

Audit & Governance Committee  
12 March 2025

**General Dispensations for Members**

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**Purpose of the report:**

To request that the Audit and Governance Committee grant a general dispensation to all Members to enable them to participate and vote in certain specified matters where they would otherwise have a Statutory Disclosable Pecuniary Interest.

**Recommendations:**

It is recommended that:

1. The Committee grants a dispensation on an ongoing basis (for a maximum of three years or until the vesting day of any new authority) to enable Members to participate and vote in the following matters, irrespective of them otherwise having a Statutory Disclosable Pecuniary Interest:
  - (a) Local Government Reorganisation
  - (b) Approval of the Council's Revenue and Capital Budgets and setting of the Council Tax Precept
2. The Committee notes that such dispensations do not relieve the Member of the obligation to declare the interest or have such an interest registered in accordance with the Member Code of Conduct.

**Introduction:**

1. This report proposes that the Audit and Governance Committee approve a number of general dispensations under the Localism Act 2011, with such dispensations to remain in force for a period of three years in the interests of good governance and the effective conduct of public affairs. The County Council has delegated to the Audit and Governance Committee the power to grant dispensations for Members allowing them

to speak and vote at a meeting when they have a disclosable pecuniary interest.

2. Under normal circumstances, a Member wishing to be granted a dispensation must submit an application in writing to the Monitoring Officer, and the Monitoring Officer will arrange for the dispensation to be considered in public by the Audit and Governance Committee.
3. In circumstances where a matter impacts on the majority of Members, the Monitoring Officer can make an application for a general dispensation for all Members, as set out in the Proper Officer Functions – Part 3, Section 3, Part 4 of the Constitution. Part 6(10) of the Constitution (Granting Dispensations: Process) sets out the grounds on which the committee may grant a dispensation.
4. The Audit and Governance Committee may grant a dispensation to a Member or co-opted Member of an authority if it considers that:
  - without the dispensation so great a proportion of the council or authority would be prohibited from participating in that business as to impede the council's or authority's transaction of that business;
  - without the dispensation the representation of different political groups dealing with that business would be so upset as to alter the likely outcome of any vote;
  - the granting of the dispensation is in the interests of people living in the council's or authority's area;
  - without the dispensation each member of the council's Cabinet would be prohibited from participating in the business, or
  - it is otherwise appropriate to grant a dispensation.

#### **Local Government Reorganisation**

5. On 5 February 2025 the Minister of State for Local Government and English Devolution wrote to the Leader of the Council to inform him that Surrey County Council's elections due to take place in May 2025 would be postponed for a year in order to progress with local government reorganisation (LGR) and devolution in the county.
6. The County Council will debate the proposed Interim Business Case for LGR at its meeting on 18 March 2025, prior to an Executive decision at an extraordinary Cabinet meeting to be held on the rise of Council. The Final Business Case will be debated at an extraordinary Council meeting on 7 May 2025, followed by an Executive decision at an extraordinary Cabinet meeting to be held on the rise of Council.
7. Currently, 41 (i.e. 50.1%) of County Councillors are "twin-hatted", i.e. they are also a borough or district councillor and in receipt of Member Allowances from that borough/district – this is a disclosable pecuniary

interest and would result in over half of the Council membership being required to withdraw from the meeting.

8. Given the importance of all County Councillors being able to participate in future debates on LGR, a general dispensation is sought on the grounds that the granting of the dispensation is in the interests of people living in the Council's area.

### **Budget and Council Tax Setting**

9. Members and their spouses/partners who own or rent a property in Surrey and pay Council Tax may have a disclosable pecuniary interest in any decision in setting council tax or precept under the Local Government Finance Act 1992 or local arrangements for council tax support.
10. In 2013, the Government issued guidance on whether a Member has a pecuniary interest in respect of setting the Council Tax or a precept. This specifies that:

“Any payment of, or liability to pay, council tax does not create a disclosable pecuniary interest as defined in the national rules; hence being a council tax payer does not mean that you need a dispensation to take part in the business of setting the council tax or precept or local arrangements for council tax support.”
11. While therefore it is not necessary to apply for the dispensation in order for Members to discuss and vote upon Council Tax, as there is ambiguity in the legislation which necessitated the Government guidance, it is considered advisable to continue to include the setting of Council Tax or any precept as one of the dispensation categories for the avoidance of doubt.
12. If granted, the dispensation for council tax relates to a Member's DPI and does not affect a Member's obligation under Section 106 of the Local Government Finance Act 1992 to declare and not vote if they are 2 months or more in arrears with their council tax when voting on setting the Council's budget.
13. Historically, the Council has relied on the above guidance and has not sought dispensations for Members to speak and vote on matters relating to council tax. However, as the guidance is not statutory and has not been tested in court, the Monitoring Officer considers it prudent and transparent to include council tax in the general dispensation.
14. Given the importance of all Members being able to fully participate in the annual Budget setting meeting, the Committee is asked to grant dispensations to Members who would otherwise not be able to take part as a result of these particular disclosable pecuniary interests on the grounds that without one, so great a proportion of the Council would be prohibited from participating in that business as to impede the Council's transaction of that business. It is also in the interests of people living in the Council's area.

**Conclusions:**

15. The Committee is asked to consider the request for a general dispensation in the specific circumstances listed above, in order to ensure that all Members are able to participate and vote on matters of vital importance.
16. This does not negate the responsibility of Members to continue to declare disclosable pecuniary interests and register such interests in line with the Member Code of Conduct.

**Financial and value for money implications:**

17. This dispensation will enable all Members to participate in the annual approval of the Council's Revenue and Capital Budgets and setting of the Council Tax precept.

**Equalities and Diversity Implications:**

18. None.

**Risk Management Implications:**

19. None.

**Legal Implications – Monitoring Officer:**

20. Any legal implications arising from the legislation (The Localism Act 2011) are set out in the body of this report.

**Next steps:**

21. Any dispensations granted will be ongoing for a maximum period of three years.

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**Sources/background papers:**

Constitution of the Council

**Annexes/Appendices:**

None

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