



Ashbourne Town Council

Mayoral Allowance Policy

Reviewed June 2019

The Mayoral Allowance Policy was reviewed by

Ashbourne Town Council on

Signed(Mayor)



ASHBOURNE TOWN COUNCIL

Mayoral Allowance.

Introduction

1. Summary

- 1.1 Each year the Town Council provides the Town Mayor with an allowance to cover the expenses of the role.
- 1.2 The Town Mayors allowance has not been reviewed for many years and recent guidance highlights personal tax implications.
- 1.3 To enable a consistent approach Ashbourne Town Council Members are requested to review the current arrangements and develop a Town Mayors Allowance Policy.

2. Recommendation

- 2.1 It is recommended that Finance Committee review the arrangements for the Town Mayors allowance and a draft Town Mayors Allowance Policy, and subject to any changes resolve to recommend this to Council for approval.

3. Background

- 3.1 In recent months there have been a number of articles considering the position of the Chairman/Mayor's allowance and how it fits within arrangements for income tax. This issue was also highlighted during the recent Internal Audit review. Whilst the Town Council has reviewed its scheme of basic allowances in recent years it has not reviewed the arrangement for the Mayor's allowance for some time.
- 3.2 A Local Council may pay their Mayor an allowance under section 15(5) Local Government Act 1972 for the purpose of enabling them to meet the expenses of their office. Such allowance should be a sum as the Council determines reasonable.
- 3.3 The Mayor, like any councillor, holds an office for tax purposes and any payments are potentially subject to PAYE and possibly NIC's. Where this payment is a round sum allowance it would count as taxable earnings and need to be paid through the Council's payroll system. The Council must deduct and pay over to HMRC any tax due. The Mayor is able to claim a deduction for any expenses incurred 'wholly, exclusively and necessary in the performance of their duties'.
- 3.4 Where the Mayor is simply reimbursed for actual expenses incurred or to be incurred in respect of their office and these do not give rise to any remuneration no tax consequences arise.

- 3.5 The Town Council has historically set a round sum allowance for the Town Mayor which is held in a separate bank account with the Town Mayor being reimbursed for expenses incurred on a regular basis. This account also contains charitable income and expenditure generated during the Town Mayors year of office.
- 3.6 The Civic Service is funded separately from funds held in the Town Council bank account.
- 3.7 Each Town Mayor is provided with details of what expenses may be required to be covered by their allowance, a copy of this is included at appendix 1. This includes items which are clearly wholly, exclusively and necessary in performance of their duties.
- 3.8 The Town Council has a duty to monitor the use of the allowance and ensure that should it give rise to any remuneration this is correctly identified and accounted for. The Town Mayor has a duty to ensure that they account for any tax liability arising from this benefit on their annual tax return.
- 3.9 The Finance Committee may wish to consider the following options while reviewing the Town Mayors allowance:
- Paying a lump sum allowance direct to the Town Mayor via the payroll system to cover all expenses of the office and any ancillary expense and retaining the Town Mayors bank account for the Mayors Town charity events and monies only;
 - Paying for items which are clearly wholly, exclusively and necessary from the Town Council's bank account, and retaining the Town Mayors bank account for the Mayors Town charity events and monies only;
 - Continuing to pay for items which are clearly wholly, exclusively and necessary from the Town Mayors bank account, with any residual amounts returned to the Town Council. These could then be remitted to the Town Mayor via the payroll system.

Any changes to the existing arrangements would require updating the current guidance notes.

4 Financial Implications

- 4.1 The payment of a Mayor's allowance may give rise to the payment of income tax.
- 4.2 The Town Council would be liable for financial penalties if it fails to record, collect, inform and pay over Income Tax on remunerations or benefits in kind for any of its employees or Councillors.

5 Supporting Information

- SLCC Advice Note – Members Allowance
- NALC – Legal Topic Note

6 Appendices

Appendix 1 – Town Mayors Allowance
Appendix 2 – Draft Mayoral Allowance Policy
Appendix 3 – Expenditure Claim Form

TOWN MAYOR'S ALLOWANCE

Town Mayor Allowance 2019/20 £ 1,500

Civic Service Allowance 2019/20 £1,000

The Town Mayor's Allowance is used for the following events, including all associated expenses:

Town Mayor reimbursement of monthly expenses

Annual Meeting of the Town Council and Mayor-Making

Civic Service

Remembrance Day

Christmas Cards/Stationery

Christmas Poster Competition

Tickets and direct donations

Any remainder to be used as the Town Mayor wishes

1. Civic Service

- (a) Refreshments
- (b) Donation
- (c) Hire Church Hall

2. Annual Meeting

- (a) Refreshments
- (b) Bouquet/gifts (outgoing consorts)

3. Remembrance Sunday

- (a) Wreath

4. Town Mayor's Charity event(s) & other events

- (a) Tickets
- (b) Donations

(c) Donations to charities without attending events

(d) Annual Prize to Queen Elizabeth's Grammar School

It is usual for the Town Mayor to make a donation to the charitable events he/she attends. This would cover the cost of participation in the event. For example if the Town Mayor and consort are given complimentary tickets to an event, the donation should at least cover the cost of the tickets.

The cost of the events organised 'in house' will be billed to the Town Mayor as and when the expenditure is incurred.

5. Travel whilst representing the Council

Mileage costs (outside the area) are met by the Town Council budget.

6. Donations

(a) Donations to charities/organisations without attending events.

To comply with Accounts and Audit Regulations, detailed accounts will be required at the end of the Mayoral year. These are not to be presented to Council but form part of the accounts submitted for audit each year.

Draft Mayoral Allowance policy

1. Annually the council have the opportunity to provide funds for a Mayoral Allowance within the normal budgeting cycle (LGA 1972 s 15(5)).
2. The Mayoral Allowance is intended to facilitate the execution of the Mayoral role irrespective of personal economic circumstances.
3. The allowance shall cover expenditure that is wholly and necessarily incurred for the purpose of the mayoral role.
4. At the beginning of the Mayoral year the agreed allowance will be allocated in the Town Mayors Nominal Account.
5. Where expenditure is incurred by the Town Mayor receipts should be retained (excluding donations and categories of expenditure specifically authorised).
6. Following the acceptance and authorisation of an expenses statement of expenditure from the Town Mayor or Town Mayors secretary of the sums spent, a cheque will be issued from the Town Mayors Account to cover the amount of the receipts and allowable expenditure included.
7. Should any residual allowance be unspent at the end of the Mayoral term it should remain in the Town Councils bank account.
8. Any assets (excluding clothing) purchased by the Mayor using the Mayoral Allowance with a useful life and face value beyond the mayoral term will be returned to the Town Council for use by the subsequent Mayor.
9. The Mayor will be personally liable for any tax liabilities incurred following receipts from the Mayoral allowance.

The Mayoral Allowance Policy was Reviewed by Ashbourne Town Council on

Dated.....

Signed.....