

# Independent Remuneration Panel

24 October 2018

## Parish Council Allowances



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### Report of Steve Ragg, County Durham Association of Local Councils.

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#### Purpose of the Meeting

- 1 To assess and introduce a county wide Members' Allowances Scheme for parish councillors. This will provide a county wide recommendation from the Independent Remuneration Panel which will provide guidance for parish councils when setting their basic allowance.

#### Background

- 2 Parish and town councils in County Durham were in the past provided with Independent Remuneration Panel assessment by district councils. Since the new unitary authority was created in 2009 the Independent Remuneration Panel has not made any recommendations concerning allowances payable to parish councillors. Consideration of this by the Panel is therefore welcome.
- 3 An example of the last district council determination for the basic allowance is shown below. Unlike the County Council there are no other allowances paid for being for example a cabinet member or chair of committee etc.

<b>Population</b>	<b>Amount Suggested by Independent Remuneration Panel</b>
Population of 15,000 and over	20% of the district basic allowance up to a maximum of £1,000
Population between 10,000 & 15,000	15% of the district basic allowance up to a maximum of £750
Population between 5,000 & 10,000	10% of the district basic allowance up to a maximum of £500
Population between 3,000 & 5,000	5% of the district basic allowance up to a maximum of £250
Population between 2,000 & 3,000	3% of the district basic allowance up to a maximum of £150
Population between 1,000 & 2,000	2% of the district basic allowance up to a maximum of £100
Population of under 1,000	1% of the district basic allowance up to a maximum of £50

- 4 Parish and town councils have therefore been reliant on out of date Independent Remuneration Panel assessments produced by the previous district councils and may or may not have increased the basic allowance by inflation.
- 5 All local authorities are required to have a scheme which makes provision for the payment of a range of allowances and expenses to elected members.
- 6 The approval of a scheme for parish councils will provide a consistent base that all parish councils in County Durham can take into consideration when determining an basic allowance they wish to pay.

- 7 There are over 100 parish and town councils in County Durham. The majority of parish and town council in County Durham do not pay a basic allowance, with members acting on a purely voluntary basis.
- 8 Nine parish councils have recently provided details of the basic parish council allowance. To give you an indication as to their size and spending power the attached spreadsheet shows details of electorate and precept figures for all councils who responded.
- 9 From the councils who responded, the largest basic allowance currently identified is £1,206.84 per annum payable by Peterlee Town Council and the least, £300 per annum paid by Easington Colliery Parish Council. There are various schemes in place for subsistence allowances but there does seem to be a consensus of 45p per mile payable by most councils for car mileage.
- 10 When determining allowances, local councils must have taken regard as to the level of allowances set by their unitary council's parish remuneration panel. And the following considerations also apply
- Allowances are not payable to appointed or co-opted councillors.
  - Allowances are not a salary; are annual and not linked to any expense incurred by a councillor.
  - Councillors have discretion as to whether they accept the allowance or not.
  - The allowance is treated as income from an office and is in principle subject to income tax under the PAYE regime.

### **Review of the Members Allowance Scheme**

- 11 Had the basic allowance figures shown above increased in line with inflation then, using the Bank of England Inflation Calculator, these figures would have increased by around 34.5 % since April 2009. Based on the unitary authorities basic allowance of £13,300 per annum and, if the Panel is minded to approve any changes, an example of what could be done is reflected below.

I am also aware that County Council basic allowances have not changed much over the last few years.

<b>Population</b>	<b>Amount Suggested by Independent Remuneration Panel</b>
Population of 15,000 and over	10% of the county basic allowance up to a maximum of £1,330
Population between 10,000 & 15,000	7.5% of the county basic allowance up to a maximum of £1,000
Population between 5,000 & 10,000	5.% of the county basic allowance up to a maximum of £665
Population between 3,000 & 5,000	2% of the county basic allowance up to a maximum of £270
Population between 2,000 & 3,000	1.5% of the county basic allowance up to a maximum of £200
Population between 1,000 & 2,000	1% of the county basic allowance up to a maximum of £135
Population of under 1,000	0.5% of the county basic allowance up to a maximum of £65

### **Determination of other allowances for parish councils.**

- 12 It would be useful if parish councils had reference for other allowances such as the following. It is suggested, as a guide, that parish councils take cognisance of the following rates paid by the County Council.

- The rate for travel by a Member's own private motor vehicle, or one belonging to a member of his/her family or otherwise provided for his use, will be paid at 45.0p a mile
- Standard Class rail travel is the approved class of travel, although first class rail can sometimes be the cheaper option dependent upon the time of booking.
- The cost of travel by air shall not exceed the cost applicable to travel by appropriate alternative means of transport. Unless in circumstances where the saving in time is so substantial as to justify payment of the fare for travel by air.
- Overnight Accommodation

<b>Overnight allowance</b>		<b>Rate £</b>
London	Up to a maximum claim on production of receipts	£124.76
Outside London	Up to a maximum claim on production of receipts	£109.39

<b>Allowance</b>	<b>Minimum absence from home</b>	<b>Rate £</b>
Breakfast	2 hours which must be before 11.00am	6.75
Lunch	2 hours which must be between 12 noon and 2.00pm	9.27
Tea	3 hours which must include 3.00pm to 6.00pm	3.65
Evening Meal	3 hours which must be after 7.00pm	11.48

- **SUBSISTENCE ALLOWANCES - DUTIES PERFORMED WITHIN THE UNITED KINGDOM**

When carrying out approved duties “Out of Region”, Members may claim up to the approved rates as follows on production of receipts:

1. For an absence not involving an absence overnight from the usual place of residence:

<b>Allowance</b>	<b>Minimum absence from home</b>	<b>Rate (£)</b>
Breakfast	2 hours which must be before 11.00	6.75
Lunch	2 hours which must include 12.00 to 14.00	9.27
Tea	3 hours which must include 15.00 to 18.00	3.65
Evening Meal	3 hours which must be after 19.00	11.48

- Members may claim full reimbursement of the reasonable cost (including VAT) of a main meal (full breakfast, lunch or dinner) taken on a train. Members wishing to claim must submit receipts. Where full reimbursement is claimed the allowance for the meal provided cannot also be claimed, i.e. breakfast, lunch, dinner, etc

## **Summary of Issues for the Panel to Consider**

13 The Panel is asked to consider:

- a) the recalculation of the Basic Allowance rate for parish councillors set out above in paragraph 11 and provide, if it wishes, any recommendations to make to parish councils for consideration when setting their Member Allowance Schemes for the year 2019/20.
- b) recommendation of the other related allowances shown in paragraph 12 to bring the parish council recommended allowances in line with the County Councils approved allowances and to reflect any future changes made to the county councils allowance scheme in parish council schemes.

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## **Appendix 1: Implications**

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**Finance** – There are approximately 1,100 parish council members in County Durham. However, the vast majority of these will be paid no basic allowance or claim any other allowances.

**Legal Implications** – The Local Authorities (Members' Allowances) Regulations (England) Regulations 2003 (as amended) require councils to review members' allowances at least once every four years for the purpose of agreeing how it will index-link its scheme of allowances. Before any amendments to the Scheme are made, parish councils must have regard to the recommendations made by the IRP and determine whether and how these are implemented.