



Guidance on:

Declarations of Interest

and

Related Party Transactions

DECLARATIONS OF INTEREST

Guidance on Registering and Declaring Interests

Disclosable Pecuniary Interests

You will have a Pecuniary (i.e. Financial) Interest in a matter that affects:

- a) Any Body that You Work For, that Sponsors You or that You Invest in.
- b) Any Land that You Own or Occupy.
- c) Any Contract (includes a Tenancy Agreement) between You and the Council.

NOTE: "You" includes your spouse or partner.

Registering:

Pecuniary Interests should have already been registered on your Declaration of Interest within 28 days of you taking office, or within 28 days of any change to your Interests. If not, you have 28 days to register them after they are declared at a meeting.

It is a criminal offence to provide or be reckless in providing false or misleading information about your interests.

Declaring at a meeting:

YOU MUST DECLARE YOUR INTEREST IN THE MATTER AND WITHDRAW FROM THE MEETING WHILE IT IS CONSIDERED – DO NOT SPEAK OR VOTE AT THE MEETING ABOUT THE MATTER.

E.g.

"I declare a DPI in Item 12 on the Agenda"

(leave the room whilst the item is being considered)

Other (Non-Pecuniary) Interests

Other (Non-Pecuniary) interests are not formally defined either in legislation or in the Council's Code of Conduct.

It is therefore the responsibility of individual Members to determine whether they have a non-pecuniary interest.

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In doing so, they should consider whether an objective third party (i.e. a member of the public) would reasonably consider that they have an interest, and they may also seek the advice of the Monitoring Officer.

Examples of Other Interests may be:

- Your membership of outside bodies to which you have been appointed by the Council and in which you hold a position of management or control;
- Your membership of other public bodies and charities in which you hold a position of management or control;
- A family member, friend or close associate with a financial interest in a matter to be considered at a meeting.

Registering:

You are not obliged to register these interests on your Declaration. However, in the interests of transparency, we have provided space for you to do so if you wish to.

Declaring at a meeting:

YOU MUST DECLARE YOUR INTEREST IN THE MATTER.

You may remain in the meeting, unless an objective third party (i.e. a member of the public) would reasonably consider that your interest could prejudice your judgement.

In this case (and only in this case):

YOU MUST WITHDRAW FROM THE MEETING WHILE IT IS CONSIDERED – DO NOT SPEAK OR VOTE AT THE MEETING ABOUT THE MATTER.

E.g.

“I declare a non-pecuniary interest in Item 12 on the Agenda”

(stay, speak and vote)

OR

“I declare a prejudicial non-pecuniary interest in Item 12 on the Agenda”

(leave the room whilst the item is being considered)

Predetermination

It is vital that Members undertaking regulatory functions (planning, licensing, regulatory) also ensure that they avoid the appearance of predetermination or bias.

They must not say anything which suggests that they have made their decision before considering the item at the meeting, or that they have a closed mind.

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Note:

This Guidance is intended to deal with the most common circumstances where interests need to be registered and declared. For more information on matters such as sensitive interests and dispensations please see:

- *Reigate and Banstead Borough Council's Member Code of Conduct*
- *Chapter 7 of the Localism Act 2011*
- *The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012*

Or contact:

- Democratic Services on 6182 (democratic@reigate-banstead.gov.uk).

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Guidance for Completing Your Declaration of Interests Form

General Points

Please:

- enter “None” where there is nothing to be registered;
- enter “N/A” under the relevant heading if you do not have a “spouse, civil partner or equivalent”;
- ensure that you sign (or insert your name if completing electronically) and date the notification;
- When providing updates, complete the form fully – do not only complete those sections which have changed. We need to be certain that we have interpreted your form correctly.

Whose interests must be included?

- your own;
- those of your spouse or civil partner;
- those of a person with whom you are living as husband/wife;
- those of a person with whom you are living as if they were civil partners.

When must you complete this form?

Within 28 days of:

- being elected;
- being re-elected;
- becoming aware of any change to your interests;
- declaring an interest in a meeting, which was not already entered on your form.

Democratic Services will provide an annual reminder about updating the form.

Sensitive Information

If you consider that any disclosure is likely to fall into the category of sensitive information, please contact the Monitoring Officer to discuss this issue.

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Guidance by section

Employment:

Prescribed definition	<i>Any employment, office, trade, profession or vocation carried on for profit or gain.</i>
Guidance	<p>You must declare any employment or business <u>even if it is not within the borough</u>.</p> <p>Please <u>do not include your role as a Councillor</u> as this is not for profit or gain.</p> <p>A good test is whether you would have to declare this for income tax purposes.</p> <p>Where you hold an office that fits the above criteria, give the name of the person or body which appointed you. In case of a public office, this will be the authority which pays you.</p> <p>Details should include the <u>name of your employer</u> and <u>your role</u>.</p>

Sponsorship:

Prescribed definition	<p><i>Any payment or provision of any other financial benefit (other than from the relevant authorityⁱ) made or provided within the relevant period in respect of any expenses incurred by Mⁱ in carrying out duties as a member, or towards the election expenses of M.</i></p> <p><i>This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.</i></p>
Guidance	<p>This DPI is about any financial support you have received for being a Councillor, from any person or body other than a local authority.</p> <p>This will include <u>election expenses</u> if you are a member of a political party which pays these (not if you pay them yourself).</p> <p>This also includes any payment or financial benefit from a <u>trade union</u>.</p> <p>You do not need to declare the amounts of the payments.</p>

Contracts:

Prescribed definition	<p><i>Any contract which is made between the relevant personⁱⁱⁱ (or a body in which the relevant person has a beneficial interest^{iv}) and the relevant authority—</i></p> <p><i>(a) under which goods or services are to be provided or works are to be executed; and</i></p> <p><i>(b) which has not been fully discharged.</i></p>
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Guidance	<p>If you or your partner have any contracts for goods, services or works with the Council (where the Council is provider <u>or</u> recipient), or you have a beneficial interest in a business which has Council contracts you must declare this.</p> <p>If the contract is completed (i.e. no more services or payments arising) you do not need to include it.</p> <p>This also includes contracts with organisations contracted by the Council to carry out business on its behalf, and contracts with the Council even if the works, goods or services are for third parties, e.g. a voluntary organisation.</p>
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Land:

Prescribed definition	<i>Any beneficial interest in land¹ which is within the area of the relevant authority.</i>
Guidance	<p>You must declare any property that you or your partner own <u>in the borough</u>, or in which you have a beneficial interest.</p> <p>You have a beneficial interest in land if you own, you rent, you are entitled to the proceeds of, or you may, under a trust, become entitled to the proceeds of that land.</p> <p>It <u>includes your home</u> if you are a home owner.</p> <p>Provide the address of the land or (where, for example, it is land without any buildings on it) a brief description good enough to identify the location.</p>

Licenses:

Prescribed definition	<i>Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer.</i>
Guidance	<p>This is where you must declare any property in the borough that you or your partner occupy or have the use of (but neither own nor have tenancy of), with the permission of someone else.</p> <p>This includes for example <u>allotments</u>, or the use of land for fishing.</p>

Corporate tenancies:

Prescribed definition	<p><i>Any tenancy where (to the Member's knowledge)—</i></p> <p><i>(a) the landlord is the relevant authority; and</i></p> <p><i>(b) the tenant is a body in which the relevant person has a beneficial interest.</i></p>
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Guidance	You must declare any properties which you or your partner rent from the Council, or which is rented by a body in which you have a beneficial interest.
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Securities:

Prescribed definition	<p><i>Any beneficial interest in securities of a body where—</i></p> <p><i>(a) that body (to the Member's knowledge) has a place of business or land in the area of the relevant authority; and</i></p> <p><i>(b) either—</i></p> <p><i>(i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or</i></p> <p><i>(ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.</i></p>
Guidance	<p>This DPI is about shares, bonds etc.^{vi} in companies, industrial and provident societies, co-operative societies, or other bodies corporate.</p> <p>Only a body that has <u>a place of business or land in the borough</u> is relevant.</p> <p>Only share ownership that has a <u>face value</u> (NB not the market value) equal to or more than £25,000 is relevant, unless you hold 1% or more of the total shares issued or of any class of shares. e.g. if the company has 100 £1 shares and you have one share you need to declare the interest.</p> <p>You <u>do not have to declare the size</u> of your interest.</p>

Non-pecuniary Interests (optional):

You are not obliged by legislation or under the Council's Code of Conduct to register on this form anything other than a disclosable pecuniary interest.

However, you **are** obliged to **declare in a meeting** any non-pecuniary interest in any matter being considered.

Non-pecuniary interests are not formally defined in legislation or in the Council's Code of Conduct. It is therefore the responsibility of individual Members to determine whether they have one.

In doing so, they should consider whether an objective third party (i.e. a member of the public) would reasonably consider that they have an interest.

In the interests of transparency space has been provided on the form for you to register, at your discretion, non-pecuniary interests of the most commonly arising kind. These are

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memberships of outside bodies in which you (or a 'relevant person') hold a position of management or control.

Please refer to the Council's '*Guidance on Registering and Declaring Interests*' for further examples of non-pecuniary interests, and information on what to do when declaring one in a meeting.

If you require further guidance please contact the Council's Monitoring Officer or Democratic Services.

Interpretations

ⁱ the authority of which you are a member or co-opted member

ⁱⁱ A member or co-opted member

ⁱⁱⁱ A spouse or civil partner of a Member; or a person with whom a Member is living as a husband or wife or civil partner

^{iv} a firm in which you are a partner, or a body corporate of which you are a director, or in the securities of which you have a beneficial interest.

"Director" includes a member of the Committee of management of an industrial and provident society.

^v "Land" excludes an easement, servitude, interest or right in or over land which does not carry with it a right for you or your spouse, civil partner or equivalent (alone or jointly with another) to occupy the land or to receive income.

^{vi} "Securities" means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 c.8 and other securities of any description, other than money deposited with a building society.

RELATED PARTY TRANSACTIONS

Guidance on Related Party Transactions

Background

This is an important message about the requirement for Members and Chief Officers to declare what are termed ‘related party transactions’ with the council. These need to be disclosed in the council’s accounts at the end of each financial year.

You are, therefore, being asked to sign a declaration so that the Council can comply with these requirements and disclose information on any related party transactions in relation to the Statement of Accounts for the current financial year.

What you need to do

Read the guidance below and then complete the online declaration form **as soon as possible upon receipt of notification from Democratic Services for this to be completed. If appropriate, a nil return should also be submitted.**

What is a ‘related party’?

A ‘related party’ includes Members and Chief Officers, and also their partners, members of their close families and members of the same household. It includes partnerships, companies, trusts or other bodies in which you, or your partner or close family member/household member holds a position of influence.

What is a material transaction?

The type of transaction involved is likely to be where a ‘related party’ has supplied goods or services or has bought, sold or leased an asset from or to the Borough Council during the financial year or the individual or organisation has received grant aid from the Council.

RELATED PARTY TRANSACTIONS

Examples

- *You own a company or have a major shareholding in a company that contracts with the Council.*
- *Your close relative or member of your household owns a company or has a major shareholding in a company that contracts with the Council.*
- *You hold a position of influence within a voluntary organisation that receives grants from or provides services to the Council.*
- *You, a close relative, or member of your household are in receipt of income from an organisation that relies upon funding from the Council, e.g. a voluntary group.*

Examples of relevant non-financial transactions need to be included, such as:

- *The provision of a guarantee in relation to a liability or obligation of a related party, e.g. a loan guarantee to a sports club in which a Member or Chief Officer holds a position of influence.*
- *The reduction or waiving of a charge for services, e.g. free use of facilities for particular individuals or groups.*

An example of a completed form is attached.

Are there any exceptions?

Yes: where transactions are common to all individuals, they need not be declared, e.g. payments of council tax, rent or housing benefit. Similarly, where payment is made under a statutory scheme or where eligibility is based on established criteria e.g. for renovation grants, no declaration is required.

How can I get further information?

A copy of the relevant extract from the Code of Practice for Local Authority Accountability relating to this matter is attached at Annexe 1.

[Note: this does not replace the requirement upon Members to declare interests under the Member Code of Conduct].

RELATED PARTY TRANSACTIONS

EXAMPLE

EXAMPLE DECLARATION OF RELATED PARTY TRANSACTIONS

Name: Councillor John Smith

Either **I have no related party transaction to declare.**

Signed: Dated:

OR **I have the following related party transaction(s) to declare:**

Relationship	Name of Organisation and position of influence	Nature of transaction with Reigate and Banstead BC
Son	Smith Manufacturing Ltd	Company supplied equipment For RBBC Leisure Centre.
Self	Withenshaw Trust- Trustee	Recipient of grant aid from the Council.

Signed: Dated:

Please complete the online declaration form **as soon as possible** upon receipt of notification from Democratic Services for this to be completed (democratic@reigate-banstead.gov.uk) Tel: 01737 276182.

Going concern

3.8.2.14 An authority shall prepare its financial statements on a going concern basis unless there is an intention by government that the services provided by the authority will no longer be provided. An intention by government to transfer services from one authority to another (for example, as part of local government reorganisation) does not negate the presumption that the authority is a going concern.

3.8.3 Statutory Accounting Requirements

3.8.3.1 Financial statements are authorised for issue in accordance with legislative requirements (see paragraph 3.8.2.2).

3.8.4 Disclosure Requirements

3.8.4.1 An authority shall disclose the date when the financial statements were authorised for issue and who gave that authorisation. Where the statements may be amended following audit, the authority shall disclose that fact.

3.8.4.2 If an authority receives information after the reporting period, but before the financial statements are authorised for issue, about conditions that existed at the end of the reporting period, the authority shall update disclosures that relate to these conditions, in the light of the new information.

3.8.4.3 If non-adjusting events after the reporting date are material, non-disclosure could influence the decisions of users taken on the basis of the financial statements. Accordingly, an authority shall disclose the following for each material category of non-adjusting event after the reporting date:

- a) the nature of the event, and
- b) an estimate of its financial effect, or a statement that such an estimate cannot be made.

3.8.4.4 Where there is an intention by government to transfer services from the authority to another (for example, as part of local government reorganisation), the authority shall disclose that fact.

3.8.5 Statutory Disclosure Requirements

3.8.5.1 There are no statutory disclosure requirements in relation to events after the reporting period.

3.8.6 Changes since the 2016/17 Code

3.8.6.1 There have been no changes to the Events after the Reporting Period section of the Code since the 2016/17 Code.

3.9 RELATED PARTY DISCLOSURES

3.9.1 Introduction

3.9.1.1 Authorities shall identify related party relationships and transactions, identify outstanding balances between the authority and its related parties, and identify the circumstances in

which disclosures are required, in accordance with IAS 24 *Related Party Disclosures* except where adaptations to fit the public sector are detailed in the Code.

3.9.1.2 IPSAS 20 *Related Party Disclosures* is based on IAS 24, and provides additional guidance for public sector bodies.

Adaptation for the public sector context

3.9.1.3 The following adaptation of IAS 24 applies for the public sector context:

- In considering materiality, regard should be had to the definition of materiality, which requires materiality to be judged ‘in the surrounding circumstances’. Materiality should thus be judged from the viewpoint of both the authority and the related party.

3.9.2 Accounting Requirements

Definitions

3.9.2.1 Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity and include:

- that person’s children and spouse or domestic partner
- children of that person’s spouse or domestic partner, and
- dependants of that person or that person’s spouse or domestic partner.

3.9.2.2 Key management personnel are all chief officers (or equivalent), elected members, chief executive of the authority and other persons having the authority and responsibility for planning, directing and controlling the activities of the authority, including the oversight of these activities.

3.9.2.3 Government refers to government, government agencies and similar bodies whether local, national or international.

3.9.2.4 A government-related entity is an entity that is controlled, jointly controlled or significantly influenced by a government.

3.9.2.5 Material. Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor.

3.9.2.6 Oversight means the supervision of the activities of an authority, with the authority and responsibility to control, or exercise significant influence over, the financial and operating decisions of the authority.

3.9.2.7 A related party is a person or entity that is related to the entity that is preparing its financial statements (in this section of the Code referred to as the ‘reporting entity’).

- a) A person or a close member of that person’s family is related to a reporting entity if that person:
 - i) has control or joint control over the reporting entity
 - ii) has significant influence over the reporting entity, or

- iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b) An entity is related to a reporting entity if any of the following conditions apply:
 - i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
 - ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
 - iii) Both entities are joint ventures of the same third party.
 - iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
 - v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
 - vi) The entity is controlled or jointly controlled by a person identified in a).
 - vii) A person identified in a)i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
 - viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

3.9.2.8 Related party transaction is a transfer of resources or obligations between a reporting entity and a related party, regardless of whether a price is charged. Related party transactions exclude transactions with any other entity that is a related party solely because of its economic dependence on the authority or the government of which it forms part.

3.9.2.9 Remuneration/allowance is any consideration or benefit derived directly or indirectly by key management personnel from the authority for services provided in their capacity as elected members or otherwise as employees of the authority.

3.9.2.10 Significant influence (for the purpose of this section of the Code) is the power to participate in the financial and operating policy decisions of an authority, but not control those policies. Significant influence may be exercised in several ways, usually by representation on the board of directors or equivalent governing body but also by, for example, participation in the policy-making process, material transactions between entities within an economic entity, interchange of managerial personnel or dependence on technical information. Significant influence may be gained by an ownership interest, statute or agreement.

3.9.2.11 The definitions above should be applied to the determination of related parties and hence the associated disclosure requirements.

Related party disclosures

3.9.2.12 In considering each possible related party relationship, attention is directed to the substance of the relationship, and not merely the legal form.

3.9.2.13 Where two entities have a member of key management personnel in common, it is necessary to consider the possibility, and to assess the likelihood, that this person would be able to

affect the policies of both entities in their mutual dealings. However, the fact that there is a member of key management personnel in common or the fact that a member of key management personnel of one entity has significant influence over the other entity does not create a related party relationship.

3.9.2.14 In the context of this section of the Code, the following are deemed not to be related parties:

- providers of finance
- trade unions
- public utilities
- departments and agencies of a government that does not control, jointly control or significantly influence the reporting entity

in the course of their normal dealings with an authority by virtue only of those dealings, and

- an entity with which the relationship is solely that of an agency.

3.9.2.15 Related party relationships where control exists should be disclosed irrespective of whether there have been transactions between the related parties.

3.9.2.16 In the definition of a related party, an associate includes subsidiaries of the associate and a joint venture includes subsidiaries of the joint venture. Therefore, for example, an associate's subsidiary and the investor that has significant influence over the associate are related to each other.

3.9.2.17 The disclosure of related party transactions and balances shall have regard to materiality. In considering materiality, regard should be had to the definition of materiality, which requires materiality to be judged 'in the surrounding circumstances'. Materiality should thus be judged from the viewpoint of both the reporting entity and the related party.

3.9.3 Statutory Accounting Requirements

3.9.3.1 There are no statutory accounting requirements in relation to related party disclosures.

3.9.4 Disclosure Requirements

3.9.4.1 Having regard to paragraph 3.4.2.27 of the Presentation of Financial Statements section of the Code, which permits authorities not to provide a specific disclosure if information is not material, authorities shall disclose the following notes in relation to related party disclosures:

- 1) Information in respect of transactions with related parties, not disclosed elsewhere, including:
 - a) the description of the nature of the related party relationships
 - b) the amount of transactions that have occurred, and
 - c) the amount of outstanding balances.

Related party relationships where control exists should be disclosed irrespective of whether there have been transactions between the related parties.

3.9.4.2 Amounts incurred by the (reporting) entity for the provision of key management personnel services that are provided by a separate management entity shall be disclosed.

- 39.4.3** Transactions with related parties may be disclosed on an aggregated basis (aggregation of similar transactions by type of related party) unless disclosure of an individual transaction, or connected transactions, is necessary for an understanding of the impact of the transactions on the financial statements of the authority or is required by law.
- 39.4.4** The disclosure requirements of key management personnel under IAS 24 are satisfied by the disclosure requirements for officer remuneration and members' allowances in section 3.4 of the Code, although authorities may need to consider separately the requirements at paragraph 3.9.4.2.
- 39.4.5** The disclosure requirements of paragraph 3.9.4.1 do not apply to related party transactions with central government departments, government agencies, NHS bodies and other local authorities. Instead, authorities shall disclose:
- 2) The name of the government (ie UK Government, Scottish Government, Welsh Government or Northern Ireland Assembly) and the fact that the government exerts significant influence through legislation and grant funding.
 - 3) The following information in sufficient detail to enable users of the reporting entity's financial statements to understand the effect of related party transactions on its financial statements:
 - a) the nature and amount of each individually significant transaction, and
 - b) for other transactions that are collectively, but not individually, significant, a qualitative or quantitative indication of their extent.

3.9.5 Statutory Disclosure Requirements

- 39.5.1** There are statutory disclosure requirements in relation to officer remuneration across the United Kingdom. These disclosure requirements are included in section 3.4 of the Code, Presentation of Financial Statements.
- 39.5.2** As stated in paragraph 3.9.4.4 above, the disclosure requirements of key management personnel under IAS 24 are satisfied by the disclosure requirements for officer remuneration and members' allowances in section 3.4 of the Code.

3.9.6 Changes since the 2016/17 Code

- 39.6.1** There have been no changes to the Related Party Disclosures section of the Code since the 2016/17 Code.