

Purpose: Decision

Date 27 November 2017

Title HFRA Members' Allowances Scheme

Report of: The Clerk



**HAMPSHIRE
FIRE AND
RESCUE
AUTHORITY**

1. EXECUTIVE SUMMARY

1.2 This report sets out the outcomes of the working group, comprising the members of the Standards and Governance Committee, established to review the position of the HFRA Members' Allowances Scheme following the reduction of size of the Authority to 10 Members in June 2017.

2. BACKGROUND

2.1 At the Hampshire Fire and Rescue Authority meeting in June 2017, in agreeing the revised Constitution of the Authority, including details of a governance structure based on a reduction from 25 to 10 Members, it was also agreed to suspend the payment of allowances under the Members' Allowances Scheme, pending the outcome of a review of the Scheme to take into account the new governance structure. The Standards and Governance Committee has responsibility for any review of the Scheme and for making recommendations about it to the Full Authority. Responsibility for making or amending a Scheme lies with the Full Authority.

2.2 The change in structure of the Authority, reducing its membership by more than 50 percent, from 25 Members to 10 Members has placed an inevitable increased level of responsibility, workload and accountability on each individual Member. One of the reasons for a change in structure was to take the Fire Authority from the style of a traditional large Combined Fire Authority using the "Committee System" of decision making, to that of a more compact and efficient corporate board. As such, although still using the Committee system of governance, this makes the new Fire Authority structure more similar in approach to the Cabinets found in the majority of Local Authorities. Members of the Fire Authority do not have the individual decision making ability of Executive Members, however an Authority of 10 Members means that the responsibility for collective decision making is substantially more focussed, and all members will need to be involved in a far wider array of the Authority's business. There is also a greater likelihood of being called upon to contribute to activity outside of formal committee meetings, such as working groups. This is particularly the case currently for opposition members, who are in the minority and so are called upon for most activities that require cross party contribution.

3. REVIEW OF ALLOWANCES SCHEME

3.1 The Standards and Governance Committee, sitting as an informal Working Group met with officers of the Clerk to the Authority to conduct a review the current scheme and establish possible parameters for the establishment of a new Members' Allowances Scheme for the newly structured Authority. In particular, Members gave initial indications as to the general scale of change to

Basic allowances and to Special Responsibility allowances. Consideration and guidance was given to the overall cost of the Scheme and to the possible use of an index to set allowance rates in future years of the Scheme. It was noted that the previous Scheme, when applied to 25 Members had an overall cost of approximately £130,000. Members of the Working Group were agreed that the new Scheme for the reduced number of Members should result in a reduction to the overall cost in order to contribute to other efficiency savings.

- 3.2 As a result of the meeting, officers drew up initial proposals for a Scheme, based on the indications of Members of the Working Group, the previous Scheme and the position in other local Authorities as a basis.
- 3.3 As the newly structured Authority is now not entirely comparable with its peer group of combined Fire Authorities, a breakdown of the allowances paid to the Members of several District Councils in Hampshire was included in the comparison of local Authorities, which can be seen in Appendix 1. District Councils were selected as an additional level of perspective because their overall annual expenditure is more similar to that of the Fire Authority than the County or Unitary Councils and therefore acts as a yardstick for the fiscal accountability of the Members given that the statutory functions are quite different.
- 3.4 A further meeting of the Working Group took place in early November 2017 to allow discussion of the proposals. As a Combined Fire Authority, before making or amending a Scheme, HFRA is required to “have regard to the recommendations made by any independent remuneration panels in relation to any authority of a description referred to in regulations 3(1)(a),(b) or (c) by which any of its members are nominated.” (The Local Authorities (Members’ Allowances) (England) Regulations 2003, Part 4, para 19.2). Generally this has been interpreted as making any formal recommendations that the respective Independent Remuneration Panels (IRPs) have made to each of the three Authorities available to HFRA when considering proposals to make a Scheme.
- 3.5 Given that the current review is carried out in the context of a substantial change to the structure of the Fire Authority and to the role of its members, there was a widespread consensus that in developing the new Scheme, views of IRP members should be sought.. To this end, members of the Hampshire County Council IRP, who had declared themselves willing to support the HFRA review, were invited to the Working Group meeting to provide an independent perspective on the allowances being proposed.
- 3.6 The meeting was both informative and constructive with both HFRA and IRP representatives able to express their views. It was noted that the views of the IRP did not bind the Authority’s decision, but were to provide an independent perspective to which the Authority could have regard in reaching a decision. In consideration of the Basic allowance and specific SRAs, there was consensus in some areas and in other areas, different views were put forward for consideration. The respective positions and the proposals deriving from them are summarised below.

4. PROPOSED ALLOWANCES:

Basic Allowance:

- 4.1 The Basic Allowance is paid to all Members of the Fire Authority, irrespective of any special responsibility payments they may receive. The current Basic Allowance is set at £2,943 per Member and has been frozen at this level for a number of years.
- 4.2 The Working Group and IRP members discussed the context of the number of Authority Members being more than halved and the consequential increased workload and increased share of collective responsibility for those remaining Members. It was noted that all Members are more directly engaged in decision making, civic style engagements and in training events involving the Authority. Several Members observed that their time commitment to the Fire Authority was similar or greater than that to that given to a City or District Council.
- 4.3 With regard to the levels of Basic Allowance in other Fire Authorities and in local District Councils (see Appendix 1), it was proposed that, in this context, the basic allowance should be increased to £6,000 per Member per annum. This proposal received support from both the members of the Working Group and of the IRP.

Special Responsibility Allowances:

- 4.4 Under the new governance arrangements, the number of identifiable Special Responsibility Allowances (SRAs) has reduced, largely because decision making is now focussed on the Full Authority meetings, with only one Committee (Standards and Governance) being constituted.
- 4.5 It was proposed that the opportunity is taken to establish a clear relationship between the respective SRAs, using the Basic Allowance as an index position. In this way, the level of responsibility associated with each role is recognised through the Scheme. Furthermore any future increases to the Scheme will be applied at a consistent rate. This proposal was supported by the members of the Working Group and recognised as an appropriate structure to use by the IRP. A series of specific SRAs, derived from the Basic Allowance, were considered by the Working Group and IRP Members, noting that these were in addition to the Basic Allowance.
- 4.6 Chairman of the Authority: The role of Chairman of the Authority was recognised as being the most significant role to be appointed to in terms of the individual's need to represent the Authority at external fora and in the media, to act as a liaison point with the Chief Fire Officer and to chair the Full Authority meetings, which have increased in number to six meetings per year. It was noted that personal responsibility does not include formal decision making powers as exercised by an Executive Member in a local Council, but does amount to significant answerability for the actions of the Authority.
- 4.7 An SRA valued at two times the Basic Allowance was considered and supported by both the Working Group and IRP members.

- 4.8 Vice-Chairman of the Authority: It was noted that the Vice-Chairman role was one for which the SRA had rarely been claimed as the post holder was traditionally also a Committee Chairman and therefore in receipt of the (higher) allowance for that role. Under the new governance structure, it was likely that this would not continue to be the case. The role of the Vice-Chairman of the Authority is principally to support the Chairman, but also entails sufficient engagement with the activity of the Chairman to be able to stand in for them when required, potentially at short notice.
- 4.9 An SRA valuing 0.5 times the Basic Allowance was considered. The IRP members observed that under the new structure of the Authority, all Members needed to be engaged with the activity of the Authority and suggested Members may want to consider an SRA of 0.25 times the basic allowance to reflect the additional work falling to a Vice-Chairman.
- 4.10 Chairman of Standards and Governance Committee: It was noted that the Standards and Governance Committee under the new governance structure had a significantly smaller remit than the committee of the same name had previously held. Only two (rather than four) formal meetings per year were scheduled to fulfil its responsibilities and there was general agreement that a comparison with the previous SRA was not appropriate. The Chairmanship role includes liaison with relevant officers as required as well as chairing of the Committee meetings.
- 4.11 An SRA valued at 0.25 times the Basic Allowance was considered. The IRP Members and the Working Group agreed that the SRA for this chairmanship should be proportionately lower than that for Vice-Chairman. Following the suggestions for the Vice-Chairman (above) an SRA of 0.125 times the Basic Allowance was suggested by IRP members.
- 4.12 Vice-Chairman of Standards and Governance Committee: This SRA was payable under the old Scheme in recognition of the responsibility for supporting and standing in for the Chairman of the Committee as required. In light of the changes to the structure of the Authority and in particular to the role and remit of the Committee, and to the agreement for an increase in the basic allowance, there was general support that it should be removed from the Scheme.
- 4.13 Opposition Spokesperson (Group of two or more Members): The Opposition spokesperson plays a significant role in providing political balance to the Authority and is required to maintain sufficient engagement with the activity of the Authority and the Chairman to achieve this. As well as maintaining an oversight of all aspects of the Authority's activity, in a similar way to the Vice-Chairman, the opposition spokesperson is frequently called upon to update political Group colleagues around the Hampshire area. It was noted that the current incumbent is also heavily engaged in Fire Authority matters at a national level (representing their political Group), by virtue of their role on HFRA.
- 4.14 An SRA valued at 0.5 times the Basic Allowance, plus £250 per Group Member was considered. IRP members noted the small size of the Authority resulted in

an inevitably small opposition Group. They also noted that the Fire Authority was traditionally not highly politicised and therefore suggested that the role of opposition spokesperson was smaller in comparison with that of Vice-Chairman. With rereference to their previous suggestions, an SRA of 0.125 times the Basic Allowance, plus £250 per Group Member was suggested for consideration by the IRP Members.

- 4.15 Opposition Member (without Group): The Authority is committed to working constructively across political Groups and therefore frequently seeks to engage all political viewpoints through the formation of cross-Party working groups and other cross-Party activity. In a situation where there is only one Member representing a particular political Party, this causes an increased level of workload and responsibility for that individual as representation of their political Party is not able to be distributed as it is with other Members.
- 4.16 there was general support for the concept of this new SRA being added to the Scheme and an SRA valued at 0.125 times the Basic Allowance was considered. Bearing in mind the relationship with other SRAs and the IRP Members' suggestions relating to these (above), a slight reduction in the SRA to 0.1 times the Basic Allowance was suggested by IRP Members.
- 4.17 As a number of suggestions were made regarding possible SRA levels, the range (where applicable) of these are summarised in the table below, including a demonstration of the actual monetary values based on a Basic Allowance of £6000. Also set out in the table below are details of the potential impact on the overall cost of the Scheme in comparison with the actual cost of the old Scheme in 2016/17 and of the savings that may be achieved.

4.18 Table summarising suggested SRA range and impact on overall cost of the Scheme:

Role	Suggested SRA range (formula)	SRA monetary value range	Previous SRA (for reference)
Chairman of the Authority	2 x Basic	£12,000	£14,469
Vice-Chairman of the Authority	0.25 to 0.5 x Basic	£1,500 to £3000	£1,769
Standards and Governance Committee Chairman	0.125 to 0.25 x Basic	£750 to £1500	£7,305
Standards and Governance Committee Vice-Chairman	0 (remove from Scheme)	n/a	£1,769
Opposition Spokesperson (Group of 2 Members or more)	0.125 to 0.5 x Basic +Number of Members in Group x £250	£1,250 to £3500	£7,328
Opposition Member without political Group	0.1 to 0.125 x Basic	£600 to £750	n/a
Total cost of Basic Allowances			
		£60,000	Actual cost was £73,575 when 25 Members in 2016/17)
Total cost of SRAs in addition to Basic Allowances			
		£16,100 to £20,750	Actual cost was £56,687 when 25 Members in 2016/17)
Total cost of Scheme			
		£76,100 to £80,750 [Potential saving compared to 2016/17: £54,162 to £49,512]	Actual cost for 25 Members was £130,262 in 2016/17)

* Currently two Members in the Opposition Group

5. OTHER FACTORS RELATING TO A SCHEME

- 5.1 Duration: In making a Scheme, an Authority may do so for a period of up to four years. Should a multi-year Scheme be agreed, the Authority would retain the ability to review and amend such a Scheme at any time if circumstances made this appropriate. For reasons of consistency, it is proposed that the Standards and Governance Committee recommend that the new Scheme is made for the period up until the end of financial year 2020/21, but with the payment of allowances backdated to the point at which the existing Scheme was suspended. This proposal was supported by IRP members, with the caveat that a review should take place after two years if Members of the Authority felt it was necessary to do so.
- 5.2 Indexation: With regard to the proposal that a multi-year Scheme be recommended to the Fire Authority, it should be noted that a scheme may make provision for an annual adjustment of allowances by reference to such index as specified by the Authority. The use of an index to provide an annual adjustment to a Scheme would be consistent with other Authorities in similar circumstances and a variety of different indices are commonly used. Members of the Working Group and of the IRP supported the use of an index linked to officer pay and proposed that the local government pay award be specified, noting that this would be consistent with recommendations to Hampshire County Council's Members' Allowances Scheme.
- 5.3 Travel and other expenses: In making a Scheme, an Authority may specify circumstances and rates at which Members may claim for travel and other expenses. It is an established practice that HFRA Members, acting as representatives of their appointing Authority, claim such expenses for HFRA duties from their respective appointing Authority. This being the case, it is not proposed that the HFRA Scheme specifies options for the claiming of expenses.

6. PEOPLE IMPACT ASSESSMENT

- 6.1 The proposals in this report are considered compatible with the provisions of equality and human rights legislation.

7. OPTIONS

- 7.2 The Standards and Governance Committee is asked to recommend the adoption of a new Members' Allowances Scheme for the reasons outlined in the report above.

8. RECOMMENDATIONS:

That the Standards and Governance Committee note and have regard to the outcomes of the review of Members' Allowances by the Working Group, including the input of IRP members, as set out in the report and make a RECOMMENDATION to the Full Authority for the adoption of a new Members' Allowances Scheme consisting of:

- 8.1 A Basic Allowance of £6000 per Member, per annum.
- 8.2 Special Responsibility Allowances to be identified within the suggested range for each role as set out in the table at paragraph 4.18.
- 8.3 Increases in the rate of Allowances to be indexed according to the national Local Government Pay Award for a period up to the end of the financial year 2020/21
- 8.4 Payment of allowances under the new Scheme (including appropriate adjustments to take into account payments already received) to be backdated to 13 June 2017.

APPENDICES ATTACHED

Appendix 1: Comparison data with other Local Authorities

Contact:

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Appendix 1: Comparison data with other Local Authorities

Authority	Basic	Chairman	Vice-Chairman	Cttee Chairman	Cttee V-Chairman	Opposition spokesperson	Number of Members	Annual Budget (Gross Expenditure)
HFRA (current)	£2,943	£14,469	(£1,769)	£7,305	£1,769	£7,238	10	£64
Essex FRA	£4,400	£15,400	£6,160	Not identified, but £770 for project leads and £2,127 for Chairman of trading company	Not identified	1,540	25	£74
Devon and Somerset FRA	£2,600	£13,000	£6,500	£3,900	Not allocated	Not allocated	26	£76m
Kent and Medway FRA	£1,400	£18,360	£7,344	£7,344	£1,836	£5,508 plus £300 per additional Member	25	£73m
New Forest DC	£5,760	£19,595 (Leader)	£9,798 (portfolio holder)	£2,019 - £5,437	Not identified	£7,349 (reduced if a group has less than 10% of seats)	Max 10 in Cabinet 58 total	£84m

Annex 1 (Report to Standards and Governance Committee)

Fareham BC	£6,465	£19,397 (Leader)	£10,776 (portfolio holder)	£808 - £9,698	£161 - £808	£1,616 - £6,465 (according to size of Group)	Max 10 in Cabinet 31 total	£43.2m
Winchester City Council	£5,580	£16,734 (Leader)	£9,129 (deputy Leader)	£1,521 - £7,605		£7,605	Max 10 in Cabinet 45 total	£30.7m