

## Essex County Council

### Guidance on Registrations of Interests arising from Shareholdings and Investments

1. The rules about DPIs are governed by the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012. Ultimately it is for the courts to decide the law.

<https://www.legislation.gov.uk/ukxi/2012/1464/made>

#### Registrable shareholdings

2. You have a registrable shareholding in a company if it has a place of business in Essex and you own either:
  - a. At least 1%; or
  - b. Shares with a nominal value (ie the face value of the share certificate) of at least £25,000
3. If you have a registrable shareholding then then it has to be registered regardless of whether or not the company has contracts with ECC.
4. Given that a registrable shareholding is likely to be of substantial value, we would normally expect you to know of the existence of the shareholding – and also if it contracts with ECC, although that doesn't affect whether or not you have to register it.
5. If you have shares in pooled investment fund then you do not directly own any shares and you do not need to register the shareholding held by in the investment vehicle. This is because the fund vehicle is a non-trading vehicle and therefore does not have a place of business.

#### Indirect investments

6. The way people structure their investments are not always the same and for detailed advice we would need to know how your investments are structured and what information you have about what you hold.

#### Managed Investment Portfolios

7. If you have an investment portfolio managed by a third party which is for any reason likely to result in a registrable shareholding then we would expect you to review the portfolio at least twice a year for registrable shareholdings and notify ECC accordingly. If you can set up a system with the portfolio manager to notify you then so much the better.

## **Contracts between ECC and a body in which you own shares**

8. Under the national rules any contract between ECC and a company is registrable if you own any shares in the company. This applies:
  - a. Even if it is one share
  - b. Even if the shareholding is not registrable.
9. Note that this only applies to bodies in which you are a director or own shares
10. Whilst it is important that all councillors try to comply with the rules, we recognise the need to interpret the rules in a pragmatic way:
  - a. If you don't know you have got the shareholding and it is a small shareholding then it's difficult to see how it can be a breach of the rules, unless you ought to have known.
  - b. If you know about the shareholding but have no particular reason to think that it has contracts or a tenancy with ECC it's difficult to see how it can be a breach of the rules, unless you ought to have known about the situation.
  - c. If you have a shareholding which is registrable then we would normally expect you to know whether or not the company has contracts with ECC. If you don't know if the company has contracts with ECC and there are good reasons to think that it may then please contact us – we can help you find out.
11. The issue is whether you can credibly and reasonably say you didn't know of the situation.

### **Further advice**

12. These issues can be complex, and bespoke advice can be needed depending on how a member's financial affairs are structured. If this note doesn't answer your questions or if you would like bespoke advice, please contact me or one of the Deputy Monitoring Officers (Joanna Boaler or Katie Bray) for advice.

Paul Turner  
Monitoring Officer  
May 2021