

REPORT OF THE  
Chief Executive  
PART I

**55. AMENDMENT TO MEMBERS' ALLOWANCES SCHEME 2013/14 AND MEMBERS' ALLOWANCES SCHEME 2014/15, 2015/16, 2016/17 AND 2017/18**

1. The legislative framework governing the payment of Members' Allowances is set out in the Local Authorities (Members' Allowances) (England) Regulations 2003 (as amended) ('the Members' Allowances Regulations').

2. Under the provisions of the Members' Allowances Regulations, the County Council is required to make a scheme ('Members' Allowances Scheme') for the payment of Members' Allowances each year. A Members' Allowances Scheme needs to make provision for Basic Allowances, Special Responsibility Allowances ('SRA's'), Dependents' Carers Allowances, Travelling and Subsistence Allowances and Co-optees' Allowances.

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 23 September 2013.

4. The Employment in Hampshire County Council ('EHCC') Committee met on 12 November 2013 to consider the recommendations of the IRP, and to make recommendations to the County Council in respect of amendment to the Members' Allowances Scheme for 2013/14 and the Members' Allowances Scheme for 2014/15. A copy of the Report considered by the EHCC Committee is attached as Appendix One to this Report. Minutes of the IRP meeting, and the recommendations of the IRP are attached at Annex 1 to the EHCC Report.

5. At the Meeting of the EHCC Committee on 12 November 2013 it was agreed that an informal Member Working Group, comprising senior members of each party, would be convened in order to further consider a number of points discussed at the EHCC Meeting.

This Report contains a summary of the EHCC Committee's consideration of the IRP's recommendations and suggestions of the Members' Working Group.

**Amendment to Members' Allowances Scheme 2013/14**

6. The EHCC Committee considered the Report of the Chief Executive regarding amendment to the Members' Allowances Scheme for 2013/14.

7. The Head of Governance advised that by virtue of the framework of the Members' Allowances Regulations, before the County Council can make or amend a Members' Allowances Scheme, it was required to have regard to any recommendations made in relation to it by an Independent Remuneration Panel. In this regard the EHCC Committee had, as part of the Chief Executive's Report, the Minutes of the IRP Meeting on 23 September 2013, together with the recommendation of the IRP.

8. The recommendation of the IRP in relation to amendment to the Members' Allowances Scheme 2013/14 is set out below, together with the EHCC and Members Working Group's view and conclusions on the recommendation.

### **Recommendation of the IRP**

9. That an SRA be payable to Minority Group Spokespersons represented on those Committees of the Council in respect of which the current Liberal Democrat Minority Group Spokespersons' allowances are payable, calculated at 20% of the SRA payable to Executive Members (currently £17,379 thus £3,476) when a Minority Group comprises of eight or more Members plus £100 per member of the Group, and that the change in SRA's payable in this regard be backdated to 6 May 2013. Further, that the SRA's currently payable to Liberal Democrat Minority Group Spokespersons be recalculated accordingly from the date of any amendment of the Members' Allowances Scheme by the County Council.

### **Consideration of IRP Recommendations**

10. Consideration of amendment to the Members' Allowances Scheme 2013/2014 is required in consequence of the revised political make-up of the County Council, following the County Council elections in May 2013. Should the IRP recommendation be agreed this would mean an increase in respect of the number of posts on the County Council in respect of which an SRA is payable from 37 to 44. The Head of Governance has confirmed that there is no reason in law why the County Council may not accept the recommendation of the IRP, but this would mean the County Council moving away from its self-adopted '50 per cent rule', last confirmed in 2008 when there were three political groups on the County Council, restricting SRA's to no more than 50 per cent of Members on the Council. Members of the EHCC Committee were mindful of advice from the Head of Governance that local authorities should give careful consideration regarding the additional roles of Members, and the significance of these roles in terms of responsibility and real time commitment, as to how many posts on the Council should attract an SRA. Whilst being supportive of the spirit of the IRP recommendation Members of the EHCC Committee were concerned, given the financially constrained climate in which the Council was operating, that there should be no increase in the overall cost of Members' Allowances.

11. The EHCC Committee felt that further work should be carried out by an informal Members' Working Group with representation from all Political Groups, to consider suggestions made around the recommendation of the IRP and the consequential impact on the 50 per cent rule if the recommendation were agreed, and how to stay within the existing cost envelope for Members' Allowances. Members of the EHCC Committee were firmly of the view that whatever, if any, amendment to the Members' Allowances Scheme were made, there should be no increase overall in the cost of the Members' Allowances Scheme.

12. Subsequent to the EHCC Meeting, an informal Members' Working Group was convened by the Chief Executive, and a number of options discussed. In conclusion the Members' Working Group were of the view that the recommendation of the IRP should be agreed, but that the cost of the additional SRA's should be offset by

an agreement to freeze all Members' Allowances (Basic Allowances and SRA's) at their existing level for a further four years, as referred to in more detail at paragraphs 15 to 17 of this Report.

### **Members' Allowances Scheme 2014/15, 2015/16, 2016/17 and 2017/18**

13. The recommendations of the IRP are set out below, together with the EHCC and Members Working Groups view and conclusions on the recommendations.

#### **Recommendation of the IRP**

14. That the Basic Allowance and Special Responsibility Allowances payable to Members be increased in line with any nationally agreed pay award for staff (if any) from 1 April 2014.

The EHCC Committee was of the view that given the current challenging economic environment in which the County Council was operating, it would not be appropriate for Members to receive an increase in Basic Allowances or SRA's regardless of the outcome of national negotiations in regard to staff pay for the year 2014-15. The EHCC Committee did not therefore support the recommendation of the IRP, and were of the view that Basic Allowances and SRA's should remain unchanged and continue to be paid at existing rates.

#### **Annual Adjustment of Allowance levels**

15. Under the provisions of the Members' Allowances Regulations, it is possible for the County Council to make a scheme for an annual adjustment of allowances to be ascertained by reference to an index specified by the County Council. Should the proposal of the Members' Working Group be agreed this would mean the County Council adopting a nil inflation index for the Members' Allowances Schemes 2014/15, 2015/16, 2016/17, and 2017/18. Members will recall that both Basic Allowances and SRA's for the years 2010/11, 2011/12, 2012/13, and 2013/14 were frozen by the County Council at the Members' Allowances Scheme rates for the year 2009/10. Thus, taking into account the existing decisions of the County Council regarding these previous years, the consequence of the proposal means that there would be no increase in existing Members' Allowances, both Basic Allowances and SRA's for eight years.

#### **Finance**

16. The current cost of the Members' Allowances Scheme for 2013/14 (Basic Allowances and SRA's) is £1,291,955. Should the IRP Proposal be accepted in respect of amendment to the Members' Allowances Scheme 2013/14, this would mean an increase in the overall cost of the Scheme in the sum of £26,306, or, 2%. This will be funded from the Corporate Pay Contingency in line with normal practice.

17. The proposal is then to freeze Members Allowances until and including the financial year 2017/18, overall this will result in a saving of £25,270 over the four year period when compared to a public sector pay award cap at 1% and a saving of £185,328 when compared to anticipated inflation of 2.2%.

## **RECOMMENDATIONS**

That the County Council:

- (a) Approve the IRP proposal set out at Paragraph 9 of this Report regarding amendment to the Members' Allowances Scheme for 2013/14 in respect of Minority Group Spokespersons' Allowances.
  
- (b) Approve a Members' Allowances Scheme for the years 2014/15, 2015/16, 2016/17 and 2017/18, whereby existing Basic Allowances and SRA's continue to be frozen at existing rates.

## HAMPSHIRE COUNTY COUNCIL

### Decision Report

<b>Decision Maker:</b>	Employment in Hampshire County Council
<b>Date:</b>	12 November 2013
<b>Title:</b>	Amendment to Members' Allowances Scheme 2013/14 and Members' Allowances Scheme 2014/15
<b>Reference:</b>	5313
<b>Report From:</b>	Director of Corporate Services – Policy and Governance

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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. Once a Members' Allowance Scheme is made for any year it may be amended during the year in question in accordance with the Members' Allowances Regulations. It is also possible under the Members' Allowances Regulations for any amendment to the Members' Allowances Scheme to be backdated to the beginning of the financial year in which any such amendment is made.
- 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 23 September 2013. Minutes of the IRP meeting, and the recommendations of the IRP are attached at Annex 1 to this report.

## 2. Contextual information

### 2.1. Amendment to Members' Allowances Scheme 2013/14

Consideration of amendment to the Members' Allowances Scheme 2013/14 is required in consequence of the revised political make up of the County Council, following the County Council elections in May 2013.

#### 2.1.1 Recommendation of the Independent Remuneration Panel

- (a) That an SRA be payable to Minority Group Spokespersons represented on those Committees of the Council in respect of which the current Liberal Democrat Minority Group Spokespersons allowances are payable, calculated at 20% of the SRA payable to Executive Members (currently £17,379 thus £3,476), when a Minority Group comprises of eight or more Members plus £100 per member of the Group, and that the change in SRA's payable in this regard be backdated to 6 May 2013. Further, that the SRA's currently payable to Liberal Democrat Minority Group Spokespersons be recalculated accordingly from the date of any amendment of the Members' Allowances Scheme by the County Council.**

SRA's for Minority Political Group Spokespersons (at the time Liberal Democrat and Labour) were determined by the County Council in 2002. In 2002 the Liberal Democrat Group comprised 19 members, and the Labour Group nine members. The amount payable was a standard allowance of £5,000 per annum for Liberal Democrat Group Spokespersons and £2,500 per annum for Labour Group Spokespersons. Following the County Council elections in 2009 Labour ceased to be represented as a political group on the County Council, and therefore SRA's in respect of Minority Spokespersons for this group ceased to be payable.

The IRP indicated that they supported the principle of an SRA for Minority Political Group Spokespersons represented on the County Council, subject to a minority group comprising a minimum number of eight or more members. Recognising that the composition of political groups represented on the County Council might change from time to time, and that there might be other minority groups in the future, the IRP were of the view that SRA's for Minority Group Spokespersons should be calculated by means of a formula, in the same way SRA's for Minority Group Leaders are calculated by reference to a formula. In this way the amount of any SRA's payable could be readily adjusted in the future in the event of any change in the political make up of the County Council. The IRP considered that an appropriate amount of an SRA for minority group spokespersons was 20% of the SRA payable to Executive Members, plus £100 per member of the Minority Political Group in question, and that any change be backdated to 6 May 2013, being the date members of the new County Council took up office.

Should the recommendation of the IRP be accepted this would mean that an SRA was payable in respect of forty five posts on the County Council. Members will be aware that currently the County Council has adopted a '50% rule', whereby SRA's are restricted to no more than 50% of members

of the County Council. This is however a self imposed rule not a legal rule, although Statutory Guidance does advise that Local Authorities should give careful consideration in terms of responsibility and real time commitment as to how many posts on the Council should attract an SRA. At the time the 50% rule was adopted there were three political groups represented on the County Council. Following the 2013 elections there are now five political groups, with minority political groups representing a substantial part of the County Council's electorate. There is no legal reason why the 50% rule could not be modified to take account of the new make up of the County Council and the consequential responsibilities and real time commitments of spokespersons of minority political groups now represented on the County Council, should the County Council consider it appropriate to do so.

## 2.2 **Members Allowances Scheme 2014/15**

### 2.2.1 **Recommendations of the Independent Remuneration Panel**

- (a) **That the Basic Allowance and Special Responsibility Allowances payable to Members be increased in line with any nationally agreed pay award for staff (if any) from 1 April 2014.**

Members will recall that, notwithstanding the recommendation of the IRP on the Members' Allowances Scheme 2013/14 that allowances for Members should be increased with any pay award for staff, the County Council determined at its meeting in February 2013 that basic allowances and SRA's for Members should be frozen at existing rates from 1 April 2013. Whilst noting the decision of the County Council to continue to freeze Members' Allowances for 2013/14, the IRP were of the view that for 2014/15 allowances for Members should be increased in line with any nationally agreed pay award for staff (if any) from 1 April 2014.

- (b) **That no change be made to the existing Special Responsibility Allowance payable to the Chairman of the Pension Fund Panel.**

The amount of the SRA payable to the Chairman of the Pension Fund Panel was last considered by the EHCC Committee at its meeting on 31 October 2012. The view of the EHCC Committee was that due to the nature and increasing complexity of the role when combined with the overall decision making authority of the Panel, the role of the Chairman of the Pension Panel carried more responsibility than that reflected in the current SRA. Whilst accepting the recommendation of the IRP that there should be no change in the amount of SRA in respect of the post of Chairman of the Pension Fund Panel payable, the EHCC Committee asked that the IRP consider this further for 2014/15, and in particular look at comparator County Councils and the SRA payable by other Councils for this or a similar position.

The IRP reported at its meeting on 19 September 2013 that they had carried out their research in this regard, and that the view of the IRP was that the SRA currently payable to the Chairman of the Pension Fund Panel was in line with SRA's payable in comparator authorities, and therefore there should be no change in the amount payable.

**Information**

Amendments to the Members' Allowances Scheme for 2013/14, and the Members' Allowances Scheme 2014/15, will be considered by the County Council at its meeting on 20 February 2014.

**Recommendation**

That the Employment in Hampshire County Council Committee ('the EHCC') recommend to the County Council that approval be given to amendment to the existing Members Allowances Scheme for 2013/14, and a Members' Allowances Scheme 2014/2015, which takes into account the recommendations of the Independent Remuneration Panel, and the views of the EHCC.

**CORPORATE OR LEGAL INFORMATION:**

**Links to the Corporate Strategy**

**This proposal does not link to the Corporate Strategy but, nevertheless, requires a decision because of the requirements of the Members' Allowances Regulations.**

**Other Significant Links**

<b>Links to previous Member decisions:</b>		
<u>Title</u>	<u>Reference</u>	<u>Date</u>
Members' Allowances Scheme 2013/14 – County Council	4734	21 February 2013
Members' Allowances Scheme 2012/13 – County Council	3720	23 February 2012
Members' Allowances Scheme 2011/12 – County Council	2697	24 February 2011
<b>Direct links to specific legislation or Government Directives</b>		
<u>Title</u>	<u>Date</u>	
Local Government and Housing Act	1989	
The Local Authorities (Members' Allowances) (England) Regulations	2003	

**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.)**

Document

Location

None

## **IMPACT ASSESSMENTS:**

### **1. Equalities Impact Assessment:**

Equality objectives have been considered and no adverse impact identified.

### **Impact on Crime and Disorder:**

These proposals will have no impact on crime and disorder.

### **Climate Change:**

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

No impact has been identified.

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

No specific measures have been identified.

AT A MEETING of the INDEPENDENT REMUNERATION PANEL of the County Council held at The Castle, Winchester on 23 September 2013

**PRESENT:**

Roger Farrall (Chairman), Julia Abbott; David Heck and Richard Kinch

The following officers were in attendance:

Barbara Beardwell – Head of Governance  
Debbie Vaughan – Head of Democratic and Member Services

**1. APOLOGIES FOR ABSENCE**

None.

**2. DECLARATIONS OF INTEREST**

None.

**3. INTRODUCTION**

The Head of Governance welcomed the IRP 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.

**4. CHAIRMAN'S COMMUNICATIONS**

The Chairman reported that Members of the Panel had attended a number of meetings over the past year and spoken with Chairman and Vice-Chairman of Committees, political group Leaders, individual Councillors, the Chief Executive and the Director of Corporate Resources; comparator research with other County Councils had also been undertaken. The aim of the Panel was to reach transparent recommendations which were evidence based.

The Chairman extended thanks to all Members, officers and support staff for their constructive responses to the Panel's questions and observations.

**5. COUNTY COUNCILLORS OR CO-OPTED MEMBER COMMENTS**

The Panel was advised that County Councillors and Co-opted Members had been invited to either attend or make any comments to the Panel at this meeting. As a result no comments had been received. The following County Councillors were in attendance: Ray Finch, Keith House, Chris Lagdon and Andy Moore.

6. **AMENDMENTS TO THE MEMBERS' ALLOWANCES SCHEME 2013/14**

The Head of Governance advised the Panel that following the County Council's elections in May 2013 and the change of political composition, the Panel could consider if any changes were required to the current Members' Allowances Scheme for 2013/14, in accordance with Regulation 21 of the Members' Allowances Regulations.

Special Responsibility Allowance ('SRA') for Minority Group Spokespersons:

The Panel considered the payment of SRAs to Minority Group Spokespersons in light of the change of political composition following the County Council's elections in May and the increased number of political groups on the Council. Prior to the County Council's Elections, the Liberal Democrat Group was the main opposition group and provision was included in the Members' Allowances Scheme to pay an SRA to Minority Group Spokespersons in that Group.

Following discussion the Panel concluded that a formula, similar to that applied to the payment of SRAs for Minority Group Leaders, should also be applied to the payment of SRAs to Minority Group Spokesperson. The Panel proposed that the SRA should be calculated at 20% of the SRA payable to Executive Members (currently £17,379 thus £3,476), when a Minority Group comprises of eight or more Members plus £100 per member of the Group, and as such would apply to the Liberal Democratic Group and UK Independence Group on the County Council. The Panel also concluded that the Minority Group Spokespersons SRA paid to Members of the Liberal Democrat Group should be recalculated accordingly. Furthermore, the Panel proposed that the changes in this regard be backdated to the date Members officially took up their post, on 6 May 2013.

The Councillors in attendance were invited by the Chairman to speak; they thanked the Panel for their careful deliberations in regard to this matter and felt that the Panel's conclusion was a fair and equitable one.

Accordingly, the Independent Remuneration Panel **RECOMMEND:**

That an SRA be payable to Minority Group Spokespersons represented on those Committees of the Council in respect of which the current Liberal Democrat Minority Group Spokespersons allowances are payable, calculated at 20% of the SRA payable to Executive Members (currently £17,379 thus £3,476), when a Minority Group comprises of eight or more Members plus £100 per member of the Group, and that the change in SRA's payable in this regard be backdated to 6 May 2013. Further, that the SRA's currently payable to Liberal Democrat Minority Group Spokespersons be recalculated accordingly from the date of any amendment of the Members' Allowances Scheme by the County Council.

## 7. MEMBERS' ALLOWANCES SCHEME 2014/15

The Panel considered the Members' Allowances Scheme for 2014/15 in accordance with Regulation 21 of the Members' Allowances Regulations.

### Basic Allowance and SRAs

The Panel had previously recommended for the 2013/14 Scheme that Members should receive the same award (if any) as staff, but noted that the Council had decided to reject this recommendation and determined instead that there should be no increase in allowances for Members in 2013/14. The Panel had continued to work to the principle that, wherever possible, arrangements for Members should be harmonised with the conditions applying to Hampshire County Council employees. The Panel were therefore of the view that should a pay award be agreed nationally for staff, the basic allowance and SRAs for Members should be increased in line with that pay award from 1 April 2014.

### Special Responsibility Allowance – Chairman of the Pension Fund Panel

The Panel had been requested by the Employment in Hampshire County Council Committee to look at comparator County Councils in regard to the SRA paid to the Chairman of the Pension Fund Panel. The Panel had carried out this research and had found that the County Council's SRA stood up well against that of other County Councils.

In conclusion, the Panel recognised the diversity and complexity of the Pension Fund Panel but were of the view that there should be no increase to the SRA currently paid to the Chairman of the Pension Fund Panel.

Accordingly, the Independent Remuneration Panel **RECOMMEND** the following for the Members' Allowances Scheme 2014/15:

- (a) That the Basic Allowance and Special Responsibility Allowances payable to Members be increased in line with any nationally agreed pay award for staff (if any) from 1 April 2014.
- (b) That no change be made to the existing Special Responsibility Allowance payable to the Chairman of the Pension Fund Panel.

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