

Independent Review of the Role and Remuneration of Local Authority Elected Members Interim Report

Introduction:

I was appointed on 21 June 2018 by Mr John Paul Phelan TD, Minister of State for local Government and Electoral Reform, with the approval of Mr Paschal Donohoe TD, Minister for Finance and Public Expenditure and Reform, to undertake an independent review of the role and remuneration of Local Authority Elected Members. The Terms of Reference for the review are annexed to this report.

This interim report is submitted in accordance with the terms of reference to provide a full update on progress in fulfilling the mandate accepted.

This report will set out the actions taken to date and those planned, together with an indicative timetable for carrying out those planned actions. The work will involve a significant research project and consultation process which will aim to build a strong evidence base for conclusions about the role and remuneration of local authority elected members to be drawn and set out in a final report.

As per the terms of reference, the focus of this review is, in the first instance, on the appropriate role and workload of elected members. Based on the profile of the role formed in that regard, an appropriate remuneration and support “package” commensurate with that role will be presented.

Elected Members of Local Authorities:

The number of elected members of each local authority is fixed by law. Schedule 7 of the [Local Government Act, 2001](#), as amended by [Section 15 of the Local Government Reform Act 2014](#), sets down the number of members of every county council, city council and city and county council throughout the country. This currently stands at 949 elected members in 31 local authorities. There are significant variances in the population, size of geographic area and number

of members of each local authority. The size of individual elected councils range from 18 to 63 members. A full listing is set out in Table 1 below.

Table 1 – Membership of Local Authorities	
Local Authority	<u>Number of Members</u>
Carlow County Council	18
Cavan County Council	18
Clare County Council	28
Cork City Council	31
Cork County Council	55
Donegal County Council	37
Dublin City Council	63
Dun Laoghaire-Rathdown County Council	40
Fingal County Council	40
Galway City Council	18
Galway County Council	39
Kerry County Council	33
Kildare County Council	40
Kilkenny County Council	24
Laois County Council	19
Leitrim County Council	18
Limerick City & County Council	40
Longford County Council	18
Louth County Council	29
Mayo County Council	30
Meath County Council	40
Monaghan County Council	18
Offaly County Council	19
Roscommon County Council	18
Sligo County Council	18
South Dublin County Council	40
Tipperary County Council	40
Waterford City & County Council	32
Westmeath County Council	20
Wexford County Council	34
Wicklow County Council	32

Local authorities are multi-purpose bodies responsible for an extensive range of services. The elected council is the policy-making arm of the local authority. The elected members act by what are termed ‘reserved functions’, which are defined by law and specified across a whole range of enactments. These comprise mainly decisions on important matters of policy and finance (e.g. adoption of annual budget, development plan, bye-laws, etc). Reserved functions at plenary and municipal district level are outlined in Sections 131, 131A, 131B and Schedule 14A of the 2001 Act, as amended.

The elected council have a general concern with the promotion of the general economic, social and cultural development of their areas and work with other agencies and interests to promote progress. In addition to their reserved functions, elected members represent their electorate over a range of public issues and thus have an interest in the operation of other public agencies within their area and its general development. Local authorities have a right of representation on a broad range of other public agencies which operate regionally or locally, such as regional assemblies, education and training boards, regional health fora, joint policing committees, etc. Elected members may be nominated or appointed to represent their local authority on other bodies under section 141 of the 2001 Act.

Local authorities also play an important representational role in that they represent the needs of the electorate. As democratically elected and accountable bodies they have the authority and legitimacy to speak and act on behalf of their communities. The elected council thus acts as a democratic forum for the representation and articulation of local interests and can provide civic leadership.

The 2001 Act expressly recognises the representational role of local elected members. This role can include communicating the views of the elected council to other public bodies on the operation of their services as they affect the local population; carrying out research or studies into local issues or needs and promoting interest in democracy and participation in local government on the part of the general public.

Elected Council and Chief Executive

Each local authority has a Chief Executive and a senior management team. The day-to-day management of the local authority, including staffing matters, is vested in the Chief Executive to whom is delegated what are termed ‘executive functions’ – in effect these involve the day-to-day running of the authority within the policy parameters as determined by the council. Any function of a local authority that is not specified in law as a reserved function is deemed to be an executive function.

The legal character of a local authority thus comprises two elements, the elected council of the authority and the executive, with responsibility for performing local authority functions shared between them. However, legally all functions, whether performed by the elected council or by the executive, are exercised on behalf of the local authority. While responsibility for performance of local authority functions is shared between the elected members and the executive, the elected local authority members occupy the preeminent position of authority and status in the local government system. This derives in particular from the members being directly elected, meaning they have a mandate from the people and a civic status in relation to the area which they represent.

The division between reserved and executive functions is such that the executive operates within a framework of policy laid down by the elected members. The intention has always been that the members in the exercise of this policy role operate on a basis akin to that of a board of directors served by a full time chief executive. It is the duty of the Chief Executive to advise and assist the elected council in respect of the performance by them of their reserved functions. S/he must carry into effect all lawful directions given by the council in relation to the performance of the reserved functions. As provided for in law, the exercise of the policy remit is a fundamental role of the elected council and brings with it a responsibility for necessary preparatory work and proper consideration. Strategic Policy Committees (SPCs) in particular are intended to provide elected members with the opportunity for more in-depth involvement in the development, overview and monitoring of policy.

Term of Office, Absences and Casual Vacancies:

Each councillor may hold office for five years. Each elected member is expected to regularly attend meetings of the full council and the local authority committees of which they are members, although it may occasionally be the case that members may not be able to fulfil their obligations, for example, due to ill-health.

Under section 18 of the 2001 Act a councillor may be absent from local authority meetings for a continuous period of 6 months for reason of illness or any other reason arising in good faith and continue to hold his or her seat. This period of continuous absence during which a councillor continues to hold his or her seat may be extended to 12 months by a resolution of the other members and again to 18 months by a second such resolution. The period of continuous absence may not be extended past 18 months. A councillor who exceeds the allowable period for continuous absence is automatically deemed to have resigned.

A *casual vacancy* arises when a councillor dies, resigns or becomes disqualified from being a member of the council. The vacancy is filled by *co-option* under the provisions of section 19 of the 2001 Act. In most cases the political party who originally nominated the member who caused the vacancy nominates a new member and the Council then passes a resolution to appoint the new member.

Local Government Reform Programme:

The Government's *Action Programme for Effective Local Government – Putting People First (2012)* set out a wide ranging programme to reform and strengthens local government structures, functions, funding, governance and operational arrangements. These measures were given legal effect through the local Government Reform Act 2014.

The principal objective of local government structural reorganisation was not expenditure reduction but rather strengthening local government, providing more effective and cohesive governance and administration and helping to position local government to become, over time, the main vehicle of governance and public service at local level, with potential to take on more far-reaching roles in the longer term.

A core element of this reform programme was the reorganisation of local government structures involving the merger of 3 pairs of county/city councils (Limerick, Waterford and Tipperary) and replacement of the 80 town councils by 95 municipal districts.

This also involved an increase of 66 in the number of county council members from 883 to 949, an overall net reduction of 678 due to dissolution of town councils, but a lesser reduction in the number of individual councillors because a significant number previously held dual town and county membership. It is also the case that the overall number of councillors in the Dublin based local authorities was increased.

Councillor representatives have put forward the argument that the workload of individual councillors has increased as a result of the 2014 reforms, including from (i) the overall reduction in councillor numbers and (ii) larger geographic areas. The extent to which increased workload has impacted on councillors is likely to vary between areas.

Existing Financial Supports:

A range of financial supports are currently in place to assist elected members in their work. These include the following:

- Representational Payment worth €17,060 per annum;
- Municipal District/Area Committee Members Allowance worth €1,000 per annum;
- Annual Expenses Allowance for attending Council meetings, consisting of -
 - annual travel rate, payable in full once 80% of meetings are attended
 - annual subsistence rate, payable in full once 80% of meetings are attended
 - an unvouched fixed annual rate for miscellaneous expenses worth between €2,286 and €2,667, payable in full once 50% of meetings are attended,

OR

- a vouched annual expenses allowance worth a maximum of €5,000 per annum
- travel and subsistence expenses for attendance at events other than Council meetings;
- mobile telephone allowance worth up to €600 per annum; and
- retirement gratuity lump sum payable in full after 20 years of service.

In addition some councillors also receive the following allowances:

- Cathaoirligh/Mayors of the 31 local authorities may receive an allowance worth €20,000, €30,000 or €50,000 per annum.
- Leas-Chathaoirligh of the 31 local authorities may receive an allowance worth €4,000, €6,000 or €10,000 per annum.
- Cathaoirligh of the 95 municipal districts may receive an allowance worth €6,000, €12,000 or €18,000 per annum.
- Chairs of SPCs may receive an allowance worth €6,000 per annum.
- Expenses payments from outside bodies (e.g. regional assemblies) to which they have been appointed or nominated by their local authority.

These payments and allowances are provided by way of regulations given effect under section 142 of the Local Government Act 2001 with the consent of the Minister for Finance and Public Expenditure and Reform.

Further details of these payments and allowances are set out in Appendix II.

Actions taken to date in this Review:

In pursuing the agenda of work in this review, a number of actions have already been taken:

1. Individual meetings

I have met in person with the following stakeholders:

- A delegation of the Association of the Irish Local Government (AILG) on 2 July, 2018
- A delegation of the Local Authority Members Association (LAMA) on 11 July, 2018
- Representatives of the City and County Managers' Association (CCMA) on 10 October, 2018

Preliminary meetings were also held with Mr John Paul Phelan TD, Minister of State for Local Government and Electoral Reform on commencing the review and with officials

from the Department of Public Expenditure and Reform (on 5 July, 2018). Finally, private discussions have been held with a number of individual councillors.

2. Submissions sought

Formal written submissions have been requested and received from:-

- AILG
- LAMA
- The main political parties, with submissions so far received from Fine Gael, Fianna Fáil and Sinn Féin
- Dublin and Cork Chambers of Commerce
- CCMA

These have provided some very important and useful insights into both the role of local authority elected members and issues regarding their remuneration and general supports. To ensure, however, that the full range of views of Councillors is taken into consideration as part of the review, particularly the views of those Councillors who may not be members of the representative bodies, all Councillors have been afforded the opportunity to make their own individual submissions. Elected members were formally notified of this at the Council meetings in November.

As a key decision making stakeholder in this project, a formal submission has been sought from the Department of Public Expenditure and Reform. That Department has been asked specifically for its views on:-

- The context for the current link between a councillor's representational payment and the salary paid to members of Seanad Éireann
- The conditions under which the Department could countenance that link being adjusted.
- The suggestion that the elected members' representational payment might be linked to a public service salary grade and the circumstances under which such an arrangement might be envisaged.

- A general rebalancing of councillors' remuneration away from the current system which has a significant element of tax free allowances and expenses to an increased salary-type payment and modest tax free expenses.

A formal submission has also been sought from the Department of Housing, Planning and Local Government, the parent Government Department for the local government sector and the key policy maker in this regard. That Department has specifically been requested to present its views on:

- A definition of the current and future role of Councillor.
- Councillors' workload since the 2014 local government reforms and whether that workload can be reduced.
- The number of hours for which it is appropriate for Councillors to be paid.
- The current pegging of Councillors' pay to that of a Senator and whether that should continue or if pay should be linked to a Public Service grade or other alternative.
- Mechanisms whereby travel related allowances currently paid to Councillors can be equalised to eliminate current divergences based on distance from Council HQ.
- The level at which vouched and un-vouched expenses are currently being paid

At the time of drafting this interim report, correspondence was received from the Department of Public Expenditure and Reform setting out clarification in relation to a number of queries raised. The Department of Housing Planning and Local Government are also preparing a submission, which is expected to be provided shortly. Contributions from the two Departments are vital to arriving at any meaningful and acceptable conclusions for the purpose of this review.

It is not intended at this interim stage to draw formal conclusions from the various submissions received. However, it is apparent that the issue of the remuneration of local authority elected members is one that is of huge importance to elected members, as articulated by their representative bodies. It is however also apparent that the issue is an extremely complex one, both conceptually and administratively.

All submissions received to date draw attention to an expansion in the role and workload of local authority elected members since the major local government reforms of 2014.

A number of the submissions identify the salary-type “Representational Payment” made to elected members, which currently stands at €17,060 per annum and which is linked to the salary of members of Seanad Eireann, as inadequate. Those submissions call for a significant increase in this payment and its realignment with a public sector salary scale.

It is clear that an emphasis on a complicated and multi-layered system of tax free travel- and subsistence-related allowances has been allowed to evolve over the years. Some of the consequences identified at this stage are

- (i) the perception that such allowances are “income”, when they should in fact only be viewed as reimbursements for expenses unavoidably incurred;
- (ii) a remuneration system that could be seen to facilitate the accumulation of allowances in order to supplement income;
- (iii) imbalances that can benefit financially some elected members more than others, for example, those living further from their Council HQs and those required to attend fewer local authority meetings than programmed within the allowance regime;
- (iv) a system that is increasingly difficult for elected members to understand and for local authorities to administer; and
- (v) an allowance system that is out of kilter with public and private sector norms.

The submissions also identify other issues which it is claimed are insufficiently reflected in the overall remuneration regime, such as pension rights and PRSI contributions and benefits, as well as administrative and research supports, available to elected members.

Actions planned:

A range of additional actions are planned in the coming weeks which are deemed necessary to build a solid base of information from which to draw appropriate conclusions.

1. Survey of elected members

All 949 individual councillors will be invited to complete an individual survey in the coming weeks. This online survey, which it is hoped to issue before the end of November will attempt to understand the nature and extent of the workload of councillors under five main areas of work:

- Policy and Performance, including statutory functions
- Governance and Compliance, including Statutory functions
- Representing the local authority on external bodies
- Community leadership
- Representing individual constituents

In developing this survey, the insights and practical knowledge of a number of Local Authority Meetings Administrators were gained at a focus group-type meeting held on 24 October, 2018.

It is hoped that this survey exercise will facilitate the development of an evidence based account of the current workload undertaken by elected members. In doing so, it will also help to inform the development of an appropriate definition of the role of local authority elected members.

2. A survey of local authorities

It is also intended that a separate survey of the 31 local authorities will be undertaken. This survey will largely focus on financial aspects of the current remuneration regime with a view to building a better statistical analysis of the costs involved.

3. Desk based research

A range of further desk based research will also be undertaken. This will, among other matters, focus on drawing comparisons between the remuneration regime for local authority elected members and other office holders, namely the members of Dáil and Seanad Éireann. Particular comparisons are required in relation to the provision of pensions for office holders. A comparison with the remuneration systems for local government elected members in place for other jurisdictions will also be undertaken.

4. Technical consultations

Consultations of a technical nature may be required with other Government Departments and bodies, for example, the Revenue Commissioners and the Department of Employment Affairs and Social Protection. Observations may be sought from other Government Departments such as the Revenue Commissioners in relation to the tax treatment of allowances payable to Councillors. The Department of Employment Affairs and Social Protection may be consulted in terms of pension rights, maternity benefits and the PRSI class currently applicable to Councillors.

Timeframe for the completion of this review:

Given the complexities involved and the range of perspectives among stakeholders, it is clear that a considerable amount of work remains to be undertaken. This work is however proceeding and the intention is that a final report will be ready for submission to the Minister of State for Local Government and Electoral Reform by around the end of Q1 2019.

Concluding remarks:

As will be seen from the above, a significant amount of work has been done to date but a great deal more is required. The complexity of the issues becomes readily more apparent when consultation takes place with the relevant stakeholders.

It is quite clear from engagement to date, that there are very divergent views as to the role of local government in Irish Society and while the remit of this report is not to deal with that, it seems that the question of the type of representation which is wanted at local government level is highly problematic. To date, it has become apparent that there are two (and perhaps many more) diverging views regarding how local government should operate. On the one hand, there is a view that it should be a full time position paid accordingly. However, this would deprive persons who are involved in other walks of life from active involvement in their community and forming part of local government. However, as the demands on those persons time become greater, it appears to be unrealistic to expect them to attend to their functions in the working day. There seems to be a degree of resistance to the concept of going back to part time evening work.

From the discussions to date, (and subject to the surveys and reviews) those two positions are going to be very difficult to reconcile. Furthermore, there are strong views held by many parties in relation to each of those positions. All persons engaged with to date do accept that it is important that local government is as diverse as possible and permits the greatest number of people from all backgrounds to become involved. It would be fair to say that much of the engagement to date has not just concentrated on remuneration for Councillors but on support systems for them and how the Executive could support them in such a manner as to diminish the workload.

I must reiterate that it is going to be a difficult task to reconcile positions and to do so without clearly defining a future way forward for local government as a whole.

Sara Moorhead
Senior Counsel

November, 2018

Appendix I - Terms of Reference

Local Authority Elected Members Role & Remuneration Review

The Minister for Housing, Planning and Local Government and the Minister of State with special responsibility for Local Government and Electoral Reform, in conjunction with the Minister for Finance, Public Expenditure and Reform will commission a review of the role of elected members of local authorities as well as remuneration and other supports provided to assist members in carrying out their duties.

The review will be conducted by an individual appointed by the Minister, in consultation with the Minister for Finance, Public Expenditure and Reform.

The Review will be undertaken in consultation with elected members and their representative organisations (the Association of Irish Local Government (AILG) and Local Authority Members Association (LAMA)), County and City Management Association (CCMA) and wider consultation as appropriate.

The Review will be informed by inputs from officials from the Department of Public Expenditure & Reform as may be appropriate.

This Review will produce an interim report within five months of commencement that provides a full update on progress in fulfilling the mandate of these terms of reference.

When the review is completed, its findings will be the subject of discussion between the Departments of Housing, Planning and Local Government and Public Expenditure and Reform in the context of the arrangements provided for elected members under section 142 of the Local Government Act 2001, as amended and will be submitted thereafter for the consideration of the Government.

When reaching its findings the Review shall have regard to:

- a) Data, research and evidence relevant to the issues under review including the commissioning of relevant material thereto;
- b) the performance by local authority elected members of their functions generally (at both plenary and municipal level), the number and range of meetings attended, and related issues, including appropriate training needs;
- c) the leadership role of elected members in relation to major decisions of policy and how this role is influenced by current arrangements;
- d) the governance role of elected members, including in relation to oversight, risk and audit practices of the local authority;

- e) the representational role that elected members perform in service provision/access to services and the associated workload;
- f) the report of the LEA Committees set up to review LEAs for all 31 local authorities;
- g) the overall workload of elected members including advising on the amount of time reasonably required to enable them to undertake their duties;
- h) factors influencing gender and wider diversity representation among elected members;
- i) existing payments and allowances including the representational payment, annual expenses allowance, mobile phone allowance, travel and subsistence allowances, chairpersons allowances and gratuity payments including whether the existing statutory link between the representational payment and the Senators' basic salary is appropriate in all the circumstances;
- j) the future impact on remuneration for elected members of local authorities of the further restoration of pay and allowances under the Public Service Pay and Pensions Act, 2017.
- k) the need for a consistent and administratively simplified mechanism for providing sufficient remuneration to elected members to offset the costs of travel related expenses, in particular given the plurality of public bodies to which elected members may be voluntarily nominated as well as their need to meet with constituents
- l) Full account of the wider public pay and industrial relations context and the potential, in this regard, for changes to the supports provided to elected members giving rise to claims from other groups.
- m) The findings of the report in respect of the measures to do with i) local government reforms and ii) remuneration supports to be treated as an integrated package for purposes of implementation.

Appendix II – Existing Financial Supports

1. Representational Payment

The Representational Payment (RP) is recognition of the work that councillors volunteer to undertake when they stand for election and subsequently serve their community. It is a salary type payment that is subject to PAYE, PRSI and USC as appropriate.

The RP was introduced in January 2002 and initially set at €11,000 per annum. A statutory link was established¹ so that thereafter it would be adjusted in proportion to any adjustments to a Senator's basic salary. The RP was last increased on 1 Oct 2018 to its current amount of €17,060 per annum.

The RP stands to benefit from further increases due to be made to a Senator's salary (currently €66,940) under the *Public Service Stability Agreement 2018-2020*. The dates and amounts of these increases are set out in the table below.

Increase Due	% Amount	RP Amount
1 Sept 2019	1.75%	€17,359
1 Oct 2020	2.00%	€17,706

A councillor may be absent from Council meetings for up to 6 months and continue to receive the full amount of the RP. After 6 months of continuous absence the amount of the RP is reduced by 50% for the next 6 months. No further payments are made after 12 months of continuous absence.

2. Municipal District/Area Committee Members Allowance

This flat rate allowance is worth €1,000 and is payable to all councillors who hold membership of either a Municipal District or an Area Committee (in theory this should extend to all councillors but it is a matter for individual local authorities to decide to establish area

¹ Regulation 6(3) of the Local Government (Representational Payment for Members) Regulations, 2001(S.I. No. 552 of 2001)

committees in the six jurisdictions where municipal district structures are absent). It is regarded as an income and so is liable for PAYE, PRSI and USC as appropriate.

The allowance is recognition of work undertaken at sub-county level. It was introduced in January 2018 and backdated to July 2017. The allowance was established following the implementation of the 2014 local government reforms, which resulted in a reduced overall number of councillors and, in some cases, larger geographic areas to service.

3. Annual Expenses Allowance

Councillors receive a composite annual expense allowance designed to offset reasonable expenses incurred in attending meetings associated with their reserved functions and council business. This allowance consists of three component parts -

- an annual travel rate;
- an annual subsistence rate; and
- an unvouched fixed annual rate for misc. expenses worth €2,286 to €2,667

OR

a vouched annual expenses allowance worth a maximum of €5,000 per annum

The total amount of Annual Expenses Allowance payment that each councillor receives can vary greatly depending upon individual circumstances. Some examples² -

- A typical councillor in a medium sized local authority living 26km from Council HQ could be expected to receive approx. €6,100 per annum.
- A councillor in a smaller local authority living less than 16km from Council HQ would receive the minimum payment of approx. €4,200 per annum.
- A councillor in Cork County living 80km from Council HQ could be expected to receive approx. €12,150 per annum.

² All of these examples assume that the councillor opts for the unvouched fixed rate for miscellaneous expenses

The travel element is calculated using a formula based on the distance from home to the Council HQ, standard civil service travel rates and a notional number of meetings that would be expected to be held in a year based on four indexed meeting bands.

$$\text{travel rate} \quad \times \quad \text{relevant distance} \quad \times \quad \text{index} = \text{payment amount}$$

The indexed meeting bands are as set out in the table below.

Local Authorities	Indexed bands based on notional number of meetings
Carlow, Cavan, Galway City, Kilkenny, Laois, Leitrim, Louth, Longford, Monaghan, Offaly, Roscommon, Sligo and Westmeath	Index = 80 (travel rate) Index = 40 (subsistence rate)
Cork City, Clare, Donegal, Galway, Kerry, Kildare, Limerick, Mayo, Meath, Tipperary, Waterford, Wexford and Wicklow	Index = 110 (travel rate) Index = 55 (subsistence rate)
Dun Laoghaire-Rathdown, Fingal and South Dublin.	Index = 150 (travel rate) Index = 75 (subsistence rate)
Cork County and Dublin City	Index = 170 (travel rate) Index = 85 (subsistence rate)

The travel rate is aligned with current civil service travel rates for vehicles with an engine capacity of 1,501 cc or greater -

- (i) 44.79 cent per km for the first 1,500 kilometres,
- (ii) 83.53 cent per km from 1,501 kilometres up to 5,500 kilometres,
- (iii) 32.21 cent per km for 5,501 kilometres and over, and
- (iv) 25.85 cent per km for 25,001 kilometres and over

The subsistence element is aligned with the 5 to 10 hour subsistence day rate payable to civil servants. This is currently worth €33.61.

There are certain unique conditions that apply to the travel and subsistence elements of the Annual Expenses Allowance that compare favourably to the general conditions that apply to standard civil service expenses allowances. These include the following –

- once 80% or more of meetings are attended then a councillor qualifies for the full amount of the travel and subsistence elements of the allowance with attendances below 80% resulting in the payment being reduced proportionately;
- councillors are paid a minimum travel distance of 16 kilometres in the event that their home is located a lesser distance than this from Council HQ;
- the travel rates are aligned with the current civil service travel rates for vehicles with an engine capacity of 1,501 cc or greater regardless of the mode of transport used.

The travel and subsistence amounts are supplemented by a fixed annual rate towards miscellaneous costs. There are 4 bands that apply depending on the size of the local authority - €2,286, €2,413, €2,540 and €2,667. Once 50% or upwards of the relevant number of meetings are attended then the member qualifies for the full allowance.

Councillors now have the option of choosing to claim for misc. expenses on a vouched basis and receive a larger allowance worth up to €5,000 per annum instead of the unvouched fixed annual rate. The eligible expense categories are aligned, as appropriate, with the eligible expenses categories for Oireachtas members (whose expenses regime has been fully vouched since 2013). These categories include office rental and utilities, purchase of home office furniture/equipment, hiring of meeting rooms, printing costs and leaflet distribution, advertising, stationery and secretarial support.

The Revenue Commissioner have ruled that payment of the Annual Expenses Allowance may be made without deduction of tax as it is considered to be reimbursement for overall expenses incurred. The alignment of the travel and subsistence elements of the allowance with the standard civil service rates was an important factor in this ruling. In the event that an alternative

basis for calculating travel and subsistence expenses on an unvouched basis were to be proposed then this would require a new assessment to be undertaken by Revenue to determine if there would be any associated tax liability.

4. Ad-hoc travel and subsistence

Councillors may receive ad hoc travel and subsistence payments in respect of attendance at conferences, training and other events that are not covered by the annual expenses allowance. The rates that apply are aligned with the general travel and subsistence rates for the civil service set by the Minister for FPER.

Official Motor Travel in a calendar year	Engine Capacity Up to 1,200cc	Engine Capacity 1,201cc to 1,500cc	Engine Capacity 1,501cc and over
0 - 1,500 km	37.95 cent	39.86 cent	44.79 cent
1,501 - 5,500 km	70.00 cent	73.21 cent	83.53 cent
5,501 – 25,000 km	27.55 cent	29.03 cent	32.21 cent
25,001 km and over	21.36 cent	22.23 cent	25.85 cent

The stated position of the Revenue Commissioners is that payment of travel expenses above the current civil service travel rates incurs a tax liability on the differential unless the payment is made on vouched basis to show that it is to offset actual expenditure incurred.

The Department of Public Expenditure and Reform has stated that the distance travelled by a claimant is aggregated on an annual basis for the purpose of progression through the four travel bands. Where travel expenses are being claimed from more than one public service body it is incumbent on a claimant to make all relevant bodies aware in order to ensure reimbursement at the correct rate.

5. Annual Mobile Phone Allowances

50% of the total vouched costs of mobile phone usage may be claimed in association with the duties of a councillor. This is set at a maximum of €600 p.a. towards vouched expenses.

6. Retirement Gratuity

Councillors may receive a lump sum gratuity payment. This is calculated as $\frac{4}{20}$ of the Representational Payment for each year of service since May 2000 with a minimum 3 year service requirement and up to a maximum of 20 years' service (so the maximum payment amount is 400% of the Representational Payment).

The gratuity is payable on a councillor's retirement whether voluntarily, failure to be elected, death or ill health. A minimum qualifying age of 50 applies.

7. Chairperson Allowances

Local authorities may pay an annual allowance to the Cathaoirleach and Leas Cathaoirleach of the Council as well as to the Cathaoirleach of a Municipal District. Such decisions are reserved functions. The amount payable varies depending on the total number of members.

- Cathaoirligh/Mayors of the 31 local authorities may receive an allowance worth €20,000, €30,000 or €50,000 per annum.
- Leas-Chathaoirligh of the 31 local authorities may receive an allowance worth €4,000, €6,000 or €10,000 per annum.
- Cathaoirligh of the 95 municipal districts may receive an allowance worth €6,000, €12,000 or €18,000 per annum.

The Revenue Commissioners have ruled that 50% of the chairperson's allowance, subject to a fixed minimum amount of €5,000 and a maximum of €10,000, may be paid tax-free with PAYE/PRSI/USC being deducted on the balance.

Councillors who are chairs of SPCs receive a tax-free allowance worth €6,000 per annum.