

EAST AYRSHIRE COUNCIL

COUNCIL MEETING – 17 MAY 2007

COUNCILLORS' REMUNERATION - SALARY, ALLOWANCES AND EXPENSES SCHEME

Report by Executive Head of Finance and Asset Management

1 PURPOSE OF REPORT

- 1.1** To allow consideration of how the provisions of the new regulations on councillors' remuneration should be applied.

2 BACKGROUND

- 2.1** From 3 May 2007 remuneration of elected members is covered by new regulations, namely the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007, the Local Government (Allowances and Expenses) (Scotland) Regulations 2007 and the Local Governance (Scotland) Act (Allowances and Expenses) Regulations 2007.
- 2.2** These regulations set out conditions, values and limits on payments to councillors in respect of salaries, allowances and reimbursement of expenses incurred. A proposed Scheme, which will require to be modified and expanded in light of any decisions made following consideration of this report, is attached.

3 SALARIES

- 3.1** The regulations confirm that all councillors other than the Leader, Provost and "Senior Councillors" will receive a basic annual remuneration of £15,452.
- 3.2** The salary of the Leader of the Council is determined by reference to the size of the Council and for East Ayrshire Council the salary will be £30,905 per annum.
- 3.3** The salary of the Provost will be set by the Council up to a maximum of 75% of the Leader's salary, or £23,179 per annum.
- 3.4** In addition to the Leader and Provost, the Council can appoint up to 14 "Senior Councillors" who may be paid an enhanced salary up to a maximum of 75% of the Leader's salary. The limit on the total value of enhancements has been set at £270,410. The Council has the flexibility to determine which positions should be considered to merit higher remuneration, how many posts it wishes to allocate and the level of enhanced remuneration to be attached to each on an individual basis, so long as the numbers and costs remain within the limits set.

- 3.5** The regulations allow councillors' salaries to be paid either monthly or four weekly. It is proposed that salaries should be paid 4 weekly in arrears with the first payment being made on 23 May 2007.

4 ALLOWANCES

- 4.1** The only allowance available under the regulations is in respect of mileage and the regulations prescribe the rates payable. The current rates are set out in the attached document.

5 EXPENSES

- 5.1** The Council can reimburse actual and receipted expenditure incurred by the Provost in carrying out civic duties. This is separate from the normal entitlement to reimbursement of travel and subsistence costs. The Council can determine the ceiling on Provost's expenses up to a maximum of £3,000 per annum.

- 5.2** Travel and subsistence expenses may be claimed for approved duties as defined in section 49 of the Local Government (Scotland) Act 1973. Further clarification on what constitutes "approved duties" will be provided following finalisation of the Council's governance arrangements.

- 5.3** Although councillors can claim back the actual receipted costs incurred for meals and overnight accommodation the regulations include maximum levels of reimbursement for these items as indicated in the attached document.

- 5.4** Additional costs necessarily incurred for council business in respect of telephone and computer usage will be reimbursed.

- 5.5** The claim form to be used is prescribed in the regulations and claims need to be received by the Payments Section of the Finance and Asset Management Service no less than 10 working days before the payment date.

6 PUBLICATION

- 6.1** As is currently the case, councils will be required, as a minimum, to publish information on councillors' salaries, allowances and expenses in respect of the previous financial year in a standard format on their website by 1 June each year. At the same time Councils will be expected to publish information on training undertaken by councillors in the previous year.

7 RECOMMENDATIONS

7.1 It is recommended that members;

- (i) Determine the annual salary to be paid to the Provost;
- (ii) Determine which posts will be classified as “Senior Councillor” in terms of the regulations and the salary enhancement to be allocated to each;
- (iii) Determine the annual maximum level of Provost’s expenses to be reimbursed;
- (iv) Agree that salaries should be paid four weekly in arrears;
- (v) Otherwise note the contents of this report.

Alex McPhee
Executive Head of Finance and Asset Management

AMcP/JP
11 May 2007
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LIST OF BACKGROUND PAPERS

Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007
(SSI/2007/183)
Local Government (Allowances and Expenses) (Scotland) Regulations 2007
(SSI/2007/108)
Local Governance (Scotland) Act (Allowances and Expenses) Regulations 2007
(SSI/2007/265)

Further information on this report is available from Alex McPhee, Executive Head of Finance and Asset Management, Tel: (01563) 576300.

MEMBERS' SALARIES, ALLOWANCES AND EXPENSES SCHEME

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1 INTRODUCTION

- 1.1 This booklet advises Members on their responsibilities and entitlement to salary, allowances and expenses payable in respect of the performance of their duties. It will be modified in light of decisions to be taken by the Council in respect of areas of discretion allowed by the Regulations.
- 1.2 Salaries, Allowances and Expenses payable to Elected Members are governed by the Local Governance (Scotland) Act 2004 (Remuneration) Regulations 2007 (SSI/2007/183), the Local Government (Allowances and Expenses) (Scotland) Regulations 2007 (SSI/2007/108) and the Local Governance (Scotland) Act 2004 (Allowances and Expenses) Regulations 2007 (SSI/2007/265). These came into force on 2 May 2007 to apply for elections held after that date.

2 LEVELS OF REMUNERATION

- 2.1 References to “remuneration” in this guidance relate, generally, to the whole package for Councillors of salary, allowance and reimbursement of actual expenditure. For the purposes of the salary, allowance and expenses arrangements, there are 4 levels of payment, depending on the responsibilities of the Councillor: -
- (a) **Leader of the Council**
 - (b) **Provost**
 - (c) **“Senior Councillor”** – a Councillor who holds a significant position of responsibility in the Council’s political management structure.
 - (d) **“Councillor”** – all other Councillors.

3 BANDING OF LOCAL AUTHORITIES

- 3.1 East Ayrshire Council has been banded within Band B for the purposes of payment of remuneration to Councillors.

4 GENERAL

- 4.1 Any Councillor, regardless of level of payment, will be able to renounce receipt of all or any part of his or her salary if he or she chooses to do so. Salaries will be paid 4 weekly and will be paid in arrears in the same way as staff salaries. As Councillors are available to the electorate on a daily basis salaries are therefore based on 365 days per year. Any member who is elected or leaves part way through a financial year will receive the appropriate proportion of their annual salary.

Members' Salaries, Allowances & Reimbursement of Expenses

- 4.2 HM Revenue and Customs have confirmed that for income tax and national insurance purposes Councillors are regarded as office holders and liable for PAYE and National Insurance contributions at the appropriate rate. As such Councillors are entitled to Statutory Sick Pay and Statutory Maternity Pay.

5 COUNCILLORS' SALARY

5.1 Basic Salary

All Councillors who do not hold the position, for remuneration purposes, of Leader, Provost or Senior Councillor will receive a basic remuneration of £15,452. This figure is set nationally in the Regulations.

5.2 Salary of the Leader of the Council

As the salary levels for leaders have been fixed nationally, the salary of the Leader of East Ayrshire Council will be £30,905.

5.3 Salary of the Provost

The regulations confirm that the Provost may be paid up to a maximum of 75 per cent of the remuneration paid to the Council Leader. This means that the maximum salary that can be paid to the Provost of East Ayrshire Council will be £23,179.

The Councillor termed the 'Leader of the Council' and the Councillor termed the 'Provost' for remuneration purposes cannot be the same person.

5.4 Senior Councillors

- 5.4.1 In addition to the Leader and the Provost, East Ayrshire Council may have a maximum number of 14 'Senior Councillors'. It is for the Council to decide how many Senior Councillor posts it wishes to allocate but this must not exceed fourteen.

- 5.4.2 Additionally, the salaries of any Senior Councillors serving on Boards established by the Council e.g. Licensing Boards would have to be met from within the maximum total number of Senior Councillors allocated to the authority and the overall budget the authority has to meet Senior Councillors' salaries.

- 5.4.3 It will be for the Council to decide within the overall structure which posts are deemed to be 'Senior Councillor' posts. The Council will also decide the level of remuneration to be paid to each of the senior Councillors within the overall budget limit set for that purpose. Further information on how that limit is calculated is provided at **APPENDIX 1**. Senior Councillors should be paid according to the level of responsibility they hold and this may result in differing levels of salary.

5.5 Pensions

Members are eligible to join the Local Government Pension Scheme which is administered by Strathclyde Pension Fund. Further information on this is available through the Head of Democratic Services.

6 LIFE ASSURANCE

- 6.1** Members under the age of 70 are covered under the Council's Group Life Assurance Scheme which pays 1 x annual salary subject to a minimum of £50,000 in the event of death. Cover is also provided under the Council's Personal Accident Policy. Further details are available from the Executive Head of Finance and Asset Management.

7 ALLOWANCES AND REIMBURSEMENT OF EXPENSES

7.1 General

This guidance relates only to the reimbursement of expenses incurred by Councillors in carrying out council business. It does not apply where the Council itself purchases places for members at a conference or where the Council would, in any event, consider it reasonable to offer lunch to all those attending any particular meeting. Councillors are required to declare that their claims are for approved council business and relate to costs incurred by them.

7.2 Allowances

The only allowance which is available under the Regulations is for mileage and the Regulations prescribe appropriate mileage rates.

Councillors may claim costs incurred when travelling by private car or van, motorcycle and bicycle, on approved duties, and may also claim costs for travelling with passengers where both the Councillor and the passenger are carrying out any approved duties. These rates, which are mandatory, are: -

- (a) 49.3p per mile for travel by car or van
- (b) 24p per mile for travel by motorcycle
- (c) 20p per mile for travel by bicycle
- (d) 5p per passenger per mile where both the passenger and the Councillor are carrying out any approved duties

HM Revenue and Customs have indicated that the mileage of 49.3p is in excess of the maximum statutory tax free rate of 40p, and PAYE should be paid on the additional 9.3p per mile regardless of the nature of the travel in question.

7.3 Reimbursement of Expenses

7.3.1 Provost

In addition to the Provost's remuneration, actual and receipted expenditure incurred by the Provost in carrying out his or her civic duties will be reimbursed. This is separate from entitlement to be reimbursed with travel and subsistence costs. The Council may determine a limit up to a maximum of £3,000 per annum. The year, for these purposes, runs from the date of the election for 12 months, and the sum available is the total amount which may be reimbursed in any year even if the Provost changes during that time.

Members' Salaries, Allowances & Reimbursement of Expenses

HM Revenue and Customs have indicated that they consider the reimbursement of receipted expenditure incurred by the Provost to enable them to carry out his or her civic duties should be subject to PAYE.

7.4 Travel

Travel and subsistence expenses may be claimed for approved duties (as defined in Section 49 of the Local Government (Scotland) Act 1973). For the majority of instances of expenditure, Councillors will be required to produce a receipt. Approved duties are defined as: -

The carrying out of any duty approved by the Council, or anything of a class so approved for the purposes of, or in connection with, the discharge of functions of the Council.

Further guidance on this may be issued once governance structures have been finalised.

For the purposes of calculating claims, a Councillor's normal place of residence (his/her home) is regarded as his or her normal place of work, so expenses associated with travel from home to the council headquarters, and other locations to conduct council business, may be claimed back. Where a Councillor travels on council business from his or her employment or business (which is not council related) he or she may be reimbursed for the cost of the journey. However, if the cost of making this journey would have been lower had it started from the Councillor's home, then that lower cost is the maximum amount which should be reimbursed. For example if the distance from a Councillor's home to council offices is 6 miles and from a Councillor's business to council offices is 10 miles, a maximum of 6 miles may be reimbursed.

7.5 Travel by Private Transport

In addition to the mileage allowance covered in paragraph 7.2 above, Councillors can also claim the following costs associated with travelling by private car, motorcycle or bicycle: -

- (a) Parking charges – receipted costs of expenses incurred
- (b) Road and bridge tolls – costs of expenses incurred
- (c) Road pricing/congestion charging – receipted costs of expenses incurred
- (d) Ferry fares for car, motorcycle or bicycle – receipted costs of expenses incurred

Parking fines or tow-away costs will not be reimbursed.

7.6 Travel by Public Transport

The following expenses may be claimed back by Councillors who use public transport to carry out their duties: -

- (a) Buses and trams – expenses incurred, including season ticket/passes where this is considered more cost effective.

- (b) Taxis, trains, air travel, ferry travel – receipted cost of fare.

It is expected that Councillors should travel by standard/economy class for the vast majority of their journeys.

7.7 **Subsistence**

7.7.1 **Expenses incurred for meals and overnight accommodation**

Councillors may claim back the actual receipted costs incurred for meals and overnight accommodation when they are carrying out council business away from their home or away from council premises.

7.7.2 **Overnight Subsistence (Bed and Breakfast)**

Councillors will be reimbursed the actual receipted costs for overnight accommodation up to the maximum rate in **APPENDIX 2**. The overnight reimbursement covers the cost of bed and breakfast whether accommodation is booked on a 'room only' or 'bed and breakfast' basis. Costs up to a maximum of £118.63 for London and £94.82 elsewhere in the UK may be reimbursed on production of a receipt, rather than a flat rate payment. Under normal circumstances such bookings and payments should be made by the Councillors themselves. However, where several Councillors are attending an event accommodation may be booked and paid for on Members' behalf. The costs should be within the maximum rate allowed in the regulations.

7.7.3 **Meals**

Meal expenditure can not be reimbursed where a Councillor is carrying out council business in his or her own ward or on council premises within the council of which they are a member.

Where a Councillor is required to carry out council business outwith his or her own ward and outwith council premises, the actual receipted cost of reasonable expenses incurred for lunch – up to a maximum of £12 – and dinner – up to a maximum of £25 – may be reimbursed.

In addition, where a Councillor is required to carry out council business outwith his or her own ward and outwith council premises, it may be possible for them to claim reimbursement of actual receipted breakfast costs – up to a maximum of £8 – where they are not claiming overnight subsistence and where they have needed to purchase breakfast, for example where they have to travel some distance at an unreasonable hour to attend a meeting and stop to purchase breakfast en route.

Reimbursement of breakfast costs cannot be claimed in addition to overnight subsistence since it is included in the maximum subsistence for overnight absence from home.

7.7.4 Overseas Travel and Accommodation

The Regulations recommend that for journeys in Europe, economy class should be used where possible. The next higher class (normally business class) may also be considered in certain circumstances. This would normally be when it was not cost effective to book economy flights, perhaps because of restrictions on bookings or in the case of short-term visits. Also in cases where a Councillor necessarily travels for official reasons in company with a person who is not a Councillor but who is travelling in a higher class, then business class travel can be considered. Where long haul journeys are being undertaken, for example to the USA or Far East, business class travel can be permitted.

Reasonable actual receipted accommodation and subsistence costs will be reimbursed in cases of official overseas visits.

7.7.5 Telephone and Computer Expenses

East Ayrshire Council will provide equipment necessary to allow Councillors to carry out their role such as mobile phones, PC equipment and fax machines. Councillors will not be reimbursed for purchasing such equipment. Councillors may be reimbursed for reasonable peripheral costs e.g. printer cartridges/ribbons. The Council will be able to supply appropriate stationery and consumables. The Regulations confirm that any additional telephone costs, including a proportion of line rental, necessarily incurred to allow Councillors to carry out their role effectively will be reimbursed.

Telephone reimbursement will be taxable unless exclusive business calls can be identified.

7.8 Standard Form for Claims

7.8.1 Councillors are required to complete a standard form which is prescribed in the Regulations for claims for reimbursement of travel, subsistence and expense costs. The form which requires to be completed can be found at **APPENDIX 3**.

7.8.2 Each element of reimbursement claimed should be unique. Councillors may not claim reimbursement for the same expense more than once.

7.8.3 Claim forms should be fully completed, totaled, signed and relevant receipts must be attached to the form, then sent to Members' Secretaries for checking. A final check is made by the "Head of Democratic Services" prior to sending forms to the Payments Manager for processing payment. Incomplete or incorrect forms will require to be returned to the Member for correction before being passed to the Head of Democratic Services.

7.8.4 Claim forms are required to be submitted on a four weekly basis to Members Secretaries two weeks prior to pay day.

7.8.5 Blank claim forms will be available in both electronic and paper format.

7.9 Publication of Remuneration Information

Councils are required to publish information in relation to individual Councillors' salaries and expenses on an annual basis.

CALCULATION OF SENIOR COUNCILLOR REMUNERATION

- **Step 1** - the Leader's remuneration as set in regulations
- **Step 2** - reduce that figure by 25% to establish the maximum senior Councillor remuneration permissible
- **Step 3** - deduct the Councillor's basic remuneration
- **Step 4** - divide the result by 2 to establish the mid-point between the Councillor's basic remuneration and the maximum senior Councillor remuneration
- **Step 5** - add that to the Councillor's basic remuneration
- **Step 6** - multiply the result by the permitted number of senior Councillors to establish a total sum from which all senior Councillors' salaries must be met.

For example, in respect of East Ayrshire Council with 14 senior Councillors, the calculation would be:

- **Step 1** - Leader's remuneration = £30,905
- **Step 2** - 25% = £23,178
- **Step 3** - £15,452 = £7,726
- **Step 4** - divided by 2 = £3,863
- **Step 5** - + £15,452 = £19,315
- **Step 6** - x 14 = £270,410

East Ayrshire Council will therefore be able to allocate up to £270,410 on salaries for up to 14 senior Councillors in whatever way they consider appropriate. It could be divided equally to pay £19,315 to each of the 14 senior Councillors for example.

TYPES OF EXPENDITURE AND MAXIMUM RATES

(a) Breakfast (where no overnight subsistence is claimed) £8 per day

(b) Lunch £12 per day

(c) Dinner £25 per day

Meals taken under paragraphs (a), (b) and (c) are those taken by a member of a local authority outside the electoral ward in respect of which they hold office and not within any council premises

(d) Overnight accommodation away from home and council premises £118.63 within London
(costs for bed and breakfast) £94.82 elsewhere

(e) Other particular costs of travel by private car, motorcycle or bicycle, Receipted costs of
being: - expense

(i) parking charges

(ii) road pricing schemes and congestion charging

(iii) ferry fares

(g) Road and bridge tolls Actual costs of
expense

(h) Public transport (including taxis) Receipted cost of
expense

(i) Telephone and computer costs necessarily incurred for approved Actual costs of
duties expense

MEMBER'S TRAVEL & SUBSISTENCE EXPENSES CLAIM FORM

MEMBER'S NAME:		PAYROLL NO:	
PRIVATE VEHICLE REG NO:		PERIOD END:	

SUMMARY OF CLAIM

Car Mileage Claim	
Motorcycle Mileage Claim	
Bicycle Mileage Claim	
Passenger Mileage Claim	
Subsistence	
Other Travel	
Other Expenses	
Total of Claim	

OFFICIAL USE ONLY	

DECLARATION

I declare that: –

- The amounts of travel and subsistence expenses claimed, have been actually and reasonably incurred for the purpose of enabling me to perform approved duties as a Member of the Council.
- I have paid the fares shown and all other amounts claimed are in accordance with rates approved by the council.
- I have attached all necessary receipts in connection with expenses claimed.
- I have not made, and will not make, any other claim under any enactment for subsistence expenses or allowances in connection with the duties indicated in this form.
- Where I am claiming mileage expenses, I have a valid licence and appropriate motor insurance, which covers my vehicle being used for business purposes.

SIGNATURE:		DATE:	
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Finance Use Only

CHECKED BY:		DATE:	
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AUTHORISED BY:		DATE:	
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NOTES OF GUIDANCE FOR COMPLETION OF CLAIM FORM

The claim form has been devised to take account of the requirements for publishing information in a standard format about Councillors' claims. This form will also provide the necessary documentation for HM Revenue and Customs and Internal and External Audit.

To assist in completion of the form your attention is drawn to the following points:

1. DATE

Please insert Date for which expense item is claimed.

2. TIMES OF DEPARTURE/ARRIVAL

Departure/Arrival Times should be entered for verification of amounts claimed for subsistence.

3. DETAILED DESCRIPTION OF APPROVED DUTY

Clearly indicate which meeting you have attended or the relevant detail of the approved duty undertaken. Approved duties should indicate – Council Meetings, duties in connection with Council functions, conferences/seminars etc. nominee to other bodies, group meetings, duties undertaken by chair or vice chair or other senior Councillors, members surgeries, constituency/committee work and meetings with named Officers.

4. EXPENSE ITEMS/JOURNEY DETAILS

As meetings and approved duties are held at various locations, it is essential for the calculation of mileage that all locations visited are entered onto the claim form.

5. PASSENGER MILES

This calculation should be entered by calculating the number of miles travelled multiplied by the number of passengers e.g. 2 passengers times 30 miles = 60 passenger miles.

6. SUBSISTENCE

Subsistence relates to overnight accommodation and meals. Only receipted costs will be reimbursed to the prescribed maximum levels when council business was required to be conducted outwith a Councillor's own ward, or outwith council premises, or otherwise in accordance with Schedule 2 to the Local Governance (Scotland) Act 2004 (Allowances and Expenses) Regulations 2007.

7. OTHER TRAVEL EXPENSES

This column should be used to record claims for public transport, taxi and air fares and any other allowable travel expenses for which a receipt is available.

8. OTHER EXPENSES

This column should be used for reimbursement of other receipted allowable expenditure.