



**A Review of Members' Allowances for
Eastleigh Borough Council**

Report of the Independent Remuneration Panel

21st & 22nd November 2017

**THE GUILDHALL, HIGH STREET
WINCHESTER
HAMPSHIRE,
SO23 9GH**

1. Introduction

The Independent Remuneration Panel was convened to undertake a full review of Members' Allowances. The review was undertaken and the Panel convened in accordance with The Local Authorities (Members Allowances) (England) Regulations (SI 1021) (2003 Regulations).

The Panel met on 21st and 22nd November 2017 and membership of the Panel was:-

Mark Palmer, Development Director, South East Employers (Panel Chair)
Norman Wilkins, Local Government Officer (Retired) and local resident
Ann Fielder, Registration Services Officer (Retired) and local resident.

A questionnaire was sent out to all Members prior to the review and we interviewed 12 Members and 1 Officer. **Sixteen** of the 44 Members of the Council completed the questionnaire; a comprehensive analysis of the questionnaire is attached as **Appendix 1**.

The Panel would like to thank the Members who completed the questionnaire as well as the Members and the Officer we interviewed during the process. We have taken account of the views expressed to us by those Members and Officer; and would like to thank them for their assistance in this review.

Additionally the Panel was assisted and supported throughout by Gaetana Wiseman, (Performance and Governance Manager) and Kath Richards (Senior Specialist, Elections and Democratic).

Other information at our disposal included previous Reports of the Independent Remuneration Panel, the current Scheme of Members' Allowances and committee reports.

We also had the benefit of the Members' Allowance Survey for District and Borough Councils in the South East published by South East Employers in October 2017, the Survey has been used to support benchmarking and for this purpose we have used the Hampshire district and borough Councils as the benchmark group

Comprehensive details of the allowances in these Councils are attached as **Appendix 2**.

2. Terms of Reference

Our terms of reference were to undertake a full review of Members' Allowances for Eastleigh Borough Council and to make recommendations as to the level of the Basic Allowance and of Special Responsibility Allowances for the year 2018/2019 and beyond for a maximum 4 year period. The review also included making recommendations in respect of the Dependants' Carers' Allowance and the scheme for travel and subsistence. The Panel was established in accordance with section 99 of the Local Government Act 2000.

3. The Deliberations of the Panel

The Panel had access to the previous reports of the Independent Remuneration Panel; a full review last took place in October 2010. The Panel has given due consideration to this review as part of its deliberations when formulating its recommendations.

The Panel is also mindful of the impact of the 2016 Boundary Review undertaken by the Local Government Boundary Commission that will lead to a reduction in the number of Members from 44 to 39 from May 2018.

During the interviews and within the Questionnaire the issue was raised of the potential of an increasing workload as a consequence of a reduction in the number of Members and Wards with a higher number of residents.

The Panel has taken in to consideration these issues and concerns when making its recommendations.

A key role of the Panel is to recommend a scheme of allowances which recognises both Members' responsibilities and workloads. However, the Panel was mindful of the Council's continued financial constraints when making its recommendations.

To develop a structured approach in determining allowances the Panel has used transparent formula and methodology for calculating the Basic Allowance and the Special Responsibility Allowances.

4. Basic Allowance

The current Basic Allowance for Eastleigh Borough Council was agreed during the review undertaken in 2010. Following the application of the recommended indexation the level of Basic Allowance is now £6,240.

In determining the Basic Allowance the Panel considered Member responses during the interviews and the Questionnaire that identified that almost **70%** of Members were of the view that the present level of Basic Allowance was appropriate and required no significant increase.

The Panel also sought views from Members during the interviews in respect of whether they felt that the current level of the Basic Allowance was a barrier to candidates from all sections of the community standing to be councillors, most Members were of the view that the level of the Basic Allowance was not a significant barrier to standing for Council and other factors such as work/life balance had a greater impact on recruiting and retaining Councillors.

The Panel was of the view that a structured formula for calculating the Basic Allowance was required and will provide a foundation to allow a future Panel to better determine the allowance and also provide a transparent formula for how the Basic Allowance was arrived at.

In determining a formula to calculate the Basic Allowance, the Panel chose full-time median hourly earnings for Eastleigh Borough area as place of residence. This information is published by the Office for National Statistics each December as part of its National Statistics of Hours and Earnings (NOMIS) and in December 2016 this was **£14.88 per hour**.

The formula was also based on average weekly hours undertaken and in respect of the average national weekly hours for a District/Borough Councillor without any additional special responsibilities the Local Government Association (LGA) as part of the LGA Councillor Census stated between 10 to 15 hours was appropriate. The Panel therefore chose **12 hours per week** to support the calculation of the Basic Allowance.

Finally, the Panel also looked at the level of the Public Service Discount (PSD). The PSD is the element of a Members activity that is given on a purely voluntary basis. The questionnaire responses had varying views on the percentage level of PSD ranging from 5% to 50%, the average across the South East region is between 30-50%. The Panel was of the view that a level of **30%** should represent the level of recommended "Public Service Discount".

Based on these figures the level of Basic Allowance for Members of the Council can be calculated as 12 hours per week x 52 weeks x £14.88 per hour - 30% Public Service Discount which gives an annual Basic Allowance of £6,499.58 (£6,500).

Currently, Eastleigh Borough Council is ranked fifth in the level of Basic Allowance across the eleven benchmark Hampshire district/borough councils. After this recommended change to the Basic Allowance, Eastleigh Borough Council will be in forth position with regards the level of Basic Allowances across the benchmark Councils.

The Panel felt that the proposed Basic Allowance was creating a structured formula and approach to determining the Basic Allowance that could serve the Council for many years and it led to a real term increase of just £260 (4% increase) in the level of Basic Allowance.

Benchmark Councils- Basic Allowance (November 2017)

Council	Basic Allowances
Basingstoke & Deane BC	£6,876
Fareham BC	£6,809
Test Valley BC	£6,581
Gosport BC	£6,280
Eastleigh BC	£6,240 (proposed £6,500)
New Forest DC	£6,150
Havant BC	£5,891
Winchester CC	£5,580 (Proposed £6,023)
East Hampshire DC	£5,200
Rushmoor BC	£5,005
Hart DC	£4,561
Average	£5,989

RECOMMENDATION: The Basic Allowance for Members of Eastleigh Borough Council for the year 2018/2019 should be £6,500 subject to any indexation.

5. Special Responsibility Allowances (SRA's)

The Panel have as with the Basic Allowance developed a clear formula for calculating the SRA's that should serve the Council well for a number of years. The Panel heard no strong views during the interviews and there was no evidence in the questionnaire that supported a significant change to the number and the roles that received an SRA. However, the interviews did provide the Panel with a clear understanding of the strategic direction and priorities of the Council that is reflected in the recommendations for the SRA's.

For ease of reference, set out on page 10 are the current allowances and **the proposed level of allowances the IRP recommends for 2018/19.**

In determining which roles merit a SRA the Panel was cognisant of the 2006 Statutory Guidance (May 2006, paragraphs 70 and 73) that states:

“SRAs may be paid to those members of the council who have significant additional responsibilities over and above the generally accepted duties of a councillor. These special responsibilities must be related to the discharge of the authority’s functions.”

When considering all the current roles at Eastleigh Borough Council that receive an SRA the Panel was of the view that all of the roles continue to involve a” *significant additional responsibility*” that will lead them to receive an SRA.

In determining the SRA’s the Panel heard evidence from Members and Officers during the individual interviews and the findings of the questionnaire. The review in 2010 had made no recommendations in respect of a formula for calculating the SRA’s and the Panel has now put in place a formula for calculating each SRA.

Leader of the Council

The Panel recommend that the formula for calculating the Leader of the Council allowance to be **a multiplier of three times the Basic Allowance** and that all other SRA’s with the exception of the Vice Chairs allowance be calculated as a percentage of the Leaders allowance. The allowance for Vice Chairs is recommended to be calculated as a percentage of the Chairs allowance.

In arriving at an indicative SRA for the Leader, the Panel has used a methodology that is specifically mentioned in the 2006 Statutory Guidance, namely the factor approach. This multiplies the Basic Allowance by an accepted factor to arrive at the recommended Leaders SRA. Benchmarking shows that the average SRA for a South East Council Leader is around three times the Basic Allowance. The Panel therefore recommend a factor of three times the Basic Allowance for the Leader of the Council – **3 x £6,500 = £19,500.**

RECOMMENDATION: The SRA for Leader of the Council should be based on a factor approach, a multiplier of three times the recommended Basic Allowance, £19,500.

Local Area Committee Chair

The Panel was informed that the role of the five Local Area Committees continued to develop and they were regarded as a key driver in supporting and delivering the corporate and strategic priorities of the organisation. The Panel was of the view that the allowance for the Chairs of each of the five Local Area Committees should be reflective of this developing role.

There are very few if any Councils across the South East with Local Area Committees that have similar roles and levels of responsibilities therefore comparative benchmark data was unavailable. In determining the SRA for the Chairs of the Local Area Committees the

Panel was of the view that the role was the most strategic and influential outside of Cabinet and the Local Area Committees had key decision making responsibilities including devolved planning decisions. The Panel was therefore of the view that the role of Chair of the Local Area Committee should receive an SRA equivalent to 25% of the Leaders allowance, £4,875 and that the role of Vice Chair should be 25% of the Chairs allowance, £1,219.

RECOMMENDATION: The SRA for Local Area Committee Chairs be based on 25% of the proposed Leaders Allowance, £4,875 per annum and the Vice Chair 25% of the proposed Chairs allowance, £1,219.

The Panel has proposed no other significant changes to the SRA's

RECOMMENDATION: The SRAs for 2018/19 to be in accordance with those listed on page 10 of the report

6. Dependants' Carers' Allowance

Currently Eastleigh Borough Council offers a Dependants' Carers' Allowance (DCA) equivalent to the actual cost incurred up to £10 per hour.

The Panel was of the view that a ceiling on the reimbursement of care costs at £10.00 per hour will lead to Members who require specialist care support to undertake Approved Duties being out of pocket.

Specialist care provision is often considerably more expensive than £10.00 per hour and therefore the Panel was of the view that care provision **should be reimbursed for the actual cost incurred** by the Member upon production of receipts.

In the case of reimbursement for the cost of specialist care the Panel was of the view that medical evidence that this type of care is required must also be provided and approved by an appropriate officer of the Council.

RECOMMENDATION: The Panel recommend that specialist care provision should be reimbursed at cost upon production of receipts and that medical evidence that this type of care is required must also be provided and be approved by an appropriate officer of the Council.

Basic care provision e.g. short term child care should be reimbursed at the rate of up to £12.00 per hour upon production of receipts. This rate should also be subject to the agreed formula for indexation of allowances

The Dependants' Carer' Allowance should also be better promoted and communicated by the Council and political parties to both prospective and newly elected Members.

7. Travel and Subsistence

The Council currently pays mileage allowances based on the HMRC rates. No evidence was received to indicate that the current terms and conditions, including approved duties, and rates at which these allowances are claimable needed revisiting.

RECOMMENDATION: The Council continue the current travel and subsistence allowances, including the approved duties and the terms and conditions for which they are claimable be maintained.

8. Index Linking

The index linking of the allowances is currently based on the staff salary increases relating to staff employed as part of the NJC for Local Government Staff Services

The Panel was of the view that this approach to indexation should continue and therefore future index linking of the Basic Allowance and SRA's from **April 2018** should be at the rate of increase in staff salaries.

RECOMMENDATION: Any index linkage agreed should be in line with staff salary increases for a maximum of four years from 2018/2019 to 2022/ 2023. The Panel recommends that Members ensure the indexation of allowances based on the percentage of staff salary increases takes place and is not foregone.

9. Maximum Number of SRA's Payable

In accordance with the 2006 Statutory Guidance (paragraph 72) it is stated good practice that no more than **50%** of Eastleigh Borough Council Members should receive an SRA at any one time.

RECOMMENDATION: The Panel recommends that no more than 50% of the Council Members (19 Members in total from May 2018) should receive an SRA at any one time.

10. Implementation of Recommendations

As permitted by the 2003 Members' Allowances Regulations (paragraph 10.6) it is recommended that the new Members' Allowances as set out in this report be implemented by April 2018

**Mark Palmer
Chairman of the Independent Remuneration Panel,
November 2017**

	CURRENT ALLOWANCES £	2018/2019 RECOMMENDATIONS £	RATIONALE & METHODOLOGY
Basic Allowance	6,240 (44)	6,500 (39)	
Leader	19,959 (1)	19,500 (1)	Three times the Basic Allowance
Deputy Leader of the Council	9,230 (1)	9,750 (1)	50% of the Leaders Allowance
Cabinet Member	7,910 (6)	8,775 (6)	45% of the Leaders Allowance
Local Area Committee Chair	3,297 (5)	4,875 (5)	25% of the Leaders Allowance
Local Area Committee Vice Chair	823 (5)	1,219 (5)	25% of the Area Committee Chair Allowance
Scrutiny Panel Chair	2,636 (1)	2,925 (1)	15% of the Leaders Allowance
Scrutiny Panel Vice Chair	660 (1)	731 (1)	25% of the Scrutiny Panel Chair Allowance
Audit and Resources Chair	2,636 (1)	2,925 (1)	15% of the Leaders Allowance
Audit and Resources Vice Chair	660 (1)	731 (1)	25% of the Audit and Resources Chair Allowance
Minority Group Leaders	5,274 (2)*	5,850 (2)*	30% of the Leaders Allowance
Administration Committee Chair	1,650 (1)	1,950 (1)	10% of the Leaders Allowance
Total Cost (£)	390,599	386,832	

- Current position based on all 44 Members receiving the Basic Allowance and all current SRAs been paid.
- Recommendations based on all 39 Members receiving the Basic Allowance and all Current SRA's been paid

*Please note there were two minority group leaders in place from July 2017



The Panel's recommendations will lead to the annual cost of all allowances been reduced by **£3,767**, subject to all Members receiving the Basic Allowance and all SRA's been paid. The reduction in Members as part of the Boundary Commission Review, 44 to 39 Members will result in an initial saving of **£31,200**. The recommended changes to the Basic Allowance and SRA's will cost an additional **£28,733** leading to a net reduction of **£3,767**.

**MEMBERS AND OFFICERS OF EASTLEIGH BOROUGH COUNCIL INTERVIEWED BY
THE INDEPENDENT REMUNERATION PANEL 21st & 22nd NOVEMBER 2017**

Councillor Anne Winstanley	Deputy Leader of the Council
Nick Tustian	Chief Executive
Councillor Derek Pretty	Member Leading on Economy
Councillor Pamela Holden Brown	Chair of the Local Area Committee
Councillor David Airey	Member Leading on the Transport
Councillor Wayne Irish	Local Area Committee Chair
Councillor Malcolm Cross	Vice Chair of Policy and Performance Scrutiny Panel
Councillor Margaret Allingham	Ward Member – Hedge End St Johns
Councillor Michael Hughes	Ward Member- Hiltingbury West
Councillor Maureen Sollitt	Mayor
Councillor Tina Campbell	Ward Member- Eastleigh Central
Councillor Keith House	Leader of the Council
Councillor Judith Grajewski	Leaders of the two opposition parties