

AT A MEETING of the EMPLOYMENT IN HAMPSHIRE COUNTY COUNCIL COMMITTEE held at The Castle, Winchester on 9 November 2011.

PRESENT:

Chairman:
Councillor T. K. Thornber, CBE

Councillors:

p	C. Carter	a	K. Evans
p	A. P. Collett	p	Felicity Hindson
p	B. D. Dash	p	K. House
p	Dr. R. J. Ellis	p	J.J. Wall

99. APOLOGIES FOR ABSENCE

Apologies were received from Councillor K Evans.

100. DECLARATIONS OF INTEREST

Members were mindful that where they believed they had a personal or prejudicial interest in any matter considered at the meeting declared that interest at the time of the relevant debate and, having regard to the circumstances described in paragraphs 9, 10, 11 and 12 of the County Council's Code of Conduct, considered whether to leave the meeting whilst the matter was discussed, save for exercising any right to speak in accordance with paragraph 12 of the code.

101. MINUTES

The Minutes of the meeting held on 20 July 2011 were confirmed as a correct record and signed by the Chairman.

Matters arising:

In respect of Exempt Minute 97 on premia payments, the Director of Human Resources provided an update to the Committee.

102. CHAIRMAN'S ANNOUNCEMENTS

There were no announcements on this occasion.

103. MEMBERS' ALLOWANCES SCHEME 2012/13

The Committee considered the report of the Chief Executive (Item 5 in the Minute Book) setting out the recommendations of the Independent Remuneration Panel (IRP) in regard to a Members' Allowances

Scheme for 2012/13. The Head of Governance presented the report and expanded on the recommendations resulting from the IRP's meeting on 14 October 2011, a copy of which was appended to the Chief Executive's report.

In considering the IRP's recommendations, the Committee expressed the following views:

Recommendation 2.1: that Basic Allowances and SRA's be frozen at existing rates from 1 April 2012 – the Committee supported this proposal and it was noted that this would be the fourth year that the Cabinet will not have accepted the recommendation of the last IRP of an uplift to the SRA's associated with the Leader and Executive Member positions.

Recommendation 2.2: that no change be made to current member mileage rates which are aligned to HMRC approved levels – the Committee supported this proposal.

Recommendation 2.3: that no SRA be granted to the Leader of the 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 – the Committee supported the IRP's recommendation subject to the proposed amendment that an SRA should only be payable to the Leader of a minority group when it is comprised of 'four' or more Members.

Recommendation 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 – the Committee were of the view that the role of the Chairman of the Pension Fund Panel carried more responsibility than that reflected in the current SRA due to the nature and increasing complexity of the role when combined with the overall decision making authority of the Panel. Similarly the Committee were of the view that the responsibilities attached to the role of Chairman of the Audit Committee had also increased due to heightened governance and risk management requirements. The Committee therefore agreed to refer these particular SRA's back to the IRP for further consideration. Furthermore, the Committee recommended that the IRP interview the Leader of the Council, as a former Chairman of the Pension Fund Panel and the County Treasurer, as the main adviser to the Panel to gain a fuller understanding of the role of Chairman of the Pension Fund Panel. It was requested that the outcome of the IRP's further consideration be concluded by the end of the 2011/12 financial year and reported back to the Committee as soon as practicable thereafter.

Recommendation 2.5: that the Panel continue their review of the SRA's payable to the Chairman and Vice-Chairman of Committees – the Committee supported this proposal.

Recommendation 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 Committee were supportive of this proposal subject to the amendment that the Chief Executive should not be required to specifically authorise political group meetings but that he should be 'notified' of any additional political group meetings. The Committee were also of the view that the number of political group meetings in respect of which travel allowances be claimed should be a maximum of 11 per year. The purpose of political group meetings was to define and/or take a view on County Council policy therefore the Committee considered that the payment of travel allowances associated with political group meetings, in line with the maximum number of meetings defined above, was reasonable.

In conclusion the Committee thanked the IRP for its recommendations and requested it be recorded that, as a matter of principle, elected Members do not wish to be treated any more favourably than employees of the County Council.

RESOLVED:

That the Committee recommends to the County Council that approval be given to a Members' Allowances Scheme 2012/13, which takes into account the recommendations of the Independent Remuneration Panel and subject to the amendments to those recommendations agreed by the EHCC Committee, together with the views expressed as detailed above.

104. **LOCAL GOVERNMENT PENSION SCHEME (LGPS) – GOVERNMENT CONSULTATION ON INCREASES TO EMPLOYEE CONTRIBUTION RATES AND CHANGES TO SCHEME ACCRUAL RATES**

Councillors Collett, House, Hindson and Wall declared a personal interest as a member of the Local Government Pension Scheme.

The Committee considered the report of the County Treasurer (Item 6 in the Minute book) outlining the proposals contained in the Government's consultation on changes to the LGPS. The report also outlined the issues that could be taken into account in the County Council's final response. In presenting the report, the County Treasurer highlighted the complex nature of the consultation; confirmed that the consultation did not take into account the recommendations

arising from Lord Hutton's Independent Public Service Pensions Commission Review, and summarised the salient points of the consultation. The County Treasurer particularly drew Members attention to the Government's proposals for achieving savings of £900m and their proposals for employee contribution bands, as set out in section 3 of the report. The County Treasurer confirmed that the County Council has two responsibilities: one as an employer, and the other as the administrators of the Hampshire Pension Fund. A suggested response was set out in paragraph 10.2 of the report, that the £900m savings required by the Government could be met by worsening the accrual rate from 1/60th to 1/70th, with no increases in employee contribution rates. It was felt that this approach would have the following benefits:

- employees' pay would be unaffected
- the level of opt-outs by employees from the LGPS should be reduced
- the risk of industrial action might be reduced
- the proposals are easier to understand and simpler to administer

Paragraph 10.3 set out further proposals that the change of accrual rate to 1/70th could be implemented in 2013/14 so that the full saving of £900m could be achieved in that year or alternatively could be phased over three financial years 2012/13, 2013/14, and 2014/15, which would spread the impact on employers.

The Director of Human Resources reported that from an industrial relations perspective, the Government's latest offer had gone further than Trade Unions had expected. However, although discussions had moved forward significantly the Trade Unions did not feel that the current offer went far enough.

In closing, the County Treasurer reported on the outcome of the Pension Fund Panel's consideration of the consultation. The Pension Fund Panel expressed a strong view that employees who are members of the LGPS should have the following choice:

- a) accepting the proposal set out in paragraph 10.2 of the report, i.e. change the accrual rate from 1/60th to 1/70th with no increases in employee contribution rates, or
- b) retain the current accrual rate of 1/60th and pay higher contribution rates

In considering the report the Committee sought clarification on the implications of offering the choice set out above in terms of internal operation of the LGPS and what the position would be for new entrants to the LGPS. The County Treasurer responded that offering a choice would make the operation of the LGPS more complex and work would need to be undertaken by her staff to look at the logistics of such for

the County Council. In regard to the second point, if the Committee were supportive of offering a choice, the County Treasurer suggested that new entrants to the LGPS would join on the 1/70th accrual rate.

In conclusion the Committee considered that they were mindful of the strong views expressed by the Pension Fund Panel that the County Council's response to the consultation should be on the basis of existing LGPS members having the choice of moving to the 1/70th accrual rate or retaining the 1/60th rate, and a further proposal that new entrants to the LGPS would join on the 1/70th accrual rate. However they had concerns regarding the complexities and administration of that approach and therefore favoured the proposed option of increasing the accrual rate from 1/60th to 1/70th as presenting the most viable solution.

RESOLVED:

- i) from the point of view of an employer in the Hampshire Pension Fund that the alternative approach of meeting all the required savings of £900m by worsening the accrual rate, as set out in paragraphs 10.2 and 10.3 of the report be agreed; and
- ii) that a full response to the Government's consultation be prepared reflecting the views expressed by the Committee, as set out above.

105. ***INTERNSHIPS PLUS: THE NEW SPECIALLY SUPPORTED APPRENTICESHIP SCHEME FOR CARE LEAVERS – PROGRESS REPORT***

The Committee considered the report of the Director of Human Resources (Item 7 in the Minute book) providing an update on progress with the Scheme since the last progress report in July 2011. In presenting the report, the Director reported that 11 out of 19 young people had begun work in roles within administration and catering and as drivers' and fitters' mates. Of the remaining eight, two young people had made other career choices, with the others requiring either more preparation to be ready for work or awaiting resolution of issues in their personal circumstances. The remaining eight will be able to join the next intake of apprentices if they are ready to do so; to date, in the region of a further 30 young people had expressed an interest in being included in the Scheme. The Director was also pleased to report that there had been very positive interest in the Scheme from other local authorities and from the local press together with BBC Radio Solent.

The Director highlighted that two areas of challenge stood out thus far:

- operating the Scheme is labour intensive however, this will improve in time as the organisation learns more about running such a Scheme; and

- need to have as flexible an approach as possible regarding the management of the Scheme

In closing, the Director highlighted that attention would be given in the coming months as to how to assist the apprentices into employment having completed the Scheme.

In considering the report, the Committee welcomed the excellent progress made to date and noted that recruitment and attendance so far had exceeded all expectations. They were also pleased to note that Ofsted, in their recent assessment of Children's Services, had commented very favourably on the Scheme.

Resolved:

- a) That the progress made in developing and implementing *Internships Plus* be noted and that thanks be extended to all County Council staff involved in Internships Plus, and to the University of Winchester for its commitment to the Scheme.
- b) That the Internships Plus initiative be added to the Members Briefing Programme to provide the opportunity of sharing progress of the Scheme with all County Council Members.

106. **REMOVAL OF THE DEFAULT RETIREMENT AGE**

The Committee considered the report of the Director of Human Resources (Item 8 in the Minute book) setting out the options available to the County Council in respect of an Employer Justified Retirement Age (EJRA) following the removal of the default retirement age (DRA) from 1 October 2011. In presenting the report, the Head of Workforce Projects, Planning & Remuneration highlighted the main points in the report and gave a brief summary of the benefits and risks associated with each of the options presented in the report.

In considering the report, the Committee expressed the importance of achieving a balance between supporting staff who may wish to work longer and supporting career progression/succession planning throughout the organisation. The Director confirmed that the organisation was encouraging the development of more generic skills rather than an individual staying in a particular specialism together with a range of flexible working opportunities which may be attractive to longer-serving staff. This approach provides for personal development opportunities; for staff to become multi-skilled and to be able to work flexibly, all of which support job enrichment.

Resolved:

That the Committee approved the recommended option not to retain a retirement age or have a blanket policy on retirement.

107. **GOVERNANCE ARRANGEMENTS FOR PAY – APPROACH AND PROCESSES**

The Committee considered the report of the Director of Human Resources (Item 9 in the Minute Book) which responded to the Committee's request, at its July meeting, to provide benchmarking information from comparator authorities regarding the approach and processes applied in deciding the remuneration of Chief Officers.

In presenting the report, the Director highlighted that benchmarking had been undertaken against seven other County Councils, the outcome of which was that Hampshire County Council's processes and approaches applied in deciding the remuneration of Chief Officers were not dissimilar. The Director drew Members attention to paragraph 3.5.2 detailing that the Joint Negotiating Committee for Local Authority Chief Executives had set up a working group to produce joint guidance on best practice in setting, monitoring and reporting on reward packages for senior officers in local government based on the recommendations of the Hutton report on Fair Pay.

The EHCC Committee welcomed the comparative work that had been carried out and

Resolved:

That the findings set out in the report be noted.