

STANDARDS COMMITTEE

5th SEPTEMBER 2006

INDEMNITIES FOR MEMBERS

RICHARD LONG, DIRECTOR OF LEGAL & DEMOCRATIC SERVICES

PURPOSE OF THE REPORT

1. To inform Members of a change in law relating to the granting of indemnities to members.

RECOMMENDATIONS

2. That the report be noted and the Council continues its existing practices.

BACKGROUND

2. The rules governing members conduct were drastically changed in 2000 when the Government passed the Local Government Act. The Act established the Standards Board for England and created a new process for the handling and investigation of complaints regarding the conduct of councillors. These procedures are now well established.
3. In 2000 there was some debate regarding the conduct of hearings and in particular whether local authorities could insure members against the legal costs incurred attending hearings etc. At the time, unlike other authorities within the area, Middlesbrough Council had no such policy of insurance. The Government subsequently indicated that it would clarify the matter by allowing authorities to take out such insurance.
4. This Council, therefore, agreed to take out legal indemnity insurance for all members. The cover provides for legal advice and, where appropriate, legal representation to be available to members.
5. At the end of 2004 the Government introduced the Regulations formally authorising authorities to provide an indemnity to members or alternatively secure insurance. The Regulations, however, provide that it cannot cover criminal

offences or if it is the result of fraud, other deliberate wrong doing or recklessness on the part of the member.

6. More importantly though, the Regulations state that in relation to Standards issues, the insurance can only be provided on the basis that if the member is found to have breached the code, and that is not overturned on appeal, or if the member admits that they have breached the code, then the member shall reimburse the insurance company for any sums expended by the insurance company in relation to those proceedings.
7. The effect of the provision is that if the member wins the case, then they do not have to repay the insurance company, but if they lose they do have to repay. Conversely if the insurance company lose the case, they get their money back, but if they win they do not.

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