



**GUIDE TO MEMBERS'
ALLOWANCES**

**WITH EFFECT FROM
1 APRIL 2010**

FORWARD

These notes are designed to assist you as a Member of Cheshire East Council in making your claim for Allowances and to guide officers in administering the Scheme. They are by no means comprehensive or definitive and you should consult Democratic Services as indicated below if you have any problems or queries not covered in this Guide.

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INTRODUCTION

The Guide, which is divided into four sections, reflects the decision of Council when it approved the Scheme of Members' Allowances for 2010/2011 following advice from the Independent Remuneration Panel.

The Council's Governance and Constitution Committee is responsible for overseeing the Scheme and for monitoring its operation.

Periodically a revised paper version will be issued but for the most recent information please refer to the Intranet or the officers listed on page two.

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SECTION ONE: GENERAL MATTERS

1. Audit/Legal Requirements

- 1.1 Whilst Officers are happy to support and assist Members, Councillors remain personally responsible in law and under the Members' Model Code of Conduct for the accuracy of their claims. In order to satisfy Audit requirements all claims must be certified for payment by Democratic Services. You may therefore be asked from time to time to provide additional information if it is not clear whether a claim is eligible for payment.
- 1.2 Details of Members' Claims have to be available for public inspection. Each year the Council is required by law to publish details of its Members' Allowances Scheme and the amounts paid to each Member under the Scheme. A Notice to this effect is published in the local press as soon as is reasonably practical after the end of the financial year to which the Scheme relates and a summarised and cumulative record is produced annually and posted on the Council's website.
- 1.3 The Notice is open to inspection by any local government elector for the Council's area at any reasonable time. The elector is also entitled to make a copy of any part of the Notice and Members should note that the availability of this information could lead to coverage in the Press.

2. Submission of Claims

- 2.1 Regular monitoring of expenditure by Members is essential for the efficient administration of the Scheme and for budget monitoring purposes. To assist in this, all claims for Allowance reimbursement are required to be submitted to Democratic Services for processing no later than three months after the performance of the duty. Members requiring reimbursement of expenses which have not been submitted within this time will have the right of appeal to the Borough Solicitor in order to seek reimbursement of late submissions.
- 2.2 You cannot take expenditure on travelling into account for the purposes of more than one claim, neither can you take any period of absence from your usual place of residence into account for the purposes of more than one claim, i.e. you cannot claim from more than one body for the same expense. The maximum overnight subsistence claimable within a 24 hour period is for bed and breakfast, lunch and dinner.

3. Pension Scheme

- 3.1 The Council has introduced a Pension Scheme for Members as provided under Section 7 of the Superannuation Act 1972 and in accordance with the statutory regulations and guidance issued by the Local Government Pensions Committee and the Local Government Pension Scheme (LGPS). Under the Council's Scheme, elected Members of Council are entitled to join the LGPS, providing they meet the eligibility criteria.

- 3.2 The rate of contributions is 6% payable by each Member accepted into the scheme, to be calculated on the Basic Allowance payable and any Special Responsibility Allowance whilst the Member is in receipt of such Allowances.
- 3.3 Separate guidance can be made available on the Pension Scheme provisions on request.

4. Taxation/Benefits

- 4.1 Detailed advice on taxation/benefits should be sought from the appropriate Government office but a brief summary is provided in the Guide (see Section 4) for information.

SECTION TWO: PRESENT ALLOWANCES

2.1 Basic Allowance

The Basic Allowance is paid to each Councillor on or around the 18th of each month and is intended to recognise the time devoted by Members to attending formal meetings, learning and development events, meetings with constituents, political group meetings and the use of their home and other incidental costs for which no other provision is made e.g. telephone calls made in respect of council business. If during this period your term of office begins (i.e. the date on which the Declaration of Acceptance of Office is signed) or ends (i.e. the date on which you resign as a Member or otherwise cease to be a Member), the entitlement to payment shall be based on calendar days per month. The Annual Basic Allowance for 2010/11 is **£11,200**.

2.2 Special Responsibility Allowance (SRA)

Some Councillors may be eligible for an additional Allowance in recognition of specific special responsibilities. Those individuals who are entitled to claim more than one Special Responsibility Allowance (SRA) in accordance with the office they hold; will only be paid the higher amount. SRA's are paid to Members appointed to the office stated in the Scheme automatically without the need for further approvals.

The remuneration level of an SRA for any post can only be changed following advice from the Independent Remuneration Panel and the approval of full Council. Payment of SRA is on or around the 18th of each month. If during this period a Member takes up/relinquishes such responsibilities as entitle him/her to an SRA, the entitlement to payment shall be based on calendar days per month.

Note: During any period a Member is absent and unable to perform his/her Council duties due to sickness or holidays, the payment of Basic Allowance and Special Responsibility Allowance (where applicable) will continue automatically.

2.3 Suspension of Allowances

The right to Basic Allowance, Special Responsibility Allowance and Travel and Subsistence Allowance may be withdrawn by the Council whilst a Councillor is suspended or partially suspended from his/her responsibilities or duties as a member of the Council as a result of a breach of the Members' Code of Conduct in accordance with Part III of the Local Government Act 2000 or Regulations made under that Part.

2.4 Travel and Subsistence – Elected Members

The Local Authorities (Members' Allowances) (England) Regulations 2003 allows local authorities to approve their own Travel and Subsistence Allowance arrangements as part of an overall Scheme, following advice from the Independent Remuneration Panel.

A description of what constitutes an approved duty for the payment of Travel and Subsistence reimbursements is included in the Scheme. A meeting/duty not included in the list needs the support of a formal resolution of the Governance and Constitution Committee. A meeting/duty has to be approved before it takes place – i.e. it cannot be approved retrospectively.

Where a Member is acting in an official capacity i.e. on behalf of or at the request of the Council, Travel Allowance will be paid i.e. where a Member is required to attend a meeting to give evidence or has registered an intention to speak. Where attendance is voluntary, no allowance will be claimable.

Where a Member uses his/her car for Council business the mileage rates to be applied are based per mile on that of the casual user rate under the NJC Occasional Allowance Scheme for officers. The setting of the officer rates is based on a well established approach nationally.

A Subsistence payment cannot be claimed for any period where the performance of an approved duty is less than four hours duration. Generally claims should relate to the cost of food and other refreshments, including when travelling abroad. The period of four hours includes travelling time. Members should provide receipts to support their claims.

You may, by notice in writing to the Borough Solicitor, elect to forgo any part of the above allowances. You are also entitled to claim less than the maximum rates.

2.5 Travel and Subsistence - Co-opted Members

Co-opted members are entitled to claim travel and subsistence reimbursement.

Parent Governor Co-opted members and School Appeal Panellists may claim reasonable travel expenses for attendance at the Cheshire Association of Governing Bodies meetings and School Appeals meetings respectively.

Co-opted (Independent/Parish) members of the Standards Committee are entitled to claim an allowance of £30 for any meeting they are required to attend by the Chairman of the Standards Committee, whereas only claims for subsistence will be paid where the cost of attendance at an event has been met by the Council.

Members of the Independent Remuneration Panel are entitled to claim travel and subsistence reimbursement and a meeting allowance of £30.

2.6 **Claiming Travel Reimbursement**

You will normally be aware of meetings well in advance and so will, in most cases, be claiming for travel from your home or place of work. There may however be occasions particularly during the August Recess, when meetings are called at short notice for emergency purposes. The question of eligibility for allowances from other points of departure or where two journeys are completed for the same event (i.e. to avoid waiting time) requires careful consideration and, for this reason, you are advised to seek guidance from the officers indicated in the Guide well in advance of making the journey.

a) Car Travel

It should be noted that, in deciding whether to travel by car or public transport for long journeys, car travel for return trips of up to 250 miles is acceptable. Beyond this limit the view is taken that public transport is likely to be more economical. Any journeys by car over the 250 mile threshold should be based on a business case supported by your Group Leader, taking into account sharing arrangements, health reasons, avoiding an overnight stop, or other exceptional grounds.

The Allowance for travel by your own vehicle is claimed at a maximum rate per mile. An additional rate of 1.0 pence per mile may be claimed for each passenger (up to a maximum of four) to whom Travel Allowance would otherwise be payable.

If you travel from your place of work to attend meetings held at a point between the place of work and home, no Travel Allowance will ordinarily be payable. If, on the other hand, the meeting is held at a point which requires that a detour is made from the normal route, the Travel Allowance will be restricted to additional mileage. In cases of doubt please seek guidance.

For regular travel routes where there is only a small expenditure (i.e. less than £5 for a return journey) then proof of purchase by way of receipts/tickets will only be required once. There will be no need to submit bundles of tickets for these journeys. Please contact a member of staff if in doubt.

The Council requires that your private car insurance has comprehensive cover and includes the use of the vehicle for Council business.

b) Train Travel

Ordinarily train travel reimbursement is paid up to the open standard class fare unless exceptional circumstances apply as expenses should be at the minimum cost to achieve the purpose of the journey. Any case for first class rail travel greater than the open standard fare will require the submission of a business case supported by your Group Leader. Factors which a Member needs to take into account in making such a decision are whether other Members/officers of the party are travelling at the higher class, the need to undertake Council business on the train, length of journey, availability of accommodation and public perception.

Members undertaking train journeys on official business on behalf of the Council are asked to contact Democratic Services in advance of travel so that tickets can be arranged. Where the Member makes his/her own arrangements a ticket receipt should be submitted with your claim form.

On those occasions where Councillors purchase their own tickets, Members are expected to take advantage of special fare offers where appropriate. For those Members who are eligible; attention is drawn to the potential financial savings to the Council through use of a Senior Citizens Rail Card which enables the cost of all train journeys to be reduced by one third of the original price.

c) Air Travel

For journeys within the UK, air travel may be used if the cost is lower than the equivalent rail fare. If you wish to travel by this mode of transport, the request should be accompanied by a business case supported by your Group Leader.

d) Taxi/Hire Car

An Allowance may be claimed for travel by taxi but the amount of the actual fare on production of a receipt and any reasonable gratuity would only be payable in cases of urgency, in order to address disability issues or on health and safety grounds where no public transport is readily available. In any other case, only the fare for travel by appropriate public transport may be claimed.

Travel by hired car would not normally be claimable but if in exceptional circumstances a hire car is required you are asked to discuss your requirements with the Democratic Services Team Leader.

2.7 **Claiming Subsistence Reimbursement**

Subsistence is claimable to reimburse monies actually spent up to prescribed limits. There should be no perceived profit element in Subsistence claims which would leave Members open to possible criticism.

Subsistence may be payable for the approved duties listed in the Scheme based on the time of day the meal is taken and time away from home. Claims for meals and other expenses will be paid on the basis of expenditure and on production of a receipt except when the expenditure incurred is less than £5. Meals on trains, and abroad will only be reimbursed at the rates set out in Scheme and upon production of receipts as detailed above.

For overnight accommodation in London, reimbursement of actual costs up to £142.31 per night for bed and breakfast only will be made on production of a receipt. Similarly a maximum rate of £118.60 for Bed and Breakfast only can be claimed for stays outside London. In these circumstances a separate breakfast Allowance cannot be claimed unless breakfast is not included in the accommodation charge (although the maximum for bed and breakfast will continue to apply). Therefore by way of example, for a 24 hour absence in London only lunch and dinner can be claimed in addition to the bed/breakfast amount.

Note: Members who attend the Local Government Association Annual Conference, irrespective of the location within the UK where it is held, may claim expenses up to the maximum of the London and abroad Subsistence rates set out in the Scheme.

When attending an approved Conference you should discuss any queries relating to Subsistence Allowance with the person listed in the front of this Guide prior to attending. Where a block booking is made by the Council, the Council will pay directly for the hotel accommodation through the sponsoring Service.

2.8 Dependents Carers' Allowance

This element of the Scheme is seen as an important factor in enabling Members to fulfill their duties whilst continuing to care for dependents.

A Dependent Carers' Allowance will be paid to Members where actual costs are incurred for the care of dependants whether children, elderly people or people with disabilities.

The amount payable in respect of a Carers' Allowance shall be up to a maximum of **£6,100** per calendar year on the production of receipts. A carer's (reasonable) expenses will also be paid.

The allowance or expenses is claimable only if the elected Member is the carer. The allowance will not be payable in respect of a member of the elected Member's own household.

2.9 Information Technology (IT) Allowance

On election to the Council, all Members will be provided with IT equipment appropriate to their Council role/personal circumstances; which may include the installation of a dedicated telephone and/or Broadband line the cost of which will be paid directly by the Council. For Members whose lines were installed by the legacy authorities of Cheshire County, Congleton, Crewe and Nantwich and Macclesfield, and who are billed directly for this service the cost of Broadband/telephone line rental can be reclaimed from the Members' Allowances Scheme on submission of a bill.

IT consumables [cartridges, paper, toners etc] can be ordered from Karen Bedford having given advance notice. If you need to replace items which are not held in stock for your urgent use, the cost may be claimed back on submission of a receipt.

2.10 Members' Surgeries

You may claim up to a maximum of £32 for room hire in connection with the conduct of a Surgery, subject to a maximum of twelve such claims per annum and the submission of necessary receipts.

SECTION THREE: CLAIMS/PAYMENTS PROCEDURE

3.1 Making a Claim

A supply of Members Claim Forms is held by Karen Bedford in Democratic Services. Each month, on and around the 18th, a blank Claim Form will be emailed to you for completion and return in respect of the previous month's activities.

3.2 Submission Deadlines

You may find it helpful to fill in the Claim Form after each approved duty is carried out. The completed form should then be submitted to Karen Bedford as soon as possible; the deadline for submission being the 1st of each month to prevent delays in processing your claim. You are reminded that all claims for Allowance reimbursement are required to be submitted to Democratic Services for processing no later than three months after the performance of the duty. Members requiring reimbursement of expenses which have not been submitted within this time will have the right of appeal to the Borough Solicitor in order to seek reimbursement of late submissions.

3.3 Completing a Form

The following provides some general advice on how the Form should be used to claim the appropriate Allowances.

To begin with, enter your car details in the top section of the form. This will enable the correct mileage rates to be applied to your claim. Then complete the remainder of the form as follows -

Column 1	Insert the date on which the approved duty was carried out.
Column 2	Description of approved duty. The name of the body will suffice but otherwise a fuller description is needed. Where more than one approved duty is carried out on that date, please ensure that all duties are listed. [Please note that you cannot claim for Political Group business].
Column 3	Identify the location of the meeting [the venue]. This information is particularly important when you are claiming for more than one activity during the course of a single day.
Column 4	Calculate the number of miles travelled i.e. from where you departed for the meeting to where you returned

Column 5	Any claims for car parking charges should be entered in Column 5. Relevant receipts should be attached to the form.
Column 6	Insert the cost of bus, rail or taxi fare incurred
Column 7	Enter your journey start time and end time. This information will be used to verify any claims for Subsistence Allowance.
Column 8	Include details of any Subsistence which is being claimed. Where the cost is above £5.00 a receipt must be attached.
Column 9	Claims made in accordance with the Scheme as set out in paragraph 2.9 must be supported by telephone bills
Bottom Row	If you have incurred additional out of pocket expenditures in line with the Scheme, enter the details in this column

You are reminded that you are personally responsible for completing the claim form and for the correctness of your claims, including the calculations.

3.4 **Payment of Allowances**

After you have completed and signed the form it can be posted, emailed or passed to Karen Bedford in Democratic Services.

Travel and subsistence claims for the preceding month will be paid on the 18th of each month (or first banking day thereafter) together with Basic and SRA payments for the month in question providing that they are received by Democratic Services **on or before** the 1st of each month.

Each calendar month's claim will be processed and paid into a bank or building society of your choice. An advisory statement is issued at the same time the payment is being credited to your account giving a detailed breakdown of the payment.

An Income Tax Form P60 will be sent to you at the end of the financial year summarising all taxable payments and deductions made during the previous 12 months. You should keep this safe as replacement copies will not be issued.

SECTION FOUR: STATUTORY DEDUCTIONS AND BENEFITS

4.1 General Guidance

This section provides general guidance on the liability for income tax and national insurance contributions on payments made in respect of Allowances. Further detailed advice, taking into account individual personal circumstances, can be obtained from –

- **Income Tax** - HM Revenue & Customs, Sefton Area, Taxpayer Service Office, The Triad, Stanley Road, Bootle, Merseyside L75 1HW (quoting reference 083/CCC) Tel 0845 300 3939

- **National Insurance contributions** - HM Revenue & Customs, NI Contributions Office, Longbenton, Newcastle upon Tyne NE98 1ZZ Tel 0845 302 1479

- **State Benefits enquiries** - local office of the Department for Work and Pensions (DWP)

Alternatively, Members may wish to seek independent financial advice to discuss their personal circumstances.

Members are deemed to be 'office holders' under PAYE legislation and as such are liable to tax under Schedule E. The Allowances you receive from the Council will count as taxable income and should be added to all other income (including state and occupational pensions). To ensure that you are paying the correct level of tax, please contact HM Revenue & Customs. This will avoid tax arrears accumulating and potentially, demands from HM Revenue & Customs at a later date.

4.2 Taxable Allowances

All entitlements to Basic and Special Responsibility Allowance are subject to deductions for income tax and national insurance. Reimbursements made in respect of Travel Allowance over certain thresholds and Telephone Allowances not reimbursed by the Council have recently been determined as having a liability for income tax and national insurance. The income tax and national insurance due is deducted from pay each month as and when payment is made.

All other reimbursements of expenses actually and necessarily incurred including those in respect of fares, accommodation and Subsistence have no liability for either tax or national insurance.

4.3 **Car Mileage Expenses**

Tax is only payable on the profit element (as determined by HM Revenue & Customs) of car allowances. For example at the 60.1p mileage rate (15.8p after 8,500 miles) the HM Revenue & Customs tax-free threshold is currently 40.04 p per mile travelled but can change from time to time (up or down) when motoring costs are reviewed. Any amount paid above this rate is liable for tax and NI deductions. After 10,000 miles per annum the tax-free threshold reduces to 25p per mile travelled. Any tax payable on Mileage Allowances is deductible at source.

4.4 **Tax Relief**

Items which you may wish HM Revenue & Customs to consider as allowable for tax relief may be costs of postage, business telephone calls, stationery and office equipment and business accommodation provided that these are borne wholly and exclusively in the performance of duties associated with the Council. In these cases a written statement of expenses which have not been claimed and reimbursed by the Council should be submitted at the same time as completing your annual return to HM Inspector of Taxes.

4.5 **National Insurance**

If you are self employed or have full time employment with another employer, you may separately pay more national insurance than is needed. If so you will need to contact HM Revenues and Customs, NI Contributions Office, Refunds Group to claim any refund after the year-end and when the total overpayment can be accurately assessed.

If you are over retirement age (65 years for a man, 60 years for a woman) you need pay no contributions, regardless of whether you are receiving a pension. However you must obtain a certificate of non-liability or a certificate of age exception from NI Contributions Office, Newcastle upon Tyne.

4.6 **Benefits**

If you are in receipt of Benefits you should contact the DWP/Jobcentreplus to inform them of the Allowances you are in receipt of from the Council. The DWP /Jobcentreplus Office will be able to advise you on how this affects your entitlement to unemployment benefit.

If you or your spouse is in receipt of Incapacity Benefit you should note that all Allowances count as earnings whether or not they are actually being claimed and paid. Consequently, it is left to you to declare your 'earnings' to HM Revenue & Customs in cases where a state benefit is also being received.