

## APPENDIX 4

HMRC internal manual

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# **EIM65960 - Local Government Councillors and civic dignitaries in England: ODPM guidance: Part One: members' allowances**

[Note: for councils in England this guidance supplements and amplifies the basic guidance at [EIM65920](#). See also:

Part two - taxation of members' allowances and expenses (see [EIM65970](#))

Part three - members' allowances and National Insurance Contributions (see [NIM05640](#) onwards)]

## **“Main statutory provisions**

1. Section 18 of the 1989 Act, as amended by section 99 of the Local Government Act 2000 (“the 2000 Act”), makes provision in relation to basic, special responsibility and childcare and dependants' carers' allowances for members of local authorities. The Secretary of State can make regulations under this section requiring local authorities to make a scheme of allowances for their members and to establish and maintain a panel to make recommendations to the council about the scheme.

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2. Section 100 of the 2000 Act allows the Secretary of State to make provision in relation to travel and subsistence allowance for members of local authorities and an allowance for non councillors who are members of a council's committee or sub-committee. This includes the amendment or repeal of provisions of sections 173 to 178 of the Local Government Act 1972.
3. The Local Authorities (Members' Allowances)(England) Regulations 2003 ("the Regulations") have been made under these provisions. These have recently been amended to change the dates by which local authorities must comply with the regulations. This Guidance deals with the regulations as so amended. The Regulations provide that it is for each local authority to decide its scheme and the amounts to be paid under that scheme.

Councils are required to establish and maintain an independent remuneration panel which will broadly have the functions of providing the local authority with advice on its scheme, the amounts to be paid and the pensionability of allowances where relevant. Local authorities must have regard to this advice.

1. The approach, therefore, is one where questions as to the amounts payable to members are matters for local determination. In this way, councils can take full account of their particular circumstances, including the precise form of their new constitution, and be directly accountable to their electorate. This accountability is sharpened through each council being advised on its own allowances scheme by a local panel whose members are required to be independent.
2. Local authorities must include in their scheme of allowances a basic allowance, payable to all members, and may include provision for the payment of special responsibility allowances and a dependants' carers' allowance. By virtue of section 100 of the 2000 Act, the Local Authorities (Members' Allowances) (England) Regulations 2003 allow the inclusion of a travel and subsistence and a co-optees' allowance within an allowances scheme. These allowances are also discretionary. Under the Regulations, made under s99 of the Local Government Act 2000, authorities may make provision in their schemes for the eligibility of members for pensions under the Local Government Pension Scheme.

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### Consolidation of Regulations

1. The 2003 Regulations broadly replicate the previous provisions for allowance schemes contained in the following Regulations, which are now revoked:
  - the Local Authorities (Members' Allowances) Regulations 1991 as amended and
  - the Local Authorities (Members' Allowances) (England) Regulations 2001.

The 2003 Regulations in addition make the following changes:

- bring travel and subsistence allowances within the overall scheme, and for these to be subject to recommendations of the local panel rather than subject to limits imposed by the Secretary of State
- introduce a co-optees' allowance
- allow the ALG to pay a special responsibility allowance to its members, subject to the recommendations of an independent remuneration panel
- allow the conservation boards of areas of outstanding natural beauty and combined fire authorities, to make their own schemes of allowances
- allow waste disposal authorities, and joint boards upon which other authorities are represented, to pay travel and subsistence allowances
- allow authorities to cease payment to members who have been suspended or partially suspended from their duties, and to make provision for the repayment of allowances
- allow authorities to backdate allowances to the beginning of the financial year in which they are paid, and to make annual adjustments by means of an index, subject to the recommendations of the independent panel
- make provision for independent remuneration panels to make binding decisions on which councillors may be eligible for pensions
- allow parish councils to pay a parish basic allowance and travel and subsistence allowances to members
- enable parish remuneration panels to make recommendations on allowances paid by parish councils

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- removing the option for parish councillors of claiming financial loss allowance
- require secondary authorities to have regard to the recommendations of the panels of those authorities which make nominations to the secondary authority.

### What allowances can be paid?

1. In summary, the allowances which are or may be payable to members of local authorities are as follows:
  - basic allowance
  - special responsibility allowance
  - dependants' carers' allowance
  - travelling and subsistence allowance.
1. The new co-optees' allowance may be payable to co-opted and appointed members of principal councils and non-elected members of other bodies appointed or nominated by a principal council.

#### Basic allowance

1. Each local authority must make provision in its scheme of allowances for a basic, flat rate allowance payable to all members of the authority. The allowance must be the same for each member. The allowance may be paid in a lump sum, or in instalments through the year.
2. Basic allowance is intended to recognise the time commitment of all councillors, including such inevitable calls on their time as meetings with officers and constituents and attendance at political group meetings. It is also intended to cover incidental costs such as the use of their homes.

#### Special responsibility allowance

1. Each local authority may also make provision in its scheme for the payment of special responsibility allowances for those councillors who have significant responsibilities. Special responsibility allowance may be payable for duties which fall within the following categories:
  - acting as leader or deputy leader of a political group

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- membership of the executive, where an authority is operating executive arrangements
  - presiding at meetings of a committee, sub-committee, or joint committee
  - representing the authority at meetings of another body
  - membership of a committee or sub-committee which meets with exceptional frequency or for exceptionally long periods
  - acting as a spokesperson for a political group on a committee or sub-committee
  - membership of an adoption appeals panel or panel dealing with licensing or controlling any activity
  - any other activities in relation to the discharge of the authority's functions as to require equal or greater effort of the member than any of the activities listed above.
1. A scheme must also specify the amounts of allowance to be paid for each such responsibility.
  2. Where one political group is in control, and where an authority has decided to pay special responsibility allowances, the authority must make provision for the payment of a special responsibility allowance to at least one member of a minority group.
  3. The Association of London Government will also be able to pay special responsibility allowances to those councillors who perform senior roles on it and who are also councillors of London borough councils.

### **Dependants' carers' allowance**

1. A scheme of allowances may also include the payment of a dependants' carers' allowance to those councillors who incur expenditure for the care of children or other dependants whilst undertaking particular duties. These duties are specified in the Regulations and are as follows:
  - a meeting of the executive
  - a meeting of a committee of the executive
  - a meeting of the authority
  - a meeting of a committee or sub-committee of the authority
  - a meeting of some other body to which the authority make appointments or nominations, or

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- a meeting of a committee or sub-committee of a body to which the authority make appointments or nominations
- a meeting which has both been authorised by the authority, a committee, or subcommittee of the authority or a joint committee of the authority 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 (if the authority is divided into several political groups) or to which two or more councillors have been invited (if the authority is not divided into political groups)
- a meeting of a local authority association of which the authority is a member
- duties undertaken on behalf of the authority 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 authority in connection with the discharge of any function of the authority conferred by or under any enactment and empowering or requiring the authority to inspect or authorise the inspection of premises
- duties undertaken on behalf of the authority in connection with arrangements made by the authority for the attendance of pupils at a school approved for the purposes of section 342 of the Education Act 1996
- any other duty approved by the authority in connection with discharging the duties of the authority or its committees or sub-committees.

### **Travelling and subsistence allowance**

1. Each local authority may also make provision in its scheme for the payment of a travelling and subsistence allowance to its members, including co-opted members.
2. This may include provision for the payment of an allowance for those members who travel by bicycle or other non-motorised transport.
3. The Regulations also allows for waste disposal authorities and joint boards on which authorities are represented to pay a travelling and subsistence allowance to its members.
4. The Regulations provide that travelling and subsistence allowances may be paid for:

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- a meeting of the executive
- a meeting of a committee of the executive
- a meeting of the authority
- a meeting of a committee or sub-committee of the authority
- a meeting of some other body to which the authority make appointments or nominations
- a meeting of a committee or sub-committee of a body to which the authority make appointments or nominations
- a meeting which has both been authorised by the authority, a committee, or subcommittee of the authority or a joint committee of the authority 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 (if the authority is divided into several political groups) or to which two or more councillors have been invited (if the authority is not divided into political groups)
- a meeting of a local authority association of which the authority is a member
- duties undertaken on behalf of the authority 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 authority in connection with the discharge of any function of the authority conferred by or under any enactment and empowering or requiring the authority to inspect or authorise the inspection of premises
- duties undertaken on behalf of the authority in connection with arrangements made by the authority for the attendance of pupils at a school approved for the purposes of section 342 of the Education Act 1996
- any other duty approved by the authority in connection with discharging the duties of the authority or its committees or sub-committees.

### **Co-optees' allowance**

1. Each local authority may also make provision in its scheme for the payment of a co-optees' allowance, for attendance at conferences and meetings, to any co-opted and appointed members of a council's committees or sub-committees.

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2. The co-optees' allowance will in general be an annual allowance, and it may vary from one co-opted member to another. Authorities have the ability to pay a proportion of the annual allowance in proportion to part of the year for which a member of a relevant committee or sub-committee serves on that committee or sub-committee.
3. Where either a co-opted or an appointed member is appointed chair of the committee on which they are co-opted or appointed, the co-optees' allowance they receive must be of an amount no less than the equivalent special responsibility allowances being made available to chairs of equivalent committees of the council.

### **Withholding Allowances**

1. Certain allowances may be withheld as a result of full or partial suspension of a member of an authority. Where authorities would like to provide for this option, they should include provision for withdrawal of allowances in their schemes. An authority may provide in its scheme for the repayment of any allowances which have been paid in respect of a period during which a member has been suspended.
2. Where a councillor is fully or partially suspended from their duties, their basic allowance may be fully or partly withheld.
3. Travel and subsistence allowances maybe withheld where a councillor has been suspended from duties or responsibilities which attracted these allowances.
4. Where a councillor is fully or partially suspended from any duties or responsibilities which attract special responsibility allowance, those allowances may be withheld by the authority.
5. Co-optees' allowance may also be withheld where a co-optee is partially or fully suspended from their duties.
6. Dependants' carers' allowance may not be withheld from councillors.

### **Backdating of Allowances**

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1. When a scheme of allowances is amended, an authority may choose to apply the amendment retrospectively to the beginning of the financial year in which the amendment is made.
2. Where a councillor takes on duties entitling them to a different level of allowances (e.g. where a councillor is appointed to the executive, and thus entitled to special responsibility allowance), the new level of allowances may be applied retrospectively to the time at which the circumstances changed.
3. Independent remuneration panels may make recommendations, where relevant, as to whether the payments on which they have made a recommendation may be backdated. Authorities will be required to have regard to these recommendations.

### **Annual Adjustments of Allowance levels**

1. A scheme of allowances may make provision for an annual adjustment of allowances to be ascertained by reference to an index as may be specified by the authority and contained in the scheme. The scheme must be publicised each year, whether or not it has been amended.
2. Where the only change made to a scheme is that caused by the annual impact of an index contained within that scheme, the scheme shall not be deemed to have been amended, and thus an authority will not have to seek a recommendation from its independent remuneration panel.
3. Where a panel makes a recommendation that allowance levels should be determined according to an index, it should also make a recommendation as to how long the index should run before reconsideration. In any case, an index may not run for more than four years before a further recommendation on it is sought from an independent remuneration panel.

### **Forgoing allowances**

1. A scheme must provide that a person may forgo all or part of any allowances to which they are entitled. To do this they must give notice in writing to the proper officer of the authority.

### **The independent remuneration panel**

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1. District, County and London Borough councils must establish and maintain an independent remuneration panel. The purpose of this panel is to make recommendations to the authority, or authorities in the case of a joint panel, about the allowances to be paid to members. In the case of a panel established by the Association of London Government (ALG), such a panel will make recommendations about the allowances to be paid to members in any London borough councils.
2. Independent remuneration panels will make recommendations about the level of basic allowance for all members, the level of special responsibility allowances and to whom they should be paid, and on whether dependants' carers' allowance, travel and subsistence allowances and co-optees' allowance should be paid, and the levels of these allowances.
3. Any further reference, up to paragraph 65, to "the panel" will include a joint panel or a panel established by the ALG. Any further reference to "the appointing authority" will include appointing authorities in circumstances where a panel has been appointed by two or more local authorities, or, for a panel established by the ALG, to any London borough councils to whom that panel is making recommendations.

### **Setting up of an independent remuneration panel**

1. The 2003 Regulations provide that where an independent remuneration panel was set up, under the Local Authorities (Members' Allowances) Regulations 2001, it shall continue to operate providing recommendations to the relevant authority. If the composition of the panel does not comply with the 2003 Regulations the authority must ensure that it does so by 30 November 2003. Where an authority does not currently have a panel, it must set one up by the same date.
2. Two or more local authorities are able under the Regulations to establish and maintain a joint independent remuneration panel to advise them on their schemes.
3. Such a panel must make separate recommendations to the appointing authorities. Local authorities should consider whether establishing such a joint panel would be an appropriate and cost effective arrangement in their local circumstances. In particular, where councils are considering a joint panel they will

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need to ensure that it would command public confidence in the areas of the local authorities concerned.

4. The 2003 Regulations also provide that the ALG may establish and maintain an independent remuneration panel to make recommendations to any London borough councils on their allowances schemes. Where the ALG has established such a panel to make recommendations to London borough councils, and where a particular London borough council chooses to have regard to these recommendations, it is not required to establish its own panel (or joint panel).

### **Other authorities**

1. The 2003 Regulations provide that certain authorities must have regard to the recommendations of an independent remuneration panel of the authority by which its members are nominated. These authorities are a combined fire authority, joint authority established by the Local Government Act 1985, the Broads Authority, a National Park Authority or the conservation board of an area of outstanding natural beauty. While the panel of the nominating authority or authorities will not make a specific recommendation in relation to the secondary authority, having regard to the recommendation it makes about the nominating authority's allowances will provide some guidance for the secondary authority when making its own scheme.

### **Appointment of the panel**

1. The Regulations require that independent remuneration panels have at least three members.
2. A local authority will need to consider the appropriate size for its panel to discharge its functions effectively given the particular local circumstances. Councils should avoid unduly large panels which would be unable to be an effective and publicly accountable source of clear recommendations.
3. The members of the independent remuneration panel cannot be members of any local authority in respect of which that panel makes recommendations. Anyone who would be disqualified from being an elected member of a local authority (see section 80 of the Local Government Act 1972 and sections 79 and 83(ii) of the Local Government Act 2000) is also disqualified from being a member of an independent panel.

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4. The members of the independent remuneration panel cannot also be members of a committee or a sub-committee of an authority in respect of which the panel makes recommendations. This includes co-opted members.
5. The 2003 Regulations do not specify how a local authority may go about finding members of its remuneration panel. A local authority will need to consider carefully and plan its appointments process having regard to this guidance and the need to ensure that this process commands public confidence throughout all the communities in the local authority's area.
6. The council should adopt an appointments process which it considers is best able to result in the membership of its independent remuneration panel being truly independent, well qualified to discharge the functions of the panel and representative of the diversity of the communities in the local authority's area.
7. Local authorities may wish to advertise for candidates in local papers or may wish to ask particular stakeholders, e.g. the voluntary sector or the local business community, if they wish to put forward candidates. Councils may consider it best to use a combination of advertising and inviting the putting forward of candidates. In all cases the local authority will need to ensure that its appointment process is open to public scrutiny.
8. A local authority should give very serious consideration not only to ensuring the independence of its independent remuneration panel but also the public perception of this independence. To maintain the credibility of its panel a local authority will need to consider the extent to which some, if not all, of its panel members are recognisable members of the local community. Political appointments, and appointments which are made through friendship or any other personal association of any members of the council should always be avoided.
9. Local authorities should consider very carefully the extent of any candidate's connections to a political party and whether these are such as to risk the effective discharge of the panel's functions were the candidate to be appointed.
10. In appointing its panel, a local authority should consider candidates' knowledge of local government and the way it works although lack of familiarity with the functions of councils should not be a bar to appointment.

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11. The local authority will need to consider whether to appoint one member of the independent remuneration panel as chair, or whether to allow the panel itself to decide which of its member will act as chair.
12. The local authority will need to consider the term of office of members of the panel. The panel will be required to make recommendations to the Council whenever the Council decides to, within the limits of the law, either revoke or amend its current scheme. The panel may become more effective as its knowledge and understanding of members' allowances is increased.
13. Accordingly local authorities may wish to consider appointing members of the panel for a term of office of several years, perhaps 3-5 years. Local authorities may also wish to consider phasing appointments to ensure that there is always one member of the panel who has some experience. Transitionally, on setting up the independent remuneration panel this would need different periods of office. This could be achieved by differing lengths of appointment.

A local authority will also need to consider the relationship between appointment dates and the electoral cycle and the benefits of continuity in the panel's membership.

1. Local authorities will wish to ensure that the terms and conditions of appointment of members of the independent remuneration panel include provision for circumstances where the local authority may wish to remove a discredited member from the panel. For example, a member of the panel may become discredited due to being found guilty of a criminal offence. The local authority will wish to ensure that this provision to change panel members is not itself abused for political or vexatious ends.
2. The time commitment of members of the panel will vary but it is likely that members will need to meet on a number of occasions when determining their recommendations for a new annual scheme. Local authorities will need to consider the likely time commitment they expect and should make this clear to candidates before appointments are made.
3. The 2003 Regulations provide that the local authority is able to pay allowances to panel members. These allowances are a

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matter for the local authority to determine. The local authority should tell prospective panel members about these allowances before they are appointed.

4. The local authority should provide the panel with appropriate administrative support.

### The work of the panel

1. The regulations provide for independent remuneration panels to have the following functions:
  - to make recommendations to the authority as to the amount of basic allowance that should be payable to its elected members
  - to make recommendations to the authority about the responsibilities or duties which should lead to the payment of a special responsibility allowance and as to the amount of such an allowance
  - to make recommendations to the authority about the duties for which a travelling and subsistence allowance can be paid and as to the amount of this allowance
  - to make recommendations as to the amount of co-optees' allowance
  - to make recommendations as to whether the authority's allowances scheme should include an allowance in respect of the expenses of arranging for the care of children and dependants and if it does make such a recommendation, the amount of this allowance and the means by which it is determined
  - to make recommendations on whether any allowance should be backdated to the beginning of a financial year in the event of the scheme being amended
  - to make recommendations as to whether annual adjustments of allowance levels may be made by reference to an index, and, if so, for how long such a measure should run
  - to make recommendations as to which members of an authority are to be entitled to pensions in accordance with a scheme made under section 7 of the Superannuation Act 1972
  - as to treating basic allowance and special responsibility allowance as amounts in respect of which such pensions are payable.

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1. The local authority will need to ensure that the panel is clear about its remit and the timetable in which it is working. The local authority will need to provide the panel with information about the roles of councillors in the authority and the way in which the authority operates and discharges its functions. The panel will need information about the business of the council.
2. The panel will need to have regard to this information. In addition, the panel may itself consider recent research on the role of councillors, or perhaps seek information about the work of other independent remuneration panels.
3. The council should provide the panel with the necessary resources to do this where it so chooses and should also provide the panel with copies of this guidance.
4. The independent remuneration panel will need to take into account this Guidance, in particular the factors highlighted in paragraphs 67-81 below, when making its recommendations to the council.

### **Making a scheme of allowances**

1. In making the scheme of allowances a council should have regard to factors and issues in paragraphs 67-81 below.

#### **Basic allowance**

1. Paragraph 10 details the sorts of things basic allowance is intended to cover. Having established what local councillors do, and the hours which are devoted to these tasks the local authorities will need to take a view on the rate at which, and the number of hours for which, councillors ought to be remunerated.
2. It is important that some element of the work of members continues to be voluntary - that some hours are not remunerated. This must be balanced against the need to ensure that financial loss is not suffered by elected members, and further to ensure that, despite the input required, people are encouraged to come forward as elected members and that their service to the community is retained.
3. The local authority may wish to agree a rate for remuneration. They may choose to be guided by the LGA daily rate which is based on the national (male) median white-collar wage.

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Alternatively they may wish to look at local and regional wage rates as these may seem more appropriate as measures for the allowances paid to members of its community. Local authorities may also wish to consider the allowances and remuneration which is paid to other members of the voluntary sector e.g. members of local health trusts.

### **Special responsibility allowance**

1. Special responsibility allowance (SRA) may be paid to those members of the council who have significant additional responsibilities, over and above the generally accepted duties of a councillor. These special responsibilities must be related to the discharge of the authority's functions.
2. The Regulations do not limit the number of special responsibility allowances which may be paid, nor do the regulations prohibit the payment of more than one special responsibility allowance to any one member.
3. However, these are important considerations for local authorities. If the majority of members of a council receive a special responsibility allowance the local electorate may rightly question whether this was justified. Local authorities will wish to consider very carefully the additional roles of members and the significance of these roles, both in terms of responsibility and real time commitment before deciding which will warrant the payment of a special responsibility allowance.
4. It does not necessarily follow that a particular responsibility which is vested to a particular member is a significant additional responsibility for which a special responsibility allowance should be paid. Local authorities will need to consider such particular responsibilities very carefully. Whilst such responsibilities may be unique to a particular member it may be that all or most members have some such responsibility to varying degrees. Such duties may not lead to a significant extra workload for any one particular member above another. These sorts of responsibilities should be recognised as a time commitment to council work which is acknowledged within the basic allowance and not responsibilities for which a special responsibility allowance should be recommended.
5. In addition, any particular local authority will need to look carefully at the nature of its constitution when determining its scheme. New arrangements will mean that there are inevitable

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changes in the positions of responsibility on the Council, both in terms of number and workload. Some councillors will be spending significantly more of their time on council duties than has ever previously been the case. On the other hand, changes in the traditional committee structure will mean that there are far fewer committees and, as a consequence, fewer councillors engaged as chairs and vice-chairs of numerous committees.

6. In a case where a local authority has agreed that the holder of the chair of its overview and scrutiny committees should be rotated that local authority will need to assure itself of the additional responsibilities of the temporary chairs before determining what allowances to recommend.
7. Having determined which duties should be acknowledged as significant additional responsibilities, the local authority will need to consider the levels of special responsibility allowance which are attached to each post. A good starting point in determining special responsibility allowances may be to agree the allowance which should be attached to the most time consuming post on the Council (this maybe the elected mayor or the leader) and pro rata downwards for the other roles which it has agreed ought to receive an extra allowance. One way of calculating special responsibility allowances may be to take the agreed level of basic allowance and recommend a multiple of this allowance as an appropriate special responsibility allowance for either the elected mayor or the leader.

### **Dependants' carers' allowance**

1. The panel may recommend that such an allowance is made available to elected members of the authority. It may also recommend a level for this allowance.
2. Local authorities will wish to consider whether this allowance should be set at an hourly rate which may vary depending on the sort of care which has been required. They may wish to consider whether the allowance should be subject to a maximum cap or alternatively, whether the allowances paid will be equal to the costs incurred.

### **Travel and subsistence allowance**

1. The panel may recommend that allowances are made available to members in respect of travelling and subsistence. It may

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recommend which duties shall attract travel and subsistence allowances, and the levels of any such allowance.

2. Panels should consider a level of allowance which might be reasonably expected to cover a member's travel and subsistence costs. The panel may recommend, for example a system of direct invoicing or an annual or monthly allowance designed to cover all travel or subsistence within a particular period. In making their recommendation, the panel should take into account the need for a system which can operate efficiently and cost-effectively.

### **Co-optees' allowance**

1. The panel may recommend payments for those who serve on the committees or subcommittees of an authority but who are not members of an authority. It may also make a recommendation as to the level of such an allowance. In doing so it may wish to consider the degree of time and effort put in by co-optees. Some element of the contribution made by co-optees should be voluntary. However, consideration should be given for the need to encourage non-councillors to give their services to local government, and to ensuring that co-optees are not financially disadvantaged by their civic activity.

### **Publicity**

1. The 2003 Regulations place certain duties on local authorities in connection with publicising the recommendations made by their independent remuneration panel, their scheme of allowances and the actual allowances paid to members in any given year.
2. The regulations require that as soon as reasonably practicable after receiving a report from their panel which sets out the panels recommendations, local authorities must ensure that copies of the report are available for inspection at their principal office at all reasonable hours. Local authorities must also, as soon as reasonably practicable after they receive the report publish a notice in at least one newspaper circulating in their area which:
  - states that the authority have received recommendations from an independent panel about their scheme of allowances

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- states that copies of the report detailing the panels recommendations are available for inspection at their principal office at all reasonable hours
  - states the address of their principal office
  - describes the main features of the panel's recommendations including the amounts of allowances the panel has recommended should be payable to elected members.
1. The 2003 Regulations also require that members of the public may take copies of the panel's report on payment of such reasonable fee as the local authority may determine.
  2. In respect of a local authority's scheme of allowances the regulations require that as soon as reasonably practicable after determining a scheme of allowances, local authorities must ensure that copies of the scheme are available for inspection at their principal office at all reasonable hours. Local authorities must also, as soon as reasonably practicable after determining the scheme publish a notice in at least one newspaper circulating in their area which:
    - states that the authority has adopted a scheme of allowances and the period for which that scheme has effect
    - states that copies of the scheme are available for inspection their principal office at all reasonable hours
    - states the address of their principal office
    - describes the main features of the scheme including the amounts of allowances payable to elected members under the scheme
    - states that in determining the scheme the authority had regard to the recommendations of an independent remuneration panel
    - describes the main features of the panel's recommendations including the amounts of allowances the panel has recommended should be payable to their elected members.
    - describes any responsibilities or duties in the scheme which would merit the payment of special responsibility allowance and travelling and subsistence allowance.

Local authorities must ensure that such a notice is published every 12 months even if the scheme has not been amended since the last notice.

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1. The 2003 Regulations also require that members of the public may take copies of the scheme on payment of such reasonable fee as the local authority may determine.
2. The final publicity requirement in the regulations is that as soon as reasonably practicable after the end of a year to which a scheme relates, local authorities must make arrangements for the publication in their area of the total sum paid by it to each member in respect of basic, special responsibility, travelling and subsistence, co-optees' and dependants' carers' allowances.
3. All these publicity requirements are statutory minimum requirements. Local authorities should publicise more widely the report from their panel, their scheme of allowances and the sums paid to each member. This should include, where possible, publishing this information on their web site and in the council's own newspaper (where they have one). Local authorities may also wish to consider including in their notice some detail about the responsibilities of elected members and the duties and time commitment which the basic allowance is intended to remunerate.

### **Transitional Provisions**

1. An authority must amend its scheme of allowances or, where it does not currently have a scheme, establish one, by 31 December 2003. It may do so before this date. If it chooses it may backdate any amendments to the coming into force of the 2003 regulations.

### **Allowances for Chair and Vice Chair of Principal Councils**

1. In addition to the provisions in the Regulations there are provisions for the payment of allowances in the Local Government Act 1972. A principal council may pay the chair and vice chair an allowance which it thinks reasonable for the purpose of meeting the expenses of those offices (s3(5), and s5(4), of the Local Government Act 1972). This is often known as 'civic dignitaries allowance'.

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# Allowances for Members of Parish Councils

### Parish basic allowance

1. Parish councils may choose to pay their members an allowance, known as 'parish basic allowance', to recognise the time and effort they put into their parish duties. There is no obligation on parish councils to pay such allowances. Each parish council may make an allowance available to its chair only, or to each of its members. Where all members receive an allowance, the amount payable to the chair may be different to that paid to other members, but otherwise the amount paid to each member must be the same. Parish basic allowance is a discretionary allowance. It may be paid in a lump sum, or at intervals throughout the year.
2. If a parish council wishes to pay a basic allowance, it should have regard to a recommendation from its parish remuneration panel. This is a panel set up to make recommendations to parishes in its area. The membership of a parish remuneration panel will be the same as the independent remuneration panel of the district or county council within whose area the parish is situated. The panel will make a recommendation as to whom basic allowance should be paid, and the level of the allowance.

### Travel and subsistence allowances

1. A parish council may also pay its members allowances in respect of travel and subsistence. These are discretionary allowances. They may be paid in respect of travel and subsistence both inside and outside the boundary of the parish. Allowances for travel may include allowances for travel by non-motorised transport, such as a bicycle.
2. Travel and subsistence allowances may only be paid for travel and subsistence in respect of:
  - a meeting of the authority
  - a meeting of a committee or sub-committee of the authority
  - a meeting of some other body to which the authority make appointments or nominations
  - a meeting of a committee or sub-committee of a body to which the authority make appointments or nominations

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- duties undertaken on behalf of the authority in pursuance of any standing order requiring a member or members to be present while tender documents are opened.
  - a meeting of a local authority association of which the authority is a member
  - duties undertaken on behalf of the authority in connection with the discharge of any function of the authority conferred by or under any enactment and empowering or requiring the authority to inspect or authorise the inspection of premises
  - any other duty approved by the authority in connection with discharging the duties of the authority or its committees or sub-committees.
1. If it wishes to pay travel and subsistence allowances, a parish council must consult its parish remuneration panel. The panel will make a recommendation as to the level of allowances, and the duties in respect of which they should be paid.

### **Withdrawal of allowances**

1. A parish council may make provisions so that where a member is suspended or partially suspended from their duties, all or part of any allowances can be withheld. They may also provide that any allowances already paid in respect of a period for which a member has been suspended must be repaid.

### **Forgoing allowances**

1. A parish councillor may choose not to receive all or part of any allowance to which they would otherwise be entitled. To do so they must give written notice to the proper officer of the parish council.

### **Financial loss allowance**

1. The 2003 Regulations remove the option of authorities to allow parish councillors a financial loss allowance under section 173 of the Local Government Act 1972. Parish councillors can instead be paid the parish basic allowance and travel and subsistence allowances to remunerate them for their duties on the council.

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### **Publicity**

1. Parish councils are required to publicise their allowances in a notice or notices conspicuous in their area. These notices must remain in place for at least 14 days. In addition, they must make a record of the allowances they have paid available for inspection at reasonable notice. They must provide copies of this record on request, and may charge a reasonable fee for this. Parishes must also publish details of the parish remuneration panel reports. Again, these are minimum requirements, and parish councils may wish to go further in making local people aware of their allowances scheme and payment levels. For example they may wish to circulate details of their allowances in the parish newsletter, if they have one, place them on a web site, or publish them in one or more local newspapers.

### **Parish remuneration panels**

1. When they pay allowances parish councils should have regard to the recommendations of a parish remuneration panel. This panel is set up by a district or county council within whose area a parish council is situated and is referred to as the 'responsible' authority. Where a parish council is one of a group of parish councils established under s11 of the Local Government Act 1972, and which are not wholly situated within one district or county council, its responsible authority will be the authority within which the majority of the electors for the group of parishes live.
2. A parish remuneration panel may be established by a responsible authority. Alternatively, two or more responsible authorities may jointly form a parish remuneration panel. In considering whether to jointly establish a parish remuneration panel, responsible authorities should consider whether it would be appropriate and cost effective, taking into account local circumstances. Responsible authorities should also consider whether the joint parish remuneration panel would command public confidence within the parishes for which it made recommendations.
3. The membership of a parish remuneration panel will be the same as the independent remuneration panel of the responsible authority or authorities. However, where any member of the

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responsible authority's panel is also a member of a parish in respect of which the parish remuneration panel may make a recommendation they should not be a member of the parish remuneration panel. Any parish councils for which a parish remuneration panel makes recommendations will contribute an equal share towards the running costs of the panel.

4. A parish remuneration panel can make recommendations as to allowances of the parishes situated within the area of the responsible authority or authorities. It may make a single recommendation applying to all the parishes within that area, or can make individual recommendations for each parish. It will make recommendations as to whether parish basic allowance should be available to all members of the parish council, or only to the chair. It will also make recommendations as to the duties for which travel and subsistence allowance may be claimed.
5. The panel will also make a recommendation as to the amounts of parish basic and travel and subsistence allowances. These recommendations will be expressed in terms of a cash figure. The level of parish basic allowance will also be expressed as a percentage of the amount recommended by the independent remuneration panel of the responsible authority for the allowances of that responsible authority. The percentage may be any figure up to and including 100%.

### **Transitional provisions**

1. Parish councils, if they choose, will be able to pay parish basic allowance once they have had regard to a recommendation of their parish remuneration panel. Until 31 December 2003, they will retain the option of being able to pay attendance and financial loss allowances under the Local Government Act 1972. However, they may not pay both parish basic allowance and attendance or financial loss allowance in respect of the same duties or period of time. From 31 December 2003, sections 173-5 of the Local Government Act 1972 will be disappplied in respect of parish councils. As such, if they wish to pay allowances after that time they will only be able to do so under these Regulations."

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