ITEM 8

To:
Leaders and Chief Executives of County and County Borough Councils
Chairs and Chief Executives of National Park Authorities
Chairs and Clerks of Fire and Rescue Authorities
Chair and Chief Executive of One Voice Wales
Leader and Chief Executive of Welsh Local Government Association
Head of Democratic/Members Services of County and County Borough Councils, National Park Authorities and Fire and Rescue Authorities
Community & Town Councils

29 September 2021

Dear Colleague

Independent Remuneration for Wales – Draft Annual Report 2022/2023

The Panel's draft Annual Report for 2022/23 is attached. We would appreciate and welcome comments during the consultation period which ends on 26 November 2021.

Elections for principal councils and community and town councils will take place in May 2022, so the next Report of the Panel will coincide with the new municipal term. For several years payments to elected members of the 22 principal councils has not kept pace with the original comparator that was used to set the basic salary, or any other public sector comparison. The Panel has decided this is an opportune time to rectify this situation and to reinstate the link to the average welsh earnings (based on 3 days).

The draft Report also sets out changes to the remuneration framework for community and town councils following an extensive consultation exercise which we undertook earlier in the year.

We look forward to receiving comments on the proposals contained in the draft Report and will consider all of the responses prior to producing the final Report for publication in February 2022.

Yours sincerely

John Bader
Chair

13. Payments to Members of Community and Town Councils

13.1 The Panel recognises a wide variation in geography, scope and scale across the 735 community and town councils in Wales, from small community councils with relatively minimal expenditure and few meetings to large town councils with significant assets and responsibilities. This and the fact that not all electoral areas have councils, has made establishing remuneration arrangements more difficult to achieve than for other relevant authorities. For this reason, the Panel decided to undertake a fundamental review ready for implementation effective from the elections on 5 May 2022.

13.2 The Panel decided that in carrying out the review it was vital to engage comprehensively with community and town councils and representative organisations together with a commitment to consult on the proposals emanating from the review. The result of this consultation was a significant degree of support for the new proposals and therefore the Panel has decided to introduce the new Framework as set out in this section.

13.3 In order to act and carry out duties as a member of a community or town council all persons are required to make a formal declaration of acceptance of office. Following this declaration, members of community or town councils are then holders of elected office and occupy a role that is part of the Welsh local government structure. It is important to note that a person who follows this path is in a different position to those in other forms of activity, for example such as volunteering or charitable work, typically governed by the Charity Commission for England and Wales.

13.4 Under the Local Government (Wales) Measure 2011, community and town councils are relevant authorities for the purpose of remuneration.

13.5 Consequently, individuals who have accepted office as a member of a community or town council are entitled to receive payments as determined by the Independent Remuneration Panel for Wales. It is the duty of the proper officer of a council (usually the Council Clerk) to arrange for correct payments to be made to all individuals entitled to receive them.

13.6 Members should receive monies to which they are properly entitled as a matter of course.

13.7 An individual may decline to receive part, or all, of the payments if they so wish. This must be done in writing and is an individual matter. A community or town council member wishing to decline payments must themselves write to their proper officer to do so.

13.8 The Panel considers that any member who has personal support needs or caring responsibilities should be enabled to fulfil their role. Therefore, the Panel continues to make the contribution towards costs of care and personal allowance mandatory for all members of community and town councils as set out in Determination 43.

13.9 Each community and town council must ensure that it does not create a climate which prevents persons accessing any monies to which they are entitled that may support them to participate in local democracy. Payments should be made efficiently and promptly.

13.10 Members in receipt of a Band 1 or Band 2 senior salary from a principal council 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. However, this does not preclude them from holding a senior role (Leader, Deputy Leader) without payment.

13.11 Table 12 sets out the actions that community and town councils must take annually in respect of each determination that follows.

Table 9: Community and Town Council Groupings

The current groups are:

Community and Town Council Group	Income *or* Expenditure in 2020-2021 of:
A	£200,000 and above
B	£30,000 - £199,999
C	Below £30,000

13.12 These are based solely on finance. We acknowledge the view of many respondents that this was restrictive and limiting. Therefore 5 Groups will be established based on the size of the council's electorate.

Table 10

Group number	Size of Electorate
Group 1	Electorate in excess of 14,000
Group 2	10,000 to 13,999
Group 3	5,000 to 9,999
Group 4	1,000 to 4,999
Group 5	Under 1,000

13.13 In addition, there will be a second factor for determining which group the council will be placed. Where income or expenditure exceeds £200,000 a year, it will be moved upwards to the next group.

Payments towards costs and expenses

13.14 The Panel continues to mandate a payment of £150, except for councils in Group 5 where it will be optional, as a contribution to costs and expenses for members of community and town councils.

13.15 Receipts are not required for these payments.

Determination 44: Community and town councils must make available a payment to each of their members of £150 per year as a contribution to costs and expenses, with the exception of those councils in Group 5 where the payment is optional.

Taxation

13.16 The issue of the taxation of the £150 payment has been raised on many occasions and included in the responses to the recent consultation. As has been made clear the Panel has no remit in respect of matters of taxation but has been kept informed of the discussions between the Welsh Government and HMRC to establish a possible exemption applying to all community and town councils. If there is a positive outcome, it will not be within the timescale of this draft Report. However, if it is achieved before the publication of the final Report the Panel will take the opportunity to restructure the arrangements for this payment and if appropriate adjust by determination the amount to be paid.

Senior roles

13.17 The Panel recognises that specific member roles especially within the larger community and town councils, for example a committee chair, will involve greater responsibility. It is also likely that larger councils will have a greater number of committees, reflecting its level of activity. The Panel has therefore set out the determinations for senior role in table 11 below.

13.18 In all cases, a councillor can only have one payment of £500 regardless of how many senior roles they hold within their Council.

13.19 Where a person is a member of more than one community or town council, they are eligible to receive the £150 and, if appropriate, £500 from each council of which they are a member.

Contribution towards costs of Care and Personal Assistance

13.20 The purpose of this is to enable people who have personal support needs and or caring responsibilities to carry out their duties effectively as a member of an authority. The Panel's determinations in Section 10 apply to Community and Town Councils.

Reimbursement of travel costs and subsistence costs

13.21 The Panel recognises there can be significant travel and subsistence costs associated with the work of community and town council members, especially where the council area is geographically large and/or when engaging in duties outside this area. Each council has an option to pay travel and subsistence costs including travel by taxi if this is the only, or most appropriate, method of transport. Where a council does opt to pay travel and

subsistence costs, the following determinations apply.

Determination 45: Community and town councils can make payments to each of their members in respect of travel costs for attending approved duties.[7] Such payments must be the actual costs of travel by public transport or the HMRC mileage allowances as below:

- **45p per mile up to 10,000 miles in the year.**
- **25p per mile over 10,000 miles.**
- **5p per mile per passenger carried on authority business.**
- **24p per mile for private motor cycles.**
- **20p per mile for bicycles.**

Determination 46: If a community or town Council resolves that a particular duty requires an overnight stay, it can authorise reimbursement of subsistence expenses to its members at the maximum rates set out below on the basis of receipted claims:

- **£28 per 24-hour period allowance for meals, including breakfast where not provided.**
- **£200 – London overnight.**
- **£95 – elsewhere overnight.**
- **£30 – staying with friends and/or family overnight.**

Compensation for financial loss

13.22 The Panel has retained the facility which councils may pay as compensation to their members where they incur financial loss when attending approved duties. Members must be able to demonstrate that the financial loss has been incurred. Each council has an option to pay compensation for financial loss and where it does the following determination applies.

Determination 47: Community and town councils can pay financial loss compensation to each of their members, where such loss has occurred, for attending approved duties as follows:

- **Up to £55.50 for each period not exceeding 4 hours**
- **Up to £110.00 for each period exceeding 4 hours but not exceeding 24 hours**

[7] Where a member who is on official business or an approved duty is driven by a third party (not a member or officer of that authority), the member can claim mileage at the prescribed rates plus any parking or toll fees provided the authority is satisfied that the member has incurred these costs.

Attendance Allowance

13.23 One of the points raised in the responses to the consultation should be the

inclusion of an attendance allowance. The Panel acknowledges that in some cases this might be a valuable addition to support the work of a council. It is therefore included as an option for all councils.

Determination 48: Each council can decide to introduce an attendance allowance for members. The amount of each payment must not exceed £30. A member in receipt of financial loss compensation will not be entitled to claim attendance allowance for the same event.

Councils that intend to introduce an attendance allowance must set out the details of the scheme and publish them on their website.

Civic Head and Deputy Civic Head

13.24 Civic heads are senior posts within community and town councils. In addition to chairing major meetings the civic head is the ambassador representing the council to a variety of institutions and organisations. The Panel requires that members should not have to pay themselves for any cost associated with carrying out these duties. This requirement also applies in respect of deputy civic heads.

13.25 The Panel recognises the wide range of provision made for civic heads in respect of transport, secretarial support, charitable giving and official clothing – we consider these to be the council's civic budgets.

13.26 Funding decisions in relation to these civic budgets are not matters of personal remuneration for the post holder 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.

13.27 For the avoidance of doubt, costs in respect of, for example, transport (physical transport or mileage costs), secretarial support, charitable giving (purchasing tickets, making donations or buying raffle tickets) and official clothing are not matters of personal remuneration for the individual holding the senior post. These should be covered by the civic budget.

13.28 Recognising that some mayors and chairs of community and town councils and their deputies are very active during their year of office, the Panel has determined that community and town councils can make a payment to the individuals holding these roles.

13.29 This is a personal payment to the individual and is entirely separate from covering the costs set out above.

13.30 The Panel has determined that the maximum payment to a chair or mayor of a community or town council is £1,500. The maximum payment to a deputy mayor or chair is £500.

Determination 49: Community and town councils can provide a payment to the mayor or chair of the council up to a maximum of £1,500. This is in addition to the £150 payment for costs and expenses and the £500 senior salary if these are claimed.

Determination 50: Community and town councils can provide a payment to the deputy mayor or deputy chair of the council up to a maximum of £500. This is in addition to the £150 payment for costs and expenses and the £500 senior salary if these are claimed.

Determination 51: The application of the Remuneration Framework by relevant Group.

Table 11

Type of payment	**Requirement**
Group 1	**(Electorate over 14,000)**
Basic Payment	Mandatory for all Members
Senior Role Payment	Mandatory for 1 member; optional for up to 7
Attendance Allowance	Optional
Financial Loss	Mandatory
Travel and Subsistence	Optional
Costs of Care	Mandatory
Group 2	**(Electorate 10,000 to 13,999)**
Basic Payment	Mandatory for all members
Senior Role Payment	Mandatory for 1 member; optional up to 5
Attendance Allowance	Optional
Financial Loss	Mandatory
Travel and Subsistence	Optional
Cost of Care	Mandatory
Group 3	**(Electorate 5,000 to 9,999)**
Basic Payment	Mandatory for all members
Senior Role Payment	Optional up to 3 members
Attendance Allowance	Optional
Financial Loss	Mandatory
Travel and Subsistence	Optional
Cost of Care	Mandatory
Group 4	**(Electorate 1,000 to 4,999)**
Basic Payment	Mandatory for all members
Senior Role Payment	Optional up to 3 members
Attendance Allowance	Optional
Financial Loss	Mandatory
Travel and Subsistence	Optional
Cost of Care	Mandatory
Group 5	**(Electorate less than 1,000)**
Basic Payment	Optional
Senior Role Payment	Optional
Attendance Allowance	Optional

Type of payment	Requirement
Financial Loss	Mandatory
Travel and Subs	Optional
Cost of Care	Mandatory

Making Payments to Members

13.31 Table 12 sets out each of the above determinations and if a decision is required by the council in respect of each one.

13.32 In respect of the mandated payments where no decision is required by a council, members should receive monies to which they are properly entitled as a matter of course.

13.33 Where a decision is required by the council, this should be done at the first meeting following receipt of the Annual Report.

13.34 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.

13.35 When payments take effect from is set out in paragraphs 13.37 to 13.39 below.

13.36 On receipt of the draft Annual Report the previous autumn, councils should consider the determinations for the next financial year and use this to inform budget plans.

Table 12

Determination Number	Is a decision required by council?
44 Community and town councils must make available a payment to each of their members of £150 per year as a contribution to costs and expenses, with the exception of those councils in Group 5 where the payment is optional.	No - the payment of £150 is mandated for every member unless they advise the appropriate officer that they do not want to take it in writing. This does not apply to councils in Group 5. The council must decide whether to adopt the payment and if so, it must be available for all members.
45 Community and town councils can make payments to each of their members in respect of travel costs for attending approved duties.	Yes – the payment of travel costs is optional.
46 If a community or town council resolves that a particular duty requires an overnight stay, it can authorise reimbursement of subsistence expenses to its members.	Yes – the payment of overnight subsistence expenses is optional.
47 Community and town councils can	Yes – the payment of financial loss

Determination Number	Is a decision required by council?
pay financial loss compensation to each of their members, where such loss has actually occurred, for attending approved duties.	compensation is mandatory if claimed
48 Determination 47: Each council can decide to introduce an attendance allowance for members. The amount of each payment must not exceed £30. A member in receipt of financial loss will not be entitled to claim attendance allowance for the same event. Councils that intend to introduce a system of attendance allowances must set out the details of the scheme and publish on their website.	Yes – the payment of attendance allowance is optional.
49 Community and town councils can provide a payment to the mayor or chair of the council up to a maximum of £1,500.	Yes – the payment to a civic head is optional.
50 Community and town councils can provide a payment to the deputy mayor or deputy chair of the council up to a maximum amount of £500.	Yes – the payment to a deputy civic head is optional.
51 The application of the Remuneration Framework by relevant Group	
52 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.	No - Members in receipt of a Band 1 or Band 2 senior salary from a principal council (that is leader, deputy leader or executive member) can only receive travel and subsistence expenses and contribution towards costs of care and personal assistance; if they are eligible to claim, and wish to do so.

13.37 All members are eligible to be paid the £150 as set out in Determination 44 and Table 11 from the start of the financial year; unless they are elected later in the financial year, in which case they are eligible for a proportionate payment from that date.

13.38 Other amounts payable to members in recognition of specific responsibilities or as a civic head or deputy civic head as set out in Determinations 49 and 50 are payable from the date when the member takes up the role during the financial year.

13.39 It is a matter for each council to make, and record, a policy decision in respect of:

- when the payment is actually made to the member;
- how many payments the total amount payable is broken down into;
- and whether and how to recover any payments made to a member who leaves or changes their role during the financial year.

13.40 Payments in respect of Determinations 45, 46, 47 and 48 are payable when the activity they relate to has taken place.

13.41 As stated in paragraph 13.7 any individual member may make a personal decision to elect to forgo part or all of the entitlement to any of these payments by giving notice in writing to the proper officer of the council.

Determination 52: 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.

Publicity requirements

13.42 There is a requirement on community and town councils to publish details of all payments made to individual members in an annual Statement of Payments for each financial year. This information must be published on council noticeboards and or websites (with easy access) and provided to the Panel by email or by post no later than 30 September following the end of the previous financial year. The Panel draws attention to the requirements stipulated at Annex 4. The Panel is concerned that a significant number of councils are still in breach of this requirement.