

CABINET

4 July 2012

LOCALISM ACT 2011 – CODE OF CONDUCT - UPDATE

REPORT OF CORPORATE DIRECTOR (GOVERNANCE)

Contact Officer: Stephen Whetnall/Chris Ashcroft Tel No: 01962 848 220 or 848 284

RECENT REFERENCES:

ST91 – Localism Act 2011 (Standards Committee – 30 January 2012)

CAB2302 – Localism Act 2011 (Cabinet – 14 March 2012)

CAB2308 – Localism Act 2011 – Code of Conduct and Related Matters (Cabinet - 11 April 2012)

EXECUTIVE SUMMARY:

Report CAB2308 (attached as Appendix 1 for ease of reference) set out interim arrangements for the Code of Conduct and related matters given that the existing arrangements would cease to have effect from 1 July 2012. Council approved the recommendations at its meeting on 18 April 2012 and appointed a Standards Committee at the Annual Meeting.

This report gives an update on the current position.

Because of the wording of the Commencement Order (2012 SI No 1463), issued on 6 June 2012, it is advisable to re-affirm the interim arrangements for the Code and complaints procedures in CAB2308 and these are set out in the recommendations 1-5 below, in updated form.

This report also outlines the new Regulations (2012 No 1464) on disclosable pecuniary interests and the requirements for the new form required for the Register of Members Interests (Appendix 2 refers).

RECOMMENDATIONS:

To Cabinet and Council:

1. That the Council continues to abide by its existing Code of Conduct and related protocols and guidelines, save to the extent that any provisions are inconsistent with any Regulations made by the Secretary of State or other legal requirement, until such time as a preferred option on a replacement Code has been adopted by the Council.
2. That the existing procedures for handling complaints remain in force after 1 July 2012, pending the wider review of the Standards Framework, subject to the Monitoring Officer being given delegated authority to give an initial view on whether there is a potential breach of the Code, and, if there may be a potential breach, in consultation with an Independent Person, to make determinations under the Assessment stage of the process.
3. That, subject to not prejudicing any potential investigation, the Monitoring Officer be able to seek, at the Assessment stage, a response from the Councillor against whom the complaint has been made.
4. That the review stage of the complaints process, undertaken by a Standards (Review) Sub-Committee, be maintained until the wider review is completed.
5. That the Monitoring Officer be given delegated authority to issue interim guidance or approve other interim changes, should any Regulations made by the Secretary of State or other legal requirement require changes to current practice in the Constitution, Code or associated procedures and Protocols.
6. That the Corporate Director (Governance) be authorised to produce a form to take account of the minimum requirements of the Regulations for disclosable pecuniary interests for 2012/13 (Appendix 2 refers).
7. That all Members be required to complete the new form by 14 September 2012.
8. That the allowance for Independent Persons be £500 each per annum plus travel expenses.
9. That the Councillor Chairman of the Standards Committee be eligible for a Special Responsibility Allowance at Scale 6 (ad hoc chairman allowance) of £1,521 pro rata for the 2012/13 Municipal Year, and the situation be reviewed in due course, when it can be seen how the new arrangements work in practice.
10. That the Leader, Portfolio Holder for Finance and Administration, Leader of the Opposition and Chairman of The Overview and Scrutiny Committee be also invited to the meetings of the Standards Committee, to give input when it considers the proposals for a replacement for the Code of Conduct.

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LOCALISM ACT 2011 – CODE OF CONDUCT - UPDATE

REPORT OF CORPORATE DIRECTOR (GOVERNANCE)

DETAIL:

1 Introduction

- 1.1 At its meeting on 18 April 2012, Council approved the interim arrangements set out in Report CAB2308 and Council subsequently appointed a Standards Committee at the Annual Meeting.
- 1.2 Since CAB2308 was written, both the Local Government Association (LGA) and the Department of Communities and Local Government (DCLG) have produced short codes of one page approx. for consideration - despite having previously indicated that they did not intend to do so. The National Association of Parish Councils (NALC) has also produced a code. All are different and have not been reproduced here as more consideration will need to be given to the way forward, before the Council adopts its preferred approach to the long term arrangements. All the versions required additional content to take account of national requirements in the yet to be issued Regulations and any local measures.
- 1.3 From a practical point of view, it was not possible to make sensible arrangements until the Government issued the Regulations which would affect the additional minimum content required in the new Code. These were only made on 6 June 2012.

2 Disclosable Pecuniary Interests

- 2.1 The 2011 Act and Regulations define a new category of “disclosable pecuniary interests”. The Regulations are attached as Appendix 2. Such interests:
 - (a) have to be included in the Register of Interests Form.
 - (b) must be disclosed at meetings or in relation to any portfolio holder decision – and prevent participation in the meeting or decision.
- 2.2 It is important to note:
 - (a) the interests are those of both the Member and any spouse, civil partner or person they are living with in a similar capacity. This is different to the previous Register of Interest Form which only required the details of the

Member to be included. Interests of children in the same household are not included.

- (b) the new Register Form will have to be published on the Council's website.
- (c) failure to complete the Form or to make the declaration and leave the meeting can constitute a criminal offence and be dealt with by the police/courts rather than under the Council's Standards complaints procedures. On conviction the Court can impose a fine of up to £5,000 and impose a disqualification from being a councillor for a period of up to 5 years.
- (d) the current procedure where Members with a personal and prejudicial interest can address a meeting under public participation and then leave the meeting before the debate, will NOT apply to disclosable pecuniary interests, unless the Member has applied for a dispensation from the Standards Committee.

2.3 The Corporate Director (Governance) will produce a Form based on the minimum statutory requirements for 2012/13. Should the Council wish to make voluntary additions to the Form when it adopts its new Code, then that can be for 2013/14 onwards.

2.4 The transitional regulations do not make specific provision for when a form has to be completed this year. It is required within 28 days of accepting office – which has already passed. It is also required within 28 days of making a declaration at a meeting or in respect of a portfolio holder decision. From a practical perspective and for transparency it is recommended that all Members complete the new forms by 14 September 2012.

3 Independent Persons and Allowances

3.1 CAB2308 recommended that a report be made to Council on 18 July 2012 to appoint the Independent Persons. However, the Regulations which would make the current Independent Members eligible to be considered were not made until 6 June 2012. It would be of benefit to have some experience in at least one of the three Independent Persons under the new arrangements. The positions have to be advertised under the Act and will now be considered by Council on 27 September 2012.

3.2 S28 of the Act allows Independent Persons to be paid allowances or expenses. This does not come under the Members Allowances Scheme. The role is greater than that of the current Independent Member or Parish Representative (Co-optee Allowance of £240) but less than that of the former Independent Chairman (Co-optee Allowance equivalent to Scale 3 of £3,042). It is recommended that a rate of £500 plus travel expenses be set.

3.3 From July 1 2012, the Chairman is a Councillor and not an Independent Member. The role is less than that of the Independent Chairman, as the new Independent Persons will assume some of the responsibility. The Chairman

allowance would need to be set by the Members Allowances Scheme, after consideration by the Independent Remuneration Panel. However, the new Standards arrangements are a trial for 2012/13 and it would be more expedient for the Council to make use of the Scale 6 ad hoc chairman allowance of £1,521 pro rata for the 2012/13 Municipal Year, until it can be seen how the new arrangements work in practice and reviewed thereafter.

4 Development of New Code

4.1 It will be the responsibility of the Standards Committee to make recommendations to Council on the new Code.

4.2 However, it would be of benefit to have wider input into the development of the Code and it is recommended that the Leader, Portfolio Holder for Finance and Administration, Leader of the Opposition and Chairman of The Overview and Scrutiny Committee be also invited to the meetings for this purpose. The dates will be arranged shortly.

OTHER CONSIDERATIONS:

5 SUSTAINABLE COMMUNITY STRATEGY AND CHANGE PLANS (RELEVANCE TO):

5.1 An Efficient and Effective Council.

6 RESOURCE IMPLICATIONS:

6.1 The allowances/travel expenses referred to above can be met from the existing Members Allowances budget, which totals £438,000 for the 2012/13 Municipal Year.

7 RISK MANAGEMENT ISSUES

7.1 The interim changes outlined in this report are a prudent risk management measure for the Council to comply with its obligations under the Localism Act 2011 from 1 July 2012. More permanent arrangements can be considered later in the Municipal Year as further information is available. The Council would also be able to consider additional voluntary measures in the Code beyond the minimum required in the Regulations if it is considered desirable for transparency and ethical reasons.

BACKGROUND DOCUMENTS:

File held in Democratic Services

APPENDICES:

Appendix 1 – CAB2308 – Localism Act 2011 – Code of Conduct and Related Matters

Appendix 2 - Disclosable Pecuniary Interests – Extract from Regulations

CABINET

11 April 2012

LOCALISM ACT 2011 – CODE OF CONDUCT AND RELATED MATTERS

REPORT OF CORPORATE DIRECTOR (GOVERNANCE)

Contact Officer: Stephen Whetnall/Chris Ashcroft Tel No: 01962 848 220 or 848 284

RECENT REFERENCES:

ST91 – Localism Act 2011 (Standards Committee – 30 January 2012)

CAB2302 – Localism Act 2011 (Cabinet – 14 March 2012)

EXECUTIVE SUMMARY:

The Localism Act 2011 received Royal Assent on 15 November 2011. It contains a wide range of provisions covering local government, including future arrangements for the Standards framework, following the abolition of the Standards for England organisation (their offices finally closed on 31 March 2012). The Act makes it clear that there will no longer be a national Model Code of Conduct and each local authority is required to produce its own version. It had been hoped by some that the Government would at least issue guidelines about what any future Code should contain, but it is now clear that such advice will not be forthcoming.

Therefore, faced with the prospect of every local authority (including every parish council) having its own individual Code, with the inconsistencies and problems of public understanding and perception that would result, bodies such as the Local Government Association, the Association of Council Secretaries & Solicitors and the National Association of Local Councils have been working (both collectively and individually) to assess the feasibility of producing a uniform Code, which could be adopted either nationally, regionally, or at least on a countywide basis.

Consideration is being given by the Local Government Association as to whether they will give any further guidance. An option was that they could consider two potential models – a minimalist version and a fuller version. However, a decision has yet to be taken on whether any further guidance will be made available.

Regulations need to be made by the Secretary of State to introduce the new requirements for the declaration of pecuniary interests – both in a Register of Members Interests and at meetings. Failure to comply with the Regulations will be a criminal offence. It was envisaged that these Regulations would be in place for the commencement of the new regime – currently expected to be 1 July 2012. However, it has not announced when they will actually be available. The content of the Regulations will, of course, impact upon how any Code is drafted so as to be consistent.

This report updates Members on interim decisions needed given the absence of any progress at national or regional level and proposes a way forward for the City Council, bearing in mind that the transitional period allowed to local authorities to both conclude all outstanding business under the old Code, and introduce new local arrangements, is expected to expire on 1 July 2012.

RECOMMENDATIONS:

To Cabinet and Council:

1. That the Council continues to abide by its existing Code of Conduct, Register of Members Interests and related protocols and guidelines, save to the extent that any provisions are inconsistent with any Regulations made by the Secretary of State or other legal requirement, until such time as a preferred option on a replacement Code has been adopted by the Council.
2. That the Council continues to appoint a Standards Committee under the existing provisions in the Constitution and that, for the 2012/13 Municipal Year, its membership continue to be seven Councillors.
3. That the current three Parish Representatives be thanked for their past service and be invited to continue to serve on the Standards Committee, as non-voting co-opted members, for the 2012/13 Municipal Year to provide continuity of experience.
4. That the current Independent Members be thanked for their past service and they be informed of any change in Regulations made by the Secretary of State, should it permit them to apply to be 'Independent Persons' under the new system.
5. That, when appropriate, the statutory public advertisements be placed to enable applications for the appointment of three 'Independent Persons', as that number would allow for absences, conflicts of interest etc.
6. That the Councillor Members of the Standards Committee recommend the appointments of the three 'Independent Persons' to Council at its meeting to be held on 18 July 2012.

7. That the existing procedures for handling complaints remain in force after 1 July 2012, pending the wider review of the Standards Framework, subject to the Monitoring Officer being given delegated authority to give an initial view on whether there is a potential breach of the Code, and, if there may be a potential breach, in consultation with an Independent Person, to make determinations under the Assessment stage of the process.
8. That, subject to not prejudicing any potential investigation, the Monitoring Officer should be able to seek, at the Assessment stage, a response from the Councillor against whom the complaint has been made.
9. That the review stage of the complaints process, by a Standards (Review) Sub-Committee, be maintained until the wider review is completed.
10. That the Monitoring Officer be given delegated authority to issue interim guidance or approve other interim changes, should any Regulations made by the Secretary of State or other legal requirement require changes to current practice in the Constitution, Code or associated procedures and Protocols.
11. That the Monitoring Officer be requested to produce a draft updated local Standards framework, including a revised Code of Conduct, having regard to the above points and the guidance or Regulations which are still emerging from the Government and relevant national bodies.

CABINET

11 April 2012

LOCALISM ACT 2011 – CODE OF CONDUCT AND RELATED MATTERS

REPORT OF CORPORATE DIRECTOR (GOVERNANCE)

Contact Officer: Stephen Whetnall/Chris Ashcroft Tel No: 01962 848 220 or 848 284

DETAIL:

1 Introduction

- 1.1 Report ST91 gave an update on the Localism Act to the Standards Committee at its meeting on 30 January 2012 and Appendix 1 is the minute of the discussion at that meeting. Appendix 2 is reproduced here with permission of Eversheds and is a briefing note produced by them on the position as at December 2011.
- 1.2 The following summary was submitted to the Standards Committee in ST91 and is reproduced here (in updated form) for ease of reference:-
- (a) The Standards framework, as we currently operate it locally, will continue until 1 July 2012. This is principally to give local authorities time to have their revised local arrangements approved, amend their Constitutions, appoint an Independent Person(s) etc. It also takes account of the fact that the detailed Regulations are not yet available.
 - (b) It is no longer compulsory to have a Standards Committees but, if established, it will be subject to the same proportionality rules as any other local government committee.
 - (c) There will be no national Model Code of Conduct and each local authority is free to produce its own Code with provisions, as it sees fit, but is required to have a Code. The Code can only apply to councillors acting in their official capacity; private life cannot be covered.
 - (d) Local authorities must have in place procedures to deal with complaints made against councillors under its Code, including parish councillors. However, whilst a parish council must 'have regard' to the findings of the Monitoring Officer, there is no obligation on them to take any action which may be recommended.
 - (e) The Monitoring Officer is given greater scope to seek resolution of a complaint before asking the appropriate group of councillors whether it merits investigation.

- (f) The previous sanctions available against a district councillor found to have breached the Code have been removed and now there appears no real penalty beyond naming and shaming, or removing access to Council facilities, or recommending to a political group that a councillor be removed from a committee. As mentioned above, there is no obligation on a parish council to abide by the Monitoring Officer's recommendations.
- (g) At least one 'Independent Person' will need to be appointed, via public advertisement. The 'Independent Person' must be consulted and their views taken into account by a local authority before a decision is taken on any allegation. Initially the current Independent Members and Parish Representatives could not apply to be an 'Independent Person'. However, the Secretary of State has indicated that Regulations are being considered to change this position.
- (h) A Members Register of Interests is still required but the content must be approved by the Council. It must cover both 'disclosable and non-disclosable pecuniary and non-pecuniary interests', although further definition of these terms is awaited. The Act also requires that the Register entries of each councillor are published on the Council's website.
- (i) The issue of pre-determination is addressed, by recognising that Councillors may make statements outside of meetings, without it being assumed that they have a 'closed mind' when they reach the point of decision. However, the expression of extreme views is still likely to give the impression of a 'closed mind' and the Act does not change matters to that extent.

2 Current Views

- 2.1 The lack of any definitive guidelines from the Government has created a full debate within the local government community about the best way forward. Options have ranged from a minimalistic Code to versions that replicate most of the previous provisions.
- 2.2 The principal duty on any Authority in this respect is to both promote and maintain high standards of conduct. There is an argument that maintaining those high standards will not be achieved by introducing a revised Code of Conduct with significantly lower standards than at present. Therefore, adopting a new Code which retains the best of what we have now, but with an improvement/simplification in the practicalities of administering the system, particularly the complaints process, is perhaps the way forward.
- 2.3 Any new Code will also need to take account of the new descriptions for 'Disclosable Pecuniary Interests' but there is no sign of draft Regulations as yet.

- 2.4 In view of all this uncertainty, the District's 43 Parish Councils have been advised to await the outcome of discussions before adopting their own Code of Conduct.

3 Proposals for the City Council

- 3.1 Having regard to all the above, it is suggested that the Council should continue with its existing Code, protocols and associated procedures on an interim basis after 1 July 2012, as the most practical way of maintaining the Council's probity and ethics framework during this transitional period. It is proposed that a delegation be given to the Monitoring Officer to amend any procedures to the extent required by law or Regulations.
- 3.2 It is also proposed that the Standards Committee continue. This is because the Bill was amended by Parliament to re-instate the need for a Code, and for a role in relation to parishes. The Monitoring Officer will need to have arrangements to refer matters for Member approval where necessary. However, the previous regime required any written complaint, no matter how trivial or erroneous, to be referred to a Sub-Committee for consideration. The 2011 Act allows delegation to the Monitoring Officer provided an independent person is consulted in some instances. This is proposed in the recommendations for the Assessment stage of the procedure. This delegation may not always be exercised and some issues may still be referred for a Member decision at that stage by the Monitoring Officer.
- 3.3 A further suggestion is that, subject to not prejudicing any potential investigation, the Monitoring Officer should be able to seek, at the Assessment stage, a response from the Councillor against whom the complaint has been made. This would address the concern that there has only been 'one side of the story' available for assessment under the current procedure.
- 3.4 The Independent Person also has a different role and is an advisor. This means they will not chair the Committee – that role will be taken by a Councillor. However, the Independent Persons have a key role and are required to be consulted on allegations which are being investigated. Appointment has to be by full Council after a selection and advertisement procedure. The public and Councillors may seek advice from the Independent Person.

OTHER CONSIDERATIONS:4 SUSTAINABLE COMMUNITY STRATEGY AND CHANGE PLANS
(RELEVANCE TO):

4.1 An Efficient and Effective Council.

5 RESOURCE IMPLICATIONS:

5.1 The 2012/13 budget has been prepared on the basis of a similar resource requirement to previous years. The fact that the Localism Bill was amended at a late stage, to re-introduce a role for district councils in relation to parish complaints, means that it is unlikely any savings can be made. The role of the Chairman of the Committee will now be a Councillor role rather than an Independent Member. The allowance (currently £3,042 per annum) will need to be re-assessed by the Independent Member Allowances Review Panel as it is likely that a significant part of the role will transfer to the new independent persons. The Council can set a fee outside the Member Allowances Scheme for those roles.

6 RISK MANAGEMENT ISSUES

6.1 The interim changes outlined in this report are a prudent risk management measure for the Council to comply with its obligations under the Localism Act 2011 from 1 July 2012. More permanent arrangements can be considered later in the municipal year when further information is available.

BACKGROUND DOCUMENTS:

None

APPENDICES:

Appendix 1 – Extract from Minutes of Standards Committee (30/1/12)

Appendix 2 - Briefing Note by Eversheds on the new Standards regime - Localism Act 2011

APPENDIX 1

Extract from minutes of Standards Committee (30/1/12)**LOCALISM ACT 2011**

(Report ST91 refers)

Further to consideration of the future of the Standards framework at the last meeting of the Committee (Report ST89 refers), the Corporate Director (Governance) summarised the main elements of the new Act, although he emphasised that there were still a number of areas where further Regulations from the Government were awaited. Therefore, he advised that definitive decisions should not be made at this stage, but a preliminary indication from the meeting about certain key issues would be helpful to officers, as they would be preparing a draft local Standards framework to be considered by the Council in the coming months.

Members discussed the report in detail and made the following comments:-

(i) to provide both continuity and experience, the existing Independent Members and Parish Representatives should be allowed to continue in office until such time as the new Standards framework was in place (currently anticipated to be 1 July 2012).

(ii) the requirements for a 'new' Code of Conduct were noted and all efforts should be made to agree one consistent version (preferably nationally but at least on a countywide basis) and that all Parish Councils be requested to await the outcome of discussions on this matter before adopting their own Code. If a model code was not produced nationally or regionally, then this Council should adopt a version based on the existing Code, with the minimum alterations needed to take account of the new Regulations.

(iii) at least initially, a Standards Committee continue to be appointed and any consideration about another body (e.g. Audit Committee) assuming Standards functions be deferred and considered at a later stage, in the light of experience.

(iv) that alternative titles to 'Standards' be considered (e.g. Ethics and Probity) although it be noted that 'Standards' was now a familiar title and still appeared to adequately describe the likely responsibilities of any new body.

(v) although they will not have voting rights in any new arrangements, the role of Parish Representatives was valued and they should continue to be appointed, albeit on a co-opted, non-voting basis.

(vi) the role of the new 'Independent Person' was noted and, for practical administrative reasons, it would be preferable if the Council appointed two or three people to this role.

(vii) opportunities should be taken to simplify and shorten the revised complaints system where possible, including the removal of a review stage on decisions made (although that would need initial monitoring to ensure that fairness had not been jeopardised).

(viii) the reduction in available sanctions to, effectively, just 'naming and shaming' or removal from a committee was noted with concern, as was the fact that, whilst Parish Councils must 'have regard' to the findings of the Monitoring Officer or Committee, there was no obligation on them to abide by the recommendations, or indeed to take any resultant action at all.

RESOLVED:

That the above comments be taken into account as part of the further work to be carried out to produce a draft Standards framework for consideration by the Council.

Welcome to Eversheds' Local Government briefing note 83/2011



23 December 2011

LA Law Localism Act 2011 - The new Standards regime

During the passage of the Localism Bill, the issue of standards proved to be one of its most controversial aspects and one of the very last matters to be finalised before Royal Assent on 15th November 2011. The roots of this controversy go back to the introduction of a national regime under the Local Government Act 2000 when a mandatory Code of Conduct was introduced, the Standards Board for England was created and given custody of a national process. (In Wales responsibility was given to the Ombudsman). Many elected members resented what they saw as a stifling regime and there was particular concern about the apparent differences in the regime affecting local authority members and MPs. This view was reinforced by the scandal surrounding MPs expenses. Subsequent changes, to try to impart more local accountability, did not move the critics and this, coupled with a topical concern about the so called "gagging" of members wishing to speak on local issues, gave birth to the pressure reflected in the Coalition Agreement to scrap the system.

The new standards provisions relating to local authorities in England and police authorities in Wales are set out in Part 1 Chapter 7 Sections 26 – 37 of and Schedule 4 to, the Localism Act. These provisions apply to all "relevant authorities", which are defined in section 27(6) to include both principal authorities and parish councils, fire and rescue authorities, economic prosperity boards, National Park authorities, the Broads Authority and Police Authorities in England and Wales, until abolition of the latter and replacement by Police and Crime Commissioners. The arrangements for Welsh local authorities will not change.

Local authority includes Police Authority but not the new Police Commissioner and Panel. The Police Reform and Social Responsibility Act 2011 at section 31 and Schedule 7, allows the Secretary of State to make provision by regulations relating to complaints and conduct matters of Police and Crime Commissioners; Deputy Police and Crime Commissioners; the Mayor's Office for Policing and Crime, and the Deputy Mayor for Policing and Crime.

Every authority will be under a duty to promote and maintain high standards of conduct by elected and co-opted members of the authority.

The provisions apply to elected members and co-opted members when acting as members. There are no requirements in relation to private life, though disqualification as a result of a sentence of imprisonment for three months or more (whether suspended or not) in s 80 of the Local Government Act 1972 remains. The definition of "co-opted member" does not include non-voting members.

Transitional provisions

The Secretary of State may make transitional provisions by statutory instrument, providing that matters under investigation by the Standards Board for England be transferred to the relevant local authority. The Government has now clarified the timetable for abolition of Standards for England in response to a parliamentary question from Lord Greaves, (and circulated a letter with details to Monitoring Officers) although this is still subject to formal confirmation through regulations. It is the Government's intention that abolition will take effect on 31 March 2012. Prior to this, the regulatory role in handling cases and issuing guidance will stop from a date that will be set out in regulations but anticipated to be 31 January 2012. From this date, Standards for England will no longer have powers to accept new referrals from local standards committees or conduct investigations into complaints against members. Any existing referrals or investigations will be transferred back to the relevant authority for completion. However, any complaints which are being handled locally on that date will need to continue through to a conclusion; and similarly any matters relating to completed investigations or appeals that have been referred to the First Tier Tribunal will continue to conclusion.

DCLG have also advised in the last few days that they envisage that the remaining local elements of the current regime, including statutory standards committees with the power to suspend councillors, will be abolished on 1 July 2012.

From 1 July forward, all standards matters – including consideration and determination of outstanding complaints made during the period the Standards Board regime was operating - will be the responsibility of local authorities, to be handled under the new arrangements. 1 July will also see the new standards arrangements, which include a 'Nolan-based' code, the involvement of an independent person in allegations of misconduct, and a new criminal offence for failing to declare or register interests, coming into force.

DCLG believe that such a timetable would seem appropriate given the timing of councils' elections and annual meetings. It also recognises that local authorities will have to take action to implement the changes to the standards arrangements. For example, authorities will need sufficient time to adopt any new code and procedures. Moreover, they will need time to advertise for and then appoint an 'independent person' and put in place arrangements for handling allegations of breaches of their code. Finally, principal authorities will have to put in place, and agree, arrangements with parish councils for both a code and register of interest related activity.

Standards Committees

The special provisions for the establishment of statutory Standards Committees are removed in England. Any voluntary Standards Committee or Sub-committee established by the authority would be an ordinary committee or sub-committee established under s101 and s102 of the Local Government Act 1972. The role of independent members will change as the new Independent Persons would not be able to be voting members, unless the committee or sub-committee was merely advisory. Any such Standards Committee is now subject to the normal proportionality rules. Standards Committees would be subject to the same requirements on confidential and exempt information as any other Committee under ss.100A to K of and Sch.12A to the Local Government Act 1972. The Standards Committee would assist in discharging the duty of the authority to promote and maintain high standards of conduct and along with arrangements for regulation, albeit this is limited in scope.

The Code

Each authority is required to adopt a Code of Conduct, which can only apply to members and co-opted members when acting in their capacity as a member or co-opted member. Private life is not covered. The powers of the Secretary of State to specify general principles and issue a model code are revoked, along with the current 10 General Principles of Conduct and the Model Code, but the Act requires an authority's Code to be consistent with the seven Nolan principles of conduct in public life.

Authorities are free to determine what they put in or leave out of a Code though section 28(2) does require the inclusion of the provisions the authority considers appropriate in respect of the registration (in its register) and disclosure, of interests. Any decision to adopt a local Code must be taken at full Council, and all standards matters are to be non-executive functions.

The abolition of the Model Code means that different authorities may have different Codes. A councillor who is a member of more than one authority is likely to be subject to different Codes, according to which authority he/she is currently acting on. Different members of the same joint committee will be subject to the varied Codes of their different parent authorities.

The requirement for members to give an undertaking to comply with the Code of Conduct is removed although it might be considered reasonable to expect compliance from responsible members of a public body! The previous consequence of not being able to act as a member where the undertaking was not provided, has gone.

A relevant authority (other than a parish council) must have in place arrangements to deal with complaints of breach of its Code of Conduct, including arrangements for investigation of complaints and arrangements "*under which decisions on allegations can be made*". In the case of district and unitary authorities, this also applies to allegations in respect of parish councillors in their areas. It is likely that most authorities will decide that they need a Standards Committee of some nature to undertake these functions at member level, even if some sanctions, such as removal from Committees, will have to be applied by full Council.

District and unitary authorities are responsible for having arrangements in place to investigate and determine allegations against Parish Councillors but the Act does not provide how this might be done (other than requiring the views of an Independent Person). Specifically, Parish Councils are under no obligation to have regard to any findings of the district or unitary authority or its Standards Committee.

Authorities have discretion to set their own processes and to delegate more of the process. There is no requirement for a review stage. The statutory requirement for a hearing has gone and the authority can find that a member has broken the Code without even having conducted an investigation (although we would expect authorities to ensure that the principles of natural justice would be observed).

There is greater scope to enable the Monitoring Officer to seek local resolution of a complaint before a decision is taken as to whether the complaint merits investigation. This may enable the more minor or tit-for-tat complaints to be taken out of the system without the full process previously required. We might see a return to the pre-2000 Act culture where Monitoring Officers and Chief Executives sorted things with the help of group leaders/whips.

The Act gives no explicit powers to undertake investigations or to conduct hearings

(any such action required would be implied as appropriate). So there is no power to require access to documents or to require members or officers to attend interviews, and no power to require the member to attend a hearing.

The Act gives authorities no explicit powers to take any action in respect of a breach of the local Code. Authorities have been given no powers to impose alternative sanctions, such as requiring an apology or training. Accordingly, other than naming and shaming the individual member, it is unclear whether the authority can take any action, beyond administrative actions to secure that it can continue to discharge its functions effectively. This takes us back to reliance on *R v Broadland DC ex parte Lashley [2001] All ER (D) 71* where the principle of local action through a common law standards committee and Council, to ensure no disruption to the proper administration of the Council's affairs, was upheld.

The Independent Person

Every principal authority must appoint one or more Independent Persons. Independent persons would be appointed by advertisement and application and there are very strict rules preventing a person from being appointed if they are a friend or relative of any member or officer of the authority or of any Parish Council within the authority's area. They can they be paid a fee and/or expenses and the Act provides that a person does not cease to be independent merely because such payments are made.

It is believed that a person cannot be appointed as an Independent Person if they have within the past 5 years been a co-opted voting member of a Committee of the authority. This means that all existing independent co-opted members of Standards Committees are ineligible to be appointed as Independent Persons. This has become something of an issue for local government lawyers who are debating whether this result was intended or even achieved by the wording of the Act. ACSes is seeking legal advice on this point.

The functions of the Independent Person are:

- The IP must be consulted and views taken into account before the authority takes a decision on any allegation it has decided to investigate.
- The IP may be consulted by the principal authority in circumstances where the authority is not taking a decision whether to investigate the allegation.
- The IP may be consulted by a member of the authority against whom an allegation has been made.
- The IP may be consulted by a parish councillor against whom an allegation has been made.

It is important to ensure that the impartiality of the Independent Person is not compromised by undertaking more than one of these roles where it would be inappropriate to do so. Hence the appointment of more than one is sensible.

Interests

The Monitoring Officer is required to establish a register of members' interests for each authority including for parish councils within their area. The content of any such register must be approved by full Council. It must contain "disclosable pecuniary interests" (to be defined in Regulations) but the Act also provides that an authority's Code must require registration of non-disclosable pecuniary interests and

non-pecuniary interests, for which no definition is provided as yet. The absence of standard definitions of such interests, and the degree of local discretion creates scope for considerable local variation, so that a councillor may be subject to very different requirements in different capacities.

The Monitoring Officer is responsible for ensuring that each authority's register of interests is kept within the principal authority's area (e.g. at the principal authority's offices) and on the authority's website. For parish councils, the district or unitary authority's Monitoring Officer must ensure that every parish council's register is available for inspection within the principal authority's, rather than the parish council's area and, if the parish council has a website, the parish council must ensure that the register is accessible on that website.

Every elected or co-opted member is required to notify the Monitoring Officer (within 28 days of being elected or co-opted onto the authority) of all current "disclosable pecuniary interests" of which they are aware, and update the register within 28 days of being re-elected or re-appointed. The Secretary of State will prescribe by regulation what constitutes a "disclosable pecuniary interest". The Act provides that this will cover the interests not just of the member, but also of his/her spouse, civil partner or person with whom he/she lives as if they were spouses or civil partners, in so far as the member is aware of his/her partner's interests. That feels like a return to pre-2000!

A member may ask the Monitoring Officer to exclude from the public register any details which, if disclosed, might lead to a threat of violence or intimidation to the member or any person connected with the member, and allow the member merely to recite at the meeting that he /she has a disclosable pecuniary interest, rather than giving details of that interest. The scope of sensitive interests is slightly extended, from the member and members of his/her household, to cover "any person connected with the member".

Failure to register any such interest, failure to register within 28 days of election or co-option, or the provision of misleading information on registration without reasonable excuse, will be criminal offences, potentially carrying a Scale 5 fine and/or disqualification from being a councillor for up to five years. Prosecution is at the instigation of the Director of Public Prosecutions. Once a member has made the initial registration, there is no requirement to update such registrations for changes of circumstances, such as the acquisition of development land, unless and until a relevant item of business arises at a meeting which the member attends, (unlike the pre 2000 Act regime in s19 Local Government and Housing Act 1989 and the regulations under that Act).

The requirement for disclosure of interests at meetings applies to the same range of "disclosable pecuniary interests" as the initial registration requirement, plus any non-disclosable pecuniary interests and non-pecuniary interests which the authority's Code requires to be disclosed. The duty to disclose only arises if the member is aware of the interest. However, where the interest is already on the authority's register of interests, or is in the process of entry onto the register having been notified to the Monitoring Officer, the member is under no obligation to disclose the interest at the meeting, so members of the public attending meetings might well not be aware of a member's interests in a matter under debate unless he/she had also previously inspected the authority's register. Where it is an unregistered interest, the member is required both to disclose it at the meeting and to register it within 28 days of the meeting at which relevant business is considered.

The duty to disclose arises if the member attends the meeting, as opposed to the present code requirement to disclose "at the commencement of" consideration of the matter in which the member has an interest. In future the member cannot avoid the need to disclose merely by withdrawing during that part of the meeting when

the particular item of business is considered. Failure to disclose a disclosable pecuniary interest is a criminal offence. There is no such sanction for failing to disclose non-disclosable pecuniary interests or non-pecuniary interests, even where disclosure is required by the authority's Code of Conduct.

Disclosure and withdrawal, is required to cover a member's disclosable pecuniary interest in any item of business at a meeting, or in any matter which he/she would deal with as a single executive member or ward councillor. If he/she has a disclosable pecuniary interest in such a matter, he/she is simply barred from participating in discussion or voting on the matter at the meeting, or (as a single member) taking any steps in respect of the matter, other than referring it to someone else for determination. Participation in the discussion of the matter, or taking steps in respect of the matter, in the face of these prohibitions is made a criminal offence. The equivalent of merely personal interests, requiring disclosure but not withdrawal, will be covered by the requirement for the authority's Code to make some provision for disclosure of non-disclosable pecuniary interests and of non-pecuniary interests.

The requirement for the member to withdraw from the meeting room may be dealt with in the authority's standing orders. Indeed, it is left open to authorities to make no provision for such members to withdraw, leaving them present and liable to influence other members during the discussion. This means that a member who fails to withdraw as required in standing orders does not commit any criminal offence and the sanction, if the member became disruptive, would be the standard provision enabling a meeting to vote to exclude such a member.

Dispensations

The previous grounds for dispensations, allowing members with a pecuniary interest to get the consent of Standards Committee to participate are extended by section 33. The ground that more than 50% of the members of the body were conflicted out remains, but now effectively restricted to a circumstance where the number of members unable to participate would make the meeting inquorate. The second ground, that exclusion would disturb the political composition of the meeting and so affect the outcome of the vote remains but now dispensations may also be granted if:

- every member of the authority's executive is otherwise precluded from participating;
- it would be in the interests of persons living in the authority's area; and
- the authority considers that it is otherwise appropriate to grant a dispensation.

The authority may wish to delegate this function to its Standards Committee or an officer, but the process starts with a written request by a member or co-opted member, to the proper officer. An officer would therefore need to be designated for the purpose, and this could for example be the Monitoring Officer or the Head of Paid Service.

Pre-determination

Section 25 introduces provisions for dealing with allegations of bias or pre-determination or matters that otherwise raise an issue about the validity of a decision, where the decision-maker(s) had or appeared to have a closed mind (to any extent) when making the decision. It provides that the decision maker(s) is not to be taken to have had a closed mind "just because" (sic) the decision-maker(s)

had previously done anything relevant to the decision, that directly or indirectly, indicated what view the decision-maker took, or would or might take, in relation to a matter.

The courts have, of course, gone a long way in recognising that politicians need to be politicians and that not all that they say is necessarily what they do at the point of decision making. In effect, the courts already apply a presumption against bias in relation to local elected representatives to enable democracy to work in the way it has developed, and we have seen a string of cases including *National Assembly for Wales v Condron* and another 27 November 2006 to support that proposition.

The Government's position is that this provision does not involve a change in the law, which begs the question why the section is necessary in the first place. It is difficult to understand how this can be so, given that the ability of the courts to intervene is being curtailed by the new "presumption".

If the legislative presumption of "no closed mind" is applied then one must assume that the presumption is rebuttable. In a situation where a member said something like "over my dead body" in respect of voting a particular way on an issue, the view must be that whilst the provision on predetermination in the Localism Act might be useful in giving councillors confidence about making their views on particular issues known, it didn't change the legal position that if a member could be shown to have approached a decision with a closed mind, that could affect the validity of the decision. Equally, if a member had expressed views on a particular issue but could show that when taking the decision they had approached this with an open mind and taken account of all the relevant information, they could reasonably participate in a valid decision. If a member has expressed particularly extreme views, it will be more difficult in practice to be able to get away from the impression that they would approach the decision with a closed mind. It may therefore be appropriate for Monitoring Officers to warn members against making such extreme comments and to provide them with guidance. This provision is effective from 15 January 2012.

Conclusion

There is legitimate concern that different Codes of Conduct across principal councils and presumably parish councils will give rise to confusion in their application and understanding. As the representative bodies of principal authorities and parish councils respectively, there is logic in the Local Government Association and the National Association of Local Councils accepting leadership responsibility for producing uniform recommended code provisions.

The Act does not provide a clear and cohesive framework for local government to work to, partly due to the haste with which some of the provisions were introduced at the last minute. One cannot help thinking that Parliament will have no option but to again review the application of standards to local government in due course. In the meantime, as we await regulations local authority practitioners will endeavour, as always, to give effect to the new requirements.

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Training and Events

Discrimination Law Review Handbook

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2012 No. 1464

LOCAL GOVERNMENT, ENGLAND

**The Relevant Authorities (Disclosable Pecuniary Interests)
Regulations 2012**

<i>Made</i> - - - -	<i>6th June 2012</i>
<i>Laid before Parliament</i>	<i>8th June 2012</i>
<i>Coming into force</i> - -	<i>1st July 2012</i>

The Secretary of State, in exercise of the powers conferred by sections 30(3) and 235(2) of the Localism Act 2011(a), makes the following Regulations.

Citation, commencement and interpretation

1.—(1) These Regulations may be cited as the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 and shall come into force on 1st July 2012.

(2) In these regulations—

“the Act” means the Localism Act 2011;

“body in which the relevant person has a beneficial interest” means a firm in which the relevant person is a partner or a body corporate of which the relevant person is a director, or in the securities of which the relevant person has a beneficial interest;

“director” includes a member of the committee of management of an industrial and provident society;

“land” excludes an easement, servitude, interest or right in or over land which does not carry with it a right for the relevant person (alone or jointly with another) to occupy the land or to receive income;

“M” means a member of a relevant authority;

“member” includes a co-opted member;

“relevant authority” means the authority of which M is a member;

“relevant period” means the period of 12 months ending with the day on which M gives a notification for the purposes of section 30(1) or section 31(7), as the case may be, of the Act;

“relevant person” means M or any other person referred to in section 30(3)(b) of the Act;

“securities” means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000(b) and other securities of any description, other than money deposited with a building society.

(a) 2011 c.20.
(b) 2000 c. 8.

Specified pecuniary interests

2. The pecuniary interests which are specified for the purposes of Chapter 7 of Part 1 of the Act are the interests specified in the second column of the Schedule to these Regulations.

Signed by authority of the Secretary of State for Communities and Local Government

Grant Shapps
Minister of State

6th June 2012

Department for Communities and Local Government

SCHEDULE

Regulation 2

<i>Subject</i>	<i>Prescribed description</i>
Employment, office, trade, profession or vacation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by M in carrying out duties as a member, or towards the election expenses of M. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992(a).
Contracts	Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority— (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged.
Land	Any beneficial interest in land which is within the area of the relevant authority.
Licences	Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer.
Corporate tenancies	Any tenancy where (to M's knowledge)— (a) the landlord is the relevant authority; and (b) the tenant is a body in which the relevant person has a beneficial interest.
Securities	Any beneficial interest in securities of a body where— (a) that body (to M's knowledge) has a place of

(a) 1992 c. 52.

business or land in the area of the relevant authority; and

(b) either—

(i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or

(ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

EXPLANATORY NOTE

(This note is not part of the Regulations)

Section 30 of the Localism Act 2011 provides that a member or co-opted member of a relevant authority as defined in section 27(6) of the Localism Act 2011, on taking office and in the circumstances set out in section 31, must notify the authority's monitoring officer of any disclosable pecuniary interest which that person has at the time of notification. These Regulations specify what is a pecuniary interest. Section 30(3) of the Act sets out the circumstances in which such an interest is a disclosable interest.

A full impact assessment has not been produced for these Regulations as no impact on the private or voluntary sectors is foreseen.

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