

AT A MEETING of the INDEPENDENT REMUNERATION PANEL of the County Council held at The Castle, Winchester on 10 December 2010.

PRESENT:

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

The following officers were in attendance:

Mrs. B Beardwell - Head of Governance
Mr. K. Ridout - Senior Business Manager, BAMS
Mrs A. Hibbert - Group Manager, Budgeting, County Treasurer's Department

Also in attendance for the first part of the meeting was Councillor A. Gibson

1 INTRODUCTIONS

The Head of Governance welcomed the new IRP Members to their first meeting and outlined 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 2011/12, in accordance with Regulation 21 of the Members Allowances Regulations.

2 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 a request by Councillor A. Gibson to attend the meeting and written communications were received from Councillor M. Cooper and jointly by Councillors I. Beagley and R. McIntosh. In Councillor Gibson's case, this related to Members' motor vehicle and bicycle mileage rates and in Councillors Cooper, Beagley and McIntosh case this related to Members' motor vehicle mileage rates. No other submissions or communications had been received.

Councillor A. Gibson made a short presentation to the Panel in his capacity as Cycling Champion of Hampshire County Council. See Appendix 1(a). This recommended an increase in the Members bicycle mileage allowance from 9.5p per mile to instead align with Her Majesty's Revenue and Customs (HMRC) approved rate (currently 20p per mile), and likewise that the Council should adopt the HMRC approved rate, (currently 40p per mile) as the Members motor vehicle mileage rate for all County Councillors. This would replace the existing arrangement which gave Members discretion to claim a motor vehicle

mileage rate not exceeding 53.8p per mile.

The written communication by Councillor M. Cooper (Appendix 1(b) to the Minutes) also supported the proposal of a maximum of 40p per mile motor vehicle rate. However, the joint written communication by Councillors I. Beagley and R. McIntosh (Appendix 1(c) to the Minutes) supported a view that the 40p HMRC approved rate was unrealistic and steadily erodes with time. The communication made in respect of motor vehicle rates requested that the IRP recommendation should be based upon the true costs of running a car.

3 MEMBERS' ALLOWANCES SCHEME 2011/12

The Panel considered the Members' Allowances Scheme for 2011/12 in accordance with Regulation 21 of the Members' Allowances Regulations.

The Panel had before them the current 2010/11 Members' Allowances Scheme. The Head of Governance introduced the item and highlighted those issues raised by the former IRP at last year's meeting. This included the recommendation that the SRA paid to the Chairman of the Pension Fund Panel (£5,793 per annum) should be reviewed in further years if the work of the Pension Fund Panel increased as anticipated. The Panel noted that there had been an increase in the number of Pension Fund Panel meetings and training sessions over the past twelve months. However, they felt this alone was insufficient to make a judgment to increase this SRA. Therefore, the Panel indicated it would be their intention to investigate and obtain more detailed background information so as to enable them to give an informed proposal on this issue, if appropriate, the following year. In the meantime, the Panel considered that there should be no change in the SRA of £5,793 per annum paid to the Chairman of the Pension Fund Panel.

The Panel took this opportunity to confirm its intention to prepare a work programme covering its remaining time in office indicating that they proposed to review all elements of the Members' Allowances Scheme. They made particular mention of their plan to review the SRA paid to the Chairman of the Audit Committee, and a review of SRA's paid to Chairman and Vice-Chairman of Committees. Generally, they also indicated that they wished to establish whether it was appropriate to pay the Independent Appeal Panel member motor vehicle mileage rate at a higher rate of 57.8p per mile.

The Panel went on to consider member mileage rates generally. In respect of the motor vehicle rate, they felt the Council's existing arrangement lacked clarity by giving discretion to Members to claim an amount not exceeding 53.8p per mile. Whilst this arrangement continued, even though the IRP understands that the majority of Members only claim 40p, the public perception could be that Councillors got paid 53.8p per mile. Therefore, the Panel supported

the Council's adoption of the HMRC approved motor vehicle rate (currently 40p per mile). The Panel went on to support an increase in the Member bicycle allowance from 9.5p per mile to the HMRC approved rate (currently 20p per mile). Not only did they feel that this embraced the green agenda and encouraged healthier living, it made an important statement and the increased figure was consistent with a number of other comparative Councils to Hampshire. The Panel went on to discuss motor cycle mileage rates (currently 29.7p per mile) and proposed for consistency, that these allowances should also be aligned with the HMRC approved rates (currently 24p per mile).

The Panel then considered the Basic Allowances and Special Responsibility Allowances for 2011/12. Being mindful of the existing economic climate and the budgetary constraints on public bodies as a result of the Comprehensive Spending Review, and as a consequence the possible change in responsibilities; the Panel proposed that Basic Allowances and SRAs be frozen at existing rates for 2011/12. This was also consistent with the current pay-freeze for staff. Accordingly, the Independent Remuneration Panel **RECOMMEND** the following for the Members' Allowances Scheme 2011/12:

- (a) That Basic Allowances and SRAs be frozen at existing rates from 1 April 2011.
- (b) That the Independent Appeal Panel members motor vehicle allowance (currently 57.8p per mile) be frozen for 2011/12 but that this be investigated further by the IRP during the next twelve months.
- (c) That all mileage rates, with the exception of (b) above, are aligned to HMRC approved levels. These are currently, 20p for bicycles, 24p for motorcycles and 40p for the first 10,000 miles and 25p thereafter for motor car vehicles.

4 **INDEPENDENT REMUNERATION PANEL'S STATEMENT TO MEMBERS' ALLOWANCES SCHEME PANEL**

The Panel have prepared a statement to identify its intended approach to reviewing Members' Allowances and are seeking any comments of the Members' Allowances Scheme Panel in relation to this. The statement reads as follows:

"As a newly appointed IRP, we recognise that the existing Members' Allowance Scheme is fundamentally sound resulting from the work done by our predecessors. We do not therefore propose a major overhaul of the scheme at this stage, but we will seek to progressively review all the elements of the scheme during our term of office.

The new IRP has only been established for a few months; therefore the judgments so far presented are based on such evidence that the Panel

has been able to review and the Minuted views of last January's Members' Allowances Scheme Panel and the County Council's consideration of the item on 18 February 2010. For future reports, the Panel intend to seek first hand evidence of the work of the Members generally, and specifically with respect of those awarded SRAs.

In line with current guidance on corporate governance, the Panel sets down the following basic principles which underpin its recommendations:

- Transparency - recommendations are clear and open to scrutiny;
- Equity - recommendations are fair recognition of the duties and responsibilities of the roles;
- Evidence-based - recommendations are objective and based on the evidence available to the Panel;
- Purpose - recommendations are mindful of the overall purpose of the Members' Allowances Scheme which is to enable a wide range of individuals to serve as Members of HCC and also to recognise the additional responsibilities of those who hold senior office.

As a basis for the IRP recommendations ,we place on record the Panel's understanding of the fundamental elements of the Scheme:

- The Local Authorities' (Members' Allowances) (England) Regulations 2003.
- The role of a County Councillor can be demanding and time consuming and the provision of an adequate allowance should be in place to support a wide range of candidates to stand for and carry out the role of Councillor.
- The allowance should reflect an element of voluntary service.
- The allowance should have regard to the necessary amounts of time spent by Councillors in preparing for and attending 'Council and other meetings, responding to the needs of constituents and community groups and representing their concerns.
- The allowance should be reflective of the skills and anticipated workload required to execute the role and offer commensurate recompense. It should not necessarily be directly linked to the salary scheme of HCC employees.
- SRA's should be paid to recognise the additional demand arising from specific positions such as Leader, Executive Member and

should be fully justified.

The Scheme should therefore be clear, equitable, open to public view and responsive to significant change.

The IRP is conscious of the current economic climate and anticipated austerity measures that may be introduced within the County Council environment. It is mindful that the allowances paid to members not only need to reflect a realistic payment but consideration should be given to what is happening to salaries within the public sector in general and the perception of the public as to how funds raised by taxation are spent. The Authority must therefore remain conscious of reputational risk.

The IRP is aware that central government is re-shaping and decreasing the general level of support given to Local Authorities and that this increases the requirement to manage changing priorities and operate within financial constraint. The County Council is also committed to improving overall efficiency in the delivery of services. Such an operating environment is likely to change the demands placed on the holders of offices of responsibility among the Members.

In order to provide value to the IRP's work in the short timescale available it had sight of a limited benchmarking exercise providing a comparison with two other similar sized County Councils, namely Essex and Kent. This information demonstrates that Hampshire's existing scheme appears competitive in providing value for money regarding Members' allowances.

The IRP proposes to conduct a more detailed review of the Members' Allowances Scheme during the remainder of its term of office and will prepare a work plan with the aid of officers to ensure this is carried out effectively.

The Members' Allowances Scheme Panel is asked to consider and comment on the following approaches to this work:

- For at least one IRP Member to attend at least one committee meeting for each of the committees. This will allow a more comprehensive understanding of the responsibilities required by the Chairman.
- To undertake a trend analysis regarding workload pay rates so as to fully understand where elected members are positioned within the public sector.
- To develop a deeper understanding of the role of the elected member and the input required to effectively fulfil a role.

- To gain a better understanding of the responsibilities of the Chair and Vice-Chairman of Committees.
- To seek out areas where the IRP can add value to the work of the Members' Allowances Scheme Panel”.

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Note to the Remuneration Committee on 10th December 2010

From Councillor A. Gibson

I would like to bring a Personal motion to the Council, in my capacity of Cycling Champion for HCC, to implement the recommendation that your Committee made for cars last year plus an increase in the Bicycle mileage allowance. Both would be set at the HMRC rate. Today the HMRC rates are 40p per mile for cars and 20p for bicycles.

The motion will stipulate the HMRC rate rather than a number.

I am asking for the cycle rate to change because it adds value as follows:-

1. Reduces Carbon Emissions hence our footprint which is a key HCC target.
2. It encourages healthy living and well being
3. It has a positive effect on child obesity because the parental example has a significant impact;
4. The health and well-being principle means that there is likely to be a long term decrease in Adult care.
5. It reduces Employee and Members' expenses and hence has a bottom line effect.

Today HCC gives £10 a month or 10.5p mile to employees where Members receive 9.5p per mile.

We have obtained the following information on cycle allowances paid by other comparative County Council's:-

Essex - 20p per mile
Gloucestershire - 20p per mile
Hertfordshire - 8.5p per mile
Birmingham - 40p per mile
Lancashire - 20p per mile
Northamptonshire - 10p per mile
Oxford - 20p per mile
Staffordshire - 20p per mile
Surrey - 20p per mile
Worcestershire - 7.28p per mile

Note of written communication from Councillor Mark Cooper

Subject: Independent Remuneration Panel

I would hope that the Panel reiterates the point that all County Councillors should not claim more than 40p per mile (i.e. not the option to claim 53.5p) for their travelling expenses.

Best wishes

Mark Cooper

Note of submission by Councillor I. Beagley to the Independent Remuneration Panel - 10 December 2010

Mileage Allowances

As part of your review you will no doubt make proposals regarding the rates of mileage allowance. In past years, the recommendations of the Panels have been rejected because the proposals have always been to adopt the HMRC figure of 40p/mile which is unrealistic and steadily erodes with time. Despite the widespread misunderstanding, the 40p/m figure is not a recommended mileage allowance but merely the figure at which HMRC chooses to level tax on mileage allowances. It is thoroughly out of date, having been in existence at the same level for 19 years. If inflation over that period is applied, then 40p becomes 64p which remarkably is the same figure that the AA calculate to be the cost per mile of running a medium sized car today. But it is not necessary to go back 19 years to discredit the 40p figure. Over the past 15 months, the cost of petrol has risen by 30p per litre and, given that the cost per mile of running a care increases by 1p/mile for every 7p increase on the cost of a litre of petrol, then motoring costs have increased by 4p/mile in that 15 month period. Therefore if 40p were correct 15 months ago then the true figure now should be 44p.

Consequently, any proposal you make must be credible, acceptable and well-founded. It must therefore be based upon the true costs of running a car which increase steadily year on year. For members to have confidence in your recommendations the detailed calculations together with the data base of information used in the calculations should be included in your report. There is no reason why members should accept an artificially low figure and thereby subsidise travel connected with carrying out their duties. The fact that some councils still pay 40p/m is not a valid or persuasive argument.

Cllr Ian Beagley

1 December 2010

I concur with Cllr Beagley's comments, please include in submissions to Panel

Cllr. R. McIntosh