



Llais Cynghorau Cymuned a Thref yng Nghymru
The Voice of Community and Town Councils in Wales

Nodyn Datblygu Ymarfer 2

Practice Development Note 2

Lwfansau Aelodau: Amserlen Gamau Flynyddol

Members' Allowances: Annual Timetable of Actions

Dyddiad Cyhoeddi May 2024

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Review Date October 2024 (or on receipt of the Draft Annual Report)

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OVW Practice Development Note 2

Members Allowances' Annual Timetable of Actions

| Action | Purpose | Timescale | At-a-glance timescale |
|---|--|---|-----------------------|
| <p>1. Budgets & Precept</p> <p>(One Voice Wales Model Financial Regulation 3)</p> | | | |
| <p>1.1 Preparation of Draft Budget for consideration and approval by the Council.</p> | <p>To ensure that the budget makes provision to meet the Council's obligations under the Annual Report of the Independent Remuneration Panel for Wales. (IRPW)</p> | <p>The IRPW Annual Report lays down the payments, expenses, and allowances for Community and Town Councils They are set out in the form of what are called determinations.</p> <p>Although decisions on these determinations won't be taken until the New Year, you should commence the process early to make sure that you include appropriate sums within the draft budget.</p> | <p>Autumn</p> |

| Action | Purpose | Timescale | At-a-glance timescale |
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| | | (see OVW Practice Development Note 1) | |

| Action | Purpose | Timescale | At-a-glance timescale |
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| 2. The Draft Annual Report | | | |
| 2.1 Arrange for your Council to consider the Draft Report. | To allow Members to consider the implications of any proposals for the Council for the coming year. | For the 2024/25 report, the IPRW produced and issued a draft report on 13 October 2023 for an 8-week consultation, which closed on 8 December 2023. The consultation period was extended to Wednesday 20 December 2023, to allow more time for all respondents to submit feedback. Other consultation exercises also took place, such as an online survey and stakeholder workshops. | Usually December (or sooner depending on the publication of the draft report.) |

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| <p>2.2 Let the IRPW know if your council has any comments on the proposals in the draft report.</p> | <p>To help inform the final report.</p> | <p>Within the consultation period referred to above.</p> | <p>Usually December (or sooner depending on the publication of the draft report.)</p> |
| <p>2.3 Consider any budgetary implications now that you have the draft report with potential payment sums.</p> | <p>To ensure that the budget makes provision to meet the mandatory and optional Council's obligations under the Annual Report of the Independent Remuneration Panel for Wales. (IRPW)</p> | <p>To ensure that the budget makes provision to meet the Council's obligations, as resolved under the Annual Report of the Independent Remuneration Panel for Wales. (IPRW)</p> | <p>As soon as possible to fit in with your budget preparation process, as set out in your financial regulations.</p> |

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| Action | Purpose | Timescale | At-a-glance timescale |
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| 3. The Annual Report of the Independent Remuneration Panel for Wales. (IPRW) | | | |
| 3.1 Take the Final Report to the Council for formal decision. | Some parts of the report require formal adoption where the determinations are optional, some are mandatory. Report it all, so that Members have the full picture. | As soon as you receive the Final Report. (In respect of the mandated payments no decision is required, and members should receive monies to which they are properly entitled as a matter of course. Where a decision is required by the council, this should be done at the first meeting following receipt of the Annual Report. A council can adopt any, or all, of the non-mandated determinations but if it does make such a decision, it must apply to all its members.) | The first meeting following receipt of the Annual Report |
| 3.2 Your Council will need to decide which of the members will receive any Special Responsibility Payments within the confines of the | To ensure that the Council properly considers how to implement the Determinations (provisions) in the Annual Report. | When considering 3.1 above. | The first meeting following receipt of the Annual Report |

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| determinations . It should be noted that some are optional and in the case of certain councils they are mandatory. | | | |
| 3.3 Each Council must make and record (in the minutes) a policy decision in respect of each of the optional determinations, when and how the payments are made and whether they are paid monthly, yearly, or otherwise. The policy should also state whether and how to recover any payments made to any member who leaves or changes their role during the financial year. | To comply with the provisions in the Annual Report. | When considering 3.1 above. | These decisions should be made at the first ordinary meeting following publication of the Annual Report. |
| | | Check this each year. | |

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| <p>3.4 NB: Members in receipt of a Band 1 or Band 2 senior salary from a Principal Council (that is Leader, Deputy Leader, or Executive Member) cannot receive any payment from any Community or Town Council, other than travel and subsistence expenses and contribution towards costs of care and personal assistance.</p> | <p>This is a long-standing provision which continues to apply. Recent reports have signposted readers to an earlier edition, so it might have slipped your notice.</p> | | <p>Autumn (when thinking of budgets)</p> |
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| Action | Purpose | Timescale | At-a-glance timescale |
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| 4. Action once the payments are agreed. | | | |
| 4.1 Tell your members what they will receive and what to do if they want to Opt Out. Explain the rules on tax and working from home. | To implement the Council's decision | As soon as possible after 3.1 above. | As soon as possible after 3.1 above. |

| Action | Purpose | Timescale | At-a-glance timescale |
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| 5. Reporting Requirements | | | |
| 5.1 The Council must publish by 30 September each year the details of individual payments | To comply with the reporting requirements laid down by the IRPW. | By 30 September. From the 2024/25-year annual returns will still be required but can be anonymised. | By 30 September. |

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| <p>made to its Members in the previous financial year. These must be published (online and on your notice board). Reimbursement of costs of care need only be published as a global sum without identifying individual recipients. In addition, from 2024, the basic payments (£156 and £52) and travel and subsistence claims, may also be reported as a global sum.</p> <p>So, any payments made in (say) 2023/24 must be published by 30 September 2024</p> <p><i>(The IPRW has usually provided a template return for clerks to use.)</i></p> | | | |
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Some key tips:

- Start to think about next year's allowances early – take soundings from members about what level of expenditure Members want; what are the challenges you'll face next year; take it through the committees.
- As far as possible, include appropriate allowance in next year's budget for these payments.
- If Members wish to receive any of the allowances described, they are perfectly entitled to do so. Any decision to forego these payments must be a personal and individual choice.
- It is not permissible for councillors to ask the Clerk to directly donate their payment to a voluntary or charitable organisation in lieu of receiving it themselves.
- Keep an eye out for the draft report during the late Autumn. Include it in draft agendas to make sure that you are ready when to report the time comes.
- The Panel continues to mandate payments for the extra costs of working from home and payments for office consumables. There is no change to the determination made last year (Therefore you need to check last year's report.)
- The payment of £156 falls within the HMRC definition of "homeworking" arrangements and therefore will be exempt from PAYE. Members should therefore confirm that they regularly work from home in their capacity as a Member of the Council and are not already claiming a tax allowance for home working expenses against another source of income. The IRPW has prepared a template letter to assist with this. If a member is already receiving £6 per week for a home working allowance or are claiming this amount against their taxable earnings from another source, then the £156 may still be paid but will be subject to taxation and will need to be processed through PAYE

- There have been changes to the allowances recently with some no longer being subject to tax (see table below). If a Member wishes to reclaim tax deduction from councillor payments in the past, they should contact HMRC direct.
- Check that none of your Members are also Leader, Deputy Leader, or Executive Member as if so, they cannot receive any payment from your Council, other than travel and subsistence expenses and contribution towards costs of care and personal assistance.
- For all payments, any Member can opt out of receiving the allowance if they wish. They should advise the Clerk in writing if they wish to opt out. A template produced by One Voice Wales is attached.
- Ensure that the development needs of Council and committee chairs etc. are addressed in your statutory training plan. It is important that they have the skills necessary to carry out any roles which attract a special responsibility or other allowance.

Determinations which affect community and town councils (p20 of Annual IRPW Report)

| Subject | Amount | Mandatory or Optional | Is a Council decision required? | Subject to tax? Pay through PAYE? |
|---------------------|---------------|------------------------------|--|---|
| Extra Costs Payment | £156 | MANDATORY | NO but recommended that you report it for information. | NO |
| Mayor or Chair | Up to £1500 | OPTIONAL | YES | YES (Earlier IRP Reports refer to the “Civic Budget.” Funding decisions in relation to these civic budgets are not matters of personal remuneration for the post holder |

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| | | | | but relate to the funding required for the tasks and duties to be carried out. Councils remain free to set civic budgets at whatever levels they deem appropriate for the levels of civic leadership they have in place.) |
| Deputy Mayor or Chair | Up to £500 | OPTIONAL | YES | YES |
| Senior Role (e.g. committee chair) | Varies depending on number of electors your council has. | Varies depending on number of electors your council has. | YES | YES |
| Attendance Allowance | Based on claims | OPTIONAL | YES | YES |

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| Financial loss | Based on claims | OPTIONAL | YES | YES |
| Travel and Subsistence | Based on claims | OPTIONAL | YES | YES |
| Costs of Care or Personal Assistance | Based on claims | MANDATORY | NO but recommended that you report it for information so that Members see the overall picture. Potential claimants need not be identified. | YES |