

Background

(a) Related Party Transactions

This information relates to a requirement for Council Members and senior officers to declare what are termed 'related party transactions' with the Council. These will need to be disclosed in the Council's accounts for 2022/23.

The Accounting Code of Practice for Local Authorities provides guidance and standards on proper practice and the external auditor requires adherence to this code. The 2022 version of the code continues the requirement for all local authorities to show 'related party transactions' as a disclosure note within their annual statement of accounts.

What you need to do

Read the guidance below and please complete the formal declaration attached confirming your situation in relation to Related Party Transactions. **Please either return completed declarations in hard copy to Democratic Services or respond via email to Jayne Fuller, Corporate Finance Manager, FinAccounting@gloucestershire.gov.uk by 28th April 2023.**

Related Party Transactions

Why is this required

The requirement was introduced in the belief that the truth and fairness of accounts can only be readily understood if the reader of those accounts has knowledge of the related parties to the organisation concerned.

In addition, organisations should be open and disclose transactions with such related parties to ensure that stakeholders are aware when related party transactions are in existence and the amounts of such transactions. A part of the audit of accounts requires external auditors to evidence the completion of signed declarations on an annual basis.

Who are the related parties of a local authority?

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions or if the related parties are subject to common control.

The Accounting Code of Practice identifies the main related parties for a local authority. Of particular relevance to these notes is the inclusion of all key management personnel, and close family of key management personnel. For these purposes 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. The responsible Financial Officer and the Monitoring Officer are also specifically identified.

Other related parties include:

- government, government agencies, and similar bodies;
- local authorities and other bodies either precepting or levying demands on council tax;
- any joint ventures and joint venture parties; and
- its pension fund.

Are family, household and business interests affected?

Yes. When considering who is a related party, regard is also taken of transactions involving members of the close family or same household of any individual listed.

Close family include:

- spouse, domestic partner, dependent children or relative living in the same household
- grandparent, parent, non-dependent children, grandchild, brother or sister
- spouse or domestic partner of a child, a parent-in-law, brother-in-law or sister-in-law

In addition, if any individuals are associated with partnerships, companies, trusts or any entities in which they, or a member of their close family or the same household, have a major interest, transactions with that organisation should also be disclosed.

Examples of qualifying interests

Examples of qualifying interests which might give rise to relevant transactions are:

- You own a company, have a major shareholding, have a senior management position, or a position of influence, in a company that contracts with the Council.
- You receive remuneration for an influential role in a company that contracts with the Council.
- Your close relative or member of your household owns a company, has a major shareholding, has a senior management position, or a position of influence, 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 for, the Council.

No specific limit has been given for what constitutes a major shareholding but as a broad guideline, more than 20% of the total should be taken as coming within the scope of these requirements.

Examples of relevant transactions

The transactions, which need to be considered for disclosure, include such items as:

- Payments under contract for the purchase or sale of assets.
- Payments under contract for the supply of services to the Council.
- Payments or loans to officers not covered by normal contracts of employment.

In addition, non-financial transactions need to be included, such as:

- A loan guarantee.
- Free use of facilities for particular individuals or groups.

Are there any exceptions?

Yes. Where transactions are common to all individuals, they need not be declared. For example, payments of council tax, rent or housing benefit.

This principal can be applied to cover any payment or benefit which arises under circumstances for which there is a statutory scheme for which the Council has established eligibility criteria, e.g.:

- housing renovation grants; or
- planning consent.

Is what I declare likely to be disclosed in the Council's accounts?

Disclosure will be made in the accounts depending on the significance to both the Council and the party concerned. Minor items which are judged immaterial will not be disclosed.

What you need to do next

Having considered the above guidance, please complete the formal declaration attached confirming your situation in relation to Related Party Transactions. **Please either return completed declarations in hard copy to Democratic Services or respond via email to Jayne Fuller, Corporate Finance Manager, FinAccounting@gloucestershire.gov.uk by 28th April 2023.**

If you have any doubts over whether a transaction falls within the scope of the related party definitions set out in the guidance, please give specific details of the transaction within your declaration so that a judgement can be made as to whether this transaction should be treated as a related party transaction in the statement of accounts.

Forms of declaration are attached. Please complete the appropriate declarations and return it by 28th April 2023 for the year ending 31st March 2023.

**DECLARATION OF RELATED
PARTY TRANSACTIONS 2022/23**



Name:

Please mark with an X if the statement applies:

- I am a school/education governor.
- I am an elected/appointed member of another public sector organisation.
- I have significant influence or control of a business that trades with the Council.
If so, please provide details below.

Declaration

Please choose one of the following declarations.

I declare that I had no related party transactions with the Council in the period 1st April 2022 to 31st March 2023.

I had the following related party transactions with the Council in the period 1st April 2022 to 31st March 2023 (continue on a separate sheet, if necessary):

Please give a description of the transactions, the amounts involved and any other element of the transactions which may be necessary for a better understanding. If the transactions were not directly between you and the Council, please also give the names of the related parties and description of your relationship with them.

Signed:

Print Name (if returning declaration by e-mail):

Date:

Please return (by post or email) to:

E-Mail :Jayne Fuller, Corporate Finance Manager by 28th April 2023

FinAccounting@gloucestershire.gov.uk

Post : Democratic Services