

APPENDIX 1
Havant Borough Council

Report of
the Independent Remuneration Panel

on the review of the

Members' Allowances Scheme

December 2019

Introduction

The Independent Remuneration Panel, comprising Mr John Thompson (Chairman), Mr Michael Bevis and Mr John Pressdee, has undertaken a review of the Councillors' allowances Scheme and this report sets out its recommendations. Mr Thompson has been on the Arun DC Panel since 2001 (with a short break) and Chair for most of that time and on the Chichester DC Panel since 2015. Mr Bevis was on the Arun DC Panel from 2001 to 2008 and has been on the Chichester DC Panel since 2011 Mr Pressdee has been on the Chichester DC Panel since 2007 and has been Chair since 2011.

In accordance with Local Authorities (Members Allowances) (England) Regulations 2003, the Panel was tasked with undertaking a review of the councillors' allowances scheme including the amount of each allowance in the current scheme. See Appendix B. The Panel worked between August and December 2019. The aim of the Panel has been to ensure that Members are not out of pocket, and that the allowances reflect fair recognition of the **responsibility** accepted and the time devoted to the various roles. We have tried to achieve an appropriate balance between the needs of the Authority and its Members and the cost to the tax payer.

It emerged during interviews of Members that the Authority's Governance, Audit and Finance Scrutiny Panel were also conducting a review of Members' Allowances. The Panel is deeply disappointed that they were not made aware of this review at the outset of their review, which we believe has undermined the work and standing of the Independent Panel. The Scrutiny Panel has greater knowledge of the working of Authority (particularly relative responsibilities) and full access to support from Officers. Nor was it suggested that we interview the Review Chairperson. This may also account for the disappointing level of response to the Panel's questionnaire. Moreover the Scrutiny Panel has report. We have taken account of some of their considerations, but not their recommendations. It is also noted that under s.19 of the Members Allowances Regulations referred to above, **before** making changes the Members' Allowances Scheme recommendations of an Independent Remuneration Panel must be taken into account

During this period the Panel:

- Were briefed on the operation of Havant BC, the working of the Council and the Members' responsibilities.
- Carried out two benchmarking exercises against similar local authorities in the South East of England and the South East Employers' (SEE) data for all Authorities in the South East helped inform the Panel's recommendations. Circulated a questionnaire to all Members (only 10 out of 38 were returned)
- Interviewed a representative cross section of Members
- When obtained reviewed the findings of the Authority's Governance, Audit and Finance Scrutiny Panel Review of Members' Allowances.

The Panel determined that:

- a Public Service Element of about 30% should be taken into account. The Public Service Element being work undertaken as a Councillor outside the Scheme of Allowances
- the Scheme and any increases should be affordable both financially and in terms of public perception
- any Member may Renounce all or part of any allowance they are entitled to receive under the scheme
- less than 50% of Members should be in receipt of a Special Responsibility Allowance (SRA) – the 50% rule
- only one SRA only should be paid to an individual Member – supported by most respondents to the Questionnaire.

A number of common themes became apparent through this research and the panel would like to record its gratitude to Members for sparing their time both to complete the questionnaire and attend for interviews. The Panel were also grateful for the support of Officers, particularly James Harris.

Evidence and Recommendations

The conclusions of the panel are as follows:

- (i) Most Members responding to the Questionnaire and at interview were clear that Members' Allowance were not a factor in them standing for election although they realised that they might be for some and that any realistic Scheme would not greatly change the diversity and engagement of the public in the local democracy. The Panel is aware that an argument was put forward by the previous Panel for performance to be taken into account in the Scheme of Members' Allowances. The current panel are aware that some Members do a lot more than others – to the annoyance of other Members. The performance of Members is a matter for their Group Leader and possibly the Head of Paid Service. The Panel endorses the previous Panel's welcome for improved training provision. The Panel was pleased to note that the Authority has attracted a number of younger people to be Councillors: although the clear message is that the Scheme of Allowances has limited bearing on whether individuals stand for election. A number of Members referred to the time of day meetings are held as presenting some problems. Finally, the Panel notes that some adjustments were made to the Scheme in 2018 by the Authority's own Governance, Audit and Finance Board.

- (ii) Basic Allowance.

During the review the Panel:

- Were informed through the responses to questionnaires:
 - The hours per month spent by Members on all Council work averaged out 37 hours a month

- Respondents who had been Members in 2015 reported that the work load on Members had increased by about 4 hours a month
- Those responding suggested the Basic Allowance should be £5,965.
- Were given more information and rationale during interviews
- Were told that workloads have increased and, in future, might be expected to continue to increase – the Panel noted that the increased use of social media and the expectation of faster responses to electors enquires had had an impact on the way in which many Members work
- Found that for the comparator Authorities the current allowance was at the bottom of the top quartile and for all South East Authorities was close to median.
- There is also the issue of the Modernisation Allowance, currently £461 a year. This is an allowance given to cover Members' office and IT expenses and is not taxed. However, the Panel's understanding is that all allowances are taxable. Members may either claim expenses by completing a Her Majesty's Revenue and Customs (HMRC) tax return or by submitting vouched expenses claims: the Authority might usefully look at the arrangement Chichester DC has entered into with HMRC. This being the case the Panel **recommends** that the Modernisation Allowance be rolled up into the Basic Allowance
- Index linking allowances to NJC Rates (Officers Pay) was agreed a fair way forward, but not by all. The increase in Officers pay from 2015 is about 6% - or a £325. Given the periodic changes to scheme since 2015 it is difficult to be clear when each allowance has changed.
- There was little appetite for an increase either in the evidence we received directly or from the Scrutiny Review.

The Panel's **recommendation** is that the Basic Allowance (including the Modernisation Allowance) be **increased** from £5,430 by £325 to £5,755 (£6,216 with Modernisation Allowance added)

(iii) Mayor

An SRA has not in the past been paid to the Mayor. However, there is a Mayoralty Budget out of which the Mayor may make three claims up to the value of £3,000 for expenses (see comments above). 12 of the 16 comparator Authorities do give the Mayor an allowance to reflect their vital role as Chair of the Council and in recognition that they are barred from holding a post that attracts an SRA and to defray some of the expenses incurred in representing the Borough at engagements that the Mayor is required to attend and those that the Mayor is invited to so as to support the work of the Borough – in Havant BC's case, the latter being recoverable from the Mayoralty Budget. A question about a mayoral allowance was not included in the Question and interviewees were of the opinion that some

allowance should be paid in the top of the fourth quartile of comparator Authorities. An SRA of £2,500 would put the allowance in the upper end of the 4th quartile of the SEE comparators and the bottom of the 3rd quartile of comparator Authorities.

The Panel **recommends** a modest SRA of £2,500 a year for the Mayor.

- (iv) Leader of the Council. The answers to the returned questionnaires and the follow up interviews suggest that the Leaders SRA should be increased. The Leader devotes three days a week to the role: not all in the office. The Leader is ultimately responsible for all the key policy decisions of the Authority. From the benchmarking data the Leader' SRA is in the middle of the third quartile of SEE comparators and near the median of the comparable Authorities. An increase in line with Officers' pay would add £880. The Scrutiny Panel drew a similar conclusion – although their four year comparison is of limited value as many Authorities review their Schemes only every four or five years.

The Panel therefore **recommends** that the Leader' SRA of £14,800 be **increased** by £2,200 to £17,000

- (v) Deputy Leader. Given the responses to the Panel's enquiries and taking into account benchmarking against other similar local authorities puts the Deputy Leader's allowance in the second quartile of SSE Authorities and close to the median of comparator Authorities. An increase in line with Officers' pay would add £600 to the allowance. The Scrutiny Panel noted that increase could be justified.

The Panel **recommends** the Deputy Leader's SRA of £10,018 be **increased** by £600 to £10,618

- (vi) Cabinet Members. The role of the cabinet member can be high profile. The panel notes that the current SRA of £8,425 is the top of the 2nd quartile of comparable Authorities and in at the lower end of the top quartile of SSE Authorities. An increase in line with Officers' pay would add £500 to the allowance The Panel took into account the lower than usual number of cabinet members and that there are no deputy positions.

The Panel **recommends** that the Cabinet Members' SRA is **increased** from £8,425 by £500 to £8,925.

- (vii) Committee Chairmen. The Panel is mindful of the differing responsibilities of the council's various committees and notes that there are three different levels of allowances to reflect their responsibilities. Benchmarking is difficult as increasingly Authorities organise their committees in different ways. Also,

some authorities are moving away from Cabinet based governance and returning to varying forms of Committee systems

a) Development Management Committee Chairman. The Panel is aware from experience elsewhere of the tremendous work done around Development Control. There is evidence to support the level of responsibility of this high profile role and the work required. Also the Chairman is responsible for some quasi-judicial functions. It noted however that the current allowance is now at the bottom of the third Quartile of comparator authorities and well below the median of SEE reporting authorities. An increase in line with Officers' pay would add £300 to the allowance. Governance, Audit and Finance Board. The proposed increase would move the SRA nearer the median of comparator authorities, but is below that suggested by the Scrutiny Panel.

The Panel **recommends** that the Development Management Committee Chairman's SRA be **increased** by £300 from £5,009 to £5,309.

b) Scrutiny Board Chairman. The complexity of role of the Scrutiny Board Chairman depends on the issues facing the Authority, the number of decisions called in and complexity of the tasks delegated to the Board. The panel notes that the current SRA of £5,692 again is the bottom of the top quartile of comparable Authorities and 28th out of 78 of the SSE Authorities.

The Panel **recommends** that the Scrutiny Board Chairman's SRA **remains** at £5,692.

c) Licensing Committee Chairman Based on evidence received, the work load of the Licensing Committee (and sub-Committees) is variable as is number of meetings per year. The Chairman is responsible for some quasi-judicial functions. Most responding Members thought the SRA about right. However, the current SRA is the lowest but one paid by comparable Authorities and 52nd out of 58 SEE Authorities. The modest increase proposed would bring the allowance into the third quartile of comparators. This also reflects the views of the Scrutiny Panel. Governance, Audit and Finance Board.

The Panel **recommends** that the Licensing Committee Chairman's SRA be **increased** by £384 from £1,116 to £1,400.

d) Governance, Audit and Finance Board Chairman The SRA paid to the Chair of Governance, Audit and Finance Board has recently be reviewed in the light of revised working arrangements. The role is an important one and the Board has a wide ranging remit. Responding Members suggested an

allowance nearer £5,000. It is the highest paid in the comparator Authorities and 5th highest of allowances paid by SEE Authorities (higher than three County Authorities). The Panel was not made aware of any reason to increase the allowance.

The Panel **recommends** that the Governance, Audit and Finance Board Chairman's SRA **remains** at £6,831

e) The Panel recognises the work of the Joint HR Committee and its contribution to efficient operation with a partner Authority. It also notes that the Chairmanship rotates annually with East Hampshire District Council and suggests that parity between the two councils would be both logical and fair.

(viii) Non ruling party group leaders. The current scheme pays an SRA of between £911 and £3,643, based upon the number of councillors in the group. In the Panel's view taking into account what is paid elsewhere this arrangement is fair and provides an appropriate level of support to ensure there is effective opposition.

The Panel **recommends** that these arrangements **remain** unchanged.

- (xi) Mileage and Subsistence. No case was made for any changes in the current arrangements. The panel **recommends** that the mileage remain at 45pence a mile and all other rates be linked to those paid to Officers.
- (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. Given the time of council meetings and coupled to an average time that a babysitter would be required a rate of £10.00 is **recommended** by the Panel. The Panel also **recommends** that the allowance for dependent relative care be maintained in-line with the Hampshire County Council Domiciliary care rate. 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) Modernisation Allowances. Most respondents were content with the Modernisation Allowance – currently £461, but see para (ii) above
- (xii) Indexing. The Authority has already agreed that from April 2020 increases in the Basic Allowance will be made in line with NJC increases (ie linked to Officers' Pay). This becoming common practice and is supported by the Panel.

(xiii) Effective date 1 April 2020

The cost of the proposed changes is £20,334 or 6.65% of the current Members' Allowances budget.

Under current legislation a new scheme must be adopted every four years, following a review from an Independent Remuneration Panel. The Panel **recommends** that the next review be carried out in 2023 with a view to an updated scheme being in place by April 2024.

Appendix A

Allowance	Current	Recommended	Cost
Basic Allowance (Includes Modernisation Allowance)	£5,891	£6,216	£12,350
Mayor		£2,500	£2,500
Leader	£14,800	£17,000	£2,200
Deputy Leader	£10,018	£10,618	£600
Cabinet Member	£8,425	£8,925	£2,000
Governance and Audit Committee Chairman	£6,831	£6,831	£0
Scrutiny Board Chairman	£5,692	£5,692	£0
Development Management Committee Chairman	£5,009	£5,309	£300
Licensing Committee Chairman	£1,116	£1,400	£384
Joint HR Committee Chairman	£3,643	£3,643	£0
Group Leader	£911- £3,643		

*Leaders of any political group, other than the ruling group, comprising two or more members to receive an SRA based upon the current formula.

Additional allowances

Mileage: To be maintained in line with the HMRC rate, currently 45p per mile. This should not include ward business or political activities, such as attending group meetings.

Other Travel and Substance Rates: Paid in line with arrangement applying to Officers

Child care: £10.00 per hour.

Dependent relative care: Paid in line with the Hampshire CC Domiciliary care rate

TERMS OF REFERENCE – INDEPENDENT REMUNERATION PANEL 2019

The following terms of reference have been set for the Independent Remuneration Panel for 2019:

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.