

MEMBERS CODE OF CONDUCT REPORT TO LOTHIAN VALUATION JOINT BOARD

15 June 2020

1 PURPOSE OF REPORT

The purpose of this report is to update the Board on the management action contained in the 2018/19 Annual Audit Report presented by external auditors, Scott-Moncrieff at the LVJB meeting in September 2019.

2 MAIN REPORT

External Audit Findings

2.1 The report identifies one Grade 3 action plan point, that requires management attention

“Although relevant disclosures in respect of related party transactions had been made in the annual accounts; improvements could be made over the procedures for collating this information. Once potential related parties have been identified, an exercise should be carried out to review accounting records for transactions associated with those related parties. This part of the process is carried out by the City of Edinburgh Council (the Council) on behalf of the Board and is dependent on potential related parties being identified by management at the Board and reported to the Council.”

Risk	Recommendation	Management Response
There is a risk that the disclosure within the annual accounts is incomplete.	We would encourage both management at the Board and the Council to review existing procedures to ensure these are carried out in the most efficient and effective way.	A review of existing procedures to identify related parties will be undertaken.

Target date: 31/03/20

Status - Complete

2.2 The recommendation required a review of existing procedures to identify Related Parties ensuring this is carried out in the most efficient and effective way.

- 2.3 The LVJB Governance Team have created a draft Members Code of Conduct (*see Appendix A*) which sets out expectations on declarations of interest.
- 2.4 We request that each Board Member provides a Register of Interests Declaration Form (Annex C in the members code) which should then be regularly maintained and updated.
- 2.5 This information will then be published on our website.

3 RECOMMENDATIONS

- 3.1 That the Board approve the draft Members Code of Conduct.
- 3.2 That the Board agree to provide a Register of Interests Declaration Form and once submitted, the information can then be published on the Lothian Valuation Joint Board website.



Code of Conduct for Board Members

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CODE OF CONDUCT FOR BOARD MEMBERS

1 INTRODUCTION

- 1.1 Within this Code of Conduct Lothian Valuation Joint Board is referred to as “The Board.”
- 1.2 The Scottish public has a high expectation of those who serve on the boards of public bodies and the way in which they should conduct themselves in undertaking their duties for the public body. You must meet those expectations by ensuring that your conduct is above reproach.
- 1.3 The Ethical Standards in Public Life etc. (Scotland) Act 2000, “the 2000 Act”, provides for Codes of Conduct for local authority Councillors and members of relevant public bodies; imposes on councils and relevant public bodies a duty to help their members to comply with the relevant Code; and establishes a Standards Commission for Scotland, “The Standards Commission” to oversee the new framework and deal with alleged breaches of the Codes.
- 1.4 As a member of The Board, it is your responsibility to make sure that you are familiar with, and that your actions comply with, the provisions of this Code of Conduct.

GUIDANCE ON THE CODE OF CONDUCT

- 1.5 You must observe the rules of conduct contained in this Code. It is your personal responsibility to comply with these and review regularly, at least annually, your personal circumstances, particularly when your circumstances change. You must not at any time advocate or encourage any action contrary to the Code of Conduct.
- 1.6 The Code has been developed in line with the key principles listed below and provides additional information on how the principles should be interpreted and applied in practice. No Code can provide for all circumstances and if you are uncertain about how the rules apply, you should seek advice from the Governance team at LVJB. You may also choose to consult your own legal advisers and, on detailed financial and commercial matters, seek advice from other relevant professionals.

ENFORCEMENT

- 1.7 Part 2 of the Ethical Standards in Public Life etc. (Scotland) Act 2000 sets out the provisions for dealing with alleged breaches of this Code of Conduct and the sanctions that shall be applied if the Standards Commission finds that there has been a breach of the Code. Those sanctions are outlined in Annex A.

2. KEY PRINCIPLES OF THE CODE OF CONDUCT

2.1 The general principles upon which this Code of Conduct is based are:

- **Public Service**

You have a duty to act in the interests of the public body which you are a member and in accordance with the core tasks of that body.

- **Selflessness**

Members should not take decisions which will result in any financial or other benefit to themselves, their family, or their friends. Decisions should be based solely on the Board's best interests.

- **Integrity**

Members must not place themselves under any financial or other obligation that might reasonably be thought to influence them in the performance of their duties.

- **Objectivity**

Members must make decisions solely on merit when carrying out Board business.

- **Accountability and Stewardship**

You are accountable for your decisions and actions to the public. You have a duty to consider issues on their merits, taking account of the views of others and must ensure that the public body uses its resources prudently and in accordance with the law.

- **Openness**

You have a duty to be as open as possible about your decisions and actions, giving reasons for your decisions and restricting information only when the wider public interest clearly demands.

- **Honesty**

You have a duty to act honestly. You must declare any private interests relating to your public duties and take steps to resolve any conflicts arising in a way that protects the public interest.

- **Leadership**

You have a duty to promote and support these principles by leadership and example, and to maintain and strengthen the public's trust and confidence in the integrity of The Board.

- **Respect**

You must respect fellow members of your public body and employees and the role they play, treating them with courtesy at all times.

3 GENERAL CONDUCT

3.1 Relationship with Employees of The Board

3.1.1 You will treat any staff employed by LVJB with courtesy and respect. It is expected that employees will show you the same consideration in return.

3.2 Allowances

3.2.1 You must comply with any rules regarding remuneration, allowances and expenses.

3.3 Gifts and Hospitality

3.3.1 You must never canvass or seeks gifts or hospitality

3.3.2 You are responsible for your decisions connected with the offer or acceptance of gifts or hospitality and for avoiding the risk of damage to public confidence in The Board. As a general guide, it is usually appropriate to refuse offers except:

- (a) isolated gifts of a trivial character or inexpensive seasonal gifts such as a calendar or diary, or other simple items of office equipment of modest value;
- (b) normal hospitality associated with your duties and which would reasonably be regarded as inappropriate to refuse.

3.3.3 You must not accept any offer by way of gift or hospitality which could give rise to a reasonable suspicion of influence on your part to show favour, or disadvantage, to any individual or organisation. You should also consider whether there may be any reasonable perception that any gift received by your spouse or cohabitee or by any company in which you have a controlling interest, or by a partnership of which you are a partner, can or would influence your judgement. The term "gift" includes benefits such as relief from indebtedness, loan concessions, or provision of services at a cost below that generally charged to members of the public.

3.3.4 You must not accept repeated hospitality from the same source. You must record details of any gifts and hospitality received and the record must be made available for public inspection.

3.3.5 You must not accept any offer of a gift or hospitality from any individual or organisation which stands to gain or benefit from a decision The Board may be involved in determining, or who is seeking to do business with your organisation, and which a person might reasonably consider could have a bearing on your judgement.

3.4 Confidentiality Requirements

3.4.1 There may be times when you will be required to treat discussions, documents or other information relating to the work of The Board in a confidential manner. You will often receive information of a private nature which is not yet public, or which perhaps would not be intended to be public. There are provisions in legislation on the categories of confidential and exempt information and you must always respect and comply with the requirement to keep such information private.

3.4.2 It is unacceptable to disclose any information to which you have privileged access, for example derived from a confidential document, either orally or in writing. In the case of other documents and information, you are requested to exercise your judgement as to what should or should not be made available to outside bodies or individuals. In any event, such information should never be used for the purpose of personal or financial gain, or used in such a way as to bring The Board into disrepute.

4. REGISTRATION OF INTERESTS

4.1 The following paragraphs set out the kinds of interests, financial and otherwise which you have to register. These are called “Registerable Interests”. You must, at all times, ensure that these interests are registered, when you are appointed and whenever your circumstances change in such a way as to require change or an addition to your entry in The Board’s Register

4.2 This Code sets out the categories of interests which you must register. Annex B contains key definitions to help you decide what is required when registering your interests under any particular category. These categories are listed below with explanatory notes designed to help you decide what is required when registering your interests under any particular category.

4.3 Category One: Remuneration

4.3.1 You have a Registerable Interest where you receive remuneration by virtue of being:

- employed;
- self-employed;
- the holder of an office;
- a director of an undertaking;
- a partner in a firm; or
- undertaking a trade, profession or vocation or any other work.

4.3.2 In relation to 3.3.1 above, the amount of remuneration does not require to be registered and remuneration received as a Member does not have to be registered.

4.3.3 If a position is not remunerated it does not need to be registered under this category. However, unremunerated directorships may need to be registered under category two, “Related Undertakings”.

4.3.4 If you receive any allowances in relation to membership of any organisation, the fact that you receive such an allowance must be registered.

4.3.5 When registering employment, you must give the name of the employer, the nature of its business, and the nature of the post held in the organisation.

4.3.6 When registering self-employment, you must provide the name and give details of the nature of the business. When registering an interest in a partnership, you must give the name of the partnership and the nature of its business.

4.3.7 Where you undertake a trade, profession or vocation, or any other work, the detail to be given is the nature of the work and its regularity. For example, if you write for a newspaper, you must give the name of the publication, and the frequency of articles for which you are paid.

4.3.8 When registering a directorship, it is necessary to provide the registered name of the undertaking in which the directorship is held and the nature of its business.

4.3.9 Registration of a pension is not required as this falls outside the scope of the category.

4.4 Category Two: Related Undertakings

4.4.1 You must register any directorships held which are themselves not remunerated but where the company (or other undertaking) in question is a subsidiary of, or a parent of, a company (or other undertaking) in which you hold a remunerated directorship.

4.4.2 You must register the name of the subsidiary or parent company or other undertaking and the nature of its business, and its relationship to the company or other undertaking in which you are a director and from which you receive remuneration.

4.4.3 The situations to which the above paragraphs apply are as follows:

- you are a director of a board of an undertaking and receive remuneration – declared under category one – and;
- you are a director of a parent or subsidiary undertaking but do not receive remuneration in that capacity.

4.5 Category Three: Contracts

4.5.1 You have a registerable interest where you (or a firm in which you are a partner, or an undertaking in which you are a director or in which you have shares of a value as described in paragraph 4.7 below) have made a contract with The Board:

- (i) under which goods or services are to be provided, or works are to be executed; and
- (ii) which has not been fully discharged.

4.5.2 You must register a description of the contract, including its duration, but excluding the consideration.

4.6 Category Four: Houses, Land and Buildings

4.6.1 You have a registerable interest where you own or have any other right or interest in houses, land and buildings, which may be significant to, of relevance to, or bear upon, the work and operation of The Board.

4.6.2 The test to be applied when considering appropriateness of registration is to ask whether a member of the public acting reasonably might consider any interests in houses, land and buildings could potentially affect your responsibilities to The Board and to the public, or could influence your actions, speeches or decision-making.

4.7 Category Five: Shares and Securities

4.7.1 You have a registerable interest where you have an interest in shares which constitute a holding in a company or organisation which may be significant to, of relevance to, or bear upon, the work and operation of The Board. You are not required to register the value of such interests.

4.7.2 The test to be applied when considering appropriateness of registration is to ask whether a member of the public acting reasonably might consider any interests in shares and securities could potentially affect your responsibilities to The Board and to the public, or could influence your actions, speeches or decision-making.

4.8 Category Six: Non-Financial Interests

4.8.1 You may also have a registerable interest if you have non-financial interests which may be significant to, of relevance to, or bear upon, the work and operation of The Board. It is important that relevant interests such as membership or holding office in other public bodies, clubs, societies and organisations such as trades unions and voluntary organisations, are registered and described.

4.8.2 The test to be applied when considering appropriateness of registration is to ask whether a member of the public acting reasonably might consider any non-financial interest could potentially affect your responsibilities to The Board and to the public, or could influence your actions, speeches or decision-making.

5 DECLARATION OF INTERESTS

5.1 The key principles of the Code, especially those in relation to integrity, honesty and openness, are given further practical effect by the requirement for you to declare certain interests in proceedings of The Board. Together with the rules on registration of interests, this ensures transparency of your interests which might influence, or be thought to influence, your actions.

5.2 Public bodies inevitably have dealings with a wide variety of organisations and individuals and this Code indicates the circumstances in which a business or personal interest must be declared. Public confidence in The Board and its members depends on it being clearly understood that decisions are taken in the public interest and not for any other reason.

5.3 In considering whether to make a declaration in any proceedings, you must consider not only whether you will be influenced but whether anybody else would think that you might be influenced by the interest. You must keep in mind that the test is whether a member of the public, acting reasonably, might think that a particular interest could influence you.

5.4 If you feel that, in the context of the matter being considered, your involvement is neither capable of being viewed as more significant than that of an ordinary member of the public, nor likely to be perceived by the public as wrong, you may continue to attend the meeting and participate in both discussion and voting. The relevant interest must however be declared. It is your responsibility to judge whether an interest is sufficiently relevant to particular proceedings to require a declaration and you are advised to err on the side of caution.

Interests which Require Declaration

5.5 Interests which require to be declared may be financial or non-financial. They may or may not be interests which are registerable under this Code. Most of the interests to be declared will be your personal interests but, on occasion, you will have to consider whether the interests of other persons require you to make a declaration.

Shares and Securities

- 5.6 Any financial interest which is registerable must be declared. You may have to declare interests in shares and securities, over and above those registerable under category five of Section 3 of this Code. You may, for example, in the course of employment or self-employment, be engaged in providing professional advice to a person whose interests are a component of a matter to be dealt with by the Board.
- 5.7 You have a declarable interest where an interest becomes of direct relevance to a matter before the Board and you have shares comprised in the share capital of a company or other body and the nominal value of the shares is:
- (i) greater than 1% of the issued share capital of the company or other body; or
 - (ii) greater than £25,000.
- 5.8 You are required to declare the name of the company only, not the size or nature of the holding.

Houses, Land and Buildings

- 5.9 Any interest in houses, land and buildings which is registerable under category four of Section 3 of this Code must be declared, as well as any similar interests which arise as a result of specific discussions or operations of The Board.

Non-Financial Interests

- 5.10 If you have a registered non-financial interest under category six of Section 3 of this Code you have recognised that it is significant. There is therefore a very strong presumption that this interest will be declared where there is any link between a matter which requires your attention as a member of The Board and the registered interest. Non-financial interests include membership or holding office in other public bodies, clubs, societies, trade unions and organisations including voluntary organisations. They become declarable if and when members of the public might reasonably think they could influence your actions, speeches or votes in the decisions of The Board.
- 5.11 You may serve on other bodies as a result of express nomination or appointment or otherwise by virtue of being a member of a public body. You must always remember the public interest points towards transparency particularly where there is a possible divergence of interest between different public authorities.
- 5.12 You will also have other private and personal interests and may serve, or be associated with, bodies, societies and organisations as a result of your private and personal interests and not because of your role as a member of The Board. In the context of any particular matter you will have to decide whether to declare a non-financial interest. You should declare an interest unless you believe that, in the particular circumstances, the interest is irrelevant or without significance. In reaching a view you should consider whether the interest (whether taking the form of association or the holding of office) would be seen by a member of the public acting reasonably in a different light because it is the interest of a person who is a member as opposed to the interest of an ordinary member of the public.

Interests of Other Persons

- 5.13 The Code requires only your interests to be registered. You may, however, have to consider whether you should declare an interest in regard to the financial interests of your spouse or cohabitee which are known to you. You may have to give similar consideration to any known non-financial interest of a spouse or cohabitee. You have to ask yourself whether a member of the public acting reasonably would regard these interests as effectively the same as your interests in the sense of potential effect on your responsibilities as a member of a public body.
- 5.14 The interests known to you, both financial and non-financial, of relatives and close friends may have to be declared. This Code does not attempt the task of defining “relative” or “friend”. The key principle is the need for transparency in regard to any interest which might (regardless of the precise description of relationship) be objectively regarded by a member of the public, acting reasonably, as potentially affecting your responsibilities as a member of a public body.

Making a Declaration

- 5.15 You must consider at the earliest stage possible whether you have an interest to declare in relation to any matter which is to be considered. You should consider whether agendas for meetings raise any issue of declaration of interest. Your declaration of interest must be made as soon as practicable at a meeting where that interest arises. If you do identify the need for a declaration of interest only when a particular matter is being discussed you must declare the interest as soon as you realise it is necessary.
- 5.16 The oral statement of declaration of interest should identify the item or items of business to which it relates. The statement should begin with the words “I declare an interest”. The statement must be sufficiently informative to enable those at the meeting to understand the nature of your interest but need not give a detailed description of the interest.

Effect of a Declaration

- 5.17 Declaring a financial interest has the effect of prohibiting any participation in discussion and voting. A declaration of a non-financial interest involves a further exercise of judgement on your part. You must consider the relationship between the interests which have been declared and the particular matter to be considered and relevant individual circumstances surrounding the particular matter.
- 5.18 In the final analysis the conclusive test is whether, in the particular circumstances of the item of business, and knowing all the relevant facts, a member of the public acting reasonably would consider that you might be influenced by the interest in your role as a member of a public body and that it would therefore be wrong to take part in any discussion or decision-making. If you, in conscience, believe that your continued presence would not fall foul of this objective test, then declaring an interest will not preclude your involvement in discussion or voting. If you are not confident about the application of this objective yardstick, you must play no part in the discussion and must leave the meeting room until the discussion of the particular item is concluded.

Dispensations

- 5.19 In very limited circumstances dispensations can be granted in relation to the existence of financial and non-financial interests which would otherwise prohibit you from taking part and voting on matters coming before The Board. Applications for dispensations will be considered by the Standards Commission and should be made as soon as possible in order to allow proper consideration of the application in advance of meetings where dispensation is sought. You should not take part in the consideration of the matter in question until the application has been granted.

ANNEX A

SANCTIONS AVAILABLE TO THE STANDARDS COMMISSION FOR BREACH OF THE CODE

- (a) Censure – the Commission may reprimand the member but otherwise take no action against them;
- (b) Suspension – of the member for a maximum period of one year from attending one or more, but not all, of the following:
 - i) all meetings of The Board;
 - ii) all meetings of one or more committees or sub-committees of The Board;
 - iii) all meetings of any other public body on which that member is a representative or nominee of The Board of which they are a member.
- (c) suspension – for a period not exceeding one year, of the member’s entitlement to attend all of the meetings referred to in (b) above;
- (d) disqualification – removing the member from membership of The Board for a period of no more than five years.

Where a member has been suspended, the Standards Commission may direct that any remuneration or allowance received from membership of The Board be reduced, or not paid.

Where the Standards Commission disqualifies a member of The Board, it may go on to impose the following further sanctions:

- (a) where the member of The Board is also a councillor, the Standards Commission may disqualify that member (for a period of no more than five years) from being nominated for election as, or from being elected, a councillor. Disqualification of a councillor has the effect of disqualifying that member from The Board and terminating membership of any committee, sub-committee, joint committee, joint board or any other body on which that member sits as a representative of their local authority.
- (b) direct that the member be removed from membership, and disqualified in respect of membership, of any other devolved public body (provided the members’ code applicable to that body is then in force) and may disqualify that person from office as the Water Industry Commissioner. Full details of the sanctions are set out in Section 19 of the Act.

ANNEX B

DEFINITIONS

1. **“Remuneration”** includes any salary, wage, share of profits, fee, expenses, other monetary benefit or benefit in kind. This would include, for example, the provision of a company car or travelling expenses by an employer.
2. **“Undertaking”** means:
 - a) a body corporate or partnership; or
 - b) an unincorporated association carrying on a trade or business, with or without a view to a profit.
3. **“Related Undertaking”** is a parent or subsidiary company of a principal undertaking of which you are also a director. You will receive remuneration for the principal undertaking though you will not receive remuneration as director of the related undertaking.
4. **“Parent Undertaking”** is an undertaking in relation to another undertaking, a subsidiary undertaking, if
 - a) it holds a majority of the voting rights in the undertaking; or
 - b) it is a member of the undertaking and has the right to appoint or remove a majority of its board of directors; or
 - c) it has the right to exercise a dominant influence over the undertaking (i) by virtue of provisions contained in the undertaking’s memorandum or articles or (ii) by virtue of a control contract; or
 - d) it is a councillor of the undertaking and controls alone, pursuant to an agreement with other shareholders or councillors, a majority of the voting rights in the undertaking.
5. **“Group of companies”** has the same meaning as “group” in section 262(1) of the Companies Act 1985. A “group”, within s262(1) of the Companies Act 1985, means a parent undertaking and its subsidiary undertakings.
6. **“Public body”** means a devolved public body listed in Schedule 3 of the Ethical Standards in Public Life etc. (Scotland) Act 2000.
7. **“A person”** means a single individual or legal person and includes a group of companies.
8. **“Any person”** includes individuals, incorporated and unincorporated bodies, trade unions, charities and voluntary organisations.
9. **“Spouse”** does not include a former spouse or a spouse who is living separately and apart from you.
- 10 **“Cohabitee”** includes a person, whether of the opposite sex or not, who is living with you in a relationship similar to that of husband and wife.
11. **“Chair”** includes Board Convener or any person discharging similar functions under alternative decision making structures.

Register of Interests Declaration Form

As a member of the Lothian Valuation Joint Board you are required to complete this form if you consider that you, a family member, or a personal contact, has a private, personal or financial interest or involvement in outside activities, which may relate to your position with The Board and could result in a perceived or actual conflict of interest.

Section 1: Personal Details		
Name of Member		
Section 2: Category of Interest (please tick as appropriate)		
Remuneration	<input type="checkbox"/>	
Related Undertakings	<input type="checkbox"/>	
Contracts	<input type="checkbox"/>	
Houses, Land or Buildings	<input type="checkbox"/>	
Share and Securities	<input type="checkbox"/>	
Gifts and Hospitality	<input type="checkbox"/>	
Non-Financial Interests	<input type="checkbox"/>	
Section 3: Explanation of Potential Conflict		
Please provide as much detail as possible and explain why you consider this is or could be interpreted as a conflict of interest (continue on a separate page if necessary).		

Declaration	
I declare that any entry above is the to the best of my knowledge accurate at the date of completion. I undertake promptly to notify the Clerk to The Board of any material changes which may occur between now and the next occasion on which the register is updated.	
Signature	
Date	

Please return this form to governance@lothian-vjb.gov.uk