

# CHESHIRE EAST COUNCIL

## COUNCIL

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**Date of Meeting:** 11<sup>th</sup> October 2012  
**Report of:** Democratic and Registration Services Manager  
**Subject/Title:** Notice of Motion – Members' Mileage Rates

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### 1.0 Report Summary

- 1.1 The report invites Council to consider the response of the Independent Remuneration Panel to the following Motion that was proposed by Councillor S Corcoran and seconded by Councillor K Edwards –

“This Council thanks the Leader for sharing his thoughts at the last Council meeting on whether Councillor Allowances should be increased to replace mileage rates. However, this Council does not support the idea because:

1. It would disadvantage Councillors in outlying areas.
2. It would disadvantage active Councillors who travel frequently to attend meetings and reward councillors who do not attend many meetings.
3. At a time when public opinion of payments to MPs and Councillors is highly sceptical, the public perception might be that this is a ruse to bring in an increase in allowances through the back door.

### 2.0 Recommendation

- 2.1 That the payment of travel expenses by way of an increase to elected Members' Basic Allowance is not considered by the Independent Remuneration Panel to be a viable option for Cheshire East Council at this point in time; given that: -

- i) It goes against the principle of Members being reimbursed for actual expenditure incurred in the performance of their duties; and
- ii) It would have a detriment impact on Members due to the travel element of the basic allowance being liable for tax.

### 3.0 Reasons for Recommendations

- 3.1 To comply with the Notice of Motion request proposed and seconded at a meeting of full Council held on 23 February 2012.

#### **4.0 Wards Affected**

4.1 All

#### **5.0 Local Ward Members**

5.1 All

#### **6.0 Policy Implications**

6.1 None.

#### **7.0 Financial Implications**

7.1 Whilst payment of travel by lump sum would reduce administration costs, the 'travel element' of the basic allowance would be taxable and liable for National Insurance contributions.

#### **8.0 Legal Implications**

8.1 None.

#### **9.0 Risk Management**

9.1 None.

#### **10.0 Background**

10.1 Cheshire East Council currently operates a claims-based mileage system as part of its Scheme of Members' Allowances whereby Members can claim a rate per mile, in line with officers, for mileage incurred in the performance of their Council duties.

10.2 A suggestion was put forward by the former Leader of the Council that the Council should consider replacing the claims based scheme with a lump sum payment; to be paid to Members each year either as part of or in addition to their basic allowance.

10.3 In response to the proposal, Councillor Corcoran submitted the following Notice of Motion to Council on 23 February 2012, which was seconded by Councillor K Edwards:

This Council thanks the Leader for sharing his thoughts at the last Council meeting on whether Councillor Allowances should be increased to replace mileage rates. However, this Council does not support the idea because:

1. It would disadvantage Councillors in outlying areas.
  2. It would disadvantage active Councillors who travel frequently to attend meetings and reward councillors who do not attend many meetings.
  3. At a time when public opinion of payments to MPs and Councillors is highly sceptical, the public perception might be that this is a ruse to bring in an increase in allowances
- 10.4 Council subsequently referred the Notice of Motion to the Independent Remuneration Panel for consideration. This report contains the recommendation of the Panel.

#### **11.0 Independent Remuneration Panel**

- 11.1 Cheshire East Council appointed its new Independent Remuneration Panel ('the Panel') in spring 2012 and following an induction period, the Panel has been examining various aspects of the Allowances Scheme. The Notice of Motion was put before the Panel at its meeting on 13 August 2012.
- 11.2 A briefing paper was prepared for the Panel which outlined the positive and negative aspects of changing the current arrangements which can be summarised as follows.
- 11.3 Payment by lump sum would reduce administration costs as there would be no need to process the same volume of claims but the 'travel element' of the basic allowance would become taxable and liable for National Insurance contributions.
- 11.4 Councils which paid separate lump sums tended to be authorities with small geographical areas unlike Cheshire East although there was evidence of some Councils adopting a banding approach to reflect 'urban' and 'rural' members.
- 11.5 Having considered the proposal and the Notice of Motion, it was the Panel's opinion that, as adding additional remuneration to the Basic Allowance to cover travel expenses would render it liable for tax, this approach would be detrimental to Members. Furthermore, there was no equitable way in which an allowance could be set which would not benefit or disadvantage Members to different degrees based on the varying distances which needed to be travelled to attend meetings across a range of venues.
- 11.6 With this in mind, the Panel did not consider that a lump sum payment made to Members to cover mileage incurred was a viable option for the Council to pursue at this time.

## **12.0 Access to Information**

- 12.1 The background papers relating to this report can be inspected by contacting the report writer:

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