

TO: **GOVERNANCE AND AUDIT COMMITTEE**  
**28 JANUARY 2014**

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**MINOR AMENDMENT TO THE CODE OF CONDUCT FOR MEMBERS**  
**Director of Corporate Services – Legal**

**1. INTRODUCTION**

1.1 This report seeks the endorsement of the Committee to an amendment to the list of “Affected Persons” in the Code of Conduct for Members to include:

- (a) any company of which the Member, or a member of his/her immediate family is a member of the Board/a Director, or
- (b) any Limited Liability Partnership in which the Member is a partner.

The report also proposes that board membership/a directorship/membership of a Limited Liability Partnership of the Member or his/her spouse or partner should be registrable.

**2. RECOMMENDATION**

**2.1 That the Committee recommend to Council that the Code of Conduct for Members be amended as proposed in Section 5 of this report.**

**3. REASONS FOR RECOMMENDATION**

3.1 It would be inappropriate for a Member to be involved in decision making in relation to:

- (a) a company of which they or a member of their immediate family has been appointed to the Board or as a Director, or
- (b) a Limited Liability Partnership in which they or a member of their immediate family is a Member.

3.2 The Standards Committee recommends that the Code of Conduct be amended as proposed.

**4. ALTERNATIVE OPTIONS CONSIDERED**

4.1 Not to recommend the proposed alteration. However, not amending the Code of Conduct could lead to inappropriate Member involvement in decision making.

**5 SUPPORTING INFORMATION**

5.1 The recently approved Code of Conduct for Members includes a provision relating to Members having an “Affected Interest”. The rationale for those provisions is the widely held perception that the provisions of the Localism Act relating to Disclosable Pecuniary Interests are too narrowly cast to preclude inappropriate involvement in decision making. In the absence of the

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provisions relating to Affected Interests a Member would be free, for example, to determine a planning application made by his/her own child or parent.

- 5.2 The list of “Affected Persons” (i.e. those persons closely affected by a matter such as to preclude a Member from involvement in decision making) includes:-

“a company in which the total nominal value of the securities held by you/your spouse or partner exceeds £25,000 or more than ten per cent of the issued share capital”.

- 5.3 With the benefit of hindsight it is considered that the category of Affected Interest relating to Member connection with a company is cast too narrowly and that it should extend to those companies to which the Member/his or her spouse, partner, parent, grandparent, child or grandchild has been appointed to the Board or as a Director. Similarly, it is considered that it would be inappropriate for Members to be involved in decision making concerning matters which would affect a Limited Liability Partnership in which they or a family member is a partnership. It is also considered that board membership/a directorship/ partnership in a Limited Liability partnership of the Member or his/her spouse or partner should be registrable on the Council’s Register of Member’s interests.

## 6. **ADVICE RECEIVED FROM STATUTORY AND OTHER OFFICERS**

### Borough Solicitor

- 6.1 The Borough Solicitor is the author of this report.

### Borough Treasurer

- 6.2 There are no financial implications directly arising.

### Strategic Risk Assessment Issues

- 6.3 None.

### Chief Officers

- 6.4 None.

## 7. **CONSULTATION**

### Principal Groups Consulted

- 7.1 The Code of Conduct Working Group and the Standards Committee.

### Method of Consultation

- 7.2 By reports.

### Representations Received

- 7.3 The Working Group endorsed the proposed amendment to the Code of Conduct.

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Background Papers

None.

Contact for further information

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