Local Authorities [Members' Allowances] Regulations 2003 which require the Council to prepare a scheme for the payment of allowances to its members (a summary of the legislative changes are set out in Appendix A).

11 The Basic Allowance Rate

Background

- 11.1 Every councillor, irrespective of any particular office he or she may hold on the Council, is entitled to the same level of basic allowance. 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.

Current situation

- 11.2 The basic rate for members has not changed since 2007.
- 11.3 The Panel benchmarked the current Basic Allowance against that paid in district councils in Hampshire and the South East. This was done to find out whether the Havant Borough Council Basic Allowance had fallen behind that paid in peer authorities in Hampshire.

Table 1: Basic Allowances Payable in Hampshire Councils

District Council	BA
Basingstoke & Deane	£6,736
East Hampshire	£4,500
Eastleigh	£6,178
Fareham	£6,674
Gosport	£5,862
Hart	£3,885
New Forest	£6,027
Rushmoor	£4,750
Test Valley	£6,452
Winchester	£5,580
<i>Havant</i>	<i>£5,350</i>
Mean (2014/15)	£5,636
Median (2014/15)	£5,862
SEE 2015/16 Survey (Mean)	£6,182

As Table 1 (above) shows, the Havant Borough Basic Allowance is lower than a majority of other district councils in Hampshire (2015/16) and the average for districts in the South East, which suggests that there is a case for the basic allowance to be increased.

- 11.4 Consequently, the Panel agrees to the Basic Allowance being increased to £5430 subject to the modernisation allowance detailed below being subsumed into this allowance.

12 Telephones/Information Technology Allowances.

- 12.1 The Members Allowances Scheme adopted by the Council on 17 February 2016 removed that Broadband and Telephone Allowances. The scheme indicates that the Broadband Allowance is incorporated within the Basic Allowance. However, the Basic Allowance has not been increased to reflect the loss of the broadband or telephone allowances
- 12.2 Prior to 17 February 2016, the allowances scheme provided for a Telecommunications and Information Grant of £371 per annum (£30.92 per month), additional to the Basic Allowance in recognition of the amount of money Members spend on telephone bills for council-related calls. The Council also made a monthly contribution (£7.50) to each Member for a broadband connection at their home to download Council papers, totalling £90 per annum. Prior to the introduction of the Hants Net IT system Councillors were also provided with laptops. Both the Telecommunications and Information Grant and Broadband Allowance were paid automatically unless a Member requests not to have it.

12.3 These allowances were not intended to reimburse the full cost of broadband and/or telephone costs, but to assist in meeting a substantial proportion of these costs and to ensure that Members were supported in keeping in touch with their constituents and the Council.

12.4 Government guidance states:

“It is important that some element of the work of members continues to be voluntary - that some hours are not remunerated. This must be balanced against the need to ensure that financial loss is not suffered by elected members, and further to ensure that, despite the input required, people are encouraged to come forward as elected members and that their service to the community is retained.”

12.5 Telephone and broadband are essential tools for Councillors enabling them to support their constituents and to undertake other work on behalf of the Council. Technology is forever changing and the Five Councils' contract and Norse Joint Venture Scheme will require a modernisation of the Council's IT technology which will also have an impact upon Councillors.

12.6 The Panel therefore considers that an allowance of £461 should be created to partially cover the costs likely to be generated by changes to Information Technology. The Basic Allowance agreed by the Council on 17 February 2016 is not sufficient to cover the majority of the councillor incidental expenses and will not encourage members of the public to become councillors.

Benchmarking

12.7 Table 2 shows that this Council is the only district council in Hampshire that provides an allowance for telephone calls. However, in terms of an allowance for IT, a majority of the other District Councils in Hampshire either pay a higher allowance or in the case of Eastleigh provide equipment and internet connection.

Table 2: IT & Telephone Allowances Payable in Hampshire Councils

District Council	BA	IT	Telephone
Basingstoke & Deane	£6,736	£0	£0
East Hampshire	£4,500	£200	£0
Eastleigh	£6,178	Computer and Internet Connection provided	£0
Fareham	£6,674	£0	£0
Gosport	£5,862	£25 per month max	£0
Hart	£3,885	£250	£0
New Forest	£6,027	£382 (included in basic Allowance)	£0
Rushmoor	£4,750	£385	£0
Test Valley	£6,452	Included as part of the basic allowance	£0
Winchester	£5,580	£0	£0
Havant	£5,350	£90	£371

Conclusion

- 12.8 The Panel considers that a Modernisation Allowance of £461 should be created to assist Councillors with the costs arising from the changes in technological changes in IT. This recommendation will enable a Councillor, who does not receive a Special Responsibility Allowance, to receive allowances up to £5891, which is between the average for other districts in Hampshire and the average for the other district councils in the South East.

Recommendation 1

The Councillor Allowances Scheme adopted by the Council on 17 February 2016 be amended as follows:

- **A modernisation allowance of £461 approved and subsumed into the basic allowance, making the basic allowance £5891.**

13 Special Responsibilities Allowances (SRAs)

- 13.1 Special Responsibility Allowances are paid where members of the Council have significant additional responsibilities, over and above the generally accepted duties of a councillor. Only one special responsibility allowance is payable to any individual councillor irrespective of the number of positions they may hold in the Council.

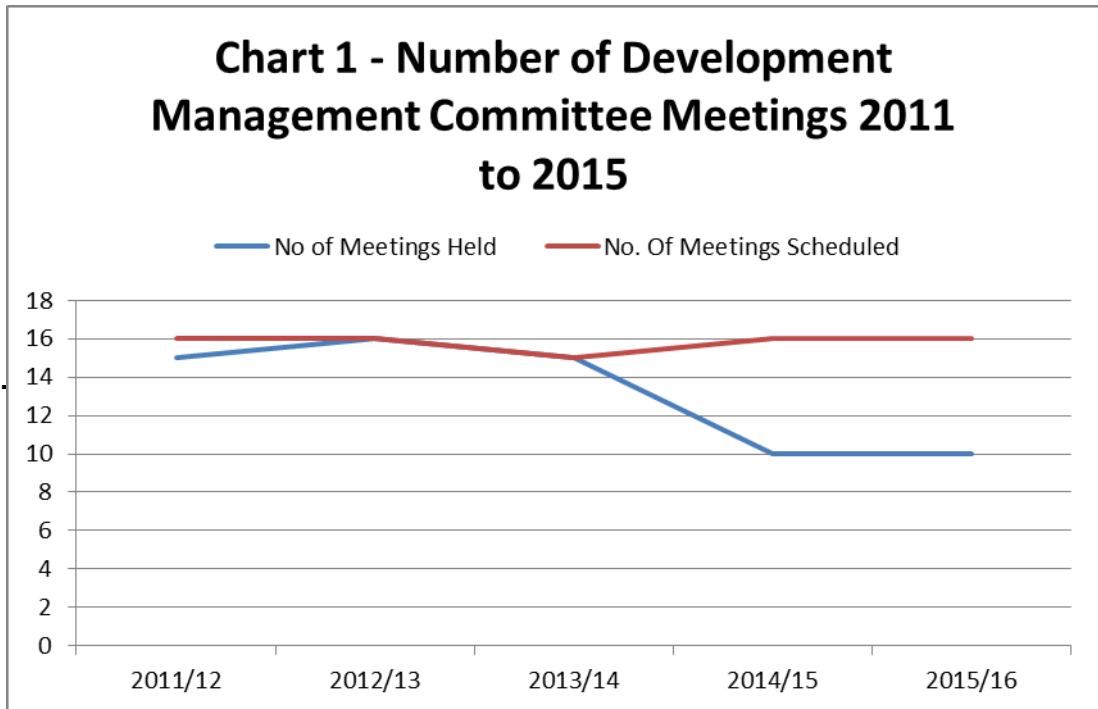
Chairman of the Development Management Committee (DMC)

- 13.2 The allowance scheme adopted by the Council on 17 February 2016 removes the allowance for the Chairman of the Development Management Committee and indicates that DMC Chairman will be appointed at each meeting from among the Committee membership on a rotating basis, to be nominated at the previous meeting.
- 13.3 The Panel considers that the Chair of the Development Management Committee is a high profile position in the Council. Planning in particular is an issue that attracts public attention and there is a need to have a single Chairman to keep abreast of current developments in planning law and regulations. The Development Management Committee is the first and in most cases sole point of reference for planning applications that are in any way contentious. As such, the Committee is scheduled to meet every four weeks, plus associated site visits. In particular, the Chairman attends briefings with Officers and the Cabinet Lead. Therefore, the Panel has serious concerns that the failure to appoint a single Chairman will lead to disruption and confusion to the proceedings of this Committee to the detriment of the Council. The SEE Survey of member Allowances 2015/16 shows that all other District Councils in the South East have a full time Chairman for their Planning Committees.
- 13.4 The Panel agrees to the deletion of the post of Vice Chairman of the Development Management Committee as this Committee has operated without a Vice Chairman since the end of July 2015 without any disruption to the proceedings of the Committee.

Recommendation 2

The Scheme of Councillors Allowances adopted by the Council on 17 February to delete all references to a rotating Chairman of the Development Management Committee.

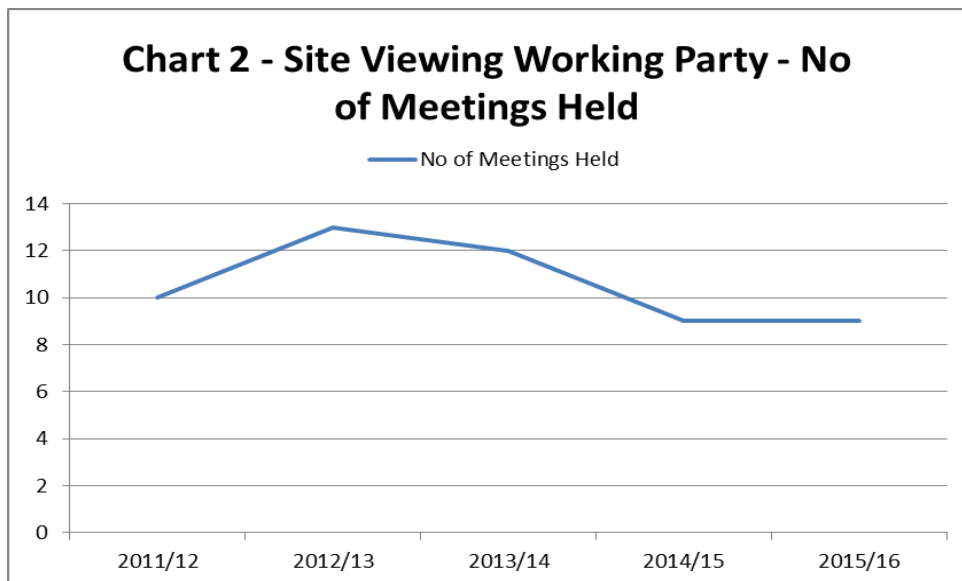
- 13.5 In view of the high profile of the Chairman of the Development Management Committee, the Panel consider that it the post should receive a Special Responsibility Allowance. In 2007, the SRA for the Chair of the Development Management Committee (DMC) was set at 30% of the Leader's SRA i.e. £5,920 and there have been no increases since that date. The SEE survey of allowances shows that in 2015/16 the average SRA for Chair of Planning in SE district councils is £5,318, while for the Hampshire district councils it is currently £5,400, with the median SRA being £5,160. The SRA for the Chair of the DMC is slightly higher than peers in comparable Hampshire district councils. However, it is noticeably above that paid to peers in comparable regional districts.
- 13.6 The Committee has seven members with standing deputies. The number of meetings has declined since the Council removed the right of third parties to ask for applications to be referred to the Committee and the powers delegated to officers were expanded in 2012 .These changes have resulted in a reduction in the number of Committee meetings* as shown in Chart 1.



* The figures are based on the meetings held in each financial year. 2015/16: two further meetings are scheduled for this year.

13.7 The average length of meetings has reduced by 35% since 2011/12 from an average of 2 hours in 2011/12 to 1.3 hours in 2015/16.

13.8 The DMC is supported by the Site Viewing Working Party (SVWP). The role of the SVWP is to familiarise themselves with a site's characteristics before making a recommendation on a planning application or other matter scheduled to be considered at a future meeting of the DMC: the changes in the call in procedure and delegated powers have also resulted in a reduction of the number of meetings of this Working Party.



- 13.9 The Panel is of the view that although the post still satisfies the requirements for a Special Responsibility Allowance, the frequency and length of meetings no longer justifies the level of allowance set previously. Based on the number of Committees, Chairman Briefings and Site Viewing Working Party meetings the Chairman was expected to attend in 2015/16 the allowance per meeting was calculated as follows:

Scheduled Number of meetings	48
Allowance	£5920
Allowance per meeting	£124

A logarithmic trendline to forecast the number of meetings likely to be held in the next years predicts that the number of meetings over the next four years will be as follows:

Years	2016/17	2017/18	2018/19	2019/20
No. of Meetings	30	29	28	27

The average number of meetings over these four years is predicted to be 29 meetings a year. Therefore, it is considered that the Chairman's allowance should be £3577 (the previous allowance per meeting x the predicted average number of meetings per year for the next four years)

Recommendation 3

The Scheme of Councillors Allowances adopted by the Council on 17 February 2015 be amended as follows:

A Special Responsibility Allowance for the Chairman of the Development Management Committee of £3577 be added

13.10 Special Responsibility Allowances for Scrutiny Leads

- 13.11 The five Lead Members of the Scrutiny Panels each receive a SRA at the same level that was previously paid to the Vice Chairs of the Scrutiny Boards, which is £1,081. The SEE survey of allowances shows that in 2014/15 the average SRA for Vice Chairs of Scrutiny Boards in SE district councils was £4,156, while for the Hampshire district councils it is currently £704, with the median SRA being £737.

- 13.12. The Panel acknowledges that under the previous scheme the Scrutiny Leads may have been under remunerated in relation to their peers, particularly as the scrutiny reviews are now conducted by the Scrutiny Panels. The scheme approved by the Council on 17 February 2016 set an allowance of £3,157 to be financed from the savings made by the removal of the allowance for the Chairman of the Development Management Committee. The agreed level is significantly higher than the average for Hampshire and the South East. The Panel acknowledges that the work of a Scrutiny Lead is greater than the work of a Vice Chairman of a Scrutiny Board and this should be reflected in the

allowance given to this post. However, it is also felt that the duties and responsibilities of this post are lower than that of a Chairman of the Licensing Committee. The Panel agreed that the allowance of £2500 recommended by the Independent Remuneration Panel is more appropriate

Recommendation 4

The Scheme of Councillors Allowances adopted by the Council on 17 February 2015 be amended as follows:

A Special Responsibility Allowance for Scrutiny Leads be amended to read £2500

14.0 Overview of Special Responsibility Allowances

- 14.1 During the review, concerns were raised that the levels of responsibilities and allowances paid for some roles had changed since the levels of responsibilities were first agreed. The Panel considers that the number of meetings held should be monitored for the next six months and following this exercise, the Governance and Logistics Panel be requested to undertake a review with the aim of establishing a fresh approach to the way special responsibility allowances are calculated.

Recommendation 5

The Scrutiny Board be recommended to include in the Work programme for 2016/17 a review of the Special Responsibility Allowance Scheme (including a 6 months monitoring exercise of the number of meetings attended by Chairman of Committees and Boards)

15.0 Implications

15.1 Resources:

Although the recommendations will reduce the savings set out in the report submitted to Council on 17 February, they still represent a saving of £2,343 from the 2012/16 scheme.

15.2 Legal:

The relevant regulations make it clear that before a Council makes or amends a scheme, the authority shall have regard to the recommendations made in relation to it by an independent remuneration panel. This means that a Council can amend such a scheme as long as it has had regard to the IRP recommendations even if that the IRP report is relatively old.

15.3 Strategy: (Priorities)

The scheme of allowances supports the Council's strategic framework by ensuring payments to councillors are reflective of their roles and responsibilities. It will help to ensure allowances are set at a level that facilitates suitably able, qualified, and representative people standing as candidates for Council (and their retention and development once elected).

15.4 Risks: (Environmental, Health & Safety and Customer Access Impact Assessment)

N/A

15.5 Communications:

N/A

15.6 For the Community:

The scheme of remuneration should contribute to vigorous and healthy local democracy. If local democracy is to prosper people must have choice. Choice means having candidates for Council membership who have different backgrounds and life experiences. Remuneration of elected Members is one means to achieve that end.

15.7 The Integrated Impact Assessment (IIA) has been completed and concluded the following:

See 13.3 and 13.6

15.8 Consultation (to advise who has been consulted)

Hon. Alderman Gillett (former leader of the Council)

Appendices:

Appendix A – Legislative Background

Appendix B – Comparison with other District Councils in Hampshire

Background Papers:

Report of the Independent Remuneration Panel 2016
The Local Authorities (Members Allowances)(England) Regulations 2003
South East Employers' Members Allowances Surveys 2014/15 and 2015/16
Councillor Commission – Members Remuneration
OPDM Guidance – Part One: Members' Allowances

Agreed and signed off by:

Head of Legal Services: (date)

Head of Finance: (date)

Relevant Head of Service: (date)

(Cabinet Reports Only)Portfolio Holder (EHDC) Cabinet Lead (HBC) Please delete as appropriate

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