

# TONBRIDGE & MALLING BOROUGH COUNCIL

## AUDIT COMMITTEE

22 June 2009

### Report of the Director of Finance

#### Part 1- Public

#### Matters for Information

#### 1 ACCOUNTS AND AUDIT REGULATIONS

The Department for Communities and Local Government published a consultation paper in April 2009 on amending the Accounts and Audit Regulations 2003 to improve transparency of reporting of remuneration of senior officers in public bodies.

##### 1.1 Introduction

1.1.1 Members may recall that this subject was broached in a previous consultation paper published in December 2008. The return date for responses to this further consultation paper was 22 June 2009. A copy of the consultation paper can be found at **[Annex 1]**.

##### 1.2 Consultation Paper Proposals

1.2.1 Financial statements in the private sector and in central government are required to disclose information about pay, pensions and benefits in kind of senior officers **by name**. At present, in local government, a council is required to disclose the number (**but no names**) of officers it employs whose remuneration is £50,000 and more in bands of £10,000.

1.2.2 The proposals outlined in the consultation paper are:

- To extend reporting requirements on public bodies, when producing their annual statement of accounts, to include additional information about the remuneration of senior officers.
- To include within remuneration disclosure details about senior officers salary; bonuses; additional payments; compensation or ex gratia payments; benefits in kind and pensions.
- To define 'senior' as the head of the authority's paid service and first tier officers who report to the head of paid service.

- To change the way staff earning £50,000 and more is reported, breaking this down into £5,000 bandings in place of the existing £10,000 bandings.

1.2.3 In responding to the previous consultation paper we disagreed in principle with the proposal to bring the remuneration disclosure note for local authorities in line with that of the private sector and central government for the following reasons:

- 1) Local authority reporting is different in that stakeholders include council tax and national non-domestic rate payers whereas in the private sector the Accounts are primarily for shareholders.
- 2) Furthermore, although a stakeholder of central government could be said to be tax payers generally, the Accounts of a local authority are more readily available to the local community, who in turn, have relatively easy access to senior officers than is likely to be the case in central government.

1.2.4 However, the DCLG would appear intent on pressing ahead with this proposal. Within that context we agree with the definition to be applied to 'senior'. In our case this would cover the: Chief Executive, Central Services Director, Director of Finance, Director of Health & Housing, Director of Planning, Transport & Leisure and Information Technology Manager. Again, suggest the post title be given instead of the officers names. Reiterate that the Accounts of a local authority are more readily available to the local community who also have relatively easy access to senior officers than is likely to be the case in central government, as well as their differing roles. The pension details to be disclosed may not be readily available and there might be a cost to obtaining this information.

1.2.5 We responded to the consultation accordingly.

### **1.3 Legal Implications**

1.3.1 Compliance with the Accounts and Audit Regulations is a statutory requirement.

### **1.4 Financial and Value for Money Considerations**

1.4.1 As set out above.

### **1.5 Risk Assessment**

1.5.1 Compliance with the Accounts and Audit Regulations is a statutory requirement. Therefore, failure to prepare and publish the Accounts in accordance with the Regulations will adversely impact on our Use of Resources assessment.

Background papers:

contact: Neil Lawley

Nil

Sharon Shelton  
Director of Finance