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A meeting of the **Cabinet** will be held in the Committee Rooms, East Pallant House on **Tuesday 7 March 2023 at 9.30 am**

MEMBERS: Mrs E Lintill (Chairman), Mrs S Taylor (Vice-Chairman), Mr R Briscoe, Mr A Dignum, Mrs P Plant, Mr A Sutton and Mr P Wilding

SUPPLEMENT TO AGENDA

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**REPORT OF THE
INDEPENDENT REMUNERATION PANEL
ON
MEMBERS' ALLOWANCES
FOR
CHICHESTER DISTRICT COUNCIL**

January 2023

Introduction

1. Under the Local Authorities (Members' Allowances) (England) Regulations 2003, the Council is required to establish and maintain an Independent Remuneration Panel (IRP). The purpose of the Panel is to consider and make recommendations to the Council about the allowances paid Members under its Scheme of Allowances. The Council must make the final decision on its Scheme but in doing so it must have regard to the advice of the IRP before making any changes.

The Independent Remuneration Panel (IRP)

2. The current IRP was appointed at Council in August 2022. The Panel consists of three members: John Thompson (Chair), Michael Bevis and Richard Andrews. The members of the panel come with a wide range of experience. Their profiles are at Appendix 1. All three members of the panel and the Officers supporting the review attended training in the conduct of Members' Allowances Reviews provided by South-East Employers who provide a range of services to all Local Authorities in the Southeast.

Executive Summary

3. This year the Panel carried out a full review of the Scheme of Members' Allowances. This included a Meetings with some Group Leader and the Director of Corporate Services: The Panel also surveyed Members. The results of the survey are at Appendix 6. Reference was also made to comparisons with other West Sussex and Southeast authorities. A summary of the outcomes of these activities is at Appendix 5.
4. This report contains 11 recommendations covering a range of issues, in making these recommendations the Panel took account of:
 - The impact of the pandemic and cost of living crisis, the panel is aware that some authorities have foregone increases – this may work as a one off for a year, but for any longer will store up problems for later years. The current allowances have been payable since 2020
 - The results of the consultation exercised provided no clear direction on areas for change.
 - There was no pressure for significant increases – certainly not in line with CPI (9.8% at October 2022). There was more support during this review for linking any increases in Allowances to Officers' pay increases. On that basis Officers pay was increased by about 5% over the last four years and 3.5% in 2022. The recommendation to increase the Basic Allowance means that a Member spending 14 hours a week on their council work after allowing for the Public Service Element of 40% has an allowance valued at £12.50 an hour.
 - There was some support for an increase in Leader of the Opposition SRA
 - It is good practice for Panels to look at the relationship between the Basic Allowance (before the recommended increase) and the SRAs of the Leader (3 times Basic Allowance) and Cabinet Members (1.4 times Basic Allowance). These are within the ranges suggested by South-East Employers.
 - On other allowances there was some debate around the mileage allowances which are set at the maximum HMRC rates
 - The rates of paid Childcare and Dependent Carers Allowances are reasonable.
 - Currently there are no Parental Allowances for Members. The Panel purpose that when an claim is made it should be handled in the same way as if the claimant is an Officer.

- Co-opted members allowances have not previously be covered by the Scheme of Allowances and they ought to be. Allowances paid are broadly in line with those paid by other Authorities. These are already in payment and will have no impact on the budget.
- With rising energy costs and other costs of living increases, the Authority is faced with greater challenges in setting a budget for 2023-24 and beyond.
- The revised Scheme becomes effective from the 1st of April 2023,
- Looking forward, the Panel believes that in these uncertain times consideration should be given to linking the Basic and Special Responsibilities Allowance to Staff pay, with a four yearly review to correct any anomalies.

Recommendations

5. The Panel considered the Scheme of Allowances in line with the Methodology laid out in Appendix 2 and the Terms of Reference and General Principles in Appendix 3. With sharp rise in the Consumer Price Index a similar increase in the Wages Index the Panel have decided following discussions with Group Leaders and Senior Officers to move away from the RPI/CPI benchmark for this review.
6. The Panel therefore recommends uplifts to the Allowances as detailed in the recommendations in the table below. Considering all the factors described above the Panel have concluded that an increase of 5% in the Basic Allowance; no increase in Special Responsibility Allowances, except the Leader of the Opposition and no changes in the other allowances are proposed. The rationale behind our recommendation is set out in Appendix 4.
7. The Panel will consider the Schemes of Members Allowances operated by city, town and parish councils following the 2023 elections

Effective Date for Changes

8. The Panel recommend that the effective date for changes to the Scheme of Allowances be 1 April 2023.
9. The Panel's recommendation for each allowance paid are as follows:

Basic Allowance	
Recommendation 1:	The Basic Allowance be increased from £5,200 to £5,460 (5.0%).
Special Responsibility Allowances (SRAs)	
Recommendation 2:	Special Responsibility Allowances remain unchanged, except for the Leader of the Opposition.
Recommendation 3:	The Special Responsibility Allowance paid the Leader of the Opposition remain unchanged and a capitation allowance of £100 per opposition Member be paid to each group leader – for the purpose of this recommendation a group is two or more Members
Recommendation 4:	That these changes come into effect from 1 April 2023
Travelling Expense	
Recommendation 5:	Travel Allowances remain unchanged.
Subsistence	
Recommendation 6:	Subsistence Allowances remain unchanged.
Childcare and Dependents' Carers' Allowance	
Recommendation 7:	Childcare and Dependent Carers' Allowances remain unchanged.
Parental Leave	

Recommendation 8:	Arrangements for Parental Leave should be the same as for Officers.
Co-opted members of panels, members of the Independent Remuneration Panel and Independent Persons	
Recommendation 9	An allowance of £60 a meeting should be paid to co-optees from 1st April 2023
Linking Allowances to Officers' Pay	
Recommendation 10:	The Panel recommends that the Basic Allowance only be linked to Officers' Pay until the next review.
Review of the Scheme of Allowances	
Recommendation 11:	The Panel recommends that the Scheme of Allowances be next reviewed in 2026.

Budget Impact

10. The net cost of these changes is £10,440 (36x£240 + 18x£100) for the Basic Allowance Leader's and Leader of the Opposition SRA increases. The numbers claiming Dependent Carers' Allowance is very small and is expected to have no impact on budgets. Although there is no budget provision for the proposed increases, Officers have confirmed that the additional cost can be met from within existing budget allocations. The increase represents a 3.4% increase in the budget for the Members' Scheme of Allowances.

50% Rule

11. Some Authorities have a rule whereby no more than 50% of Members may receive an SRA. CDC has this rule and less than half the Members receive an SRA.

One Allowance Only

12. Nearly 75% of Districts & Boroughs in the South-East operate a one SRA per Member Rule. CDC operates this rule, and no Member receives more than one SRA.

Renunciation

13. Any Member may, on notifying the Head of Paid Service, renounce all or part of any allowance to which they are entitled.

Acknowledgements

14. The Panel is grateful for the support and co-operation received from Group Leaders, Members and Senior Officers and for the excellent assistance of Nick Bennett and Fiona Baker.

Appendix 1

Members of the Independent Remuneration Panel

The Panel Members are:

- Richard Andrews - has worked in the public sector for the past two decades across the south of England in a number of different governance and regulatory areas. He also supports current and aspiring senior level individuals as a coach, and has in the past been a school governor, leading on audit functions. This is his first term on the Panel.
- Michael Bevis - is a non-practising solicitor having previously been a partner in practices in Chichester, Arundel and Midhurst. He sat as a non-executive director on various NHS boards for 25 years. More recently he has been a trustee of St. Wilfrid's Hospice. He has been a member of IRPs which have reviewed members' allowances in the Arun, Havant and East Hampshire districts and has been a member of the Chichester panel since 2011.

FINAL

- John Thompson MBE, Chairman – has worked in the public, private and charity sectors. Has been on IRPs and an Independent Person for various Authorities since 2001. He is the Lay Member of the West Sussex Safeguarding Children Partnership. He is a School Governor. He was appointed to the Board of Governors of Chichester University in July 2022 and is a Director of Arun Arts which runs the Alexandra Theatre complex in Bognor Regis. He has been a member of the panel since 2015.

Richard Andrews and John Thompson are Independent Persons on the Chichester District Council Standards Committee.

Appendix 2 Methodology

The Panel considered the outcomes of previous Panel Report. This information was helpful and was used as a significant element of the evidence upon which the Panel has based its report and recommendations.

The Panel met and/or corresponded with the following Members and Officers to explore any issues regarding Allowances:

- Councillor Mrs Eileen Lintil, Leader of the Council and Group Leader of the Conservative Group
- Councillor Adrian Moss, Opposition Leader and Group Leader of the Liberal Democrats
- Councillor Gordon McAra – Independent and Chair of Licencing
- John Ward – Head of Corporate Services
- Nick Bennett – Monitoring Officer and Head of Democratic Services
- Fiona Baker – Democratic Services Officer.

The Panel was additionally provided with the following information for consideration:

- Committee list detailing the members of each committee.
- Members Role Profiles (job descriptions)
- The Municipal Calendar
- Copies of previous Independent Remuneration Panel Reports
- Extracts of Full Council Minutes
- Schedules of Payments to Members
- Southeast Employers' Survey of Allowances Paid to Members
- Committee Agendas and Minutes

Appendix 3 Terms of Reference

The Independent Remuneration Panel's Terms of Reference are to consider and review:

- the nature and type of role and responsibility of Elected Members and the level of commitment involved.
- the difference in responsibility and time commitment of Leading Members; Portfolio Holders and back-bench Members and other Members with specific responsibilities
- schemes operating in similar authorities elsewhere.
- the level of remuneration paid for other types of public duties.
- whether allowances should be payable to meet Members out of pocket expenses
- the need to attract and retain Members of appropriate calibre and representative of the demographic make-up of the district.
- the need to ensure that the scheme is straight-forward; economic to operate and justified in terms of affordability (in the public's perception) and working within existing budgetary constraints.
- a scheme that aims to compensate for the time put into the roles and responsibilities undertaken – bearing in mind that there should be an element of public service.

- a scheme that encourages Councillors to work flexibly and to develop themselves and their role in the community.

General Principles

- The Panel consider the Consumer Price Index (CPI) to be the most appropriate starting point. This is the rate at which the prices of goods and services bought by households, excluding housing, rise or fall and is estimated by using price indices. The data is obtained from the Office for National Statistics. But wider circumstances should also be considered
- The Panel advocates that Members' Allowances should be based on an external benchmark, as this ensures Allowances are maintained at a level appropriate to the wider economic landscape. The consistent use of one external benchmark also allows for decisions to be removed from the political arena and local pressures.
- The Panel reflected on the importance of the role of elected members and the importance of clarity in identifying and setting out these roles. This was considered particularly about ensuring that potential future Councillors were able to access information on the requirements of the role, and in ensuring that the Scheme of Allowance is consistent with the expectations of these roles.
- Recruitment of Members has always been recognised as an important part of the Panel's consideration. The introduction of the current national Scheme of Allowances in 2000 was driven by the need to make engagement in local governance more widely accessible. Most Members from all parties are motivated by a wish to participate in local politics and make a positive contribution to their communities
- Voluntary Service Element is a reduction in the Basic Allowance paid to all members to reflect that part of a Councillors work should be voluntary and not remunerated. There is no statutory requirement to show a discount and only a third of Authorities covered by the Southeast Employers do so. It is important that some element of the work of members continues to be voluntary - that some hours are not remunerated. This must be balanced against the need to ensure that financial loss is not suffered by elected members, and further to ensure that, despite the input required, people are encouraged to come forward as elected members and that their service to the community is retained. The Public Service Element for Chichester is 40%

Appendix 4

Commentary on Changes

- There was no real appetite for an increase in the **Basic Allowance**. There had been no increase since 2019. The Panel believes that during this period of rapidly rising costs the Basic Allowance should be linked to Officers pay. The Officers' pay increased by 3% in 2022 and can be expected to increase in 2023. On that basis propose an increase in the Basic Allowance of 5%. This increase is reasonable given that staff pay over the last four years has risen by a greater amount and reflects the significant pressures on the Authorities budget. The Authority 5th out of 7 in West Sussex in terms of cost per member of the population. And is in the middle of the range of Basic Allowances paid in West Sussex.
- There was support for an increase in the **SRA** paid to the **Leader of the Opposition**. Given the current and possible future balances of parties this is wholly justified by the additional responsibilities falling to the opposition parties. We propose in addition to the SRA paid to the minority party leader, an allowance based a flat rate of £100 per member of all opposition groups of two or more Members be paid to the leaders of each group.
- **Mileage Allowances** which are set at the maximum HMRC rates generated no debate. Officers are paid at the same rate as Members. Any amount over 45 pence attracts a tax liability for a Benefit in Kind to Members and the Authority must pay employers national Insurance on the Benefit in Kind. **Subsistence Allowances** should remain unchanged

- The ability to claim **Childcare and Dependents Allowances** has a potentially significant impact on the ability of people to stand for election who may not otherwise be able. The current hourly rate was not raised as an issue and should remain unchanged. The number of claimants is very small. Officers plan to again remind Members of the availability of these allowances as part of induction following next year's elections. The Head of Paid Service should make the final decision on a case-by-case basis
- **Parental Allowances** currently are not covered by the Scheme of Allowances. The panel recommends the Head of Paid Service should make the final decision on a case-by-case basis.
- **Co-opted members of panels, members of the Independent Remuneration Panel and Independent Persons** should be paid an allowance. This has not been covered in previous report. Our recommendation is that the rate should be £60 a meeting. This is in line with the amounts paid by other Authorities.
- The revised Scheme becomes effective from the 1st of April 2023,
- Continuing a 4-year cycle of full reviews of the members allowances scheme providing the programme of work for the Panel over the next four years to ensure a well informed and equitable Scheme of Allowances.

Appendix 5

Summary of feedback from the Survey of Members and the SE Employers' data

Survey of Members

A summary of the feedback from the survey of Members is at Appendix 6.

SE Employers' Data

This data set provides some interesting, but limited external comparisons. The only relevant comparisons are:

- Within West Sussex, CDC spend £2.52 per member of the population on Members Allowances (5th out of 7 Authorities) and £8,244 per member (2 out of 7) and 4th out of 7 in the range of allowances.
- Looking at the whole of the South-East the rankings of key SRA holders is:
 - Leader 35 out of 58 authorities paying this SRA
 - Deputy Leader 42 out of 54
 - Portfolio Holder 31 out of 49
 - Chair of Planning 17 out of 56
 - Chair of Audit 11 out of 54
 - Chair of Licencing 16 out of 56
 - Chair of OSC 26 out of 52.
- One post we were asked to look at was Leader of the Opposition – the SRA only 16 out of 57 pay an SRA for this post.
- All authorities pay travel and subsistence (the majority pay the HMRC maximum of 45p a mile) and run schemes that allow claims of childcare and maternity, paternity and adoption. Most dealing with these claims on a case-by-case basis.

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