

**HAMPSHIRE COUNTY COUNCIL****Decision Report**

<b>Decision Maker:</b>	Employment in Hampshire County Council
<b>Date:</b>	31 October 2012
<b>Title:</b>	Members' Allowances Scheme 2013/14
<b>Reference:</b>	4397
<b>Report From:</b>	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. The Members' Allowances Scheme also includes provisions in respect of eligibility for Members' Pensions.
- 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 19 September 2012. Minutes of the IRP meeting, together with submissions made to the IRP and the recommendations of the IRP are attached at Annex A, Annex 1A and Annex B to this report.

## 2. Contextual information

### Recommendations of the Independent Remuneration Panel

#### Members Allowances Scheme 2013/14

##### 2.1 That the Basic Allowance and SRA's be increased in line with any nationally agreed pay awards for staff (if any) from 1 April 2013

Members will recall that both basic allowances and special responsibility allowances (SRA's) for the year 2011/12 and 2012/13 were frozen in 2011 and in 2012 by the County Council at existing rates from 1 April 2011, in accordance each year with the recommendations of the IRP and the pay freeze for staff. The recommendation of the IRP for 2013/14 is that, should there be any pay award for staff from 1 April 2013, allowances for Members should be increased in line with such pay award. Otherwise there should be no change to these Allowances.

##### 2.2 That no change be made to the existing SRA's paid to the Chairman of the Pension Fund Panel and Chairman of Audit Committee

SRA's in the sum of £5,793 are currently payable to the Chairman of the Pension Fund Panel and the Chairman of Audit Committee. The IRP declared its intention at its meeting on 10 December 2010 to review both SRA's, against a background of increased workload and governance requirements.

The view of the IRP at its meeting on 14 October 2011 was that whilst the volume of work of the Pension Fund had increased in recent years, there was no change in the responsibilities of the Chairman of the Pension Fund Panel, and therefore there should be no change with regard to the SRA payable to this position.

The view of the IRP also 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 responsibility 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 following year.

These matter was considered by Members of the Employment in Hampshire County Council (EHCC Committee) at its meeting on 9 November 2011. The view of the EHCC Committee was 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 EHCC Committee were of the view that the responsibilities attached to the role of the Chairman of Audit Committee had also increased due to heightened governance and risk management requirement. The EHCC Committee therefore also asked that these particular SRA's be referred back to the IRP for further consideration. Furthermore, the EHCC 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 main advisor to the Panel, to gain a fuller understanding of the role of the Chairman of Pension Fund Panel.

The view of the IRP at its meeting on 19 September 2012 was that whilst acknowledging that the size of the Pension Fund and the Pension Fund Panel itself had increased and that the work was more complex as a result the impact of changes in the financial world, the IRP felt that such changes constituted a workload quantity increase rather than an increase in responsibility for the Chairman of the Pension Fund Panel, and on that basis did not believe there should be a change to the SRA.

The IRP compared the role of the Chairman of the Pension Fund Panel with the role of the Chairman of Audit Committee, and again felt that whilst the work of the Audit Committee had changed due to external factors resulting in an increased workload, the responsibilities of the Chairman of Audit Committee had not changed, and that therefore there should be no change in the SRA.

### **2.3 That no change be made to the existing SRA's paid to Vice-Chairmen of Committees**

The IRP agreed that the role of Vice-Chairman of Committees was significant and valuable and should generally be recognised by an SRA. The IRP reported that they had attended and observed several Committee meetings, and concluded that the amount of work undertaken by Vice-Chairmen during meetings varied across Committees. The IRP was therefore of the view that greater clarity was required around the role of Vice-Chairman to support the reasons for an SRA.

In discussing the role of Vice-Chairmen generally, the IRP felt that it should be a development role; to be responsible in the absence of the Chairman, along with other responsibilities to be defined to enhance the role.

The IRP went on to discuss the clarity of responsibilities of Chairmen and Vice-Chairmen generally and suggested that role profile/terms of reference be established to inform parties of what was expected. This would also allow comparisons for setting of SRA's in the future.

Members of EHCC Committee will of course be aware that so far as

Committees of the County Council are concerned, the terms of reference of

Committees of the County Council for which SRA's are payable are set out in the Constitution.

#### **2.4 That no change be made to arrangements for Members' Pensions**

The IRP noted the different regulations covering governing pensions for Officers and Members, and having reviewed the arrangements recommended no changes in respect of eligibility for Members' pensions.

#### **2.5 That a Special Responsibility Allowance at a nominal sum of £200, plus expenses, be paid to Police and Crime Panel Independent Co-opted Members, and that it be reviewed within the year**

As Members of EHCC Committee will be aware the Police Reform and Social Responsibility Act 2011 ('the Police Reform Act') introduces changes to the arrangements for governance of the Police Service. In November 2012, Police Authorities will be abolished and replaced by a Police and Crime Commissioner for each Policing Area. The Police Reform Act also requires Local Authorities for each Policing Area to establish a Police and Crime Panel ('Police and Crime Panel') to review and scrutinise the Commissioner's actions and decisions with a view to supporting the work of the Commissioner. It is anticipated that the Police and Crime Panel will meet four times a year. It is a statutory requirement that a minimum of two Co-opted Independent Members be appointed to the Police and Crime Panel, who cannot be Members of Local Authorities within the Hampshire Policing Area. A recruitment process for Co-opted Members has been undertaken, and two suitable candidates appointed. A copy of the required competences, personal skills and qualities for Co-opted Members for Hampshire Police and Crime Panel considered by the Members' Selection Panel is attached at Appendix B for ease of reference.

The Police Reform Act provides that Police and Crime Panel arrangements may make provision about the payment of allowances to Members of the Police and Crime Panel. So far as Local Authority Members go, no Basic Allowances or SRA's are payable since Police and Crime Panel Members will be in receipt of allowances from their appointing Authority. The case of Co-opted Independent Members is however different to that of elected Members appointed to the Police and Crime Panel, in that Co-opted Members are not elected Members of a Local Authority and therefore do not receive a Basic Allowance.

In considering the matter the IRP felt that they had insufficient information to fully understand the role of Police and Crime Panel Independent Co-opted Members. The Panel was however of the view that Police and Crime Panel Independent Co-opted Members must be entitled to reimbursement of reasonable expenses and should also receive an allowance. The IRP were advised that an allowance of £675 per annum was previously paid to

Independent Members of Standards Committee, and was currently payable to

Independent Co-opted Members of the Children and Young People Select (Overview and Scrutiny) Committee and also to Independent Persons appointed by the County Council under the Localism Act 2011. Whilst noting these arrangements, the IRP felt that all allowances should be considered on their own merits and it was too early for them to make a specific recommendation, and that if needs be having reviewed the allowance once more detail with regard to the requirements and commitments of the post were known, it felt that a higher allowance was suitable, this could be backdated accordingly.

## **2.6 Special Responsibility Allowances generally**

In considering SRAs, the Panel were of the view that clarity of responsibilities generally was required and suggested that role profiles/terms of reference should be further developed to inform all parties of what was expected. This would also allow comparisons for the setting of SRAs in the future.

## **3. Information**

- 3.1 The Members' Allowances Scheme 2013/14 will be considered by the County Council at its meeting on 21 February 2013.

## **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 2013/14, 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 2012/13	3420	9 November 2011
Members' Allowances Scheme 2011/12	2557	25 January 2011
Members' Allowances Scheme 2010/11	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.

**Annex A**

AT A MEETING of the INDEPENDENT REMUNERATION PANEL of the County Council held at The Castle, Winchester on 19 September 2012.

**PRESENT:**

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

The following officers were in attendance:

B. Beardwell - Head of Governance

J. Weeks - Business Advice and Member Support

**1. APOLOGIES FOR ABSENCE**

None.

**2. DECLARATIONS OF INTEREST**

None.

**3. CHAIRMAN'S COMMUNICATIONS**

Members of the Panel had attended a number of meetings and briefings over the past year and expressed thanks to Members, Officers and support staff for their constructive responses to the Panel's questions and observations. This assistance had enabled the Panel to get a fuller understanding of Members roles, responsibilities, workloads and Terms of Reference. The Panel had requested meetings with the Executive Member leading the Review of Governance Models and with the Chairman of the Member Development Group. The meetings had been most helpful in understanding potential changes to the governance structure of the County Council and the arrangements for member development.

The Head of Governance briefed the Panel on the latest position regarding the review of governance models. The Panel felt that if a new system of governance was recommended, it would present an opportunity for a review of the Members' Allowances Scheme. The Head of Governance undertook to brief the Panel on any potential changes to the governance model at the appropriate stage of the process. The Head of Governance also confirmed that should there be any changes to the County Council's governance arrangements in 2013/14, then the Independent Remuneration Panel (IRP) would be asked to make its recommendations on any consequential changes to the Members' Allowances Scheme.

#### 4. **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 Panel at this meeting. As a result there had been a written communication from Councillor C. Leversha (Appendix 1 to the Minutes).

Panel Members indicated that they had attended the most recent meeting of the Health Overview and Scrutiny Committee (HOSC) and a post-meeting discussion with the HOSC Chairman, Vice-Chairman and support officers. The Panel noted the difference between the HOSC and other Select Committees and could therefore endorse the higher level of Special Responsibility Allowance (SRA) for the Chairman of the HOSC.

The Panel requested again that Members be asked to make comments and requests to it earlier in the year to allow more time for full consideration.

#### 5. **MEMBERS' ALLOWANCES SCHEME 2013/14**

The Panel considered the Members' Allowances Scheme for 2013/14 in accordance with Regulation 21 of the Members' Allowances Regulations.

##### Basic Allowance and Special Responsibility Allowances

The Panel recognises the overall public sensitivity to the issue of Members' Allowances at a time of public spending restraint and has worked to the principle that, wherever possible, arrangements for Members should be harmonised with the conditions applying to Hampshire County Council employees.

The Panel noted that the basic allowance had been frozen for the past two years. The Panel had received information from the Director of Corporate Resources stating that a 1% increase for staff salaries would be included in the County Council's budget for 2013/14 and therefore, the Panel felt that should a staff pay award be agreed the basic allowance for Members and SRAs should be increased in line with the nationally agreed pay award for staff.

##### Special Responsibility Allowance – Chairman of the Pension Fund Panel and Chairman of the Audit Committee

The Panel acknowledged the increase in the size of the Pension Fund Panel and the pension fund itself. However, the Panel felt that this was a workload quantity increase rather than any substantial increase in responsibility for the Chairman, and on that basis did not believe that the SRA should be changed. The Panel also compared the role of the

Chairman of the Pension Fund Panel with the role of the Chairman of the Audit Committee and felt that although both the Panel and Committee had changed due to external factors with increased workloads, the responsibilities of the Chairman had not changed significantly. It concluded that both roles had similar responsibilities and did not believe that one deserved a higher SRA than the other.

#### Special Responsibility Allowance – Vice-Chairmen of Committees

The Panel agreed that the role of Vice-Chairman was potentially significant and valuable as a member of the team managing a Committee. The Panel had attended and observed several committee meetings and concluded that the amount of work undertaken by Vice-Chairmen during meetings varied across committees. Therefore, the Panel suggested that greater clarity was required around the role of Vice-Chairman to support the reasons for a SRA.

In discussing the role of Vice-Chairman generally, the IRP considered that the payment of an SRA should be conditional on it being a development role; to be responsible in the absence of the Chairman, along with other responsibilities to be defined to enhance the role.

#### Special Responsibility Allowances generally

The Panel went on to discuss the clarity of responsibilities generally and suggested that role profiles/terms of reference should be further developed to inform all parties of what was expected. This would also allow comparisons for setting of SRAs in the future.

#### Members Pensions

The Panel noted the different Regulations governing pensions for Officers and Members and therefore having reviewed the arrangements recommended no changes.

#### Special Responsibility Allowance – Police and Crime Panel Independent Co-opted Members

The Panel was disappointed at the short timescale it was given to consider an appropriate allowance for independent co-opted members of the Police and Crime Panel and following a lengthy discussion concluded that there was insufficient information to fully understand the role of the co-opted members. However, the Panel was of the view that the independent co-opted members must be entitled to reimbursement of reasonable expenses and should also receive an allowance. The Panel agreed that once terms of reference for the co-opted members were established, the Panel would review the responsibilities and recommend an appropriate SRA, and suggested that a nominal figure of £200 be applied in the interim.

### Recommendations

Accordingly, the Independent Remuneration Panel **RECOMMEND** the following for the Members' Allowances Scheme 2013/14:

- (a) That the Basic Allowance and SRA's be increased in line with any Hampshire County Council agreed pay award for staff (if any) from 1 April 2013;
- (b) That no change be made to the existing SRA paid to the Chairman of the Pension Fund Panel and Chairman of Audit Committee;
- (c) That no change be made to the existing SRAs paid to Vice-Chairmen of Committees;
- (d) That no change be made to arrangements for Members' pensions;
- (e) That a Special Responsibility Allowance at a nominal sum of £200, plus expenses, be paid to the Police and Crime Panel Independent Co-opted Members and that it be reviewed within the year; and
- (f) With regard to special responsibilities allowances generally that role profiles/terms of reference be further developed as part of the preparation for the new Administration following the County Council's elections in 2013.

**Note to the Independent Remuneration Panel on 19 September 2012****From Councillor Carol Leversha**

Would you please be kind enough to bring to the attention of the Panel the huge responsibility and amount of work undertaken by the Chairman and Vice-Chairman of the Health Overview and Scrutiny Committee (HOSC), which I do not believe is adequately remunerated.

I am not 100% sure whether the Panel Members interview the HOSC Chairman as they do the Select Committee Chairmen; if they do then they will be aware of the workload, but just in case I am making sure it is highlighted.

**Annex B****Require Competencies, personal skills and qualities for co-opted independent members for Hampshire Police and Crime Panel****1. Who is eligible to be co-opted as an independent member?**

- 1.1 Candidates must be at least 18 years old.
- 1.2 Candidates must live or work in the Hampshire area.
- 1.3 Candidates must not be:
  - (a) the Police and Crime Commissioner for Hampshire;
  - (b) a member of the staff of the Police and Crime Commissioner for Hampshire;
  - (c) a police officer/member of the civilian staff of Hampshire Constabulary;
  - (d) a police officer/member of Hampshire Constabulary;
  - (e) a member of Basingstoke and Deane Borough Council, East Hampshire District Council, Eastleigh Borough Council, Fareham Borough Council, Gosport Borough Council, Hampshire County Council, Hart District Council, Havant Borough Council, Isle of Wight Council, New Forest District Council, Portsmouth City Council, Rushmoor Borough Council, Southampton City Council, Test Valley Borough Council or Winchester City Council; or
  - (f) a Member of Parliament, the National Assembly for Wales, the Scottish Parliament or the European Parliament.

**2. Skills and Competencies of Co-opted Independent Members**

- 2.1 The skills and competencies sought in a co-opted independent member are as follows:-
  - (a) The ability to think strategically: to have breadth of vision – to rise above detail and to see problems and issues from a wider, forward-looking perspective;
  - (b) The ability to make good judgements: to take a balanced, open-minded and objective approach;
  - (c) The ability to be open to change: to be able to challenge accepted views constructively without confrontation, and to recognise and respond positively to the need for change;

- (d) The ability to scrutinise and challenge constructively: using appropriate data, evidence and resources;
- (e) The ability to be analytical: to interpret and question complex written material and identify the salient points; and
- (f) The ability to communicate effectively: both verbally and in writing and to interact with other members of the Panel, the Police and Crime Commissioner and the public.

2.2 The personal skills and qualities sought in a co-opted member are as follows:-

- (a) Team working: the ability to play an effective role in meetings through listening, persuading and showing respect for the views of others;
- (b) Self-confidence: the skill to challenge accepted views constructively without becoming confrontational;
- (c) Enthusiasm and drive: the ability to be proactive in seeking out learning and developmental opportunities to enhance knowledge and understanding (for example, on financial matters and statutory requirements);
- (d) Respect for others: the capacity to treat all people fairly and with respect, to value diversity and respond sensitively to difference;
- (e) High standards of personal integrity: the necessity to embrace high standards of conduct and ethics and be committed to upholding human rights and equality of opportunity for all;
- (f) Decisiveness: the ability to show resilience even in challenging circumstances, remaining calm and confident and able to make difficult decisions; and
- (g) A keen interest in police and crime standards.

### **3. General**

- 3.1 The law requires that the Panel, when co-opting independent members, must ensure (as far as reasonably practicable) that the members of the Panel have the skills, knowledge and experience necessary for the Panel to discharge its functions effectively.
- 3.2 In completing the application form, candidates should state what experience they have of applying the skills and competencies set out in section 2 above. In addition, candidates should state what experience (if any) they have of being a member of a committee.

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