

## REPORT OF THE GOVERNANCE COMMITTEE

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The Governance Committee met on 1 July 2014. Attendances:

Councillor Glazier (Chair)  
Councillors Elkin, Howson Tutt and Webb

### 1. Members' Allowances Scheme – annual adjustment of allowances

1.1 Legislation requires that the index used for the purpose of annual adjustment of allowances must be reviewed by the Independent Remuneration Panel every four years. The index was previously agreed in March 2010 and expired in 2013/14. Any increase in allowances for 2014/15 would be backdated to 1 April 2014. The annual adjustment to members' allowances has been linked to any increase in LMG pay for over 12 years. In the absence of an agreed index to allow for annual adjustments to members' allowances there would be a need for the Independent Remuneration Panel to meet each year and report to the Governance Committee which would subsequently report to the County Council on any possible adjustment to members' allowances.

1.2 The Independent Remuneration Panel has considered the continued use of an index to allow for the annual adjustment of allowances. The Panel was of the view that an index should be used and supported the arrangement whereby the annual adjustment reflected any increase in the salaries of managers on locally negotiated pay. The Panel recommends that provision should continue to be made in the Members' Scheme of Allowances for an annual adjustment of allowances by reference to an index and that the index should continue to the percentage increase in the salaries of managers who are on locally negotiated pay.

1.3 The Committee **recommends** the County Council to

☆ agree that provision should continue to be made in the Members' Allowances Scheme for an annual adjustment of allowances by reference to an index, and that the index should continue to be the percentage increase in the salaries of managers who are on locally negotiated pay and that any increase for this year be backdated to 1 April 2014.

### 2. Members' Allowances Scheme – Travel Expenses

2.1 The view of Her Majesty's Revenue and Customs (HMRC) is that where councillors do not routinely see constituents in their home (irrespective of whether they undertake correspondence and preparation at home) then any allowance paid for travel between home and County Hall will be taxable in the normal way. The fact that a councillor chooses to do work at home – such as reading council papers, completing correspondence, speaking to constituents on the phone, undertaking research - does not, in the view of HMRC, make that home a distinct place of work for the purpose of claiming tax relief on travel expenses.

2.2 Further detail in relation to the implications of home to County Hall mileage being taxable set out in Appendix 1.

2.3 If the mileage rate remains at the current level (45p per mile) then there would be a significant negative impact for a number of councillors. The Independent Remuneration Panel has considered whether member mileage allowances should be altered in light of this. One option is that the travel allowance for home to work should be grossed up (from 45p per mile to 66.2p per mile) to mitigate the tax and national insurance implications and ensure that the net amount received by members remains the same as the current level.

2.4 The Independent Remuneration Panel disagreed with the interpretation and guidance from HMRC as it recognised that much of the work undertaken by councillors was at their home. The Panel therefore recommended that representations should continue to be made to the HMRC on this issue.

2.5 The Panel agreed that no councillor should lose out financially as a result of the HMRC guidance and noted that the potential impact would be greatest, in this largely rural county, on those that lived furthest from County Hall. It was noted that in order for councillors to continue to receive 45p per mile net the mileage rate should be grossed up from 45p per mile to 66.2p per mile. The Panel noted that allowances could be paid that reasonably covered members travel costs but, in order to be simple and efficient to operate, a mileage rate of 66p per mile would be more appropriate and administratively efficient. It was noted that an increase to this level would not result in councillors gaining financially as this increase would purely offset the increased tax and national insurance deductions.

2.6 In light of the guidance of the HMRC that councillors' home to County Hall journeys are liable to taxation, there would be a significant negative impact for a number of councillors if the mileage remained at 45p per mile and taxed at that level. The Panel recommended that only the mileage rate for home to County Hall journeys should be increased from 45p per mile to 66p per mile and that the mileage rate for other business journeys should remain at 45p per mile. The Panel agreed that if HMRC decided to amend its guidance so that home to office journeys were no longer liable to tax then the rate for home to County Hall journeys should revert back to 45p per mile

2.7 The Committee **recommends** the County Council to

✧ consider whether to increase the mileage rate for home to County Hall journeys

### **3. Temporary appointment to Assistant Director Posts – Amendments to Scheme of Delegation to Officers**

3.1 When staff leave the Council the process of making new appointments can take 6 months or longer due to the time taken to advertise the role, the selection process, the taking up of references and the new appointee serving their notice period. Furthermore when an employee leaves a role it is also often considered an apposite time to reconsider the duties and scope of the role before seeking to fill the

post. Such a delay to appointing can cause significant operational difficulties, which in relation to posts below the level of Assistant Director can be alleviated by the manager responsible for the service backfilling the position with a temporary appointment.

3.2 In the interest of administrative efficiency, to ensure consistency of service and maintain operational integrity it is proposed that for Assistant Director posts which are to be appointed to on a temporary basis authority is delegated to the Chief Executive, in consultation with the Group Leaders to make the temporary appoint. The position in relation to permanent appointments will remain unchanged and will remain the responsibility of an Appointment Panel of Members.

3.3 The Committee **recommends** the County Council to

✧ agree to amend the Scheme of Delegations to Officers to give authority to the Chief Executive, in consultation with Group Leaders, to make temporary appointments to Assistant Director roles.

#### **4. Amendments to Constitution – Terms of Reference of the Governance Committee and Scheme of Delegation to Officers**

4.1 Terms of Reference of the Governance Committee: The terms of reference of the Governance Committee currently include the delegation to the Committee to appoint members to other outside bodies/nominate members for consideration for appointment. On occasions it might be considered appropriate for an officer to be appointed to such a body. It is therefore proposed that the terms of reference of the Governance Committee be amended as follows – the proposed amendments are in bold:

To appoint:

- (a) co-opted members to serve on Committees;
- (b) members **and/or officers** to other outside bodies/nominate members **and/or officers** for consideration for appointment.

4.2 The scheme of delegation to officers: The County Council's scheme of delegation delegates to officers particular powers. Those officers authorise other officers and agents to act on their behalf. The Committee is recommended to amend the constitution as set out below, and to make clear and confirm the existing authorisation for officers to whom powers have been delegated to authorise other officers and agents to exercise those powers on their behalf. It is therefore recommended that Part 3 Table 6 Para 1 of the Constitution be amended to include:

The functions delegated to the Chief Executive, Directors, Chief Finance Officer and Assistant Chief Executive may be carried out by other officers employed by the Council or by external contractors either fully or under the general supervision and control of the officer with delegated responsibility and authorised by the Chief Executive or any Director, the Chief Finance Officer or

## GOVERNANCE

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Assistant Chief Executive according to the authorisation in the departmental internal scheme.

4.3 The Committee **recommends** the County Council to

☆ agree to the Constitution being amended as set out in paragraphs 4.1 and 4.2 above

1 July 2014

Keith Glazier  
(Chair)