

AUDIT COMMITTEE	AGENDA ITEM No. 5
13 FEBRUARY 2017	PUBLIC REPORT

Cabinet Member(s) responsible:	Councillor Seaton, Cabinet Member for Resources	
Contact Officer:	Kim Sawyer, Director of Governance & Monitoring Officer	Tel. 01733 452361

General Dispensation For Allowances

R E C O M M E N D A T I O N S	
FROM : Kim Sawyer, Director of Governance	Deadline date : N/A
It is recommended that the Audit Committee note the guidance provided by the Director of Governance relating to dispensations for allowances	

1. ORIGIN OF REPORT

- 1.1 This report is submitted to the Committee following a recommendation requested at its meeting held on 21 November 2016, which considered dispensations which allow members to vote on matters in which they have a pecuniary interest. One of those pecuniary interests relates to the allowances paid to members.

2. PURPOSE AND REASON FOR REPORT

- 2.1 The purpose of this report is for the Committee to consider the advice on this matter by the Director of Governance and Monitoring Officer.
- 2.2 This report is being submitted in line with the Committee's Terms of Reference 2.2.1.15 to consider the Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice.

3. TIMESCALE

Is this a Major Policy Item/Statutory Plan?	NO	If Yes, date for relevant Cabinet Meeting	N/A
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4. DISPENSATIONS

- 4.1 Members are required by law to vote on the scheme of allowances. This requirement means that members will be voting on matters in which they have a pecuniary interest as all members are entitled to receive a basic allowance.
- 4.2 Some members also receive a special responsibility allowance. This is an additional allowance paid to members who carry out additional duties, such as Chair of Committees or Cabinet members.
- 4.3 The allowances are reviewed by an Independent Remuneration Panel who write a report setting out the evidential basis for its conclusions. That report is recommended to Council for members to vote upon.
- 4.4 Under s33 (2) (a) of the Localism Act 2011, the authority may grant a dispensation if it considers that without the dispensation (a) the number of persons prohibited in any

particular business would be so great a proportion of the body transacting the business as to impede the transaction of the business or (b) the representation of different political groups would be so upset as to alter the likely outcome of any vote.

- 4.5 A query was raised at the meeting on the 21 November as to whether the dispensation could apply to members who receive a basic allowance only. This meant that no dispensation would be granted to members receiving an SRA and therefore any member receiving an SRA would not be entitled to vote.
- 4.6 This amendment was correctly refused by the Chair. The effect of such an amendment would mean that members could vote only where they were entitled to receive a basic allowance. This would exclude a large number of councillors from voting on the basis that they may receive a higher allowance than other members. In other words it is acceptable for some members to vote on their pecuniary allowances but not acceptable for other members to do so, even where the whole of those interests have been independently evaluated. This means that the application of the dispensation is unevenly and unfairly applied to members.
- 4.7 Members perhaps understand this better by analogy to the register of interests. In the register of interests members have to declare any body from which they receive remuneration (salary, wages or payment). When it comes to declaring interests and speaking and voting on matters related to their employer, the law does not distinguish voting rights depending on the level of their salary. Members either have a pecuniary interest or they do not. Two members receiving salary from the same employer would not generally be considered eligible for dispensation based upon whether they are paid more or less than another member.
- 4.8 This form of dispensation also assumes that members are voting for a personal allowance, however allowances in this financial year were set for the coming financial year. Are members therefore excluded from voting on an SRA for a position that they may not occupy in the coming year? How then is it to be determined who can and cannot vote on the SRA? The consideration of the SRA ought to be based upon whether the additional responsibilities for that role warrant the additional allowance and whether that allowance is fair for the additional duties being undertaken.
- 4.9 Most importantly this amendment would exclude a significant number of members from voting on the allowances scheme. This would likely result in the outcome of a vote on the payment of SRA's being upset. As the SRA's tend, as in all Councils, to be paid to those charged with the leadership of the Council, this exclusion would reverse the pattern of voting in favour of the opposition parties, contrary to the political balance of the Council. For that reason the second limb of the dispensations was created to counteract any imbalance in political arrangements of the Council as determined by the electorate.

5. CONSULTATION

- 5.1 No consultation is required.

6. ANTICIPATED OUTCOMES

- 6.1 That members are appraised of the reasons for dispensations and why they operate.

7. REASONS FOR RECOMMENDATIONS

- 7.1 The Council is required to abide by the provisions of the Localism Act 2011.

8. ALTERNATIVE OPTIONS CONSIDERED

- 8.1 Alternative options are not relevant.

9. IMPLICATIONS

9.1 There are no specific legal or financial implications, other than the legal requirement and implications set out in the report.

10. BACKGROUND DOCUMENTS

Used to prepare this report, in accordance with the Local Government (Access to Information) Act 1985)

10.1 Openness and transparency on personal interests: A guide for Councillors (DCLG).

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