



ADUR & WORTHING
C O U N C I L S

18 November 2019

Joint Governance Committee

Date:	26 November 2019
Time:	6.30 pm
Venue:	Gordon Room, Worthing Town Hall

Committee Membership:

Adur District Council: Councillors; Kevin Boram (Adur Chairman), David Balfe, Andy McGregor, Barry Mear, Ann Bridges, Brian Coomber, Debs Stainforth and Paul Mansfield

Worthing Borough Council: Councillors; Lionel Harman (Worthing Chairman), Louise Murphy (Worthing Vice-Chairman), Tim Wills, Mike Barrett, Steve Waight, Steve Wills, Rebecca Cooper and Bob Smytherman

Agenda

Part A

1. Substitute Members

Any substitute members should declare their substitution.

2. Declarations of Interest

Members and officers must declare any disclosable pecuniary interests in relation to any business on the agenda. Declarations should also be made at any stage such an interest becomes apparent during the meeting.

If in doubt contact the Legal or Democratic Services representative for this meeting.

3. Minutes

To approve the minutes of the Joint Governance Committee meeting held on 24 September 2019 and the Joint Governance Sub-Committee meeting held on 4 November 2019, copies of which have been previously circulated.

4. Public Question Time

To receive any questions from members of the public.

In order for the Committee to provide the fullest answer, questions from the public should be submitted by **noon on Friday 22 November 2019**.

Where relevant notice of a question has not been given, the person presiding may either choose to give a response at the meeting or respond by undertaking to provide a written response within three working days.

Questions should be submitted to Democratic Services,
democratic.services@adur-worthing.gov.uk

(Note: Public Question Time will operate for a maximum of 30 minutes)

5. Items Raised under Urgency Provisions

To consider any items the Chairman of the meeting considers to be urgent.

6. Mid Year Review of Treasury Management 2019-20, Adur District Council and Worthing Borough Council (Pages 1 - 22)

To consider a report from the Director for Digital & Resources, copies attached as item 6.

7. Governance Arrangements for Charitable Trusts in Adur and Worthing (Pages 23 - 36)

To consider a report by the s151 Officer and the Monitoring Officer, copy attached as item 7.

8. Standards in Public Life (Pages 37 - 44)

To consider a report by the Solicitor to the Council and Monitoring Officer, copy attached as item 8.

9. Scheme of Allowances for Adur District Council 2020/21 - 2024/25 (Pages 45 - 58)

To consider a report by the Director for Communities, copy attached as item 9.

10. Scheme of Allowances for Worthing Borough Council 2020/21 - 2024/25 (Pages 59 - 70)

To consider a report by the Director for Communities, copy attached as item 10.

11. Referral of Motion on Notice from Worthing Borough Council (Pages 71 - 74)

To consider a report by the Director for Communities, copy attached as item 11.

Part B Exempt Reports - Not for Publication

None.

Recording of this meeting

The Council will be voice recording the meeting, including public question time. The recording will be available on the Council's website as soon as practicable after the meeting. The Council will not be recording any discussions in Part B of the agenda (where the press and public have been excluded).

For Democratic Services enquiries relating to this meeting please contact:	For Legal Services enquiries relating to this meeting please contact:
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Duration of the Meeting: Four hours after the commencement of the meeting the Chairperson will adjourn the meeting to consider if it wishes to continue. A vote will be taken and a simple majority in favour will be necessary for the meeting to continue.

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ADUR & WORTHING
COUNCILS

Joint Governance Committee
26 November, 2019
Agenda Item 6

Joint Strategic Committee
3 December, 2019
Agenda Item xx

Key Decision : No
Ward(s) Affected:

MID YEAR REVIEW OF TREASURY MANAGEMENT 2019-20, ADUR DISTRICT COUNCIL AND WORTHING BOROUGH COUNCIL

REPORT BY THE DIRECTOR FOR DIGITAL AND RESOURCES

EXECUTIVE SUMMARY

1. PURPOSE

- 1.1 This report asks Members to note the Treasury Management mid-year performance for Adur and Worthing Councils at the 30 September 2019, as required by regulations issued under the Local Government Act 2003.

2. RECOMMENDATIONS

- 2.1 The Joint Governance Committee is recommended to:
- i) note this report and refer any comments or suggestions to the Joint Strategic Committee meeting on the 3rd December 2019.
 - ii) to note the proposed amendment of the Treasury Management Strategy Statement and the Annual Investment Strategy to remove the limitation on investments in Money Market Funds of £5m or 30% of investments for more than a week (see paragraph 6.4).
- 2.3 The Joint Strategic Committee is recommended to note this report and to recommend to Adur and Worthing Councils the approval of the proposed amendment of the Treasury Management Strategy Statement as set out in paragraph 6.4

3. CONTEXT

3.1 This report summarises the treasury management activities and portfolio for both Adur and Worthing Councils for the half year to 30 September 2019.

3.2 This is one of 3 treasury management reports that are required to be presented during the financial year (see Para. 4.1.3).

3.3 Capital Strategy

In December 2017, the Chartered Institute of Public Finance and Accountancy, (CIPFA), issued revised Prudential and Treasury Management Codes. As from 2019/20, all local authorities have been required to prepare a Capital Strategy which is intended to provide the following: -

- a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

A report setting out our Capital Strategy was approved by the full Councils on 18th July 2019 (Adur) and 23rd July 2019 (Worthing).

3.4 Treasury Management

The Councils operate balanced budgets, which broadly means cash raised during the year will meet their cash expenditure. Part of the treasury management operation is to ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.

The second main function of the treasury management service is the funding of the Councils' capital plans. These capital plans provide a guide to the borrowing need of the Councils, essentially the longer term cash flow planning to ensure the Councils can meet their capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.

Accordingly, treasury management is defined as:

“The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

3.5 The Councils' Treasury Management Strategy and Annual Investment Strategy place the security of investments as foremost in considering all treasury management dealing. By so doing it contributes towards the Councils' priorities set out in Platforms for our Places.

4. ISSUES FOR CONSIDERATION

- 4.1 This report has been written in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Treasury Management (revised 2017).

The primary requirements of the Code are as follows:

1. Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Councils' treasury management activities.
2. Creation and maintenance of Treasury Management Practices which set out the manner in which the Councils will seek to achieve those policies and objectives.
3. Receipt by the full Councils of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Mid-year Review Report and an Annual Report (stewardship report) covering activities during the previous year.
4. Delegation by the Councils of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
5. Delegation by the Councils of the role of scrutiny of treasury management strategy and policies to a specific named body. For these Councils the delegated bodies are the Joint Governance Committee and the Joint Strategic Committee.

- 4.2 This mid-year report has been prepared in compliance with CIPFA's Code of Practice on Treasury Management, and covers the following:

- An economic update for the first part of the 2019/20 financial year;
- A review of the Treasury Management Strategy Statement and Annual Investment Strategy;
- The Councils' capital expenditure, as set out in the Capital Strategy, and prudential indicators;
- A review of the Councils' investment portfolios for 2019/20;
- A review of the Councils' borrowing strategy for 2019/20;
- A review of any debt rescheduling undertaken during 2019/20;
- A review of compliance with Treasury and Prudential Limits for 2019/20.

5. THE ECONOMY AND INTEREST RATES

*The following commentary has been supplied by **Link Asset Services Ltd**, the professional consultants for the Councils' shared treasury management services provider. The context is significant as it describes the backdrop against which treasury management activity has been undertaken during the year.*

5.1 Economics update

- 5.1.1 **UK.** This first half year has been a time of upheaval on the political front as Theresa May resigned as Prime Minister to be replaced by Boris Johnson on a platform of the UK leaving the EU on or 31 October, with or without a deal. However, in September, his proroguing of Parliament was overturned by the Supreme Court and Parliament carried a bill to delay Brexit until 31 January 2020 if there is no deal by 31 October. MPs also voted down holding a general election before 31 October, though the date has now been set for the 12th December 2019. So far, there has been no majority of MPs for any one option to move forward on enabling Brexit to be implemented. At the time of writing the whole Brexit situation is highly fluid and could change radically by the day. Given these circumstances and the imminent general election, any interest rate forecasts are subject to material change as the situation evolves. If the UK does soon achieve a deal on Brexit agreed with the EU then it is possible that growth could recover relatively quickly.
- 5.1.2 The MPC could then need to address the issue of whether to **raise Bank Rate** at some point in the coming year when there is little slack left in the labour market; this could cause wage inflation to accelerate which would then feed through into general inflation. On the other hand, if there was a no deal Brexit and there was a significant level of disruption to the economy, then growth could weaken even further than currently and the MPC would be likely to cut Bank Rate in order to support growth. However, with Bank Rate still only at 0.75%, it has relatively little room to make a big impact and the MPC would probably suggest that it would be up to the Chancellor to provide help to support growth by way of a fiscal boost by e.g. tax cuts, increases in the annual expenditure budgets of government departments and services and expenditure on infrastructure projects, to boost the economy.
- 5.1.3 The first half of 2019/20 has seen UK **economic growth** fall as Brexit uncertainty took a toll. In its Inflation Report of 1 August, the Bank of England was notably downbeat about the outlook for both the UK and major world economies. The MPC meeting of 19 September re-emphasised their concern about the downturn in world growth and also expressed concern that prolonged Brexit uncertainty would contribute to a build-up of spare capacity in the UK economy, especially in the context of a downturn in world growth. This mirrored investor concerns around the world which are now expecting a significant downturn or possibly even a recession in some major developed economies. It was therefore no surprise that the Monetary Policy Committee (MPC) left Bank Rate unchanged at 0.75% throughout 2019, so far, and is expected to hold off on changes until there is some clarity on what is going to happen over Brexit. However, it is also worth noting that the new Prime Minister is making some significant promises on various spending commitments and a relaxation in the austerity programme. This will provide some support to the economy and, conversely, take some pressure off the MPC to cut Bank Rate to support growth.

- 5.1.4 As for **inflation** itself, CPI has been hovering around the Bank of England's target of 2% during 2019, but fell to 1.7% in August. It is likely to remain close to 2% over the next two years and so it does not pose any immediate concern to the MPC at the current time. However, if there was a no deal Brexit, inflation could rise towards 4%, primarily as a result of imported inflation on the back of a weakening pound.
- 5.1.5 With regard to the **labour market**, despite the contraction in quarterly GDP growth of -0.2% q/q, (+1.3% y/y), in quarter 2, employment continued to rise, but at only a muted rate of 31,000 in the three months to July after having risen by no less than 115,000 in quarter 2 itself: the latter figure, in particular, suggests that firms are preparing to expand output and suggests there could be a return to positive growth in quarter 3. Unemployment continued at a 44 year low of 3.8% on the Independent Labour Organisation measure in July and the participation rate of 76.1% achieved a new all-time high. Job vacancies fell for a seventh consecutive month after having previously hit record levels. However, with unemployment continuing to fall, this month by 11,000, employers will still be having difficulty filling job vacancies with suitable staff. It was therefore unsurprising that wage inflation picked up to a high point of 3.9% in June before easing back slightly to 3.8% in July, (3 month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 2.1%. As the UK economy is very much services sector driven, an increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. The latest GDP statistics also included a revision of the savings ratio from 4.1% to 6.4% which provides reassurance that consumers' balance sheets are not over stretched and so will be able to support growth going forward. This would then mean that the MPC will need to consider carefully at what point to take action to raise Bank Rate if there is an agreed Brexit deal, as the recent pick-up in wage costs is consistent with a rise in core services inflation to more than 4% in 2020.
- 5.1.6 In the **political arena**, the general election could result in a potential loosening of monetary policy and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up although, conversely, a weak international backdrop could provide further support for low yielding government bonds and gilts.

5.2 Interest rate forecasts

- 5.2.1 The Council's treasury advisor, Link Asset Services, has provided the following forecast, which includes the recent increase in margin over gilt yields of 100bps.

Link Asset Services Interest Rate View										
	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.25
3 Month LIBID	0.70	0.70	0.70	0.80	0.90	1.00	1.00	1.00	1.10	1.20
6 Month LIBID	0.80	0.80	0.80	0.90	1.00	1.10	1.10	1.20	1.30	1.40
12 Month LIBID	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.40	1.50	1.60
5yr PWLB Rate	2.30	2.50	2.60	2.70	2.70	2.80	2.90	3.00	3.00	3.10
10yr PWLB Rate	2.60	2.80	2.90	3.00	3.00	3.10	3.20	3.30	3.30	3.40
25yr PWLB Rate	3.30	3.40	3.50	3.60	3.70	3.70	3.80	3.90	4.00	4.00
50yr PWLB Rate	3.20	3.30	3.40	3.50	3.60	3.60	3.70	3.80	3.90	3.90

The above forecasts have been based on an assumption that there is some sort of muddle through to an agreed deal on Brexit at some point in time. Given the current level of uncertainties, this is a huge assumption and so forecasts may need to be materially reassessed in the light of events over the next few weeks or months.

It has been little surprise that the Monetary Policy Committee (MPC) has left Bank Rate unchanged at 0.75% so far in 2019 due to the ongoing uncertainty over Brexit. In its meeting on 1 August, the MPC became more dovish as it was more concerned about the outlook for both the global and domestic economies. That's shown in the policy statement, based on an assumption that there is an agreed deal on Brexit, where the suggestion that rates would need to rise at a "gradual pace and to a limited extent" is now also conditional on "some recovery in global growth". Brexit uncertainty has had a dampening effect on UK GDP growth in 2019, especially around mid-year. If there were a no deal Brexit, then it is likely that there will be a cut or cuts in Bank Rate to help support economic growth. The September MPC meeting sounded even more concern about world growth and the effect that prolonged Brexit uncertainty is likely to have on growth.

5.2.2 Bond yields / PWLB rates. There has been much speculation recently that we are currently in a bond market bubble. However, given the context that there are heightened expectations that the US could be heading for a recession, and a general background of a downturn in world economic growth, together with inflation generally at low levels in most countries and expected to remain subdued, conditions are ripe for low bond yields. While inflation targeting by the major central banks has been successful over the last thirty years in lowering inflation expectations, the real equilibrium rate for central rates has fallen considerably due to the high level of borrowing by consumers: this means that central banks do not need to raise rates as much now to have a major impact on consumer spending, inflation, etc. This has pulled down the overall level of interest rates and bond yields in financial markets over the last thirty years. We have therefore seen over the last year, many bond yields up to ten years in the Eurozone actually turn negative. In addition, there has, at times, been an inversion of bond yields in the US whereby ten year yields have fallen below shorter term yields. In the past, this has been a precursor of a recession. The other side of this coin is that bond prices are elevated as investors would be expected to be moving out of riskier assets i.e. shares, in anticipation of a downturn in corporate earnings and so selling out of equities. However, stock markets are also currently at high levels as some investors have focused on chasing returns in the context of dismal ultra-low interest rates on cash deposits.

5.2.3 What we saw during the last half year up to 30 September is a near halving of longer term PWLB rates to completely unprecedented historic low levels. (See paragraph 4.2.1 for comments on the increase in margin over gilt yields of 100bps introduced on 9.10.19.) There is though, an expectation that financial markets have gone too far in their fears about the degree of the downturn in US and world growth. If, as expected, the US only suffers a mild downturn in growth, bond markets in the US are likely to sell off and that would be expected to put upward pressure on bond yields, not only in the US, but due to a correlation between US treasuries and UK gilts, which at various times has been strong but at other times weaker, in the UK. However, forecasting the timing of this and how strong the correlation is likely to be, is very difficult to forecast with any degree of confidence.

5.2.4 One potential danger that may be lurking in investor minds is that Japan has become mired in a twenty year bog of failing to get economic growth and inflation up off the floor, despite a combination of massive monetary and fiscal stimulus by both the central bank and government. Investors could be fretting that this condition might become contagious.

5.2.5 Another danger is that unconventional monetary policy post 2008, (ultra-low interest rates plus quantitative easing), may end up doing more harm than good through prolonged use. Low interest rates have encouraged a debt fuelled boom which now makes it harder for economies to raise interest rates. Negative interest rates could damage the profitability of commercial banks and so impair their ability to lend and / or push them into riskier lending. Banks could also end up holding large amounts of their government's bonds and so create a potential doom loop. (A doom loop would occur where the credit rating of the debt of a nation was downgraded which would cause bond prices to fall, causing losses on debt portfolios held by banks and insurers, so reducing their capital and forcing them to sell bonds – which, in turn, would cause further falls in their prices etc.). In addition, the financial viability of pension funds could be damaged by low yields on holdings of bonds.

5.3 Economic risks

5.3.1 The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably to the downside due to the weight of all the uncertainties over Brexit, as well as a softening global economic picture.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates are broadly similarly to the downside.

One risk that is both an upside and downside risk is that all central banks are now working in very different economic conditions than before the 2008 financial crash. There has been a major increase in consumer and other debt due to the exceptionally low levels of borrowing rates that have prevailed for eleven years since 2008. This means that the neutral rate of interest in an economy, (i.e. the rate that is neither expansionary nor deflationary), is difficult to determine definitively in this new environment, although central banks have made statements that they expect it to be much lower than before 2008. Central banks could, therefore, over or under-do increases in central interest rates.

5.3.2 Downside risks to current forecasts for UK gilt yields and PWLB rates include:

- **Brexit** – if it were to cause significant economic disruption and a major downturn in the rate of growth. **Bank of England** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the **Eurozone sovereign debt crisis**. In 2018, Italy was a major concern due to having a populist coalition government which made a lot of anti-austerity and anti-EU noise. However, in September 2019 there was a major change in the coalition governing Italy which has brought to power a much more EU friendly government; this has eased the pressure on Italian bonds. Only time will tell whether this new unlikely alliance of two very different parties will endure.

- Weak capitalisation of some **European banks**, particularly Italian banks.
- **German minority government.** In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. Then in October 2018, the results of the Bavarian and Hesse state elections radically undermined the SPD party and showed a sharp fall in support for the CDU. As a result, the SPD had a major internal debate as to whether it could continue to support a coalition that is so damaging to its electoral popularity. After the result of the Hesse state election, Angela Merkel announced that she would not stand for re-election as CDU party leader at her party's convention in December 2018. However, this makes little practical difference as she has continued as Chancellor, though more recently concerns have arisen over her health.
- **Other minority EU governments.** Austria, Sweden, Spain, Portugal, Netherlands and Belgium all have vulnerable minority governments dependent on coalitions which could prove fragile.
- **Italy, Austria, the Czech Republic and Hungary** now form a strongly anti-immigration bloc within the EU. There has also been rising anti-immigration sentiment in Germany and France.
- There are concerns around the level of **US corporate debt** which has swollen massively during the period of low borrowing rates in order to finance mergers and acquisitions. This has resulted in the debt of many large corporations being downgraded to a BBB credit rating, close to junk status. Indeed, 48% of total investment grade corporate debt is rated at BBB. If such corporations fail to generate profits and cash flow to reduce their debt levels as expected, this could tip their debt into junk ratings which will increase their cost of financing and further negatively impact profits and cash flow.
- **Geopolitical risks**, for example in North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

5.3.3 Upside risks to current forecasts for UK gilt yields and PWLB rates

- **Brexit** – if agreement was reached all round that removed all threats of economic and political disruption between the EU and the UK.
- **The Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- **UK inflation**, whether domestically generated or imported, returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

6. TREASURY MANAGEMENT STRATEGY STATEMENT and ANNUAL INVESTMENT STRATEGY UPDATE

- 6.1 The Treasury Management Strategy Statement (TMSS) for 2019/20 was approved by the Joint Governance Committee on the 22nd January 2019 and by Adur Council on 28th February 2019 and by Worthing Council on 26th February 2019.

6.2 Changes to Worthing Borough Council's prudential indicators

6.2.1 On the 23rd April 2019 Worthing Council approved the amendment of the TMSS to increase the Operational Boundary and the Authorised Limit by £25m to accommodate the increase in the commercial property investment fund.

6.2.2 On the 23rd July 2019 Worthing Council approved the amendment of the TMSS to permit a loan of £5m to the Greater Brighton Metropolitan College. The Council agreed to add the College to the approved investments list, to increase the Operational and Authorised Boundaries by £5m and to amend the Minimum Revenue Provision appropriately.

6.2.3 Consequently the limits have been revised as follows:

Worthing Council's amended Operational Boundary & Authorised Limit

Prudential Indicators	Original £m	Revised £m
Authorised Limit	126.0	156.0
Operational Boundary	121.0	151.0

6.3 Changes to Adur District Council's prudential indicators

On the 25th April 2019 Adur Council approved the amendment of the TMSS to increase the Operational Boundary and the Authorised Limit by £25m to accommodate the increase in the commercial property investment fund. As a consequence of this change the limits have been amended as follows:

Adur District Council amended Operational Boundary & Authorised Limit

Prudential Indicators	Original £m	Revised £m
Authorised Limit	171.0	196.0
Operational Boundary	167.0	192.0

6.4 Money Market Fund Limits

The approved Strategy contains a limit for each Council of £5m or 30% of investments to be placed in Money Market Funds for more than 7 days. The purpose of the limit is to ensure that the Councils do not leave funds in the money markets when they could be invested for longer periods at higher rates with other institutions. However, this limit has been breached on more than one occasion since April due to:

- a) the current policy of using some internal borrowing rather than external borrowing, which results in much lower investment balances;

- b) the change in payment dates for precepts to West Sussex County Council and the PCC in 2019-20, so that the periods between the dates for receipt of Council Tax and Business Rates and precept dates are sometimes longer than in previous years which means the Council can be left with significant sums for more than 7 days;
- c) Money Market Fund rates are often higher than rates available for 3-6 month investments.

The Chief Financial Officer and the Treasury Officers meet weekly to review the cash flows and longer term investments are made wherever possible. It is recommended that the limits on Money Market Fund investments are removed and use of these funds is left to the discretion of the CFO.

7. THE COUNCILS' CAPITAL POSITION (PRUDENTIAL INDICATORS)

This part of the report is structured to update:

- The Councils' capital expenditure plans
- How these plans are being financed
- The impact of the changes in the capital expenditure plans on the prudential indicators and the underlying need to borrow
- Compliance with the limits in place for borrowing activity

7.1 Prudential Indicator for Capital Expenditure

These tables show the revised estimates for capital expenditure and the changes since the capital programme was agreed at the Budget.

Adur District Council

	2019/20 Original Estimate	Actual at 30 Sept 2019	2019/20 Revised Estimate
	£m	£m	£m
HRA	8.420	2.483	6.793
Non HRA	3.304	4.472	9.237
Commercial property	18.228	22.028	49.868
Total capital expenditure	29.952	28.983	65.898

The change in the Adur revised capital expenditure estimate is due mainly to:

- HRA: reprofiling of major works contracts due to the increased priority of fire and other health and safety works
- Non HRA: re-profiling of budgets from 2018/19
- the addition of new schemes which have previously been reported to and approved by JSC
- an agreed increase in the commercial property strategy budget

Worthing Borough Council

	2019/20 Original Estimate	Actual at 30 Sept 2019	2019/20 Revised Estimate
	£m	£m	£m
Non HRA	7.749	4.397	17.319
Commercial property	16.835	33.346	50.304
Total capital expenditure	24.584	37.743	67.623

The increase in the Worthing revised capital expenditure estimate is due mainly to:

- reprofiling of budgets from 2018/19
- the addition of new schemes which have previously been reported to and approved by JSC
- an agreed increase in the commercial property strategy budget

7.2 Changes to the Financing of the Capital Programme

The tables below draw together the main strategy elements of the capital expenditure plans (above), highlighting the original supported and unsupported elements of the capital programme, and the expected financing arrangements of this capital expenditure.

The borrowing element of the tables increases the underlying indebtedness of the Councils by way of the Capital Financing Requirement (CFR), although this will be reduced in part by revenue charges for the repayment of debt (the Minimum Revenue Provision). This direct borrowing need may also be supplemented by maturing debt and other treasury requirements.

Adur District Council

	2019/20 Original Estimate	2019/20 Revised Estimate
	£m	£m
Total Capital Expenditure	29.952	65.898
Financed by:		
Capital receipts	1.870	1.951
Capital Grants & contributions	1.491	6.036
Reserves & revenue contributions	4.482	3.447
Total financing	7.843	11.434
Borrowing requirement	22.109	54.464

Worthing Borough Council

	2019/20 Original Estimate	2019/20 Revised Estimate
	£m	£m
Total Capital Expenditure	24.584	67.623
Financed by:		
Capital receipts	1.000	0.503
Capital grants & contributions	1.706	2.280
Reserves & revenue contributions	0.210	0.270
Total financing	2.916	3.053
Borrowing requirement	21.668	64.570

7.3 Changes to the Prudential Indicators for the Capital Financing Requirement (CFR), External Debt and the Operational Boundary

The tables below show the CFR, which is the underlying external need to incur borrowing for a capital purpose. The tables also show the expected debt position over the period. "Other long term liabilities" includes finance leases, although the Councils do not currently have any finance leases.

Prudential Indicator - Capital Financing Requirement

As explained above, the capital expenditure forecasts have increased and therefore the CFR forecasts have also increased.

Prudential Indicator - the Operational Boundary for external debt

Adur District Council

	2019/20 Original Estimate	Actual at 30 Sept 2019	2019/20 Revised Estimate
	£m	£m	£m
Prudential Indicator			
Capital Financing Requirement			
CFR - HRA	62.473	60.103	60.630
CFR - Non-HRA	28.279	25.424	28.458
CFR – Commercial activities	74.025	59.717	87.285
Total CFR	164.777	145.244	176.373
Net movement in CFR	20.294	21.994	53.123
	Operational Boundary	Actual Debt	Operational Boundary
Borrowing	166.000	139.547	191.000
Other long term liabilities	1.000	0.000	1.000
Total debt	167.000	139.547	192.000

Worthing Borough Council

	2019/20 Original Estimate	Actual at 30 Sept 2019	2019/20 Revised Estimate
	£m	£m	£m
Prudential Indicator			
Capital Financing Requirement			
CFR – Non-HRA	54.916	46.810	57.429
CFR - Commercial activities	61.478	59.846	76.609
Total CFR	116.394	106.656	134.038
Net movement in CFR	19.981	35.982	63.364
	Operational Boundary	Actual Debt	Operational Boundary
Borrowing re Worthing Homes	10.000	10.000	10.000
Borrowing re GB Met	0.000	0.000	5.000
Other Borrowing	110.000	89.742	135.000
Other long term liabilities	1.000	0.000	1.000
Total debt	121.000	99.742	151.000

7.4 Limits to Borrowing Activity: CFR and debt

The first key control over the treasury activity is a prudential indicator to ensure that over the medium term, net borrowing (borrowings less investments) will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2019/20 and the next two financial years. This allows some flexibility for limited early borrowing for future years. The Councils have approved a policy for borrowing in advance of need which will be adhered to if this proves prudent. The Chief Financial Officer reports that no difficulties are envisaged for the current or future years in complying with this prudential indicator.

Adur District Council

	2019/20 Original Estimate	Actual at 30 Sept 2019	2019/20 Revised Estimate
	£m	£m	£m
Borrowing	158.735	139.547	167.398
Other long term liabilities	0.000	0.000	0.000
Total debt	158.735	139.547	167.398
CFR	164.777	145.244	176.373

Worthing Borough Council

	2019/20 Original Estimate	Actual at 30 Sept 2019	2019/20 Revised Estimate
	£m	£m	£m
Borrowing	113.280	99.742	124.676
Other long term liabilities	0.000	0.000	0.000
Total debt	113.280	99.742	124.676
CFR	116.394	106.656	134.038

7.5 Limits to Borrowing Activity: Authorised Limit and debt

A further prudential indicator controls the overall level of borrowing. This is the Authorised Limit which represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

Adur District Council

	2019/20 Original Indicator	Actual debt at 30 Sept 2019	2019/20 Revised Indicator
Authorised Limit for external debt	£m	£m	£m
Borrowing	170.000	139.547	195.000
Other long term liabilities	1.000	0.000	1.000
Total	171.000	139.547	196.000

Worthing Borough Council

	2019/20 Original Indicator	Actual debt at 30 Sept 2019	2019/20 Revised Indicator
Authorised Limit for external debt	£m	£m	£m
Borrowing re Worthing Homes and GB Met	10.000	10.000	15.000
Other Borrowing	115.000	89.742	140.000
Other long term liabilities	1.000	0.000	1.000
Total	126.000	99.742	156.000

8 INVESTMENT PORTFOLIO 2019/20

8.1 Investment performance – Adur District Council

In accordance with the Code, it is the Councils' priority to ensure security of capital and liquidity, and to obtain an appropriate level of return which is consistent with the Councils' risk appetite. As shown by forecasts in section 5.2, it is a very difficult investment market in terms of earning the level of interest rates commonly seen in previous decades as rates are very low and in line with the current 0.75% Bank Rate. The continuing potential for a re-emergence of a Eurozone sovereign debt crisis, and its impact on banks, prompts a low risk and short term strategy. Given this risk environment and the fact that increases in Bank Rate are likely to be gradual and unlikely to return to the levels seen in previous decades, investment returns are likely to remain low.

Adur District Council held £14.665m of investments for varying durations as at 30 September 2019, (£10.6m at 31 March 2019) and the investment portfolio yield for the first 6 months of the year is 0.94% p.a. against benchmark rates of 0.83% for 12 month deposits and 0.73% for 6 month deposits (supplied by Link Asset Services). This rate excludes the investment in the Local Authorities' Property Fund, which returned 4.2% p.a. over the 6 months. The investment in that fund was increased from £1m to £3m at the end of April

2019. The portfolio is shown below. Adur District Council's budgeted investment return for 2019/20 for both the General Fund and the HRA is £268k and the current forecast will result in an under achievement of about £53k, due to poor interest rates available in the market and the use of internal borrowing to fund capital projects. This strategy results in a saving in the interest payable budget which is currently expected to underspend by £125,000 by the year end.

Investment portfolio – Adur District Council

Counterparty	Issue Date	Maturity Date	Principal	Current Interest Rate	Long Term Rating
Blackrock MMF	n/a	n/a	£10,000	var	AAA
CCLA MMF	n/a	n/a	£360,000	var	AAA
Coventry Building Society	13.06.19	12.06.20	£1,000,000	1.00%	A-
Federated Investments MMF	n/a	n/a	£2,760,000	var	AAA
Goldman Sachs Intern'l Bank	17.04.19	17.04.20	£1,000,000	1.08%	A
Goldman Sachs Intern'l Bank	25.04.19	27.04.20	£1,000,000	1.07%	A
Goldman Sachs Intern'l Bank	08.05.19	08.11.19	£1,000,000	0.95%	A
Handelsbanken	n/a	n/a	£10,000	0.50%	AA
Invesco MMF	n/a	n/a	£500,000	var	AAA
Lloyds Bank (RFB)	15.04.19	15.04.20	£1,000,000	1.25%	A+
Lloyds Bank (RFB)	01.05.19	01.05.20	£1,000,000	1.25%	A+
Lloyds Bank (RFB)	30.08.19	05.03.20	£1,000,000	0.85%	A+
Local Authority Property Fund	25.04.17	n/a	£3,000,000	var	n/a
Santander UK	27.09.19	05.10.20	£1,000,000	1.00%	A+
Boom Credit Union	06.03.15	n/a	£25,000	n/a	n/a
TOTAL			£14,665,000		

Investment performance – Worthing Borough Council

Worthing Borough Council held £12.180m of investments for varying durations as at 30 September 2019, (£9.8m at 31 March 2019). The investment portfolio yield for the first 6 months of the year is 0.90% p.a. against benchmark rates of 0.83% for 12 month deposits and 0.73% for 6 month deposits. This rate excludes the investment in the Local Authorities' Property Fund, which returned 4.2% p.a. over the 6 months. The investment in that fund was increased from £0.5m to £1.5m at the end of April 2019.

The Council has also made a loan of £10m to Worthing Homes at 0.7% above the rate at which the funds were borrowed; this is treated as capital expenditure rather than a treasury investment.

Worthing's investment portfolio yield is slightly lower than Adur's because Adur has been able to place more fixed term investments due to its higher average balance of funds. Worthing needs to retain more of its cash in short term investments, including Money Market Funds, because it collects a larger amount of Council Tax and Business Rates, most of which is held temporarily. The portfolio is shown below.

Worthing Borough Council's budgeted investment income for 2019/20, excluding for the Worthing Homes loan, is £157k and the current forecast will result in an under achievement of about £20k, due to poor interest rates available in the market and the use of internal borrowing to fund capital projects. This strategy results in a saving in the interest payable budget which is currently expected to underspend by £141,000 by the year end.

Investment Portfolio - Worthing Borough Council

Counterparty	Issue Date	Maturity Date	Principal	Current Interest Rate	Long Term Rating
CCLA MMF	n/a	n/a	£2,170,000	var	AAA
Coventry Building Society	10.07.19	05.02.20	£1,000,000	0.86%	A-
Federated Investments MMF	n/a	n/a	£2,830,000	var	AAA
Goldman Sachs Intern'l Bank	18.09.19	06.01.20	£1,500,000	0.82%	A
Invesco MMF	n/a	n/a	£130,000	0.50%	AAA
Lloyds Bank (RFB)	08.05.19	08.05.20	£1,000,000	1.25%	A+
Lloyds Bank (RFB)	19.06.19	19.06.20	£1,000,000	1.25%	A+
Lloyds Bank (RFB)	26.06.19	06.01.20	£1,000,000	1.00%	A+
Local Authority Property Fund	27.04.17	n/a	£1,500,000	var	n/a
Boom Credit Union	Various	n/a	£50,000	n/a	n/a
TOTAL			£12,180,000		

Investment Performance – Approved Limits

The Head of Financial Services confirms that the only breaches of the approved limits during the first six months of 2019/20 for Adur District Council or Worthing Borough Council within the Annual Investment Strategy were as described in 6.4 above.

8.2 Investment counterparty criteria

The current investment counterparty criteria selection approved in the Treasury Management Strategy Statement is meeting the requirements of the Adur and Worthing treasury management function. The Annual Investment Strategy for Worthing was amended by the Council on the 23rd July 2019 to permit a loan of £5m to the Greater Brighton Metropolitan College (see 6.2.2).

9 BORROWING

- 9.1 The Capital Financing Requirement (CFR) denotes the Councils' underlying need to borrow for capital purposes. If the CFR is positive the Councils may borrow from the PWLB or the market (external borrowing) or from internal balances on a temporary basis (internal borrowing). The balance of external and internal borrowing is generally driven by market conditions. For both Adur and Worthing Councils capital expenditure in 2019/20 is funded from grants, capital receipts, contributions, reserves and revenue contributions as well as borrowing. This is a prudent and cost effective approach in the current

economic climate but will require ongoing monitoring.

- 9.2 Adur District Council's revised CFR forecast for 2019/20 is £176.4m. The relevant table in 7.4 shows the Council has borrowings of £139.5m at 30 September 2019.

Worthing Borough Council's revised CFR for 2019/20 is £134.0m. The relevant table in 7.4 shows the Council has borrowings of £99.7m at 30 September 2019.

- 9.3 Due to the overall financial position and the underlying need to borrow for capital purposes, new external borrowing was undertaken as shown in the tables below. It is anticipated that further borrowing will be undertaken by both Councils during this financial year to fund capital expenditure, including the purchase of properties.

Adur District Council – new loans

Lender	Principal	Type	Interest Rate	Maturity
PWLB	£6m	Fixed interest rate	1.82%	04/04/2037
PWLB	£1m	Fixed interest rate	2.17%	10/06/2059
PWLB	£1m	Fixed interest rate	1.65%	26/06/2029
PWLB (Property purchase)	£8m	Fixed interest rate	1.48%	25/07/2028
PWLB (Property purchase)	£8m	Fixed interest rate	1.88%	01/08/2034
PWLB	£1m	Fixed interest rate	1.88%	16/08/2039
PWLB	£1m	Fixed interest rate	1.74%	05/09/2069

Worthing Borough Council – new loans

Lender	Principal	Type	Interest Rate	Maturity
PWLB (property purchase)	£13m	Fixed interest rate	2.44%	25/04/2059
PWLB	£1m	Fixed interest rate	2.17%	10/06/2059
PWLB	£1m	Fixed interest rate	1.65%	26/06/2029
PWLB	£1m	Fixed interest rate	1.88%	16/08/2039
PWLB	£1m	Fixed interest rate	1.74%	05/09/2069
PWLB (property purchase)	£4m	Fixed interest rate	1.30%	12/09/2028
PWLB (property purchase)	£4m	Fixed interest rate	1.36%	12/09/2029
PWLB (property purchase)	£4m	Fixed interest rate	1.42%	12/09/2030
PWLB (property purchase)	£1.5m	Fixed interest rate	1.48%	12/09/2031
PWLB (property purchase)	£3.53m	Fixed interest rate	1.58%	20/09/2032
PWLB (property purchase)	£3.53m	Fixed interest rate	1.63%	19/09/2033

9.4 Increase in the cost of borrowing from the PWLB

On 9 October 2019 the Treasury and PWLB announced an increase in the margin over gilt yields of 100bps on top of the current margin which the Councils have paid prior to this date for new borrowing from the PWLB. There was no warning that this would happen and it now means that every local authority has to fundamentally reassess how to finance their external borrowing needs and the financial viability of capital projects in their capital programme due to this unexpected increase in the cost of borrowing. Representations are going to be made to HM Treasury to suggest that areas of capital expenditure that the Government is keen to see move forward e.g. housing, should not be subject to such a large increase in borrowing.

Whereas the Councils have previously relied on the PWLB as the main source of funding, they now have to fundamentally reconsider alternative cheaper sources of borrowing. At the current time, this is a developmental area as this event has also taken the financial services industry by surprise. We are expecting that various financial institutions will enter the market or make products available to local authorities. Members will be updated as this area evolves.

It is possible that the Municipal Bond Agency will be offering loans to local authorities in the future. This Authority may make use of this new source of borrowing as and when appropriate.

10 DEBT RESCHEDULING

Debt rescheduling opportunities have been very limited in the current economic climate given the consequent structure of interest rates, and following the increase in the margin added to gilt yields which has impacted PWLB new borrowing rates since October 2010. No debt rescheduling has therefore been undertaken to date in the current financial year for either Council.

11 OTHER

11.1 Changes in risk appetite

The 2018 CIPFA Codes and guidance notes have placed enhanced importance on risk management. Where an authority changes its risk appetite eg for moving surplus cash into or out of certain types of investment funds or other types of investment instruments, this change in risk appetite and policy should be brought to members' attention in treasury management update reports.

11.2 Member Training

The treasury advisors for the shared treasury management service, Link Asset Services, provided a training session for Members on the 13th June 2018. The session included reviews of the Councils' Balance Sheets and current debt and investment portfolios, as well an overview of developments in local

government treasury management and UK economic data. The format of training for future years is being reviewed.

12. ENGAGEMENT AND COMMUNICATION

- 12.1 The Adur and Worthing Councils' treasury management team provides treasury services to Mid Sussex District Council through a shared services arrangement (SSA). The SSA is provided under a Service Level Agreement that was renewed from 18th October 2019, and which defines the respective roles of the client and provider authorities for a period of three years.
- 12.2 Information and advice is supplied throughout the year by Link Asset Services Ltd, the professional consultants for the Councils' shared treasury management service.

13. FINANCIAL IMPLICATIONS

- 13.1 This report has no quantifiable additional financial implications to those outlined above. Interest payable and interest receivable arising from treasury management operations, and annual revenue provisions for repayment of debt, form part of the revenue budget.

Finance Officer: Sarah Gobey

Date 14th November 2019

14. LEGAL IMPLICATIONS

- 14.1 The presentation of the Half Year Report is required by regulations issued under the Local Government Act 2003 to review the treasury management activities, the actual prudential indicators and the treasury related indicators for 2019/20.

Legal Officer.....

Date....

Background Papers

Joint Treasury Management Strategy Statement and Annual Investment Strategy Report 2019/20 to 2021/22 (Adur Council 28 February 2019 and Worthing Council 26 February 2019).

Annual Joint In-House Treasury Management Operations Report 1 April 2018 – 31 March 2019 (Joint Governance Committee, 30 July 2019 and Joint Strategic Committee, 10 September 2019)

Link Asset Services Ltd Half Year Report Template 2019/20

Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes (CIPFA)

The Prudential Code for Capital Finance in Local Authorities (CIPFA)

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SUSTAINABILITY & RISK ASSESSMENT

1. ECONOMIC

The treasury management function ensures that the Councils have sufficient liquidity to finance their day to day operations. Borrowing is arranged as required to fund the capital programmes. Available funds are invested according to the specified criteria to ensure security of the funds, liquidity and, after these considerations, to maximise the rate of return.

2. SOCIAL

2.1 Social Value

Matter considered and no issues identified.

2.2 Equality Issues

Matter considered and no issues identified.

2.3 Community Safety Issues (Section 17)

Matter considered and no issues identified.

2.4 Human Rights Issues

Matter considered and no issues identified.

3. ENVIRONMENTAL

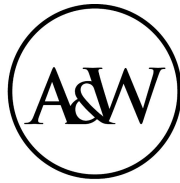
Matter considered and no issues identified.

4. GOVERNANCE

4.1 The Councils' Treasury Management Strategy and Annual Investment Strategy places the security of investments as foremost in considering all treasury management dealing. By so doing it contributes towards the Council priorities contained in Platforms for our Places.

4.2 The operation of the treasury management function is as approved by the Councils' Treasury Management Strategy and Annual Investment Strategy 2019/20 - 2021/22, submitted and approved before the commencement of the 2019/20 financial year.

4.3 In the current economic climate the security of investments is paramount, the management of which includes regular monitoring of the credit ratings and other incidental information relating to credit worthiness of the Councils' investment counterparties.



ADUR & WORTHING
COUNCILS

Joint Governance Committee
26 November 2019
Agenda Item 7

Ward(s) Affected: All

Governance Arrangements for Charitable Trusts in Adur and Worthing

Report by the s151 Officer and the Monitoring Officer

Executive Summary

1. Purpose

- 1.1. This report advises Members of some historic issues that have arisen surrounding Charitable Trusts in Adur and Worthing and the need to regularise matters with the Charities Commission and establish robust governance arrangements going forwards.

2. Recommendations

The Joint Governance Committee is recommended to :

- 2.1. Note that Highdown Gardens are held in trust by Highdown Tower Garden and Pleasure Ground, of which Worthing Borough Council is the sole charitable Trustee.
- 2.2. Note that Officers will be reporting amended annual financial returns in respect of Highdown Tower Garden and Pleasure Ground, to the Charities Commission, for the previous 7 years.

- 2.3. Recommend to Worthing Borough Council that they delegate to the Joint Governance Committee the authority to act on behalf of Worthing Borough Council as sole charity trustee of Highdown Tower Garden and Pleasure Ground, in all matters other than those requiring Charity Commission consent or notification, and that they be required to bring an annual report to full Council each year on activity during the previous year.
- 2.4. Recommend to Worthing Borough Council that the Scheme of Delegations to Officers be amended to delegate authority to the Council's Head of Environmental Services to act on behalf of Worthing Borough Council as Trustee of Highdown Gardens Trust in respect of all day to day management activities and administrative matters.
- 2.5. Note that Officers will be regularising matters with the Land Registry to ensure that the ownership of the land at Highdown Gardens is accurately recorded.
- 2.6. Note that Adur Recreation Ground is held in Trust by Adur Recreation Ground and that Adur District Council is the sole Charity Trustee.
- 2.7. Recommend to Adur District Council that they delegate to the Joint Governance Committee, the authority to act on behalf of Adur District Council as Trustee of Adur Recreation Ground Trust in all matters other than those requiring Charity Commission consent or notification, and that they be required to bring an annual report to full Council each year on activity during the previous year.
- 2.8. Recommend to Adur District Council that the Scheme of Delegations to Officers be amended to delegate authority to the Council's Head of Environmental Services to act on behalf of Adur District Council as the sole charity Trustee of Adur Recreation Ground in respect of all day-to-day management activities and administrative matters.
- 2.9. Note that Southwick Green is held in trust by The Green and that Adur District Council is the sole charity Trustee.
- 2.10. Recommend to Adur District Council that they delegate to the Joint Governance Committee, the authority to act on behalf of Adur District

Council as the sole charity Trustee of The Green, in all matters other than those requiring Charity Commission consent or notification, and that they be required to bring an annual report to full Council each year on activity during the previous year.

- 2.11. Recommend to Adur District Council that the Scheme of Delegations to Officers be amended to delegate authority to the Council's Head of Environmental Services to act on behalf of Adur District Council as sole charity Trustee of The Green in respect of all day-to-day management activities and administrative matters.
- 2.12. Recommend to Worthing Borough Council that they delegate to the Joint Governance Committee, the authority to act on behalf of Worthing Borough Council as sole charity trustee of the Chalk Pit Charity, in all matters other than those requiring Charity Commission consent or notification, and that they be required to bring an annual report to full Council each year on activity during the previous year.
- 2.13. Recommend to Worthing Borough Council that the Scheme of Delegations to Officers be amended to delegate authority to the Council's Head of Environmental Services to act on behalf of Worthing Borough Council as Trustee of Chalk Pit Charity in respect of all day-to-day management activities and administrative matters.
- 2.14. Note the Monitoring Officer's use of delegated powers to make consequential changes to the Constitutions, in respect of the terms of reference of the Joint Governance Committee, the Officer Scheme of Delegations and the Joint Committee Agreement, subject to the above recommendations.
- 2.15. Note the Monitoring Officer's use of delegated powers to make consequential changes to the Constitutions and the Joint Committee Agreement between Worthing Borough Council and Adur District Council in respect of Leisure and Cultural services arising from alternative delivery arrangements having been made by each Council.

3. Context

- 3.1. Charitable Trusts will normally arise when an individual gifts land to either Council for the benefit of the general public. The Council will then hold the land, in trust, on behalf of the charitable organisation.
- 3.2. In such circumstances the Council does not own the land as a Council, but rather as a Charity Trustee and its role and responsibilities are different from those where it holds the land, purely as a Council. In particular, the Council when acting as a Charity Trustee will be subject to the provisions of the Charity Acts and this imposes obligations upon the Charity Trustee when dealing with charitable land and making annual financial returns to the Charity Commission in respect of those charitable organisations.

Highdown Gardens

- 3.3. In 1968 Worthing Borough Council received the Gardens together with other land from Lady Stern upon trust:-

“to preserve in perpetuity for the benefit of the public (subject to such restrictions upon access as the Council may from time to time consider desirable in the interests of preservation) the Garden.

- 3.4. Highdown Tower Garden and Pleasure Ground (charity number 305445) was registered with the Charity Commission on 10th April 1968, with Worthing Borough Council as the sole charity trustee. The charitable objects are:

“Garden for the benefit of the public as an amenity open space park or pleasure grounds to the intent that the same shall forever form a natural approach to the South Downs from the built up area of the Borough of Worthing”.

- 3.5. The fact that Worthing Borough Council do not own the gardens as a Council but as a sole charity trustee is a vital distinction which has, in the past, caused some confusion. As the Council hold the garden as a charity trustee it is bound by the Charity Acts and these impose certain conditions in relation to the management of land which is held for charitable purposes.

- 3.6. In 1983 Worthing Borough Council sold the East Lodge but without obtaining the Charity Commission's consent. The position was regularised with the Charity Commission by an order dated 11th July 1983 whereby the Council undertook to hold the net proceeds of sale which amounted to £27,700 in trust for the charity and invest them. The order confirmed that the Council (as trustee of the charity) could apply income from the investment in or towards the upkeep of the remaining property belonging to the charity.
- 3.7. The financial returns that have been made for the charity have been inaccurate for many years as they have only included the income earned from the investment referred to in paragraph 3.5 above and have not included the donations received from the public. These donations have been accounted for separately by the Council and designated for use in maintaining Highdown Gardens but they were not historically treated as funds held on trust for the charity. This reflects the confusion in the governance arrangements, whereby the land was thought to be in the ownership of the Council.
- 3.8. The accounts should show the other income earned by the charity including donations received from the many members of the public who access Highdown Gardens each year. They should also reflect, as a gift in kind, the substantial subsidy that the Council has made towards the upkeep of the gardens which in the last financial year amounted to approximately £210,000. The accounting procedures will now be amended to ensure that, in future, all financial returns to the Charity Commission show not only the income generated, but also the expenditure incurred and paid for by Worthing Borough Council from the General Fund, as a benefit in kind to the Trust.
- 3.9. Now that it is appreciated that Worthing Borough Council holds the land as a Charity Trustee, rather than owning them, the Council will now need to hold an annual general meeting to comply with its obligations as the sole Charity Trustee of the Charity.

4. Issues for consideration

- 4.1. Worthing Borough Council will need to advise the Charity Commission of the historic omissions in our financial returns and provide an explanation as to how the situation arose. In addition, the Council will advise what steps have been taken to rectify the position and to ensure

that all future returns to the Charity Commission are both accurate and transparent.

- 4.2. Worthing Borough Council will need to set up governance arrangements to ensure that the Council can lawfully operate in its capacity as the sole trustee of the Charity. It is not considered practicable to call a meeting of the entire Council to agree every action in respect of the Trust. The majority of such decisions relate to routine operational requirements which a charity trustee can routinely delegate to staff. There are some decisions that will need to be made by the Council in its capacity as charity trustee and some of those governance decisions are relatively routine whilst others are more significant. For example if it were proposed to dispose of land or make another decision which would require the involvement of the Charity Commission.
- 4.3. In the circumstances, it is therefore proposed that the Council delegate authority to the Joint Governance Committee to act on behalf of the Council as a trustee. It is proposed that this authority be limited to matters which do not require the Charity Commissioner's consent, or where any formal notification to the Charity Commission may be required. In those circumstances a full report would need to be made to all Members of the Council for a decision. It is also proposed that an annual report should be brought to all Members of the Council, by the Joint Governance Committee, on the activities of the Charity, together with a plan for the forthcoming year enabling the Council to approve at a strategic level the activities proposed.
- 4.4. In respect of the day-to-day management of the charity and the gardens it is proposed that these be delegated to the relevant Head of Service through the Officer Scheme of Delegations. In relation to the day-to-day management of the gardens this has been the case for many years.
- 4.5. It is intended that a new charitable incorporated organisation (CIO) is to be formed for fund-raising purposes and called The Highdown Gardens Development Trust whose charitable objects will be:-
 - (i) for the public benefit to advance learning about the importance of the pioneering work of Sir Frederick Stern and the resulting national collection of plant introductions and its preservation

- (ii) to support the role of Highdown Gardens in promoting the health and wellbeing for all its communities
- 4.6. The new CIO will be a separate legal entity and will not be involved in the day-to-day management of the gardens. It will have amongst its responsibilities and aims a fundraising role via a number of innovative fund raising activities / strategies.
- 4.7. The Land Registry will be requested to amend the title details so that it is clear that the land is held by the Council as trustee. In addition there will be a restriction entered on the title so that it is evident that there cannot be any dealings with the land without the appropriate consent of the Charity Commission or that the regulations imposed by the Charity Acts have been complied with.

Adur Recreation Ground

- 4.8. Adur Recreation Ground (charity number 271495) was gifted to Adur District Council by a Conveyance dated 11th August 1921. It was registered as a charity on 29th June 1976. Its charitable objects are:

“A recreation ground for use by the inhabitants of Shoreham by Sea”.

Adur District Council is the sole charity trustee.

- 4.9. The financial returns made to the Charity Commission are complete and accurate.
- 4.10. However, It appears that there are no robust governance procedures in place for the Council to act in its capacity as charity trustee and the Council will therefore need to establish appropriate arrangements. Again, it would not be practical for the whole Council to meet to agree every action in respect of the Trust. In the circumstances it is therefore proposed that Adur District Council delegates authority to the Joint Governance Committee to act on behalf of the Council as a trustee. It is proposed that this authority be limited to matters which do not require the Charity Commissioner’s consent or where any formal notification to the Charity Commission may be required. In such circumstances a full report would need to be made to all Elected Members for a decision. In addition, an annual report will also need to be brought to all Members on the activities of the Charity and the Council in its capacity as the sole charity trustee.

- 4.11. In respect of the day-to-day management of the charity it is proposed that these be delegated to the relevant Head of Service through the Officer Scheme of Delegations.

Southwick Green

- 4.12. Southwick Green was gifted to Adur District Council by a Conveyance dated 9th January 1902. It was registered as a Charity on 28th November 1984 under the name “The Green” (charity number 290683). Its charitable objects are:

“A recreational ground for the inhabitants of the said parish and district and for no other purpose”.

There is a Scheme in place in respect of The Green dated 13th February 1987.

Adur District Council is the sole charity trustee.

- 4.13. The financial returns made to the Charity Commission are complete and accurate.
- 4.14. However, it appears that there are no robust governance procedures in place for Adur District Council to act in its capacity as Charitable Trustee and the Council will therefore need to set up appropriate governance arrangements. Again it will not be practical to call a meeting of all Councillors to agree every action. In the circumstances it is therefore proposed that Adur District Council delegate authority to the Joint Governance Committee to act on behalf of the Council as a trustee. It is proposed that this authority be limited to matters which do not require the Charity Commissioner’s consent or where any formal notification to the Charity Commission may be required. In such circumstances a full report would be made to all Councillors for a Council decision. In addition, an annual report should be brought to all Councillors on the activities of the Charity and the Council in its capacity as the sole charity trustee of the charity.
- 4.15. In respect of the day-to-day management of the charity it is proposed that these be delegated to the relevant Head of Service through the Officer Scheme of Delegations.

Chalk Pit Charity

- 4.16. Chalk Pit Charity governing document is a Scheme dated 27th October 1936. It was registered on 17th September 1963 under the name “Chalk Pit Charity” (Charity number 305440). Its charitable objects are:-

“Public recreation ground or open space”.

The land was vested in Worthing Borough Council for use by residents of West Tarring. Worthing Borough Council is the sole charity trustee.

- 4.17. The financial returns which are made to the Charity Commission in respect of the charity are accurate. There is reference that a small area of land was sold to the Electricity Board in 1962 and the money was invested and any investment income is attributed to the Trust.
- 4.18. It does appear that there are no robust governance procedures in place for Worthing Borough Council to act in its capacity as charity trustee and the Council will therefore need to set up governance arrangements to ensure that the position is rectified. Again it will not be practical to call a meeting of all Councillors to agree every action. In the circumstances it is therefore proposed that Worthing Borough Council delegate authority to the Joint Governance Committee to act on behalf of the Council as a trustee. It is proposed that this authority be limited to matters which do not require the Charity Commissioner’s consent or where any formal notification to the Charity Commission may be required. In such circumstances it is proposed that a full report is made to all Councillors for a decision. In addition, it is also proposed that an annual report should be brought to full Council on the activities of the Charity and the Council in its capacity as the sole charity trustee of the charity.

Other Charitable Trusts

- 4.19. Both Adur District Council and Worthing Borough Council had entered into an agreement with each other, by way of the Joint Committee Agreement, to jointly deliver Leisure services in both the District and the Borough and to jointly deliver Cultural Services in Worthing Borough. Both Councils have since made alternative arrangements for delivery of their Leisure and Cultural Services and have made contractual arrangements for service delivery with other organisations.

- 4.20. It should be noted that to reflect these changes the Monitoring Officer will, under her delegated powers, be amending the Joint Committee Agreement to remove Cultural and Leisure services from the remit of partnership working between the two Authorities.

5. Engagement and Communication

- 5.1. The Council's Finance Officers are liaising with the Charity Commission in order to report the omissions made and rectify the financial returns.

6. Financial Implications

6.1. Highdown Trust:

- 6.1.1. For many years there has been confusion about the nature of Highdown Trust. It has been erroneously assumed that the Trust related to the monetary funds held (£27,700) and consequently the returns to the Charity Commission have reflected only the income generated from the bequest and any donations.

- 6.1.2. The council on an annual basis funds the maintenance of the gardens. Over the past three years the council has spent the following amounts:

Including Grants, Donations & Interest on Trust investment	2016/17 £	2017/18 £	2018/19 £
Expenditure - Direct costs	240,501	177,117	193,340
Expenditure - Indirect costs	19,514	31,620	31,688
Total expenditure	260,015	208,737	225,028
Income	-12,254	-16,192	-15,446
Net expenditure	247,761	192,546	209,583
Council contribution (As above but excluding Grants, Donations & Interest on Trust)	2016/17 £	2017/18 £	2018/19 £
Expenditure - Direct costs	236,254	166,953	190,281
Expenditure - Indirect costs	19,514	31,620	31,688
Total expenditure	255,768	198,573	221,969

Income	-5,432	-9,558	-8,114
Net expenditure	250,336	189,015	213,855

6.1.3. Following the uncovering of the extent of the terms of the trust, it will be necessary to amend and resubmit the returns to the Charity Commission to include the substantial contribution by the Council to the upkeep of the garden in compliance with the terms of the original bequest. It is proposed to resubmit the past 7 years of claims as part of the report to the Charities Commission.

6.1.4. Going forward, the Council will set up a new bank account for the Trust which will hold both the investment and any donation income. This will aid financial clarity. The Leader, as the main Trustee, will in future authorise the use of any funds on behalf of the Trust which will form part of the annual report to Council.

6.1.5. Taxation issues

The Trust is not registered for VAT. Consequently, it will not be possible for the Trust to reclaim any VAT on any purchases. However, this will not impact on the recent successful bid by Worthing Borough Council to the HLF for funding to preserve the horticultural heritage and improve access to facilities at Highdown Gardens. The Council is able, under VAT legislation, to deliver these improvements and reclaim the associated VAT. At the end of the project, these improvements will be gifted to the Trust.

6.2. Adur Recreation Ground and Southwick Green

6.2.1. Both of the open space trusts for Adur District Council have included within their returns to the Charities Commission all costs associated with the management and maintenance of these spaces funded by the Council. Consequently, the returns are financially accurate. As neither Trust has any resources of their own, there is no need to set up separate bank accounts for them.

7. Legal Implications

- 7.1. The Council's specialist legal advisors have advised that a common means of managing charities is to establish a Committee to administer the Charity. The administration of the Charity by the Council is not an Executive function and therefore it is proposed to delegate the function to the existing Joint Governance Committee, and to expand its terms of reference accordingly.
- 7.2. It must be acknowledged that there is a risk of a conflict of interests arising from this proposal, should the corporate interests of the Council ever conflict with the interests of the Charity. However, this risk is considered minimal and such conflict unlikely to arise: in respect of Highdown Tower Garden and Pleasure Ground the Council does not seek to exploit the Charity or its assets for the Council's own purposes but rather the Council and the Charity have aligned interests in the continued existence of a much valued open space, and in respect of the other Charities the land is maintained at no cost by the Council.
- 7.3. Should Members of the Joint Governance Committee feel conflicted they would need to declare their interest and not vote on any issue should a conflict arise, which is highly unlikely. There is the potential for this to leave the Committee unable to be quorate, although the risk of this occurring is reduced by the nature of the Joint Committee Agreement between Adur District Council and Worthing Borough Council which would render only some of the decision makers being Trustees of any particular Charity. However, in the highly unlikely situation where a Joint Governance Committee was not quorate to deal with a Charity matter due to conflict of interests between the Council and the Charity, reference would need to be made to the Charity Commission to authorise matters affected by the conflict.
- 7.4. Under s5 Local Government and Housing Act and s114 Local Government Finance Act 1988, the Monitoring Officer and Chief Financial Officer have a duty to advise Members on irregularities which may have inadvertently arisen on this occasion. This report sets out the reasons for the incorrect procedures being followed, and the actions being taken to transparently rectify the situation and ensure robust governance arrangements for the future.
- 7.5. Should the recommendations in this report be resolved by the Joint Governance Committee and subsequently each full Council, the

Monitoring Officer, under her delegated authority, will make the necessary and appropriate consequential changes to the Constitution.

Background Papers

None.

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Sustainability & Risk Assessment

1. Economic

Matter considered and no issues identified

2. Social

2.1 Social Value

Matter considered and no issues identified

2.2 Equality Issues

Matter considered and no issues identified

2.3 Community Safety Issues (Section 17)

Matter considered and no issues identified

2.4 Human Rights Issues

Matter considered and no issues identified

3. Environmental

Matter considered and no issues identified

4. Governance

Matters addressed within the body of the report



ADUR & WORTHING
COUNCILS

Joint Governance Committee
26 November 2019
Agenda Item 8

Ward(s) Affected: All

Standards in Public Life

Report by the Solicitor for the Council and Monitoring Officer

Executive Summary

1. Purpose

- 1.1. The purpose of this report is to update Members of the Joint Governance Committee with the work recently undertaken by the Committee on Standards in Public Life and their recommendations.

2. Recommendations

The Joint Governance Committee is recommended to:

- 2.1. Note the work recently undertaken by the Committee on Standards in Public Life, and
- 2.2. Receive a report back in January 2020 from the Council's Monitoring Officer proposing amendments to Adur District Council and Worthing Borough Council's Code of Conduct for Members.

3. Context

- 3.1. The Committee on Standards in Public Life (CSPL) is the guardian of local government standards and is responsible for promoting the Seven Principles of Public Life, based on the Nolan principles.
- 3.2. In 2018, the Committee on Standards in Public Life announced its first examination of local government standards since the complete transfer of responsibility for standards to Local Authorities in 2011 as a result of the Localism Act.
- 3.3. Their report, Local Government Ethical Standards, was published earlier this year and it concludes that aspects of the current system are not working, requiring changes in the law and best practice.
- 3.4. The terms of reference of the review included to examine the structures, processes and practices in local government for:
 - Maintaining codes of conduct for local councillors;
 - Investigating alleged breaches fairly and with due process;
 - Enforcing codes and imposing sanctions for misconduct; and
 - assessing whether the existing structures, processes and practices are conducive to high standards of conduct in local government.
- 3.5. The investigation found clear evidence of misconduct, such as bullying and harassment, by some Councillors, and some cases of persistent misconduct which the current system is failing to address. Overall the report found that there was a need for greater consistency in codes of conduct and for greater enforceable sanctions for serious and repeated breaches.
- 3.6. Many of the recommendations made by the Committee are already well addressed by procedures at Adur and Worthing Councils. Others would require changes to legislation. But there are some issues of good practice and recommendations that could be incorporated into the Adur and Worthing Codes of Conduct without the need for legislative changes. The Council's Monitoring Officer therefore intends to review the Codes of Conduct for both Councils and bring a further report to the Joint Governance Committee in January 2020 with recommendations for change.

4. Issues for Consideration

4.1. Codes of conduct

- 4.1.1. The Committee on Standards in Public Life found that there is considerable variation in length, breadth, clarity and detail between codes which creates confusion for members of the public over what is required in different areas and tiers of government. The report calls on the LGA to produce a new national model code of conduct, which specifically addresses issues such as bullying and harassment and use of social media. Such a model code could be adapted by local authorities as required.
- 4.1.2. The report recommends that Local Authorities review their codes of conduct to ensure that bullying and harassment are specifically addressed, rather than reliance on the provisions relating to failure to treat with respect.
- 4.1.3. Best practice recommendations include a requirement that Councillors comply with a formal standards investigation, prohibition of trivial or malicious allegations, requirement of an annual review of the Code, clear guidance on social media and publication of the Code in a prominent position on the Council's website.
- 4.1.4. The report further recommends that Local Authorities establish a separate protocol on Member - Officer relationships. Adur and Worthing Councils have already adopted a protocol on relationships within the Council, which includes relationships between Members and Officers, and this forms part of each Council's constitution.
- 4.1.5. It is proposed that a review be carried out of each Council's code of conduct and that members of the Joint Governance Committee receive a report on proposed amendments at a future meeting in January 2020.

4.2. Scope of the Code of Conduct

- 4.2.1. Currently a breach of the code of conduct will arise when an individual is acting in their capacity as a Councillor and as a

result, it is difficult to deal with some instances of poor behaviour by Councillors in public, particularly in relation to social media use.

- 4.2.2. The report proposes that there be a presumption that a Councillor's behaviour in public is in an official capacity. This would require a change to the Localism Act 2011 to be effective.
- 4.2.3. The Code should also apply to a Member when they claim to act, or give the impression they are acting, in their capacity as a Member, as the Adur and Worthing codes do now.

4.3. Councillor Interests

- 4.3.1. The Committee concluded that the current arrangements around disclosable pecuniary interests are not working effectively as the requirements are narrow, unclear and do not require the registration of some important interests nor of gifts and hospitality.
- 4.3.2. The report recommends the repeal of the criminal offences imposed by the Localism Act for failure to declare a disclosable pecuniary interest but this would require a change to legislation.
- 4.3.3. The report also recommends that Local Authorities adopt a scheme to make transparent those interests and relationships which would most likely lead to a conflict of interest. It recommends that relevant commercial interests, even if unpaid, of a Councillor and their spouse are included and that relevant non-pecuniary interests such as trusteeships or membership of organisations that seek to influence opinion or public policy, are also included.
- 4.3.4. The report recommends that the Code requires Councillors to record any gifts and hospitality over a value of £50, or totalling over £100 a year from a single source.
- 4.3.5. The report found that clarification around the disclosure of interests of partners, family and close associates is required, as well as clarity around when a Member is required to withdraw from participating in a decision.

4.4. Investigations and Safeguards

- 4.4.1. The report recommended that Local Authorities should have access to at least two Independent Persons who should be appointed for a fixed term of 2 years with the possibility of one term renewal and that their views should always be formally recorded in any decision notice or minutes.
- 4.4.2. The report provided that it should be made possible for Local Authorities to be able to have standards Committees that include voting independent members and voting members from Parish Councils, in addition to the non voting role of the Independent Person.
- 4.4.3. The report recommends that there be no appeal mechanism for standards decisions, other than if the sanction of suspension be reinstated when a system of appeal (in respect of maladministration only) in respect of that particular sanction could be to the Local Government Ombudsman.
- 4.4.4. The Committee further recommended that the Local Government Transparency Code should be updated to require Councils to publish annually the number of code of conduct complaints they receive, what the complaints broadly relate to, the outcome of those complaints, including if they are rejected as trivial or vexatious, and any sanctions applied.

4.5. Sanctions

- 4.5.1. The Committee highlighted the fact that when a Councillor is found to have broken the code of conduct there is no requirement for them to comply with remedial action, and commented that this is a significant weakness in the system. They also expressed concern at the lack of more punitive sanctions available to address more serious breaches or repeated breaches of the code. They conclude that public confidence will only be maintained if sanctions are sufficient to deter and prevent further wrongdoing and are seen to be imposed fairly and in a timely way.
- 4.5.2. The Committee recommends that there are strong reasons to introduce a power of suspension without allowances for up to six

months for significant breaches, such as serious cases of bullying and harassment, or significant breaches of the rules on declaring financial interests, or in the case of repeated breaches or repeated non-compliance with lower level sanctions.

- 4.5.3. The Committee also recommends the abolition of criminal offences for failure to disclose a pecuniary interest as they consider it is inappropriate and disproportionate.
- 4.5.4. Recommendations were also made by the Committee that the circumstances in which a Member can be disqualified from being a Councillor are extended to include being listed on the sexual offences register, receiving a criminal behaviour order and receiving a civil injunction under the Anti-Social Behaviour, Crime and Policing Act 2014.

5. Engagement and Communication

- 5.1. The Committee on Standards in Public Life consulted widely and extensively before producing their report and recommendations. Such consultation included all Monitoring Officers across England and Wales.

6. Financial Implications

- 6.1. There are no financial implications arising from this report.

7. Legal Implications

- 7.1. Section 27 Localism Act 2011 provides that a relevant authority must promote and maintain high standards of conduct by Members and co-opted Members of the authority. In discharging this duty, a relevant authority must, in particular, adopt a code dealing with the conduct that is expected of Members and co-opted Members of the authority when they are acting in that capacity.
- 7.2. Section 28 Localism Act provides that the Local Authority's Code of Conduct must, when viewed as a whole, be consistent with the following principles: selflessness; integrity; objectivity; accountability; openness; honesty; leadership. And that a relevant authority must secure that its code of conduct includes the provision the authority

considers appropriate in respect of the registration in its register, and disclosure, of pecuniary and other interests.

- 7.3. Section 28 Localism Act 2011 also provides that a relevant authority may revise its existing code of conduct, or adopt a code of conduct to replace its existing code of conduct, and must have arrangements in place under which allegations can be investigated, and arrangements under which decisions on allegations can be made. Such arrangements must include provision for the appointment by the authority of at least one independent person.

Background Papers

- Adur District Council and Worthing Borough Council Constitutions and Codes of Conduct
- 'Local Government Ethical Standards' by Committee on Standards in Public Life Chaired by Lord Evans of Weardale KCB DL.

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Sustainability & Risk Assessment

1. Economic

Matter considered and no issues identified

2. Social

2.1 Social Value

Having strong arrangements around Member conduct increases public confidence in the democratic process.

2.2 Equality Issues

Matter considered and no issues identified

2.3 Community Safety Issues (Section 17)

Matter considered and no issues identified

2.4 Human Rights Issues

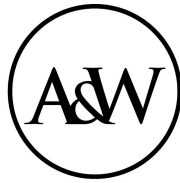
Matter considered and no issues identified

3. Environmental

Matter considered and no issues identified

4. Governance

Failure to uphold high standards of conduct and ethics amongst Members and/or to fail to deal with allegations of misconduct can lead to reputational damage and a lack of confidence in the democratic process.



ADUR & WORTHING
COUNCILS

Joint Governance Committee
26 November 2019
Agenda Item 9

Key Decision [~~Yes~~/No]

Ward(s) Affected: n/a

Scheme of Allowances for Adur District Council 2020/21 - 2024/25

Report by the Director for Communities

Executive Summary

1. Purpose

- That the Joint Governance Committee is being asked to consider the report of the Joint Independent Remuneration Panel and make recommendations to Adur District Council and on the level of Members' Allowances for the municipal year 2019/20.
- Recommendations from the Committee on the level of allowances will be proposed at the meeting of Full Council in December

2. Recommendations

2.1 Recommendation One

- The Panel recommends that the Council determine the level of allowances for 2019/20 based upon the options given in the attached report

3. Context

- 3.1 The Local Authorities (Members' Allowances) Regulations 2001 requires local authorities to establish an Independent Remuneration Panel to make recommendations about the levels of allowances payable to Members.
- 3.2 Last year a Review of Adur allowances was carried in August / September 2018 and the Panel's findings were reported to Joint Governance Committee on the 25 September 2018 and subsequently at Full Council at its meeting on 1 November 2018
- 3.2.1 The Joint Governance Committee recommended that the Council adopt option 2 of the Joint Independent Remuneration Panel's report which recommended a 2% increase in the basic allowance over and above the 2% NJC allowance increase
- 3.2.2 The Council at its meeting on the 1 November 2018 took another option recommended by the Panel basic allowance was raised in line with the NJC award given to Officers.
- 3.3 The Adur and Worthing Joint Independent Remuneration Panel began their review of Adur Allowances at the beginning of August 2019 and the review concluded at the beginning of November 2019. Panel Members were advised and supported by Officers from Finance and Democratic Services and have submitted a report that is attached as appendix A.

4. Issues for consideration

- 4.1 The Committee is being asked to make a recommendation to Adur district Council in respect of setting the level of allowances for 2019/20
- 4.2 The Panel has set out 3 costed options for Members to consider which include the following:
- **Option 1** This option is indexed to the Officer's NJC National Pay Bargaining agreement which would mean a saving of £1 in the current budget based on the assumption that a 2% raise is negotiated as part of the settlement and as budgeted for by the Council
 - **Option 2** The Panel is suggesting a second option which is an increase tied to the NJC National Pay Bargaining agreement as well as an increase in the allowance to the Chairs and Vice Chairs of the Joint Governance and Joint Overview and Scrutiny Committees so that they are on par with the

allowances set by Worthing Borough Council. This along with the assumed raise would mean an increase in the budget of £747.

- **Option 3** The Panel is suggesting a third option which is an increase tied to the NJC National Pay Bargaining agreement as well as an increase in the allowance to the Chairs and Vice Chairs of Joint Governance and Joint Overview and Scrutiny Committees so that they are on par with the allowances set by Worthing Borough Council. On top of this the panel is suggesting an additional 1% in order to bring allowances closer to those of Worthing Borough Council. This along with the assumed NJC raise would mean an increase in the budget of £2135.57

5. Engagement and Communication

- 5.1 The Panel contacted group Leaders to ask for any comments they may have prior to the commencement of the review. The panel also undertook a survey of all councillors.
- 5.3 As a Panel of independent advisors the JIRP is the body that the council engages with and consults on setting the level of its allowances

6. Financial Implications

- 6.1 The Councils have the following budgets available in 2019/20 to fund member allowances:

Adur: £208,640
Worthing : £267,437

- 6.2 The budget strategy allows for a 2% inflation on all salary budgets which would include members allowances for 2020/21. Consequently, the options proposed by the independent remuneration would have the following financial impacts:

	Adur £
Estimated 2020/21 budget	212,810
Option 1 : NJC pay award (2% total)	212,809
Growth / saving (-) against budget	-1

Option 2 : NJC pay award (2%) + Increase in Joint Chairs allowance	213,557
Growth / saving (-) against budget	747
Option 3: NJC pay award (2%) + Increase in Joint Chairs allowance + 1%	214,946
Growth / saving against the budget	2792

7. Legal Implications

- 7.1 An Independent Remuneration Panel is a requirement of the Local Authorities (Members' Allowances) Regulations 2003 (The 2003 Regulations).
- 7.2 The 2003 Regulations states that before an authority makes or amends a scheme, the authority shall have regard to the recommendations made in relation to it by an independent remuneration panel
- 7.3 The 2003 Regulations sets out the role of the independent remuneration panel to make recommendations to the authority as to the amount of basic allowance which should be payable to its elected members. There is also the authority to make recommendations regarding special responsibility allowances (SRA) – and the roles and responsibilities for which the SRA applies, expenses or arranging the care of children and dependants.

Background Papers

- Previous reports of the Joint Independent remuneration Panel
- Report and Minutes of the meeting of the Joint Governance Committee 25 September 2018 and Adur Full Council 1 November 2018
- LGA National Local authority census - local government councillors
- South East Employers allowance survey 2019
- Results of internal survey of Adur Councillors August 2016/ 17 and 2018/19

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Sustainability & Risk Assessment

1. Economic

- 1.1 The panel has recognised that the Members' Allowances scheme recognises that public service, rather than material reward, should remain the primary motivation for involvement in local government, whilst at the same time, it should aim to attract and retain Members who are representative of the demographic make-up of the District.

2. Social

2.1 Social Value

- 2.1.1 Matter considered but no issue identified

2.2 Equality Issues

- 2.2.1 Having an allowance scheme that supports all members in covering the costs of being a member allows the Councils to attract and retain Members who are representative of the demographic make-up of the District.

2.3 Community Safety Issues (Section 17)

- 2.3.1 Matter considered but no issues identified

2.4 Human Rights Issues

- 2.4.1 Matter considered but no issues identified

3. Environmental

- 3.1 Matter considered but no issues identified

4. Governance

- 4.1 Having a fair scheme of allowances can enable a more diverse pool of candidates and reflect a wider demographic of the District.

**REPORT OF ADUR AND WORTHING COUNCILS
JOINT INDEPENDENT REMUNERATION PANEL
Adur District Council
November 2019**

1.0 Introduction

The Local Government Act 2000 and the Local Authority (Members' Allowances) (England) Regulations 2001 require local authorities to set up an independent panel to review Member Allowances. These regulations specifically abolished the payment of Attendance Allowances and also allowed for a dependent carers' allowance. These regulations have been subsequently updated by further acts and regulations.

2.0 Composition of the Panel

2.1 The current composition of the Council's Joint Independent Remuneration Panel (JIRP) is:-

Mr Barry Hillman (Chairman)
Ms Verity Lockhart
Mr Andrew Murton

3.0 Terms of Reference

3.1 The Panel's terms of reference are set out below:-

The Panel shall, unless a Council has adopted a scheme under (f) below which has been in place for less than 4 years, by 31st January 2015 and thereafter by the 30th November each year, including 2015, produce a Report making recommendations to each of the Borough, District and Parish Councils as to:

- a) the amount of the basic allowance which should be payable to its Elected and Co-opted Members;
- b) the responsibilities, roles or duties where special responsibility allowance should be payable and the amount of such allowances (District and Borough Councils only);
- c) the amount of any travelling and subsistence allowance which should be payable to its Elected and Co-opted Members
- d) whether dependants' carers' allowance should be payable and the amount of such allowance;
- e) whether payment of allowances may be backdated in cases where a scheme is amended at a time which would affect allowances payable in that year;

- f) whether adjustments to the level of allowances may be determined according to an index, and which index and for how long before its use is reviewed (subject to a maximum of 4 years);
- g) those items of expenditure that Elected and Co-opted Members may reclaim as expenses; and
- h) any other Members' allowances or reimbursement matters reasonably falling within the remit of the Panel; this may include to relevant bodies on matters of joint working and parity;
- i) such other functions as may be allocated to the Panels by Statute.

3.2 The Panel's Reports shall be submitted to the Councils by way of the Joint Governance Committee.

4.0 Background Papers

4.1 In preparing its recommendations the Panel considered the following research provided by the Council's Officers which detailed:-

- the current budget provision made for Members' Allowances;
- the current scheme of Members' Allowances paid to Members;
- the previous report of the joint independent remuneration panel;
- Members Allowances paid by other local authorities in the south east were obtained from South East Employers (SEE);
- Part Four of the Constitution of Worthing Borough Council
- Fees and charges for babysitting and caring

4.2 All Members were offered the opportunity to submit their thoughts via a Survey which was circulated electronically to all Members on 17 September 2019. The Survey results were presented to the Panel at its meeting on 16 October 2019.

4.3 Group Leaders were canvassed on their views regarding levels of allowance

5.0 General Principles

5.1 The Members' Allowances scheme recognises that public service, rather than material reward, should remain the primary motivation for involvement in local government. Responses received from members supported this view and it was recognised that the role of a councillor is more of a vocation than an occupation

5.2 That the level of Basic Allowance paid to Worthing Borough Council is at a similar level to other Boroughs throughout the Southeast area.

5.3 That the workloads of individual Councillors will vary according to their roles.

5.4 That there are expenses associated with being a Member of the Council.

5.5 That since the last review there has been an increase in time and commitment needed to carry out the role.

- 5.6 That joint chairs special responsibility roles should be treated in a similar manner across Adur and Worthing.

6.0 Basic Allowance

- 6.1 The Panel noted from Survey responses that a small majority of Members felt that the current level of allowances was unsatisfactory although some felt that a higher level of allowances could attract a more diverse range of members including younger people.
- 6.2 The Panel also noted that there had been a mean average rise in the time spent on Councillor activities which amounted to 52% - a significant number. The committee could not attribute any route cause for this rise in hours but on average members are spending more time across a range of council activities and in supporting their communities. On a general note the Panel applauds the increased time commitment given by members.
- 6.3 The basic allowance on average pays less than the current minimum wage. The Panel felt that a paid similar role, given the levels of responsibility, would attract a higher than minimum wage rate. Therefore the panel was of the view that (if looking at hard figures) Councillors performing their role give a significant public discount rate for the hours that they put in. However, as stated before in the report, the Panel is minded that the members' allowances scheme recognises that public service, rather than material reward, should remain the primary motivation for involvement in local government. The allowance should be in place so that members are 'not out of pocket' for taking up the responsibility.
- 6.4 Given comparisons regionally the level of allowance for Adur District Council is slightly below average when compared with other Boroughs and Districts in the South East. It is also lower than it's partner authority to the West, Worthing Borough Council. The panel has held a long standing belief that members from both authorities should be paid the same or similar amounts. This finding led from a previous survey in 2016/17 which showed that members from both authorities spent similar amounts of time on their work for the councils. The 20/21 survey has shown that Adur Councillors on average spend similar amounts of time as Worthing Councillors and in some areas more time. The panel acknowledges that this issue is complex other factors could be taken into account such as the larger population and budget of Worthing or the Housing stock maintained by Adur.
- 6.5 In the previous two recommendations to Adur District Council have led the panel to believe and acknowledge that there is little desire for the level of basic allowance to increase significantly and be brought into line with the level of allowance in Worthing.
- 6.6 Given what is set out above and the fact that inflation is a pressure on personal finance, on balance the Committee felt that it was reasonable for members to expect some increase in the level of allowances.
- 6.7 The Panel has noted that over the previous four years that the basic allowance had been indexed to the Officer's NJC National Pay Bargaining agreement and believe that the principal of linking the basic allowance to raises in Officer remuneration is a fair method and should be retained.

8.0 Joint Overview and Scrutiny Chairman and Vice Chairmen and the Joint Governance Chairmen and Vice Chairmen

- 8.1 The Panel has noted that Joint Chairmen and Vice Chairmen across Adur and Worthing take equal Chairing responsibilities, they are however paid different levels of allowance. Given this the panel is recommending that these allowances are raised and are set to mirror those offered in Worthing.

11.0 Proposals

- 11.1 The Panel proposes the following for the Councils consideration.

Option One

- i) that the basic allowance be referenced to the outcome of the Officers' NJC Pay bargaining agreement for a period of two years until March 2022/2023;

Option Two

- i) that the basic allowance be referenced to the outcome of the Officers' NJC Pay bargaining agreement for a period of two years until March 2022/2023;
- ii) that the Special Responsibility Allowance for Chairmen of the Joint Overview and Scrutiny Committee and Joint Governance Committee be raised in line with what is offered at Worthing

Option Three

- i) that the basic allowance be referenced to the outcome of the Officers' NJC Pay bargaining agreement for a period of two years until March 2022/2023;
- ii) that the Special Responsibility Allowance for Chairmen of the Joint Overview and Scrutiny Committee and Joint Governance Committee be raised in line with what is offered at Worthing
- iii) that an additional 1% increase be added for 20/21 in view of the panels view that Adur and Worthing Councillors should be paid the same.

11.2 Childcare Allowance / Carers Allowance / Travel and Subsistence Allowance

- 11.3 It is proposed that Childcare Allowance (contribution towards the cost of employing a carer for children) should be paid at £10.25 per hour, the panel investigated this cost and found that £10.25 was sufficient to cover the costs of childcare and should be maintained at this rate.
- 11.4 Having investigated the costs of carers (carers for sick and / or disabled / elderly dependants) the panel were of the view that the rate for carers allowance should remain at £15 per hour.
- 11.5 It is proposed that Travelling and Subsistence should be paid at the appropriate rates set by the National Joint Council for Local Government Services from time to time and based on claims submitted by Members.

- 11.6 It was noted by the panel that some comments in the survey indicated that some members did not claim for childcare, carers or travel and subsistence allowance because they are wary of the claim being used to discredit them in some way. The panel is disappointed that this situation exists and would encourage members to claim expenses that are essential for carrying out their role. In particular, those with childcare / carer responsibilities will face both financial and time associated pressures not faced by other members. The Panel would respectfully submit that they should make claims and not burden themselves with such costs unnecessarily

12.0 Recommendations

- 12.1 It is recommended that the Councils adopt the members scheme of allowances in line with the panel's recommendation iii) and note its comments surrounding the claiming of Childcare Allowance / Carers Allowance / Travel and Subsistence Allowance. The Panel has costed two other options should the Council feel another option is more desirable.

Mr Barry Hillman (Chairman)

Ms Verity Lockhart

Mr Andrew Murton

Members' Allowances



ADUR DISTRICT
COUNCIL

Notes

2% NJC Pay Award **4,601.28**
Plus additional 2%
0% increase to SRA **4,601.28**

Raise Joint Chair/Vice chairs to Worthing level
2% NJC Pay Award **4,601.28**
Plus additional 5%
0% increase to SRA **4,601.28**

Raise Worthing level (with 1% pay award increase)
2% NJC Pay Award **4,601.26**
Plus additional 5%
1% increase to SRA **4,647.27**

	Adur allowance 2019/20 (2% Pay Award) wef 1/4/19				Adur allowance 2020/21 Option 1				Adur allowance 2020/21 Option 2				Adur allowance 2020/21 Option 3			
	No.	Units	per Member £	Total £	No.	Units	per Member £	Total £	No.	Units	per Member £	Total £	No.	Units	per Member £	Total £
Basic Allowance	29	1	4,511.04	130,820	29	1	4,601.28	133,437	29	1	4,601.28	133,437	29	1	4,647.24	134,770
Special Responsibility Allowances																
Leader of the Council	1	3	13,533.12	13,533	1	3	13,803.84	13,804	1	3	13,803.84	13,804	1	3	13,941.72	13,942
Deputy Leader	1	1.5	6,766.56	6,767	1	1.5	6,901.92	6,902	1	1.5	6,901.92	6,902	1	1.5	6,970.92	6,971
Executive Portfolio Holders																
Environment	1	1.25	5,638.80	5,639	1	1.25	5,751.60	5,752	1	1.25	5,751.54	5,752	1	1.25	5,809.08	5,809
Health and Wellbeing	1	1.25	5,638.80	5,639	1	1.25	5,751.60	5,752	1	1.25	5,751.54	5,752	1	1.25	5,809.08	5,809
Customer Services	1	1.25	5,638.80	5,639	1	1.25	5,751.60	5,752	1	1.25	5,751.54	5,752	1	1.25	5,809.08	5,809
Leader	1	1.25	5,638.80	5,639	1	1.25	5,751.60	5,752	1	1.25	5,751.54	5,752	1	1.25	5,809.08	5,809
Regeneration	1	1.25	5,638.80	5,639	1	1.25	5,751.60	5,752	1	1.25	5,751.54	5,752	1	1.25	5,809.08	5,809
Resources	1	1.25	5,638.80	5,639	1	1.25	5,751.60	5,752	1	1.25	5,751.54	5,752	1	1.25	5,809.08	5,809
Main Opposition Leader	1	0.5	2,255.52	2,256	1	0.5	2,300.64	2,301	1	0.5	2,300.64	2,301	1	0.5	2,323.68	2,324
Chairpersons																
Council	1	0.5	2,255.52	2,256	1	0.5	2,300.64	2,301	1	0.5	2,300.64	2,301	1	0.5	2,323.68	2,324
Planning Committee	1	1	4,511.04	4,511	1	1	4,601.28	4,601	1	1	4,601.28	4,601	1	1	4,647.24	4,647
Licensing	1	0.75	3,383.28	3,383	1	0.75	3,450.96	3,451	1	0.75	3,450.96	3,451	1	0.75	3,485.40	3,485
Joint Overview & Scrutiny*	1	0.75	3,383.28	3,383	1	0.75	3,450.96	3,451	1	0.75	3,771.24	3,771	1	0.75	3,771.24	3,771
Joint Governance Committee*	1	0.5	2,255.52	2,256	1	0.5	2,300.64	2,301	1	0.5	2,514.24	2,514	1	0.5	2,514.24	2,514
Joint Staff Committee																
Joint Senior Staff Committee																
Joint Senior Staff Appeals Committee																
Vice Chairpersons																
Council	1	0.25	1,127.76	1,128	1	0.25	1,150.32	1,150	1	0.25	1,150.38	1,150	1	0.25	1,161.84	1,162
Planning Committee	1	0.25	1,127.76	1,128	1	0.25	1,150.32	1,150	1	0.25	1,150.38	1,150	1	0.25	1,161.84	1,162
Licensing	1	0.25	1,127.76	1,128	1	0.25	1,150.32	1,150	1	0.25	1,150.38	1,150	1	0.25	1,161.84	1,162
Joint Overview & Scrutiny*	1	0.25	1,127.76	1,128	1	0.25	1,150.32	1,150	1	0.25	1,257.12	1,257	1	0.25	1,257.12	1,257
Joint Governance Committee*	1	0.25	1,127.76	1,128	1	0.25	1,150.32	1,150	1	0.25	1,257.12	1,257	1	0.25	1,257.12	1,257
Joint Staff Committee																
Joint Senior Staff Committee																
Joint Senior Staff Appeals Committee																
TOTAL				208,636				212,809				213,557				215,602

13000-1001-0

Approved Budget 19/20 **£208,640**

Growth / (Saving) against Budget **(£4)**

Approved Budget 19/20 **£212,810**

(Plus 2% inflationary increase)

Growth / (Saving) against Budget **(£1)**

Approved Budget 19/20 **£212,810**

(Plus 2% inflationary increase)

Growth / (Saving) against Budget **£747**

Approved Budget 19/20 **£212,810**

(Plus 2% inflationary increase)

Growth / (Saving) against Budget **£2,792**

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ADUR & WORTHING
COUNCILS

Joint Governance Committee
26 November 2019
Agenda Item 10

Key Decision [~~Yes~~/No]

Ward(s) Affected: n/a

Scheme of Allowances for Worthing Borough Council 2020/21 - 2022/23

Report by the Director of Communities

Executive Summary

1. Purpose

- That the Joint Governance Committee is being asked to consider the report of the Joint Independent Remuneration Panel and make recommendations to Worthing Borough Council on the level of Members' Allowances for the municipal year 2020/21 - 2022/23.
- Recommendations from the Committee on the level of allowances will be proposed at the meeting of Full Council in December

2. Recommendations

2.1 Recommendation One

- The Panel recommends that the Council determine the level of allowances for 2020/21 - 2022/23 based upon the options given in the attached report

3. Context

- 3.1 The Local Authorities (Members' Allowances) Regulations 2001 requires local authorities to establish an Independent Remuneration Panel to make recommendations about the levels of allowances payable to Members.
- 3.2 Worthing Borough council last allowed its allowances in 2016/7 and tied its allowances to raise in line with the NJC award index for four years until the 20/21 municipal year. The Council also instituted an allowance for the Worthing Chair of the Joint Governance Committee as the post had previously not been given a special responsibility allowance.
- 3.3 The Adur and Worthing Joint Independent Remuneration Panel began their review of Worthing Allowances at the beginning of August 2019 and the review concluded at the beginning of November 2019. Panel Members were advised and supported by Officers from Finance and Democratic Services and have submitted a report that is attached as Appendix A.

4. Issues for consideration

- 4.1 The Committee is being asked to make a recommendation to Worthing Borough Council in respect of setting the level of allowances for 2020/21 - 2022/23
- 4.2 The Panel has set out a costed option for Members to consider which is as follows
- This option is indexed to the Officer's NJC National Pay Bargaining agreement as well as the introduction of an allowance for the Deputy Mayor which would mean a saving of £1314 for the next financial year based on the assumption that a 2% raise is negotiated as part of the NJC settlement and as budgeted for by the Council

5. Engagement and Communication

- 5.1 The Panel contacted group Leaders to ask for any comments they may have had prior to the commencement of the review. The panel also undertook a survey of all councillors.
- 5.3 As a Panel of independent advisors the JIRP is the body that the council engages with and consults on setting the level of its allowances

6. Financial Implications

- 6.1 The Councils have the following budgets available in 2019/20 to fund member allowances:

Adur: £208,640

Worthing : £267,437

- 6.2 The budget strategy allows for a 2% inflation on all salary budgets which would include members allowances for 2020/21. Consequently, the options proposed by the independent remuneration would have the following financial impacts if the NJC agreement is 2%:

	Worthing
	£
Estimated 2020/21 budget	275,360
Option 1 : NJC pay award (2% assumed)	274,283
+ Allowance for the deputy mayor	
Growth / saving against the budget	1314

7. Legal Implications

- 7.1 An Independent Remuneration Panel is a requirement of the Local Authorities (Members' Allowances) Regulations 2003 (The 2003 Regulations).
- 7.2 The 2003 Regulations states that before an authority makes or amends a scheme, the authority shall have regard to the recommendations made in relation to it by an independent remuneration panel
- 7.3 The 2003 Regulations sets out the role of the independent remuneration panel to make recommendations to the authority as to the amount of basic allowance which should be payable to its elected members. There is also the authority to make recommendations regarding special responsibility allowances (SRA) – and the roles and responsibilities for which the SRA applies, expenses or arranging the care of children and dependants.

Background Papers

- Previous reports of the Joint Independent remuneration Panel
- Report and Minutes of the meeting of the Joint Governance Committee and Full Council 2016/17
- LGA National Local authority census - local government councillors
- South East Employers allowance survey 2019
- Results of internal survey of Worthing Councillors August 2016/ 17 and 2018/19

Officer Contact Details:-

Chris Cadman-Dando

Democratic Services Officer

01903 221364

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Sustainability & Risk Assessment

1. Economic

- 1.1 The panel has recognised that the Members' Allowances scheme recognises that public service, rather than material reward, should remain the primary motivation for involvement in local government, whilst at the same time, it should aim to attract and retain Members who are representative of the demographic make-up of the District.

2. Social

2.1 Social Value

- 2.1.1 Matter considered but no issue identified

2.2 Equality Issues

- 2.2.1 Having an allowance scheme that supports all members in covering the costs of being a member allows the Councils to attract and retain Members who are representative of the demographic make-up of the District.

2.3 Community Safety Issues (Section 17)

- 2.3.1 Matter considered but no issues identified

2.4 Human Rights Issues

- 2.4.1 Matter considered but no issues identified

3. Environmental

- 3.1 Matter considered but no issues identified

4. Governance

- 4.1 Having a fair scheme of allowances can enable a more diverse pool of candidates and reflect a wider demographic of the District.

**REPORT OF ADUR AND WORTHING COUNCILS
JOINT INDEPENDENT REMUNERATION PANEL
WORTHING BOROUGH COUNCIL
November 2019**

1.0 Introduction

The Local Government Act 2000 and the Local Authority (Members' Allowances) (England) Regulations 2001 require local authorities to set up an independent panel to review Member Allowances. These regulations specifically abolished the payment of Attendance Allowances and also allowed for a dependent carers' allowance. These regulations have been subsequently updated by further acts and regulations.

2.0 Composition of the Panel

2.1 The current composition of the Council's Joint Independent Remuneration Panel (JIRP) is:-

Mr Barry Hillman (Chairman)
Ms Verity Lockhart
Mr Andrew Murton

3.0 Terms of Reference

3.1 The Panel's terms of reference are set out below:-

The Panel shall, unless a Council has adopted a scheme under (f) below which has been in place for less than 4 years, by 31st January 2015 and thereafter by the 30th November each year, including 2015, produce a Report making recommendations to each of the Borough, District and Parish Councils as to:

- a) the amount of the basic allowance which should be payable to its Elected and Co-opted Members;
- b) the responsibilities, roles or duties where special responsibility allowance should be payable and the amount of such allowances (District and Borough Councils only);
- c) the amount of any travelling and subsistence allowance which should be payable to its Elected and Co-opted Members
- d) whether dependants' carers' allowance should be payable and the amount of such allowance;
- e) whether payment of allowances may be backdated in cases where a scheme is amended at a time which would affect allowances payable in that year;

- f) whether adjustments to the level of allowances may be determined according to an index, and which index and for how long before its use is reviewed (subject to a maximum of 4 years);
- g) those items of expenditure that Elected and Co-opted Members may reclaim as expenses; and
- h) any other Members' allowances or reimbursement matters reasonably falling within the remit of the Panel; this may include to relevant bodies on matters of joint working and parity;
- i) such other functions as may be allocated to the Panels by Statute.

3.2 The Panel's Reports shall be submitted to the Councils by way of the Joint Governance Committee.

4.0 Background Papers

4.1 In preparing its recommendations the Panel considered the following research provided by the Council's Officers which detailed:-

- the current budget provision made for Members' Allowances;
- the current scheme of Members' Allowances paid to Members;
- the previous report of the joint independent remuneration panel;
- Members Allowances paid by other local authorities in the south east were obtained from South East Employers (SEE);
- Part Four of the Constitution of Worthing Borough Council
- Fees and charges for babysitting and caring

4.2 All Members were offered the opportunity to submit their thoughts via a Survey which was circulated electronically to all Members on 17 September 2019. The Survey results were presented to the Panel at its meeting on 16 October 2019.

4.3 Group Leaders were canvassed on their views regarding levels of allowance

5.0 General Principles

5.1 The Members' Allowances scheme recognises that public service, rather than material reward, should remain the primary motivation for involvement in local government. Responses received from members supported this view and it was recognised that the role of a councillor is more of a vocation than an occupation

5.2 That the level of Basic Allowance paid to Worthing Borough Council is at a similar level to other Boroughs throughout the Southeast area.

5.3 That the workloads of individual Councillors will vary according to their roles.

5.4 That there are expenses associated with being a Member of the Council.

5.5 That since the last review there has been an increase in time and commitment needed to carry out the role.

6.0 Basic Allowance

- 6.1 The Panel noted from Survey responses that a small majority of Members felt that the current level of allowances was unsatisfactory and some felt that a higher level of allowance could attract a more diverse range of members including younger people.
- 6.2 The Panel also noted that there had been a mean average rise in the time spent on Councillor activities which amounted to 42% - a significant number. The committee could not attribute any root cause for this rise in hours but on average members are spending more time across a range of council activities and in supporting their communities. On a general note the Panel applauds the increased time commitment given by members.
- 6.3 The basic allowance on average pays less than the current minimum wage. The Panel felt that a paid similar role, given the levels of responsibility, would attract a higher than minimum wage rate. Therefore the panel was of the view that (if looking at hard figures) Councillors performing their role give a significant public discount rate for the hours that they put in. However, as stated before in the report, the Panel is minded that the members' Allowances scheme recognises that public service, rather than material reward, should remain the primary motivation for involvement in local government. The allowance should be in place so that members are 'not out of pocket' for taking up the responsibility.
- 6.4 Given comparisons regionally the level of allowance for Worthing borough Council is slightly below average when compared with other Boroughs and Districts in the South East.
- 6.5 Given what is set out above and the fact that inflation is a pressure on personal finance, on balance the Committee felt that it was reasonable for members to expect some increase in the level of allowances.
- 6.6 The Panel has noted that over the previous eight years that the basic allowance had been indexed to the Officer's NJC National Pay Bargaining agreement and believe that the principal of linking the basic allowance to raises in Officer remuneration is a fair method and should be retained.

8.0 Deputy Mayor

- 8.1 The Panel has noted that under the current scheme no allowance is paid to the Deputy Mayor. During previous reviews the Panel took evidence on the workload of the positions of vice Chairmen of committees. The Panel believe that the role requires a councillor to carry out the same pre-meeting preparation as the Chairman of a Committee (in this instance the Mayor), which is significant. Bearing this in mind, the Panel is recommending that the Deputy Mayor be paid a Special Responsibility Allowance of (x 0.25) in line with other Vice-Chairs of Committees and reflected across the border at Adur District Council.

11.0 Proposals

- 11.1 The Panel proposes the following for the Councils consideration.

- i) that the basic allowance be referenced to the outcome of the Officers' NJC Pay bargaining agreement (currently assumed as 2%) for a period of two years from March 2022/2023;
- ii) that the Joint Independent Remuneration Panel will meet again in the interim if there are significant changes that need to be addressed (i.e if the NJC is significantly different from what has been assumed)
- iii) that a Special Responsibility Allowance multiplier of (x 0.25) be introduced for the Deputy Mayor for their work associated with full council;

11.2 Childcare Allowance / Carers Allowance / Travel and Subsistence Allowance

- 11.3 It is proposed that Childcare Allowance (contribution towards the cost of employing a carer for children) should be paid at £10.25 per hour, the panel investigated this cost and found that £10.25 was sufficient to cover the costs of childcare and should be maintained at this rate.
- 11.4 Having investigated the costs of carers (carers for sick and / or disabled / elderly dependants) the panel were of the view that the rate for carers allowance should remain at £15 per hour.
- 11.5 It is proposed that Travelling and Subsistence should be paid at the appropriate rates set by the National Joint Council for Local Government Services from time to time and based on claims submitted by Members.
- 11.6 It was noted by the panel that some comments in the survey indicated that some members did not claim for childcare, carers or travel and subsistence allowance because they are wary of the claim being used to discredit them in some way. The panel is disappointed that this situation exists and would encourage members to claim expenses that are essential for carrying out their role. In particular, those with childcare / carer responsibilities will face both financial and time associated pressures not faced by other members. The Panel would respectfully submit that they should make claims and not burden themselves with such costs unnecessarily

12.0 Recommendations

- 12.1 It is recommended that the Councils adopt the members scheme of allowances in line with the panel's proposals and note its comments surrounding the claiming of Childcare Allowance / Carers Allowance / Travel and Subsistence Allowance

Mr Barry Hillman (Chairman)
Ms Verity Lockhart
Mr Andrew Murton

Members' Allowances - Worthing

2019/20+ 2% Pay Award allowed for in budget

2%



WORTHING BOROUGH
COUNCIL

Basic Allowance
Special Responsibility Allowances
Leader of the Council
Deputy Leader
Executive Portfolio Holders
Environment
Health and Wellbeing
Customer Services
Leader
Regeneration
Resources
Main Opposition Leader
Main Opposition Deputy Leader
Chairpersons
Council/Mayor
Planning Committee
Licensing
Joint Overview & Scrutiny
Joint Governance Committee
Joint Staff Committee
Joint Senior Staff Committee
Joint Senior Staff Appeals Committee
Vice Chairpersons
Council/Deputy Mayor
Planning Committee
Licensing
Joint Overview & Scrutiny
Joint Governance Committee
Joint Staff Committee
Joint Senior Staff Committee
Joint Senior Staff Appeals Committee
TOTAL

Worthing allowance 2019/20 based on officers pay award wef 1/4/19			
No.	Units	per Member £	Total £
37	1	4,929.72	182,400
1	3	14,789.16	14,789
1	1.5	7,394.58	7,395
1	1.25	6,162.15	6,162
1	1.25	6,162.15	6,162
1	1.25	6,162.15	6,162
1	1.25	6,162.15	6,162
1	1.25	6,162.15	6,162
1	1.25	6,162.15	6,162
1	0.5	2,464.86	2,465
1	0.25	1,232.43	1,232
1	0.5	2,464.86	2,465
1	1	4,929.72	4,930
1	0.75	3,697.29	3,697
1	0.75	3,697.29	3,697
1	0.5	2,464.86	2,465
1	0	0.00	0 *
1	0.25	1,232.43	1,232
1	0.25	1,232.43	1,232
1	0.25	1,232.43	1,232
1	0.25	1,232.43	1,232
1	0.25	1,232.43	1,232
			267,437

Worthing allowance 2020/21 based on officers pay award wef 1/4/19 2% estimate			
No.	Units	per Member £	Total £
37	1	5,028.36	186,049
1	3	15,085.09	15,085
1	1.5	7,542.60	7,543
1	1.25	6,285.48	6,285
1	1.25	6,285.48	6,285
1	1.25	6,285.48	6,285
1	1.25	6,285.48	6,285
1	1.25	6,285.48	6,285
1	1.25	6,285.48	6,285
1	0.5	2,514.24	2,514
1	0.25	1,257.12	1,257
1	0.5	2,514.24	2,514
1	1	5,028.36	5,028
1	0.75	3,771.24	3,771
1	0.75	3,771.24	3,771
1	0.5	2,514.24	2,514
1	0.25	1,257.09	1,257
1	0.25	1,257.12	1,257
1	0.25	1,257.12	1,257
1	0.25	1,257.12	1,257
1	0.25	1,257.12	1,257
			274,046

nb National Insurance contributions are over and above allowances above

53000-1001-0

Approved Budget 19/20

£269,960

Approved Budget 19/20
(Plus 2% inflationary increase)

£275,360

Growth / (Saving) against
Budget

(£2,522.69)

Growth / (Saving) against
Budget

(£1,314)

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ADUR & WORTHING
COUNCILS

Joint Governance Committee
26 November 2019
Agenda Item 11

Ward(s) Affected: All Worthing

Referral of Motion on Notice from Worthing Borough Council

Report by the Director for Communities

Executive Summary

1. Purpose

- 1.1. This report sets out a motion (attached as Appendix 1) referred from the meeting of Worthing Borough Council on the 22 October 2019.
- 1.2. Members of the Joint Governance committee are asked to consider and determine the Motion.

2. Recommendations

- 2.1. That the Joint Governance Committee instruct Officers to prepare a report and bring the matter back to them at their meeting on 28 January 2020 in order for Committee to consider and determine the motion, making recommendations to Full Council if appropriate.

3. Context

- 3.1. At its meeting on 22 October 2019, Worthing Borough Council received a motion from Councillor Bob Smytherman, seconded by Councillor Martin McCabe, details of which can be found in Appendix 1.
- 3.2. The motion submitted to Council contained subject matter that is within the remit of the Joint Governance Committee, as defined in para 14.4.3 of the Council's Procedure Rules. Therefore, it was moved and seconded, immediately noted by the Council and referred without debate to the Joint Governance Committee for consideration and determination.
- 3.3. Where a motion has been referred by Full Council to the Joint Governance Committee, the mover, or the seconder in the absence of the mover, shall be entitled to attend the relevant meeting of Committee and explain the motion. Councillor Bob Smytherman has been made aware that the motion has been referred to this Committee.

4. Issues for consideration

- 4.1. The Joint Governance Committee is required to consider and determine the motion as set out in Appendix 1.
- 4.2. Members are asked to consider whether they are in possession of sufficient information in order to determine the motion. If additional information is required, the Committee are asked to request that Officers prepare a further report, on the substantive issues, to be presented at a future meeting of the Joint Governance Committee.

5. Financial Implications

- 5.1. There may be direct financial implications in future depending on the course of action the Joint Governance Committee wishes to take.

6. Legal Implications

- 6.1. Rules concerning motions are set out in the Council's Constitution under paragraph 14 of the Council's Procedure Rules.

Background Papers

Motion to Worthing Borough Council on 22 October 2019

Officer Contact Details:-

Neil Terry

Democratic Services Lead

01903 221073

neil.terry@adur-worthing.gov.uk

Introduce a Committee system for decision making at Worthing Borough Council

Worthing Borough Council resolves to scrap the current Leader & Executive system of governance, where most major Council decisions are taken either by individual Executive Members, or by the whole Executive made up from a single political party, and to replace it with a Committee based system, where all Councillors are directly involved in the decision making based on the political proportionality of the Council and for this to be in place no later than May 2021 and furthermore call on Adur District Council to adopt an identical scheme to allow for the continuation of the successful Joint Committee arrangements between the two Councils.

Proposed by Bob Smytherman
Seconded by Martin McCabe