

Report of:	Meeting	Date	Item No.
Cllr. Peter Gibson, Leader of the Council and Philippa Davies, Director of Resources	Council	14 July 2011	16

## MEMBERS ALLOWANCES SCHEME: AMENDMENTS

### 1. Purpose of Report

- 1.1 To consider recommendations of the Independent Remuneration Panel in relation to the Council's Scheme for Members' Allowances.

### 2. Outcomes

- 2.1 An up to date and appropriate Members Allowances Scheme.

### 3. Recommendations

- 3.1 That Members consider the recommendations of the Independent Remuneration Panel on possible amendments to the Members Allowances Scheme, as set out in the notes of its meeting on 21 June 2011, attached as Appendix 1.

### 4. Background

- 4.1 The Council is required, under the Local Authorities (Members' Allowances) (England) Regulations 2003, to appoint an Independent Remuneration Panel (IRP), comprising lay members who are not councillors to advise and make recommendations on the Council's Members allowances Scheme. Councillors have a duty to have regard to the recommendations of the Panel but, ultimately, it is for the Council to determine the contents of the Scheme.
- 4.2 The current Members Allowances Scheme was approved by the Council, following consideration of a report of the IRP, in January 2009.
- 4.3 The Panel will be undertaking its next full review of the Scheme in the Autumn, with a view to submitting a report and recommendations to the Council in January 2012, so that any changes can be implemented from April 2012.
- 4.4 In the meantime, the Panel has met once to consider potential implications of recent structural and constitutional changes. The Panel

has also taken the opportunity to clarify the interpretation of a previous decision on mileage allowances and to update and clarify the wording of the Scheme, as set out in Part 6 of the Council's Constitution.

## 5. Key Issues and Proposals

5.1 The information considered by the Panel and its conclusions and recommendations are set out in Appendix 1.

<b>IMPLICATIONS</b>	
Finance	The cost of Members Allowances in 2010/11 was £332,859 including travel and subsistence costs of £8,150. The reduction in Portfolio Holders from 6 to 5 and the Overview and Scrutiny Chairmen from 3 to 1 has generated savings of approximately £20,000. An increase in the mileage rate from 40p to 45p is estimated to cost an additional £974.
Legal	The proposals in this report are in accordance with the Local Authorities (Members' Allowances) (England) Regulations 2003.
Community Safety	None arising directly from this report
Equality and Diversity	Equality and diversity issues are recognised within the Scheme.
Sustainability	The Members' Allowances Scheme is intended to help Members to remain in their positions as local councillors.
Health and Safety	None arising directly from this report
Risk Management	None arising directly from this report
Asset Management	None arising directly from this report
Climate Change	None arising directly from this report

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<b>List of Background Papers:</b>		
Name of Document	Date	Where available for inspection
None	-	-

## **LIST OF APPENDICES**

Appendix 1 – Notes of the Independent Remuneration Panel meeting held on 21 June 2011.

arm/ex/cou/cr/11/1407rs2

## **INDEPENDENT REMUNERATION PANEL**

Notes of the meeting of the Panel held on 21 June 2011

**PRESENT:** John Matthews (Chairman), Don Tempest, Ron Matthews, Peter Ryder and Jack Wakefield.

**OFFICERS:** Philippa Davies (Director of Resources) and Roy Saunders (Democratic Services and Scrutiny Manager).

### **(1) IMPLICATIONS OF STRUCTURAL AND CONSTITUTIONAL CHANGES.**

Philippa Davies and Roy Saunders explained changes which had been made to the structure of committees and to the Constitution since the Panel had last met, as reported to the Council meetings held on 20 May and 9 June. A number of the changes had potential implications for the Members Allowance Scheme, as follows.

#### **(a) Cabinet Members**

The number of Cabinet Members had been reduced from 6 to 5 (excluding the Leader). Should any changes be made to the amount of Special Responsibility Allowance (SRA) for Cabinet Members, as a consequence?

#### **(b) Overview and Scrutiny**

The number of Overview and scrutiny Committees had been reduced from three to one. Should any change be made to the SRA paid to the Chairman of that Committee? Should the Chairmen of Scrutiny Task Groups receive an SRA?

#### **(c) “Lead Members”**

Four Lead Members had been appointed to provide support to the Cabinet on ;

Health and Wellbeing

Younger People

Older People

Rural Issues.

(A list of their functions, as approved by the Council on 9 June, was circulated).

Should they receive an SRA?

#### **(d) Licensing, Planning and Audit Committees**

The number of members on each of these Committees had been

rationalised at 14, having previously been 15, 15 and 10 respectively.

Should any changes be made to the SRA's for the Chairmen of those Committees?

The Panel was supplied with information about the amounts of Basic Allowance and Special Responsibility Allowances paid in authorities of comparable size and nature as reflected in the Audit Commission's family group with the addition of Chorley. The Panel noted that the Basic Allowance paid in Wyre was very close to the average for this group of councils. However, the level of Special Responsibility Allowances paid to the Leader, Cabinet Members and Chairmen of Committees was higher than the average and, in some cases, was towards the higher end of the range.

The Panel was also given information about the frequency of meetings.

Having discussed these various issues the Panel concluded, with reference to the Cabinet, that the reduced number of Members did not significantly affect the level of responsibility of the remaining Members. Similarly, the Panel did not feel that the change in the number of members on committees significantly affected the level of responsibility of the Chairmen of those Committees.

With regard to the possible payment of SRA's to the Chairmen of Scrutiny Task Groups and to Lead Members, the Panel did not feel it had sufficient evidence, at this stage, to recommend that such payments be made, but noted the need to consider that issue again at its next meeting in September, when some experience of the new structures would have been gained.

Members of the Panel expressed some concern that Wyre's level of SRA payments no longer appeared to be in line with the comparative group average. They noted the need to consider as part of the next full review of the Scheme, due to take place in the Autumn, whether the multiples of the Basic Allowance used to calculate the various levels of SRA remained relevant. Councillors would, as usual, have an opportunity to submit their views as part of that review process.

**AGREED** to recommend the Council:

1. That no change be made, at this stage, to the Special Responsibility Allowances paid to the Leader, Cabinet Members, Overview and Scrutiny, Audit or Regulatory Committee Chairmen.
2. That consideration of whether or not to make Special Responsibility Allowance payments to Chairmen of Scrutiny Task Groups and Lead Members supporting the Cabinet be deferred until the extent of those roles within the new structure became clearer.
3. That no changes be made, at this stage, to the Special Responsibility Allowances paid to the Chairmen of the Licensing,

Planning and Audit committees.

4. That the requirement of the Panel to undertake a full three-yearly review of the Members Allowances Scheme, starting in September 2011 and reporting to Council in January 2012, with any changes to be introduced from April 2012, be noted.

**(2) MILEAGE ALLOWANCE**

Philippa Davies reminded the Panel that, following its previous review, the mileage allowance for Councillors had been set at a fixed rate of 40p per mile, instead of different rates for vehicles with different engine sizes. The figure of 40p had been chosen because that was the amount specified by H.M. Customs and Revenues at that time as the relevant amount for tax purposes. However, the HMRC's tax rate had been increased to 45p per mile with effect from 6 April 2011. She asked the Panel to clarify whether the mileage rate should remain fixed at a monetary value of 40p, as the current scheme stated that "these rates will remain fixed for the three year period commencing 1 April 2009" or, whether mileage should be paid at the increased rate of 45p.

**AGREED** that the Council be recommended to increase the mileage allowance to 45p per mile with effect from 1 July 2011 and that in future the allowance be linked to the HMRC rate for tax allowances.

**(3) CONSTITUTION PART 6: MEMBERS ALLOWANCE SCHEME – MINOR UPDATES**

Philippa Davies informed the Panel that the Council's Constitution was currently being updated and written in clearer language. In line with that approach, she suggested that a number of minor amendments be made to the wording of the Members Allowance Scheme in Part 6 of the Constitution.

**AGREED** that the Council be recommended to approve amendments to the Members Allowance Scheme in Part 6 of the Constitution, as set out as "track changes" in the Appendix to these notes.

**(6) NEXT MEETING.**

**AGREED** that the Democratic Services and Scrutiny Manager be asked to arrange the next meeting of the Panel for late September 2011 and to also schedule a series of further meetings during the period up to Christmas, to enable the Panel to undertake a full review of the Members Allowance Scheme.

The meeting started at 5.00 pm and finished at 5.55 pm.

## Members' Allowances Scheme

### Section A: General Conditions

1. The following sections describe the arrangements under which Members may claim allowances; the procedure for submitting a claim; and levels of allowances. The general conditions outlined in this section apply to all claims. Appendix A sets out the scheme and shows the current level of Allowances and will be updated whenever amendments are made.
2. Members may be entitled to claim the following type of allowance:
  - (a) Basic Allowance (see 3).
  - (b) Special Responsibility Allowance (see 4).
  - (c) Travel Allowance (see 5).
  - (d) Subsistence Allowance (see 6).
  - (e) Carer's and Dependent Person's Allowance (see 8)

***If any member wishes to forego any of the above allowances, notification in writing must be made to the Chief Executive by the beginning of each municipal year; otherwise, allowances will be paid automatically for Special Responsibility and Basic Allowances and on the receipt of claims for other allowances.***

### 3. Basic Allowance

This is based on an annual sum paid in equal monthly amounts and will be paid without claim to all Members apportioned on a daily basis for the period of office to reflect ~~also any period of suspension.~~ any part month payments.

**The Allowance is taxable and will be increased in line with the prior years NJC pay award (for example, the increase in the basic allowance effective 01.04.10 will be determined using the pay award for council employees effective 01.04.09).** The current scheme was approved by the Council on 16 February 2006, on the basis of recommendations made by the Independent Remuneration Panel (IRP) and was fully implemented with effect from 1 April 2006. An annual review is undertaken each year and the results are applied from 1 April. A full review of the scheme is undertaken every 3 years.

The amounts currently payable under the Scheme are set out in Appendix A.

### 4. Special Responsibility Allowance

This may be claimed only by the holders of certain designated posts and is calculated by reference to the Basic Allowance.

The allowance is based on an annual sum paid in equal monthly amounts. It will be apportioned on a daily basis for members starting and finishing their period of special responsibilities during the course of the financial year.

Post	Calculation
Leader	4 x Basic Allowance
Deputy Leader	0.5 x Basic Allowance
Cabinet Members (6)	2 x Basic Allowance
Group Leaders *	(n/55) x Basic Allowance, where n = no. of Members in Group
Chairman of Overview and Scrutiny Committee (3)	1.5 x Basic Allowance
Chairman of Audit Committee	1.5 x Basic Allowance
Chairman of Planning Applications Committee	1.5 x Basic Allowance
Chairman of Licensing Committee	1.5 x Basic Allowance
Chairman of Standards Committee	Fixed Sum as specified
Mayor **	0.5 x Basic Allowance

Note \* Payable in respect of a group of two or more Members.

\*\* This is to be removed from the special responsibility allowance (after the determination for 2009/10) and paid in addition to the Mayor's Civic Allowance thereafter.

The amount for Group Leaders will change consequent upon the results of by-elections or Full Council elections that affect the balance of the groups.

***The Special Responsibility Allowance is taxable and will be increased annually in line with the increase in the Basic Allowance.***

See Appendix A for the current amount.

## 5. Travel Allowance

### (a) Journeys

Members are eligible for this allowance only where expenditure is ***necessarily incurred*** in the performance of an approved duty as defined in Section B.

The prescribed rates of payment for travel within the United Kingdom are shown in Appendix A. For travel abroad actual expenditure is reimbursed (after prior approval by the ~~Corporate Resources Portfolio Holder~~ Chief Financial Officer).

There are three modes of travel for which allowance is payable:-

- (1) By public transport (actual cost reimbursed).
- (2) By a Member's own motorcycle.
- (3) By a Member's own private motor vehicle, or one belonging to a member of his/her family or otherwise provided for his/her use.

When claiming mileage by a private vehicle, **only that for the shortest route is payable**. However, if the use of a motorway results in a substantial saving of time, the actual mileage may be claimed (details of which should be given).

Actual cost will be reimbursed for rail travel as with all public transport and the option that offers best value for the council will be selected.

If Members or co-optees wish to avail themselves of the Rail Warrant facility provided by the Council, they should complete the appropriate requisition voucher and submit it to the Financial Services Team. Any travel allowance claimed should be reduced by the value of such warrant or any other ticket or voucher provided for the journey.

Any deviation from this policy should be agreed in advance with the Chief Financial Officer ~~Director of Finance & Revenues~~ (S.151 Officer), and in the event of a dispute, referred to the Cabinet.

(b) Incidental Expenses

Members and co-optees are entitled to claim only those travel-linked expenses that are incurred in the performance of an approved duty, eg. Car parking fees, toll charges etc.

***When making a claim, Members should give full details and, whenever possible, attach the relevant receipts to support claims.***

(c) Motor Vehicle/Cycle Insurance and Driving Licence

***Members and co-optees are advised that they should ensure that their current insurance policy covers them for use on Council Business. Members are required to certify on their claim form that this has been adhered to and that they hold a current driving licence.***

These rates will remain fixed for the 3 year period commencing 1 April 2009.-

6. Subsistence Allowance

Members are eligible for this allowance only where expenditure is **necessarily incurred** in the performance of an approved duty as defined in Section B.

When main meals (i.e. full breakfast, lunch or dinner) are taken on trains during a period for which there is an entitlement to day subsistence, reimbursement is made within the limits shown in Appendix A.

The prescribed rates of payment for the performance of duties within the United Kingdom are shown in Appendix A.

For performance of duties abroad actual expenditure is reimbursed (after prior approval by the ~~Corporate Resources Portfolio Holder~~ Chief Financial Officer).

***Members should give full details when submitting a claim for this allowance, and certify that they have incurred additional expense, ~~not~~ attaching any receipts.***

These rates will be amended as necessary in order to ensure parity with the rates paid to council employees.

## **7. Co-optees' Allowances**

Special Responsibility Allowances will be paid to individuals who are not Councillors who are co-opted onto Committees that fit into the Council's Constitution and governance arrangements, where those individuals are elected to be the Chairman of that Committee.

This rate will remain fixed for the 3 year period commencing 1 April 2009.

## **8. Carer's and Dependants Carers' Allowance**

Payments will be made for expenses that are actually and necessarily incurred by Members and co-optees in the conduct of approved duties as defined in Section B. Care relates to dependant relatives living with the Member or co-optee, as follows:

- (i) children aged 14 or under;
- (ii) elderly relatives requiring full-time care; and
- (iii) relatives with disabilities who require full-time care.

The current rate is shown at Appendix A.

This rate will be amended as necessary in order to reflect the national minimum wage.

## **Section B: Meaning Of "Approved Duty"**

### **9. Approved Duties**

The Council's scheme does not allow for any attendance allowance to be paid for attending committees or meetings but travel, subsistence and carer's and dependent person's allowances will be paid for Councillors engaged on "approved duties".

For the purposes of the payment of travel, subsistence and carer's and dependent person's allowances the following are proposed as specified "approved duties" :-

- a meeting of the Executive i.e the Cabinet;
- a meeting of a Committee of the Executive (There are no such committees at Wyre Borough);
- a meeting of the authority i.e. a Full Council meeting;
- a meeting of a Committee appointed by the Council e.g. the Overview and Scrutiny Committees;
- a Sub-Committee or Task Group appointed by such a Committee;
- a meeting of some other body to which the Council makes appointments or nominations e.g. Fleetwood Fielden Charity, or
- a meeting of a Committee or Sub-Committee of a body to which the Council makes appointments or nominations;

- a meeting which has both been authorised by the Council, a Committee, Sub-Committee or Task Group of the Council or a Joint Committee of the Council and one or more other authorities, or a Sub-Committee of a Joint Committee and to which representatives of more than one political group have been invited;
- a meeting of a local authority association of which the Council is a member, where the Member is formally representing the Council e.g. the Local Government Association;
- duties undertaken on behalf of the Council in pursuance of any Standing Order requiring a Member or Members to be present while tender documents are opened;
- duties undertaken on behalf of the Council in connection with the discharge of any function of the Council conferred by or under any enactment and empowering or requiring the Council to inspect or authorise the inspection of premises;
- carrying out any other duty approved by the Council, or any duty of a class so approved, for the purpose of, or in connection with, the discharge of the functions of the Council, or of any of its Committees, Sub-Committees or Task Groups.

#### 10. Duties not Eligible for the Payment of Any Allowance

- (i) Attendance at meetings of school managing or governing bodies by any Member nominated by the Council to serve on such bodies.
- (ii) Attendance by Council Members or co-optees as representatives at meetings of outside bodies consisting of local authority representatives who carry out functions closely connected with the Council's functions and who are authorised to pay travelling, subsistence and/or attendance allowances.\*

~~(iii)~~

~~\* Any attendance allowance or financial loss allowance received from an outside body (within the 24-hour midnight to midnight rule) will be taken into consideration if allowance is claimed from further Council meetings within this same period.~~

~~(iv)~~(iii) Attendance at meetings of outside bodies which do not have sufficient functional relationship with the Council.

~~(iv)~~ Attendance at meetings considered to be of a party political nature.

**Note: For ease of reference** the full list of outside bodies for which allowances can be claimed, which is reviewed each year at the Council meeting in May, is published with the minutes of that meeting.

#### 11. Attendance at Conferences

Travel and subsistence allowances will be paid at the usual rates to Members and co-optees attending approved conferences and congresses within the United Kingdom connected with the Council's interests.

**12. Attendance at Official or Courtesy Visits**

A Member attending an official or courtesy visit within the United Kingdom on behalf of the Borough, including Royal Garden Parties, shall be eligible for travel and subsistence allowances at the usual rates, attendance to be authorised by the ~~Corporate~~ Resources Portfolio Holder.

**13. Attendance at Meetings of Bodies Prescribed by the Secretary of State**

The Local Government Act 1972 specifies that "approved duty" shall include the doing of anything as a member of a body prescribed by the Secretary of State to which the Member has been appointed by or on the nomination of the Council in pursuance of a duty imposed on or a power granted to the Council by any enactment or instrument (including Royal Charter). Any Member doing anything as a member of such a body for the purpose of, or in connection with, the discharge of the functions of that body is therefore eligible for travel and subsistence allowances at the usual rates.

**Section C: Procedure for Claiming Allowances**

14. Allowance claims should be submitted to the Democratic Services Section on the official form by the 15th day of each month. All claims submitted by that date will be paid on the 15th day of the following month directly into the Councillor's bank account. Claims received after that date will be paid in the following month.

***Members are required to submit claims within two months of the date on which the entitlement to the allowance arises is carried out.***

When completing claim forms, Members are requested to:

- (a) Enter their name and address.
- (b) Delete modes of travel not applicable (ie. indicate if travel is by private car, private motor cycle or by public transport).
- (c) Indicate car or motor cycle details:
  - (i) Engine size of vehicle.
  - (ii) Make of vehicle.
  - (iii) Registration number of vehicle.
- (d) Enter date of duty.
- (e) Enter place of duty.
- (f) Enter amount of attendance or financial loss allowance received from an outside body.
- ~~(g) Tick the "conference or seminar" column if applicable.~~
- ~~(h)~~(g) Enter the place that the journey starts and finishes, (including those for outside bodies).

- (h) Enter the names of official passengers taken in a private vehicle in order to qualify for a higher allowance.
- (i) Enter miles driven (based on the shortest route) or public transport fares incurred.
- (j) Enter amount of incidental expenses with the necessary explanatory detail.
- (k) Enter the subsistence amount claimed with the necessary explanatory detail and, whenever possible, attach any VAT receipts to support the amount.
- (l) Enter the number of hours claimed for the carer's allowance calculated from the time leaving home to the time returning to home.
- (m) Indicate by deleting yes/no if vehicle has been changed since last claim (this can affect mileage rate).
- (n) Sign the form, ensuring that the statements above the signature has been adhered to.

***Note: payment of these allowance is dependent on expenditure actually being incurred and Members and co-optees must sign the form to that effect when claiming. Members are reminded that claims are not permissible when allowances have been claimed from another body.***

Blank claim forms can be obtained from the Democratic Services Section, ~~Employee Services or the Members' Library.~~

## 15. Income Tax

A payment in respect of the performance of the duties of a Member and co-optee counts as a taxable "emolument" (remuneration).

A payment which is no more than the reimbursement to the Member for the extra expense he/she has necessarily incurred in carrying out his/her duties is not normally taxable (reimbursement).

### (a) Basic Allowance and Special Responsibility Allowance

These are payable to a Member as of right (as specified in Sections 3 and 4) whether or not he/she has lost earnings or incurred expenses. They are classed as REMUNERATION and are regarded by Inland Revenue as **taxable**.

New members need to obtain a P46 from the Employee Services Section, complete and return it so that code numbers can be obtained from the Inland Revenue on their behalf.

Tax codes continue unless notification is received from the Inland Revenue.

Any queries on this aspect should be referred to the HR Team. ~~Director of Finance & Revenues.~~

(b) Travel Allowance

When an individual is liable to income tax in respect of an occupation, the cost of travelling to the place of work is not a deductible expense because it is not incurred "in the performance" of his/her work; if it is reimbursed then the reimbursement is liable to income tax because it becomes part of his/her remuneration.

However, a Member's home is regarded as his/her place of work and hence no income tax is payable on any of his/her travel expenses because they are all regarded as being "in the performance of his/her duties".

**16. Subsistence and Carer's and Dependent Person's Allowances**

These are regarded as REIMBURSEMENT of expenses and are consequently **not liable to income tax**.

**17. National Insurance**

Members' Allowances are subject to National Insurance deductions. See Appendix A for limits.

**18. Pensions For Members**

The Council's decision, made on 18 December, 2003, not to proceed with the establishment of a Local Government Pension Scheme for eligible Councillors was re-affirmed when the recommendations of the Independent Remuneration Panel were approved on 16 February, 2006 and again on 29 January 2009.

[A meeting of the IRP 14 July 2010 reaffirmed the previous policy and consequently no recommendation was made to Council allowing councillors the opportunity to join the Local Government Pension Scheme.](#)

Approved ~~January, 2009~~ July 2011