
STATUTORY INSTRUMENTS

1995 No. 849

The Local Authorities (Companies) Order 1995

PART II

REGULATION OF CONTROLLED AND INFLUENCED COMPANIES

Identification of companies

4.—(1) A regulated company shall have mentioned on all relevant documents the fact that it is a company controlled, or, as the case may be, influenced, by a local authority, within the meaning of Part V; and naming the relevant authority or authorities.

(2) In this article “relevant documents” means business letters, notices and other documents of the company, being of any kind mentioned in paragraphs (a) to (d) of section 349(1) of the 1985 Act.

Requirements applicable to regulated companies

5.—(1) A regulated company shall not—

- (a) in respect of the carrying out of any relevant duty, pay to a regulated director remuneration in excess of the maximum amount;
- (b) in respect of expenditure on travelling or subsistence in connection with the carrying out of a relevant duty, pay to a regulated director an allowance, or reimburse expenses, in excess of the maximum amount;
- (c) publish any material which the relevant authority would be prohibited from publishing by section 2 of the Local Government Act 1986⁽¹⁾.

(2) Where a director becomes disqualified for membership of a local authority otherwise than by being employed by a local authority or a controlled company, the company shall make such arrangements as may be necessary for a resolution to be moved for his removal in accordance with section 303 of the 1985 Act.

(3) In this article—

- (a) for the purposes of paragraph (1)(a), the maximum amount is the greatest amount which would for the time being be payable by the relevant authority in respect of a comparable duty performed on behalf of that authority, less any amount paid by that authority in respect of the relevant duty to the regulated director in question;
- (b) for the purposes of paragraph (1)(b), the maximum amount in relation to a director is the maximum amount of travelling or subsistence allowance which would for the time being be payable to that director by the local authority of which he is a member if the relevant duty were an approved duty for the purposes of section 174 of the Local Government Act 1972⁽²⁾;

(1) 1986 c. 10. Section 2 is amended by section 27 of the Local Government Act 1988 (c. 9).

(2) 1972 c. 70.

- (c) “regulated director” means a director of the company who is also a member of a relevant authority; and
- (d) “relevant duty” means a duty carried out on behalf of the company.

Provision of information to authority’s auditor

6. A regulated company shall provide, and authorise or instruct its auditors to provide—
- (a) to the person who is for the time being the auditor in relation to the accounts of the relevant authority, such information and explanation about the affairs of the company as that person may require for the purposes of the audit of the local authority’s accounts; and
 - (b) to any person authorised by the Audit Commission, such information as that person or the Commission may require for the discharge of any function under Part III of the Local Government Finance Act 1982(3).

Provision of information to members of local authority

7.—(1) Subject to paragraph (2), a regulated company shall provide to a member of a relevant authority such information about the affairs of the company as the member reasonably requires for the proper discharge of his duties.

(2) Nothing in this article shall require a company to provide information in breach of any enactment, or of an obligation owed to any person.

Provision of financial information to authority

8.—(1) A regulated company shall, on the request of any relevant authority, provide to that authority, within such reasonable time as may be specified by the authority, such information about the affairs of the company as that authority may require for the purposes of any order for the time being in force under section 39 (revenue accounts and capital finance) of the 1989 Act.

(2) Information required under paragraph (1) shall be supplied in such form as the relevant authority may reasonably require.

Appointment of auditor

9. A controlled company shall, before it first appoints any person as auditor of the company, obtain the Audit Commission’s consent to the appointment of that person.

(3) 1982 c. 32; amendments to Part III relevant to this Order are made by the Local Government Act 1988 (c. 51), section 72.