

DRAFT BUDGET 2020/21

**Report by: Governance, Audit and Finance Board
For recommendation**

Key decision: No

Cabinet Lead: Councillor Leah Turner

Report No. HBC/002/2020

1.0 Purpose of the Report

1.1 To consider the recommendations of the Governance, Audit and Finance Board in relation to the:

- (a) scrutiny undertaken by the Budget Scrutiny Panel into members allowances for 2020/21; and
- (b) draft proposals for the Budget 2020/21.

2.0 Recommendations

2.1 Cabinet be requested to recommend the Council to adopt the Members' Allowance Scheme attached as Appendix B to these minutes.

2.1.1 Cabinet make provision in the 2020/21 budget for the allowances set out in Schedule 1 of Appendix B;

3.0 Summary

3.1 Members Allowances

3.1.1 In September 2018 the Governance, Audit and Finance Scrutiny Panel ("the previous Panel") submitted its Report on the Members' Allowances scheme ("the 2018 Review") to Full Council. The report recommended revisions to the Basic Allowance and Special Responsibility Allowances (SRAs) and minor changes to the scheme, which were adopted by the Council.

3.1.2 During the September 2018 review, Panel committed itself to undertake a further review into the Leader's Special Responsibility Allowance ("Leader's SRA"), including the budgetary implications of any changes to this allowance with the objective of submitting its recommendation after consideration of the Independent Remuneration Panel.

- 3.1.3 The Board felt that the scheme, in its current form, was not particularly user-friendly and not clear on the process. To overcome this issue the Board recommends that the revised scheme set out in Appendix A of this report be adopted. A copy of the scrutiny panel's report is attached as Appendix B.
- 3.1.4 Since the 2020 report was considered by the Board, the Independent Remuneration Panel (IRP) submitted its report (Appendix C) for consideration by the Council. On 29 January 2020 the Board was given an opportunity to review its recommendations in the light of the IRP report.
- 3.1.5 The Board was disappointed to read the criticisms by the IRP Panel that it had not been made aware of the Board's scrutiny panel review. The Board has since learnt that the IRP were advised of the Board's scrutiny review before it commenced its own review and kept up to date with the findings of the panel and Board's original recommendations. On a general note the Board was also disappointed to find that in contrast with the Board's scrutiny review, the evidence to support their findings was unclear and therefore difficult to verify the IRP's findings.
- 3.1.6 The main issues raised by the report were:

(a) The Leader's Special Responsibility Allowance ("Leader's SRA")

The Board was pleased to note that although the IRP had recommended a lower Leader's SRA, the Board and the IRP agreed that there was a need to increase this SRA. However, on examination of the IRP's recommendation, the IRP did not appear to have used up to date benchmarking data or given a clear rationale for the level of SRA recommended. In contrast the Board's recommendation was based on current data and the mean average of the benchmarked councils. The Board therefore concluded that it did not agree with the IRP's recommendation as the Board's original recommended increase was more robust and better equipped to withstand public scrutiny.

(b) The Mayor's Special Responsibility Allowance ("Mayor's SRA")

The Board noted that, similar to the Board's scrutiny panel, the IRP had recommended the introduction of a mayoral allowance. The Board found that other than finding out that 12 out of the 16 "comparator authorities" gave the Mayor an SRA, the reasoning for the introduction of such an allowance was unclear and the proposed level was not robust enough to withstand public scrutiny. The Board therefore retained its position reached in November 2011 that the mayor should not receive an allowance for the following reasons

- (i) to be appointed Mayor was a reward in itself;

- (ii) the Mayor already received an allowance of £3,000 under Section 3(5) of the Local Government Act 1972 to enable them to meet the expenses of the office;
- (iii) the operation costs (e.g. mayoral duties, secretarial costs etc.) of a Mayor was currently approximately £100,000 per annum; and
- (iv) the proposed additional allowance would hinder the Leader's flexibility to afford any new SRA posts and his long term aim for succession planning.

(c) Other Special Responsibility Allowances ("Other SRAs")

Unlike the Board, the IRP had not recommended an increase in all of the other SRAs. In 2018 the Council had adopted a process, which produced a hierarchy of SRAs based on the responsibilities, skills and workloads of each SRA which was free from discrimination and perception. The 2019 review found that there were no overwhelming changes to the skills, responsibilities or workloads of the existing SRAs below the level of the Leader. However, the Board did consider that all SRAs should be increased in line with any NJC increases from April this year to ensure that the allowances did not fall behind the benchmark councils.

The Board was, therefore, disappointed upon examining the IRP's report that the IRP had recommended a random set of increases without any evidence that there had been a change in the SRAs affected to justify such an increase.

In conclusion the Board considered that its original recommendations regarding other SRAs more robust and better equipped to withstand public scrutiny than the IRP's proposed increases.

(d) Basic Allowances

The Board was pleased to note that the IRP had agreed to linking the Basic Allowance with NJC rates. However, the Board could not understand why the IRP recommended an increase in this allowance despite admitting that there was no appetite for such an increase.

The Board was also disappointed that the IRP had recommended that the modernisation allowance be included in the basic allowance without any reasoning or justification. This allowance had been separated from the Basic Allowance for 2018 to improve the transparency of the allowance scheme and make it easier for the allowance to be claimed back as an expense.

3.1.6 In conclusion, although the Board was grateful for the work of the IRP, it considered that those recommendations made by the IRP which differed from the Board's recommendations in November 2019 were not robust enough to withstand public scrutiny. The Board, therefore, endorsed its previous recommendations.

3.2 Draft Proposals for the 2020/21 Budget

3.2.1 The Board was also given an opportunity to consider and comment upon the draft budget proposals.

3.2.2 The Board endorsed the draft budget proposals subject to provision being made for the recommendations set out in Minute 30/11/2019 of the Governance, Audit and Finance Board.

4.0 RESOURCE IMPLICATIONS:

4.1 Financial

4.1.1 The Chief Finance Officer has advised that the budget for 2020/21 will include a 2% increase to the Basic Allowance in accordance with Council Minute 23(E)/9/2018).

4.1.2 The additional Basic and Special Responsibility Allowances (B & SRAs") costs of recommendation 2.1.1 above is £12,664. The additional costs of implementing the IRPs recommended (B & SRAs") are £20,234 (Appendix D).

4.2 Legal:

4.2.1 The Local Authorities (Members' Allowances) (England) Regulations 2003 require the Council to have regard to the recommendations of the IRP before making changes to its Members' Allowances Scheme.

4.3 Strategy:

4.3.1 Key elements of the Corporate Strategy are to achieve public service excellence and financial sustainability. An attractive members allowance scheme which is financially viable and at the same time will attract a wider range of candidates for Councillors is the main objective of such a scheme

4.4 Risks:

4.4.1 None arising from this report

4.5 Communications:

4.5.1 None arising from this report

4.6 For the Community:

4.6.1 None arising from this report4.

Appendices

Appendix A Revised Members' Allowances Scheme
Appendix B Report of the Scrutiny Panel
Appendix C IRP Report
Appendix D Financial Implications

Background Papers

None

Contact: Councillor Tony Briggs
Title: Chairman of the Governance, Audit and Finance Board
Telephone: (023) 9225 5515
E-Mail: tony.briggs@havant.gov.uk

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Appendices

None

Background Papers

Minutes of the Panel (exempt – paragraph 3, Schedule 12a, Local Government Act 1972)

Contact: Councillor Richard Kennett
Title: Chairman of the Budget Scrutiny Panel
Telephone: 07780 236443
E-Mail: richard.kennett@havant.gov.uk