

HAMPSHIRE COUNTY COUNCIL

Decision Report

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| Decision Maker: | Employment in Hampshire County Council |
| Date: | 9 November 2011 |
| Title: | Members' Allowances Scheme 2012/13 |
| Reference: | 3420 |
| Report From: | Chief Executive |

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1. Executive Summary

- 1.1. The legislative framework governing the payment of Members Allowances is set out in the Local Authorities (Members' Allowances) (England) Regulations 2003 ("the Members Allowances Regulations").
- 1.2. Under the provisions of the Members Allowances Regulations, the County Council is required each year to make a Members' Allowances Scheme. The Members' Allowances Scheme needs to make provision for payment of Basic Allowances, Special Responsibility Allowances ("SRA's") Dependents' Carers' Allowances, Travelling and Subsistence Allowances, and Co-optees Allowances.
- 1.3. By virtue of the Members' Allowances Regulations, before the County Council can make or amend a Members' Allowances Scheme, it is required to have regard to recommendations made in relation to it by an Independent Remuneration Panel ("IRP"). In this regard the IRP met on 14 October 2011. Minutes of the IRP meeting, together with submissions made to the IRP and the recommendations of the IRP are attached at Appendix A, 1(a), 1(b) and 1 (c) to this Report.

2. Contextual information

Recommendations of the Independent Remuneration Panel

Members Allowances Scheme 2012 – 2013

2.1 That Basic Allowances and SRA's be frozen at existing rates from 1 April 2012

This recommendation is a repeat of the previous IRP recommendation on 10 December 2010 in respect of basic allowances and special responsibility allowances (SRA's) for the year 2011/2012. The County Council determined at its meeting on 24 February 2011, that basic allowances and SRA's for members should be frozen at existing rates from 1 April 2011, consistent with the pay freeze for staff and the recommendation of the IRP.

2.2 That no change be made to current member mileage rates which are aligned to HMRC approved levels.

Following the recommendation of the IRP in December 2010, the County Council determined at its meeting on 24 February 2011, that travel allowances for Members should be aligned to HMRC approved rates. The recommendation of the IRP is that this position should continue.

2.3 That no SRA be granted to the Leader of Community and Green minority group on the County Council, and that an SRA should only be payable to the Leader of a minority group when it is comprised of six or more Members and then according to the current formula for calculation of an SRA for the Leader of the main Opposition Group.

SRA's for Leaders of the Opposition Groups (at the time Liberal Democrat and Labour) were determined by the County Council at its meeting on 25 July 2002, calculated on the basis of a standard allowance of £5,000 per annum, plus £275 for each County Councillor on each appropriate group, plus inflation. At this time the Liberal Democrat Group comprised 19 Members and the Labour Group 9 Members. The IRP indicated that they supported the principle of an SRA for the Leaders of Opposition Groups within the County Council, but subject to the group comprising a minimum number of six or more members. The IRP also supported the existing method of calculation of the amount.

2.4 That no change be made to the existing SRA's paid to the Chairmen of the Pension Fund Panel and Audit Committee, but that the SRA of the Chairman of the Audit Committee be reviewed in future years.

SRA's in the sum of £5,793 are currently payable to the Chairman of the Pension Fund Panel and the Chairman of the Audit Committee. The SRA payable to the Chairman of the Pension Fund Panel was introduced by the

County Council in February 2010 following the recommendation of the previous IRP who agreed that this was an omission in the Members Scheme of Allowances. The previous IRP were of the view that the roles of the Chairman of the Pension Fund Panel and Chairman of Audit Committee were broadly comparable and concluded that the SRA's payable for each post should therefore equate with one another.

Evidence had however been put to the previous IRP that the work of the Pension Fund Panel was increasing, and the IRP therefore felt that it would be appropriate to review the SRA payable to the Chairman of the Pension Fund Panel in future years, dependent on the work of the Pension Fund Panel increasing as anticipated. The present IRP considered the matter at its meeting on 10 December 2010, but felt that they needed to obtain more detailed background information so as to enable them, if appropriate, to give an informed proposal on the issue the following year. The view of the IRP however when it met on 14 October 2011 was that whilst the volume of work of the Pension Fund Panel had increased in the last two years, there was no change in the responsibilities of the Chairman of the Pension Fund Panel, and that therefore there should be no change with regard to the SRA payable.

At its meeting on 10 December 2010 the IRP, also declared its intention to review the SRA payable to the Chairman of Audit Committee, against a background of increased governance requirements. The view of the IRP at its meeting on 14 October 2011 was that whilst there had been a change in the responsibilities of Audit Committee, for example heightened risk management, and implications to the County Council in consequence of the Bribery Act, the IRP felt that it did not yet have enough information as to the extent of changes in the responsibilities of Audit Committee. The view of the IRP therefore was that the question of any change to the amount of SRA payable to the Chairman of Audit Committee should be kept under review, and that they would look at this further in the coming year.

2.5 That the Panel continue their review of the SRA's payable to the Chairman and Vice-Chairman of Committees.

The IRP reported that they had observed the workings of several of the County Councils' Committees. The IRP agreed that there was a role and value in having a Vice-Chairman, but indicated that they had not yet formed an opinion as to whether in itself such role warranted an SRA. Because the work of the IRP in this regard was ongoing, the recommendation of the IRP was that there should be no changes in respect of SRA's payable to Chairman and Vice-Chairman of Committees at this time, but that it would be their intention of the IRP to form an opinion on levels of SRA's payable to Committee Chairmen and Vice Chairmen, the comparability of SRA's across the various County Council Committees, and the role of the Vice-Chairman once they had completed their work programme of observing all Committee meetings.

- 2.6 That travel allowances for attendance at political group meetings before full Council Meetings authorised by the relevant political group Leaders should be payable, but that the Chief Executive should authorise any additional political group meetings qualifying for payment of travel allowances before travel expenses could be claimed.**

The current rules for claiming travel allowances were introduced when the County Council operated a Committee system prior to the adoption of the Leader and Cabinet Model in 2001. Under these rules only travel allowances for attending political group meetings prior to full Council can be claimed. The previous Committee structure was used to brief elected Members, communicate and develop policy, and provide all party information. With the Leader and Cabinet model there is less opportunity for this to happen, and Group meetings are now used more extensively on policy development, communication and updates on business than hitherto. It therefore seems appropriate that such additional group meetings should attract normal travel allowances. The IRP were in agreement with this premise, subject to there being a proper audit of the reasons such the group meetings for reasons of good governance. The recommendation of the IRP therefore was that travel allowances for political group meetings before meetings of full Council should continue to be payable, together with travel allowances for other political group meetings, subject to the proviso that the purpose of any other group meetings should be approved by the Chief Executive before travel allowances might be claimed. If this is agreed the list of 'approved duties' for payment of travel allowances will need to be amended accordingly.

3. Information

- 3.1 The Members' Allowances Scheme 2012/2013 will be considered by the County Council at its meeting on 23 February 2012.

4. Recommendation

- 4.1 That the Employment in Hampshire County Council Committee recommend to the County Council that approval be given to a Members' Allowances Scheme 2012/2013, which takes into account the recommendations of the Independent Remuneration Panel, and the views set out in this report.

CORPORATE OR LEGAL INFORMATION:**Links to the Corporate Strategy**

This proposal does not link to the Corporate Strategy but, nevertheless, requires a decision to comply with the provisions of statutory regulations.

Other Significant Links**Links to previous Member decisions:**

| <u>Title</u> | <u>Reference</u> | <u>Date</u> |
|--------------------------------------|------------------|-----------------|
| Members' Allowances Scheme 2011/2012 | 2557 | 25 January 2011 |
| Members' Allowances Scheme 2010/2011 | 1225 | 28 January 2010 |

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

| <u>Document</u> | <u>Location</u> |
|-----------------|-----------------|
| None | |

IMPACT ASSESSMENTS:

1. Equalities Impact Assessment:

- 1.1. Equality objectives are not considered to be adversely affected by the proposals in this report.

2. Impact on Crime and Disorder:

- 2.1. No significant impact.

3. Climate Change:

- a) How does what is being proposed impact on our carbon footprint / energy consumption?

No specific impact

- b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

No specific impact

AT A MEETING of the INDEPENDENT REMUNERATION PANEL of the County Council held at The Castle, Winchester on 14 October 2011.

PRESENT:

D. B. Heck (Chairman); J. Abbott; R. Farrall; R. Kinch

The following officers were in attendance:

Mrs. B Beardwell - Head of Governance
Mrs. D. Vaughan - Head of Members' Services
Mr. K. Ridout - Senior Business Manager, BAMS

1 INTRODUCTION

The Head of Governance welcomed the IRP Members to their annual meeting and explained the statutory framework of the Local Authorities (Members' Allowances) (England) Regulations 2003 ("the Members Allowances Regulations"), and the remit of the Independent Remuneration Panel within the Members' Allowances Regulations. The Panel were required to consider and make their recommendations in relation to the Members' Allowances Scheme for 2012/13, in accordance with Regulation 21 of the Members Allowances Regulations.

2 CHAIRMAN'S COMMUNICATIONS

The IRP would like to express their thanks to the Members it has had contact with to date for their time, assistance and openness when it has been attending Executive and committee meetings, and when it has met with them informally. This assistance, and the decision to allow IRP members to remain in attendance during exempt items (subject to confidentiality), has enabled the IRP to get a fuller understanding of Members roles, responsibilities, workloads and Terms of Reference.

The IRP would also like to record its thanks to the Business Advice and Members Support Team in general, and Kelvin Ridout in particular, for facilitating all arrangements and introductions necessary.

During the last year the IRP has completed the work it set out to undertake as part of the plan to review all aspects within its remit within a four year period in office.

It is also the IRPs intention during the ensuing year to seek appropriate advice on the statutory framework of the Members Pension Scheme and to ascertain whether in the light of recent legislation the terms for any future new entrants to the scheme should be amended.

The IRP would wish to reiterate that it encourages submissions for consideration from Members or Co-opted Members on any topics within its remit at any time of the year. It would be helpful if these could be received no later than three months prior to next year's annual IRP meeting. This would ensure sufficient time being available to address issues fully, and to seek appropriate advice when necessary.

3 COUNTY COUNCILLORS, CO-OPTED AND INDEPENDENT MEMBER COMMENTS

The Panel was advised that County Councillors, Co-opted and Independent Members had been invited to either attend or make any comments to the IRP at this meeting. As a result there had been written communications from Mr. M. Ansar, a Parent Governor (Primary School) Co-opted Member of the County Council's Children and Young People Select Committee (Appendix 1(a) to the Minutes) and from Councillor J. Wall (Appendix 1(b) to the Minutes).

The Panel considered the views expressed by Mr. Ansar in his communication about the need for the Members' Allowances Scheme to properly recognise the work of non-elected Members to ensure representation from all backgrounds and socio economic circumstances. The Panel felt the existing SRA of £675 per annum paid to a Co-opted Member of the Children and Young People Select Committee was an appropriate amount. Also, they were reminded that Co-opted Members were able to claim the same travel mileage rate as County Councillors. The Panel went on to consider the suggestion from Councillor Wall that Members' Allowances be linked in some way to officers' salaries. Whilst noting his view, the Panel did not feel such a comparison was relevant or practical.

4 MEMBERS' ALLOWANCES SCHEME 2012/13

The Panel considered the Members' Allowances Scheme for 2012/13 in accordance with Regulation 21 of the Members' Allowances Regulations .

The Panel had before them the current 2011/12 Members' Allowances Scheme. The Head of Governance introduced the item and highlighted those issues raised previously by the IRP when they last met formally on 10 December 2010. Among the issues was the Panel's intention to investigate and obtain more detailed background information to review the SRA paid to the Chairman of the Pension Fund Panel (£5,793 per annum). Whilst noting there had been an increase in the number of Pension Fund Panel meetings and training sessions since the allowance was set, the Panel could not find, nor had been offered, any evidence that indicated any substantive changes to the Chairman's responsibilities or role. Therefore the Panel indicated it would not be

their intention to recommend any increase in the SRA for Chairman of the Pension Fund Panel until such time in the future his/ her responsibilities increased. The IRP had also reviewed the SRA paid to the Chairman of the Audit Committee (£5,793 per annum). Whilst acknowledging from informal discussions with the Chairman that there had been some increase in the Committee's responsibilities, (i.e. for the oversight of HCC response to the Bribery Act) the IRP did not feel this merited any increase in the SRA paid to the Chairman of the Audit Committee at the present time. Notwithstanding this, the Panel wished to keep the matter under review over future years and to consider this item again at their IRP meeting in 2012.

The Panel reported that their overall investigation of the SRA's paid to Chairman and Vice-Chairmen of Committees was ongoing. Whilst recommending no changes at this time, it would be their intention to form an opinion on levels, comparables and Vice Chairman's roles once they had completed their work programme of observing all meetings.

The Panel confirmed that it had investigated the appropriateness of the existing 57.8p per mile motor vehicle mileage rate paid to Independent Appeal Panel Members (IAP Members), and had sought clarity on how the rate had been arrived at, and whether they were volunteers or not. It was apparent from the investigations undertaken that the IAP members discharged their demanding and complex roles well. However, it appears that there are National proposals to alter the periods of time within which appeals can be made. If adopted, these changes could have a significant effect by compacting the existing case load volumes into a shorter time frame. In the light of the above, the Panel had reached the conclusion that the mileage rate payable to Independent Appeal Panel Members should remain unchanged for the time being as it may be more appropriate in future to have a system of payment related to workload rather than distance travelled. However, since reaching that conclusion, the Panel had been advised by the Head of Governance that whilst the County Council pays a mileage allowance to IAP Members, as they are not Members of the County Council in the same way as elected Members, Co-opted Members or Independent Members of the Standards Committee are, payment of travelling allowances to them is outside the Members' Allowances Scheme, and thus, also outside the remit of the Independent Remuneration Panel.

The Head of Governance next reported that a new Community and Green Minority Group now formed part of the County Council. Therefore it was felt appropriate to draw this to the Panel's attention with regard to whether they felt a SRA should be payable to its Leader. The Head of Governance advised the IRP as to the background of the method of calculating the SRA's of minority Group Leaders. The Member affected, Councillor A. Weeks, was asked if he would wish to either attend the Independent Remuneration Panel meeting or to

communicate any views he may have to the Panel. Councillor Weeks sent a written communication (Appendix 1(c) to the Minutes). The communication made it clear that the issue of a SRA had not been one initiated by himself. The communication included his view that in addition to the SRA's for Leaders of the Majority and Main Opposition Groups and spokespersons, there should be a SRA for any other minority group leaders and spokespersons.

After careful consideration, the IRP proposed as a way forward that a SRA should be paid to a minority group leader but only where the minority group involved comprised of a specified minimum number of County Council Members.

The Panel felt that 6 Members was a reasonable minimum number for a minority group and as such would justify a SRA being paid to its Leader according to the current formula for the SRA for the Main Opposition Group. Accordingly, the Panel recommend no SRA for the Leader of the new Green and Community Panel on the Council (currently comprising of 2 Members).

The Panel next considered a proposal to allow Members to claim appropriate travelling allowance when they formally attend their Group Meetings. The Head of Governance introduced the item and reported that currently the Chief Executive is required to authorise attendance at Group Meetings of the different parties. This had been introduced as part of a local rule prior to the Leader and Cabinet Model currently operated by the County Council. It suggested that there should be no more than four such Group meetings a year. This was consistent with the fact that such meetings took place very broadly in advance of full County Council meetings. However, it was pointed out that Members at that time had much more extensive involvement through the Committee system. When the Leader and Cabinet Model was introduced in Hampshire no change was made to paying allowances from Group Meetings of the parties. The Leader and Cabinet Model could be argued as being not as inclusive as the previous Committee Model which has meant that Group Meetings are now used more extensively on policy development, communication and updates on business than hitherto. It was therefore recommended that these meetings should also attract the normal travelling allowances.

The Independent Remuneration Panel considered the matter at length. They agreed it was no longer appropriate to have the existing local rule with the Chief Executive himself being required to decide how many group meetings take place. They held the view instead that the relevant group leaders should be entitled to determine those group meetings which specifically preceded full County Council. Any group meetings in addition to this where members claimed should in their view still require the Chief Executive to agree. Whilst recognising the importance and merits of having efficient communications within the different parties and between individuals within the groups, the Panel

felt rather than necessarily calling a group meeting, the party leaders should first explore alternative methods of communicating any required information electronically. They noted that Members' training needs were already provided by way of the regular half-day Council Training Sessions.

The Panel then considered the Basic Allowances and Special Responsibility Allowances for 2012/13 and proposed that all such allowances be frozen at existing rates with no change either to current Member mileage rates. Accordingly, the Independent Remuneration Panel **RECOMMEND** the following for the Members' Allowances Scheme 2012/13:

- (a) That the Basic Allowances and SRAs be frozen at existing rates from 1 April 2012.
- (b) That no change be made to current member mileage rates which are aligned to HMRC approved levels.
- (c) That no SRA be granted to the Leader of the Community and Green Minority Group on the County Council and that a SRA should only be paid to the Leader of a Minority Group when it comprised of 6 or more Members and then according to the current SRA formula for the Main Opposition Group.
- (d) That no change be made to the existing SRA's paid to Chairmen of the Pension Fund Panel and Audit Committee, but that the SRA of the Chairman of the Audit Committee be reviewed in future years.
- (e) That the Panel continue their review of the SRA's paid to Chairman and Vice-Chairmen of Committees.
- (f) That travel allowances for attendance at political group meetings before full Council Meetings authorised by the relevant political group Leaders should be payable, but that the Chief Executive should authorise any additional political group meetings qualifying for payment of travel allowances before travel expenses could be claimed.

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Note to the Independent Remuneration Panel on 14 October 2011

From Mohammed Ansar, Parent Governor (Primary School) Co-opted Member of Children and Young People Select Committee.

It is important that a couple of points be raised for the attention of the Panel.

Committees and select committees often have sitting members who are not elected Councillors but are there to represent special groups (parents, faith groups). In reviewing member allowance schemes, there can sometimes be a tendency to consider matters purely from the perspective of the elected officials who are often employed and given allowances as part of their elected roles.

It's important to have broad allowance schemes which enable representation from all corners; this allows involvement from individuals of all backgrounds and socio-economic circumstances. At the present time, this must include being mindful of rising costs of travel, fuel prices, parking and other associated costs for attending meetings.

Note to the Independent Remuneration Panel on 14 October 2011

From Councillor John Wall

If suggestions are appropriate my view is that, if possible, Members Allowances should be linked to Officers Salaries.

Note to the Independent Remuneration Panel on 14 October 2011

From Councillor Alan Weeks

Firstly, I would like to make it clear that I have not initiated this.

However, as I have been asked for my views, I would have the following opinion.

Other than the major opposition group, I think that any other minority groups should be treated in a generic manner.

For instance, I have already found myself with extra workload and meetings as a minority group leader. This would be the case regardless of the political grouping involved. Additionally, with smaller groups the individual members must work harder to try to cover all aspects of Council business. We don't have members on every committee and a range of shadow spokespersons to look at all the detail.

I note that in addition to a Group Leaders SRA, the small Labour group that previously existed had SRAs for the spokesperson positions. This correctly reflected the need for each individual to work harder to scrutinise the decision making process.

I was told that decisions on the payment of SRAs are on an individual case by case basis and that the Members Allowance Scheme would need to be amended.

Having to amend the scheme each time there is a different minority group or groups and making the decision on an individual basis feels wrong to me. My opinion is that in addition to the SRAs for the Majority Group and Main Opposition Group, there should be a generic SRA for other minority group leaders and spokespersons. Why would a Labour member be more deserving of an SRA than an Independent, a Green or any other group that may be formed?