



**West
Northamptonshire
Council**

West Northamptonshire Council

**Corporate Overview and Scrutiny
Committee**

Expenses Policy Review

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Chair's Foreword

Corporate Overview and Scrutiny Committee approved its Work Programme for 2021/2022 and included a Spotlight Review of the Council's Expenses Policy. The Review could not commence until West Northamptonshire Council had approved and internally published its Expenses Policy. As soon as this was published, a Spotlight Review was undertaken.

The objective of the Task and Finish Group was to understand how West Northamptonshire Council's Expenses Policy for employees is structured and operated and to make recommendations as to potential improvements. The review also looked at the procedures in place for councillors claiming expenses, while acknowledging the policy matters fall under the responsibilities of the full Council.

Key lines of enquiry

This Review seeks to:

- Understand how West Northamptonshire Council's Expenses Policy for employees and Councillors is structured
- How the Policy for employees and Councillors is currently operating
- How claims for both employees and Councillors are submitted and the audit mechanism in place
- To understand how often the Expenses Policy is reviewed

The Overview and Scrutiny Task and Finish Group, comprising myself as Chair together with Councillors Keith Holland-Delamere and Azizur Rahman was set up.

The review was a focussed piece of work that linked to the Council's corporate priorities and examined a range of information over a series of just three meetings, with one being an evidence gathering meeting. The Task and Finish Group looked at evidence from senior staff from Human Resources and Democratic Services.

This review was carried out between June and September 2022.



Councillor Sally Beardsworth

Chair, Task and Finish Group – Expenses Policy

Acknowledgements to all those who took part in the Review: -

- Councillors Keith Holland-Delamere and Azizur Rahman who sat with me on this Review
- Alison Golding, Assistant Director - HR, Clare Young, Head of Organisational Development, Design and Change, David Hannah, Head of Payroll Services, Peter Borley-Cox, Head of Enterprise Applications and Paul Hanson, Democratic Services Manager, for providing data and materials to inform this Review

EXECUTIVE SUMMARY

The purpose of the Scrutiny review was to understand how West Northamptonshire Council's Expenses Policy for employees is structured and operated and to make recommendations as to potential improvements. The review also looked at the procedures in place for councillors claiming expenses, while acknowledging the policy matters fall under the responsibilities of the full Council.

Key lines of enquiry

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- How claims for both employees and Councillors are submitted and the audit mechanism in place
- To understand how often the Expenses Policy is reviewed

2 Context and Background

2.1 Following approval of its work programme for 2021/2022, Corporate Overview and Scrutiny Committee commissioned the Task and Finish Group to undertake the review – Expenses Policy. A Spotlight Review commenced in June 2022 and concluded in September 2022.

2.2 A Task and Finish Group was therefore established comprising Councillor Beardsworth (Chair); and Councillors Keith Holland-Delamare and Azizur Rahman.

Corporate Priorities

2.3 This review links to the Council's corporate priorities, particularly corporate priority - Robust resource management.

CONCLUSIONS AND KEY FINDINGS

A significant amount of evidence was heard, details of which are contained in the report. After gathering evidence, the Task and Finish Group established that: -

4.1 After all of the evidence was collated the following conclusions were drawn:

Expenses Policy for employees

4.1.1 After considering the evidence provided, the Task and Finish Group was satisfied that there were the required guidance, claiming mechanisms and audit checks in place in relation to the Council's Expenses Policy that was introduced in 2022.

4.1.2 Evidence highlighted that travel expenses for employees with electric vehicles are currently paid the HMRC standard mileage rate of 45p per mile, but the rules around electric vehicles are changing depending on where the vehicle is charged; until rules are implemented the team will continue to follow the HMRC legislation and guidance. The Task and Finish Group felt that this was important and should continue as it promoted the use of electric vehicles.

Relocation Policy for Employees

4.1.3 The Task and Finish Group welcomed the Relocation Policy for employees that clearly stated what can and cannot be claimed for, in respect of newly appointed employees. It was confirmed that this Policy is adhered to and Members echoed that this should be strictly adhered to.

Councillor Allowance Scheme - Travel and Subsistence

4.1.4 It was recognised that the Councillor Allowance Scheme is published within the Council's Constitution but the Task and Finish Group agreed that it felt it would be useful to Members if the claiming mechanism for travel and subsistence could be promoted to Councillors.

RECOMMENDATIONS

The above overall findings have formed the basis for the following recommendations: -

5.1 The Expenses Task and Finish Group recommends that:

5.1.1 The Cabinet Member for HR and Corporate Services is informed that after considering the evidence provided, the Expenses Task and Finish Group is satisfied that there are the required guidance, claiming mechanisms and audit checks in place in relation to the Council's Expenses Policy and the Relocation Policy for employees that was introduced in 2022.

5.1.2 The Cabinet Member for HR and Corporate Services is informed that after considering the evidence provided, the Expenses Task and Finish Group is satisfied that there is the required guidance, claiming mechanisms and audit checks in place regarding travel and subsistence claims for Councillors.

- 5.1.3 The Expenses Policy Task and Finish Group recommends to the Cabinet Member for HR and Corporate Services that the Democratic Services Team is asked to investigate and implement methods of advising Councillors of the claiming mechanism for travel and subsistence.

Overview and Scrutiny Committee

- 5.1.4 The Overview and Scrutiny Committee, as part of its monitoring regime, reviews the impact of this report in six months' time from when Cabinet responds to the recommendations and then as part of the agreed monitoring schedule.

West Northamptonshire Council
Corporate Overview and Scrutiny Committee
Report of the Expenses Task and Finish Group

1 Purposes and Rationale

- 1.1 The purpose of the Scrutiny review was to understand how West Northamptonshire Council's Expenses Policy for employees is structured and operated and to make recommendations as to potential improvements. The review also looked at the procedures in place for councillors claiming expenses, while acknowledging the policy matters fall under the responsibilities of the full Council.

Key lines of enquiry

This Review seeks to:

- Understand how West Northamptonshire Council's Expenses Policy for employees and Councillors is structured
 - How the Policy for employees and Councillors is currently operating
 - How claims for both employees and Councillors are submitted and the audit mechanism in place
 - To understand how often the Expenses Policy is reviewed
- 1.2 A copy of the scope of the Review is attached at Appendix A.

3 Context and Background

- 2.1 Following approval of its work programme for 2021/2022, Corporate Overview and Scrutiny Committee commissioned the Task and Finish Group to undertake the review – Expenses Policy. A Spotlight Review commenced in June 2022 and concluded in September 2022.
- 2.2 A Task and Finish Group was therefore established comprising Councillor Beardsworth (Chair); and Councillors Keith Holland-Delamare and Azizur Rahman.

Corporate Priorities

2.3 This review links to the Council's corporate priorities, particularly corporate priority - Robust resource management.

2.4 The Task and Finish Group established that the following needed to be investigated and linked to the realisation of the Council's corporate priorities:

Background data, including:

- Scene-setting presentation – To provide details of the Council's Expenses Policy to the Task and Finish Group, how it is structured and operating; how claims are submitted and the audit mechanisms in place and the procedures in place for Councillors to claim expenses
- Relevant Expenses Policy, Relocation Policy and strategies
- Claiming mechanism for Councillor expenses

3 Methodology and Evidence Collection

3.1 For this Spotlight Review, evidence was collected from senior Officers of the Council.

3.2.1 Presentation to set the scene

Salient points:

From vesting Day 1 April 2021 all HR policies (in the widest sense) were gradually being replaced by WNC policies

Each predecessor Council (Daventry District Council, Northampton Borough Council, Northamptonshire County Council and South Northants Council) had their own expenses policy

Legacy expenses policies were being used whilst West Northants Council (WNC) policy developed

- The Assistant Director - HR on behalf of the Executive Leadership Team approved the policy in April 2022
- WNC consulted on the policy with recognised Trade Unions in May 2022

The Policy was published in June 2022 and is in effect for all WNC employees

The HR Policy covers:

- Applies to all employees, including those directly employed by schools

- Mileage rates for cars, motorcycles and bicycles specified – in line with HMRC rates
- Policy relating to home to work travel – in line with HMRC regulations
- Excess travel costs due to redeployment or relocation – negotiated with TUs pre vesting day
- Claims for meals or expenses whilst travelling on business – limited
- Overnight accommodation and foreign travel expenses
- Booking travel and accommodation (Click Travel Portal) – flights, rail travel and hotels
- Car parking

Guidance for employees on the Expenses Policy is detailed on the HR pages of the Council's Intranet

Approval and Audit Requirements:

- Claims are made after the event (in arrears)
- Employees must submit claims for business travel, expenses and excess travel costs due to redeployment / relocation using the Employee Self Service area within ERP Gold. (Employees are signposted to where this is in the policy).
- VAT receipts can be scanned in and stored on ERP gold (the HR system) and must be retained for a period of 6 years
- Claims should be made within a month and will not be authorised after 3 months unless there are exceptional circumstances
- The policy is specific that claims later than this will not be paid
- Employees enter all claims for the period on the ERP system; line managers have the authority to approve these claims

The Council has introduced an electronic travel portal system as a better means of controlling cost and monitoring spend rather than ad-hoc booking of travel. All WNC travel and accommodation should be managed through this portal. All bookings need to be approved by the relevant budget head holder for the service area.

3.3 Core Questions

3.3.1 The Task and Finish Group asked a series of core questions that it put to its key witnesses.

3.3.2 Key witnesses provided a response to these core questions at the meetings of the Task and Finish Group on 13 July 2022.

Assistant Director - HR, Head of Organisational Development, Design and Change and Head of Payroll Services

3.3.3 Salient points of evidence:

The Northamptonshire County Council Expenses Policy was noted an example of good practice, but essentially all of the Expenses Policies of the predecessor had similarities so the WNC policy was developed in its own right.

The Expenses Policy applies to all employees and related to home to work travel. In the instance where employees are redeployed or relocated, excess travel costs have been negotiated. For example an employee had their work base relocated from Towcester to the Guildhall to accommodate the team. The expenses policy covered claims for expenses incurred on business and meals which were usually associated with overnight stays.

The Council uses "Click Travel Portal" to book flights, rail travel, hotels, and car parking to save the Council money by finding the best value for money, as sometimes first class tickets were cheaper. Click Travel Portal includes a user guide and advice line for staff with any queries when booking.

Expenses are claimed in arrears, which meant after the expenses had been paid for, and employees use the HR System - ERP Gold to upload receipts for expenses and input mileage claims for travel.

Expenses are paid in line with the Council's pay policy and HM Revenues and Customs (HMRC) legislation. An employee raises an expense through the ERP system which is then reviewed by their manager, when approved it is forwarded to payroll.

Internal audits were carried out twice a year, and a full external audit takes place annually to ensure that the Expenses Policy has been applied. Additional measures and checking are in place in respect of high expense claims or unusual claims, usually approaching the employee for an explanation would resolve most cases.

An HMRC Audit Review took place in November 2020-January 2021, and as a result HMRC was satisfied that all processes and payments were in line with the legislation.

Travel expenses for employees with electric vehicles are currently paid the HMRC standard mileage rate of 45p per mile, but the rules around electric vehicles are changing depending on where the vehicle is charged; until rules are implemented the team will continue to follow the HMRC legislation and guidance.

The Relocation Policy is clear on what can and cannot be claimed for, in respect of newly appointed employees. The Relocation Policy details for example information in relation to claims covering storage, rental payment assist, commuting. The Relocation Policy links to HMRC guidelines. It is unusual for relocation to be offered, and a schedule of claims would have to be agreed, which is tightly controlled. Any expenses paid would be clawed back if the employee was to leave the organisation during a specific period of time. The Relocation Policy applies to new employees (subject to agreement that the post qualifies for relocation). There are no employees engaged on working from home contracts as each employee had a work base within WNC.

Democratic Services Manager

Salient points:

Councillor expenses are detailed in the Members Scheme of Allowances, which was incorporated in the Independent Remuneration Panel (IRP) recommendations for allowances that was approved by the West Northamptonshire Shadow Authority at its meeting of full Council in March 2020.

The Council does not have the same system in place for Councillors to log expenses as that of employees. Currently Councillors submit expense claim documentation to Democratic Services who would then check and collate the information to send to payroll. There is a project ongoing to ascertain whether Councillors could use the same ERP Gold system as employees.

Historically, there was an attendance allowance paid to Councillors for attendance at meetings, but Member allowances are now paid in accordance with regulations issued by the government, the latest being the Local Authorities (Members' Allowances) (England) Regulations 2003. Democratic Services can work with the Group Leaders to encourage attendance.

The Member Allowance Scheme for West Northamptonshire Council includes a separate section regarding travel (including mileage, taxis and public transport) and subsistence, dependence allowance that permits for claims for £20 per hour for professional care for dependent carers and £10 per hour where care is provided by others such as friends or relatives.

Head of Enterprise Applications

Key points:

The Council is investigating whether it can grant Councillors access to the ERP Gold system, which would mean they could access payslips and log mileage and expenses claims directly onto the website which would improve processes. The ERP Gold system is currently only available on the corporate network which makes it inaccessible to Councillors. Making this available outside of the network could create vulnerability for WNC as the ERP Gold system holds the Council's most sensitive personal data and so security concerns need to be considered carefully. Ongoing work and dialogue is taking place to find a solution.

Councillors who were elected previously at Northamptonshire County Council would potentially be able to access ERP Gold, but the team is looking into a way for rolling this out to all Councillors in the interests of fairness.

4

Conclusions and Key Findings

4.1 After all of the evidence was collated the following conclusions were drawn:

Expenses Policy for employees

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5

Recommendations

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- 5.1.1 The Cabinet Member for HR and Corporate Services is informed that after considering the evidence provided, the Expenses Task and Finish Group is satisfied that there are the required guidance, claiming mechanisms and audit checks in place in relation to the Council's Expenses Policy and the Relocation Policy for employees that was introduced in 2022.
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Overview and Scrutiny Committee

- 5.1.4 The Overview and Scrutiny Committee, as part of its monitoring regime, reviews the impact of this report in six months' time from when Cabinet responds to the recommendations and then as part of the agreed monitoring schedule.

APPENDICES



OVERVIEW AND SCRUTINY

EXPENSES POLICY TASK AND FINISH SCRUTINY REVIEW – SCOPE

1. Topic – Expenses Policy

2. Responsible Overview and Scrutiny Committee

Corporate Overview and Scrutiny Committee (OSC)

3. Purpose of the scrutiny review

The purpose of this Scrutiny review is to understand how West Northamptonshire Council's Expenses Policy for employees is structured. The review may also look at the procedures in place for councillors claiming expenses, while acknowledging the policy matters fall under the responsibilities of the full Council.

Key lines of enquiry

This Review seeks to:

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- To understand how often the Expenses Policy is reviewed

4. Outcomes

To make evidenced based recommendations to inform the Council's Expenses Policy for both employees and to make evidenced based recommendation to inform the procedure for the Expenses Policy for Councillors.

5. Approach

The scrutiny review will be carried out by a Task and Finish Group made up of the following councillors:

1. Councillor Sally Beardsworth (Chair)
2. Councillor Azizur Rahman
3. Councillor Keith Holland-Delamere

Co-optee None suggested for this Task and Finish Group

The Task and Finish Group will make use of the standard working methods applicable to scrutiny reviews, including evidence-gathering meetings (either in-person or virtual); desktop research; and targeted evidence-gathering, as appropriate.

6. Information required

Background data

- Scene-setting presentation – To provide details of the Council's Expenses Policy to the Task and Finish Group, how it is structured and operating; how claims are submitted and the audit mechanisms in place and the procedures in place for Councillors to claim expenses
- Relevant Expenses policy and strategies and

Views from internal expert advisors

- Head of Payroll
- Head of Enterprise Applications Digital, Technology & Innovation
- Assistant Director Human Resources
- Head of Organisational Development, Design and Change
- Democratic Services Manager

7. Resources and support

- David Hannah, Head of Payroll
- Tracy Tiff, Deputy Democratic Services Manager for evidence-gathering and for production of the scrutiny review report and the

8. Timetable and key dates

	Date
Inaugural Task and Finish Group meeting	20 June 2022 (remote over Zoom)
Confirmation of the scope of the review by the Corporate OSC	4 July 2022
Evidence-gathering	13 July 2022
Approval of draft report by the Task and Finish Group	19 September 2022
Agreement of draft report by the Corporate OSC	7 November 2022
Chair of the Corporate OSC to present the final report to WNC Cabinet	December/January '23

9. Follow-up/Monitoring

The Corporate OSC will review the impact of the scrutiny review 6 months after the presentation of the final report to decision-makers.