

HAMPSHIRE COUNTY COUNCIL

Report

Decision Maker:	Audit Committee
Date:	22 May 2018
Title:	Related Party Disclosure 2017/18 - Update
Report From:	Director of Corporate Resources – Corporate Services

Contact name: Anne Hibbert – Corporate Accounting Manager

Tel: 01962 847533

Email: anne.hibbert@hants.gov.uk

1. Recommendations

- 1.1. That for the current County Councillor who, as at 31 May 2018 has not returned their 2017/18 related party declaration to the Director of Corporate Resources, that Councillor will be referred to the Conduct Advisory Panel.
- 1.2. That the Audit Committee consider and make suggestions for an alternative approach that will ensure a more efficient collection of declarations regarding related party transactions each financial year.

2. Executive Summary

- 2.1. In accordance with the Code of Practice for Local Authority Accounts, the County Council's statement of accounts includes information about its related parties and any transactions between those parties. A related party is an entity or person who is related to the reporting authority and who has control and/or significant influence over the authority. For the County Council, this includes:
 - County Councillors
 - Chief Officers.
 - Members of the close family of, or same household as, a County Councillor or Chief Officer.
 - Partnership, companies, trusts or other bodies in which the County Councillor, Member or Chief Officer, member of their close family or same household, has a controlling interest, or where their influence amounts to control.
- 2.2. Each year, the Director of Corporate Resources requests a declaration from each related party. This request is in addition to the registration of pecuniary and personal interests and specifically requires a declaration regarding related party transactions in the financial year. This report provides an update on the position relating to the financial year 2017/18.

3. Contextual information

- 3.1. In recent years, the return of related party declarations from County Councillors has been less than 100%. This issue of non-compliance and its impact on the County Council's ability to demonstrate and ensure probity of transactions within its accounts was identified in the external auditor's report to the Audit Committee in September 2016.
- 3.2. At that meeting, the Director of Corporate Resources outlined the timescales and process for requesting the declarations, including the provision of guidance on the requirement and also the approach taken regarding non-replies including several individual reminders and where appropriate, follow-up with Group Leaders. The Committee agreed with the process of obtaining these declarations but to avoid the significant administrative effort that has been involved in follow up, that it should be made aware of non-compliance earlier in the process so that appropriate actions could be taken in a more timely manner.

4. Approach and position for 2017/18

- 4.1. Declarations are required retrospectively in relation to the full financial year. With the earlier statutory deadline for publishing the accounts this year, no later than 31 May, requests for declarations were sent earlier this year, on 14 March 2018 with a return date of no later than 6 April 2018. The text of the request was simplified and the declaration required was returnable by email. As at 6 April, 11 declarations were outstanding. Consequently individual reminders were sent on 16 and 23 April and the Director of Corporate Resources personally emailed respective Group Leaders on 23 and 30 April and 11 May regarding outstanding returns.
- 4.2. As at 14 May 2018, one declaration remains outstanding, from Councillor Peter Chegwyn and the Director of Corporate Resources has referred this case to the Monitoring Officer to take appropriate action.
- 4.3. The Audit Committee is recommended to inform Councillor Chegwyn that if he has not replied by 31 May 2018, when the Chief Financial Officer must approve and publish the draft statement of accounts for the County Council, he will be referred to the Conduct Advisory Panel for a breach in compliance with County Council procedures.

5. Future direction

- 5.1. In order to avoid the ongoing unnecessary administration involved in numerous attempts to follow up outstanding responses, it is recommended that the Audit Committee consider any alternative approaches that will improve the collection of declarations regarding related party transactions each financial year.

CORPORATE OR LEGAL INFORMATION:

Links to the Corporate Strategy

This proposal does not link to the Corporate Strategy but, nevertheless, requires a decision because:

It relates to the effective Governance of the County Council.

Section 100 D - Local Government Act 1972 - background documents

The following documents discuss facts or matters on which this report, or an important part of it, is based and have been relied upon to a material extent in the preparation of this report. (NB: the list excludes published works and any documents which disclose exempt or confidential information as defined in the Act.)

<u>Document</u>	<u>Reference</u>
Hampshire County Council Audit Results Report	7771

IMPACT ASSESSMENTS:

1. Equality Duty

1.1. The County Council has a duty under Section 149 of the Equality Act 2010 ('the Act') to have due regard in the exercise of its functions to the need to:

- Eliminate discrimination, harassment and victimisation and any other conduct prohibited under the Act;
- Advance equality of opportunity between persons who share a relevant protected characteristic (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, gender and sexual orientation) and those who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

Due regard in this context involves having due regard in particular to:

- The need to remove or minimise disadvantages suffered by persons sharing a relevant characteristic connected to that characteristic;
- Take steps to meet the needs of persons sharing a relevant protected characteristic different from the needs of persons who do not share it;
- Encourage persons sharing a relevant protected characteristic to participate in public life or in any other activity which participation by such persons is disproportionately low.

1.2. Equalities Impact Assessment:

The future approach for collecting declarations will need to consider any impact on equality objectives.

2. Impact on Crime and Disorder:

2.1 The County Council has a legal obligation under Section 17 of the Crime and Disorder Act 1998 to consider the impact of all the decisions it makes on the prevention of crime. This report has no impact on the prevention of crime.

3. Climate Change:

a) How does what is being proposed impact on our carbon footprint / energy consumption?

No specific proposals

b) How does what is being proposed consider the need to adapt to climate change, and be resilient to its longer term impacts?

No specific proposals affecting adaptation to climate change.