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## STATUTORY INSTRUMENTS

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# 1995 No. 849

## The Local Authorities (Companies) Order 1995

### PART II

#### REGULATION OF CONTROLLED AND INFLUENCED COMPANIES

##### 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<sup>(1)</sup>.

(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<sup>(2)</sup>;
- (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.

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

<sup>(2)</sup> 1972 c. 70.