

Paying Allowances to School Governors

(From September 2003)

Key Messages

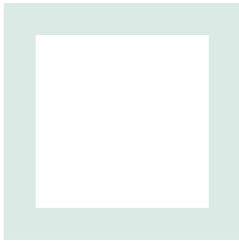
- ▶ Governing bodies can continue to choose whether or not to pay allowances to governors. The Department thinks that it is good practice to pay such allowances as governors should not be out of pocket for the valuable work they do. Governors should be able to claim legitimate expenses where governing bodies have set up schemes to make such payments.
- ▶ Payments can be made for any expenditure necessarily incurred by individual governors to enable them to carry out governor duties.
- ▶ Allowances for travel cannot exceed the Inland Revenue Authorised Mileage Rates. Payments of other allowances must only be made on provision of a receipt. The amount to be paid should be determined by the governing body and be limited to the amount shown on the receipt.
- ▶ Governors cannot claim attendance allowances i.e. payment for attending meetings themselves, or for loss of earnings.
- ▶ Allowances can be paid to governors serving on temporary governing bodies, and to associate members.
- ▶ Governor allowances will continue to be paid from the school's delegated budget.
- ▶ In schools without delegated budgets, the LEA may pay governor expenses.

Footnote

The Education (Governors' Allowances) (England) Regulations 2003 apply to all maintained schools and come into force on 1 September 2003. They apply to expenses incurred on or after that date and replace The Education (Governors' Allowances) Regulations 1999. The provisions of the 1999 Regulations have been carried forward and the only significant change relates to the allowance rates. Copies of the Regulations are available from:

The Stationery Office (ISBN 0-11-045135-X) or may be accessed on the Stationery Office's website on: www.hms.o.gov.uk

LEA/0170/2003 Revised October 2003.



► Questions and Answers

What does my school have to do?

As governors, you need to be aware of the arrangements which permit allowances to be paid. You will need to consider the arrangements you have for paying allowances at the moment and decide whether you wish to make any changes. Each governing body should have a scheme in place and if changes are necessary to bring this about or to update a scheme which is already operating, the decision should be recorded in the governing body's minutes.

Do we have to pay allowances?

It is for each governing body to decide whether to pay allowances. However, the Department feels that governors should be reimbursed for legitimate 'out of pocket' expenses.

How are these allowances funded?

As at present, governor expenses will need to be met from the school's delegated budget. Allowances can also be paid from any other sources of income to the school, so long as anyone providing those funds is aware that they may be used for this purpose.

What allowances are eligible?

The Regulations allow for "payments by way of allowance in respect of expenditure necessarily incurred for the purpose of enabling the individual to perform any duty." These Regulations are not specific but leave it up to the individual governing body to decide what should be eligible.

Examples of eligible expenses necessarily incurred are:

- child care or baby sitting expenses
- care arrangements for an elderly or dependant relative
- telephone charges, photocopying, stationery etc
- travel and subsistence (i.e. reimbursement for meals purchased that would not have otherwise been bought)

This is not intended to be an exhaustive list. Individual governing bodies should make their own decisions in light of their school's needs but care should be taken not to make payments which incur tax.

Do governors have to pay tax on these allowances?

No – as long as only actual expenditure is reimbursed.

How do we reimburse travel and subsistence?

If travel is undertaken by means of public transport, the guidance on reimbursing only actual expenditure would apply. The limitations placed on travel and subsistence payments made for travel by private vehicle are obtained from the Inland Revenue who issue approved mileage rates which do not incur tax. You may pay less than the authorised mileage rates if you wish, but you may not pay more than the maximum level of those rates. The rates are changed annually and can be found on the Inland Revenue website: www.inlandrevenue.gov.uk

If you are in doubt about any payments attracting a tax liability you should contact the Inland Revenue for advice.

Are any kind of expenses not allowed?

Yes. The regulations do not allow governors to be paid attendance allowance or for loss of earnings.

Can we agree expenses for certain categories of governor, whilst excluding others? For example, only paying parent governors for child care.

No. Once you agree to pay particular expenses this will apply to all categories of governor.

Can we pay expenses to associate members?

Yes. They should be treated in the same way as governor members.

Do we have to pay expenses for additional governors?

If your school has an agreed scheme, you must pay LEA appointed additional governors expenses in the same way as other governors. However, additional governors and Interim Executive Board Members appointed by the Secretary of State in the case of a school requiring special measures are paid expenses by the DfES.

What happens if our school has its delegated budget withdrawn?

In that case, payments will be met by the LEA where there is a scheme. The arrangements may differ from those agreed by your school.





Are governor allowances subject to audit?

Yes. LEAs will want to assure themselves that there are no abuses and that the school resources have been used efficiently. You must ensure that you have effective financial systems for authorising and processing payments. You should also take steps to guard against inappropriate claims.

How can we prevent the system from being abused?

You may want to consider excluding specific expenses when claimed under certain circumstances. For example, where a claim is made for care of a dependant and the care is being provided by an existing or former partner, or by a responsible person who normally lives in the family home, as these individuals would normally expect to play some part in caring for the child or other relative.

As all governors have an interest, how can we decide what expenses to pay?

All members of the governing body are permitted to vote on the nature and rates of allowances irrespective of the rules on declaring direct and indirect financial interests. However, if an individual governor's claim is being considered or approved, that individual must withdraw from the meeting as he or she will have a financial interest in the outcome of the discussion. It would be good practice for you to set criteria for paying claims. This should help to ensure that costs do not escalate and limit the need for claims to be approved individually.

What is the legal basis for paying these allowances?

The Education (Governors' Allowances) Regulations 2003 which apply to all maintained schools in England and Wales and cover expenses incurred by governors from 1 September 2003. They have been made under section 19 (3) and 210 (7) of the Education Act 2002.

