

# HAMPSHIRE COUNTY COUNCIL

## Report

<b>Decision Maker:</b>	Audit Committee
<b>Date:</b>	23 May 2019
<b>Title:</b>	Related Party Disclosure 2018/19 - Update
<b>Report From:</b>	Director of Corporate Resources

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### Purpose of this Report

1. The purpose of this report is to identify County Councillors who have not returned a declaration regarding any related party transactions for the financial year 2018/19. If any declarations remain outstanding on 31 May 2019, being the statutory deadline for publishing the draft Statement of Accounts, it is recommended that the Audit Committee refer the relevant Councillors to the Conduct Advisory Panel for a breach in compliance with County Council procedures.

### Recommendations

2. That for the County Councillors who, as at 31 May 2019 have not returned their 2018/19 related party declaration to the Deputy Chief Executive and Director of Corporate Resources, those Councillors will be referred to the Conduct Advisory Panel for a breach in compliance with County Council procedures.

### Executive Summary

3. 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.

4. Each year, the Deputy Chief Executive and 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 2018/19.

### **Contextual information**

5. 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.
6. 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.

### **Approach and position for 2018/19**

7. Declarations are required retrospectively in relation to the full financial year. In order to meet the statutory deadline for publishing the accounts, no later than 31 May, requests for declarations were sent on 14 March 2019 with a return date of no later than 5 April 2018. The text of the request was clear and the declaration required was returnable by email.
8. As at 6 April, 11 declarations were outstanding. Consequently, individual reminders were sent on 12 April and the Group Leaders were emailed on 26 April stating the final deadline of 30 April. As at 3 May, 5 declarations were outstanding and the Chairman of the Audit Committee emailed these councillors, copying the respective Group Leaders requesting replies by 10 May at the very latest.
9. As at 13 May 2019, 3 declarations remain outstanding from:
  - Councillor F Birkett
  - Councillor C Choudhary
  - Councillor R Dibbs
10. The Audit Committee is recommended to inform these Councillors that if replies are not received by 31 May 2019, when the Chief Financial Officer must approve and publish the draft statement of accounts for the County Council, they will be referred

to the Conduct Advisory Panel for a breach in compliance with County Council procedures.

**REQUIRED CORPORATE AND LEGAL INFORMATION:**

**Links to the Strategic Plan**

**This proposal does not link to the Strategic Plan 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>Location</u>
Hampshire County Council Audit Results Report	7771

## **EQUALITIES IMPACT ASSESSMENT:**

### **1. Equality Duty**

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 by or under the Act with regard to the protected characteristics as set out in section 4 of the Act (age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex and sexual orientation);

Advance equality of opportunity between persons who share a relevant protected characteristic within section 149(7) of the Act (age, disability, gender reassignment, pregnancy and maternity, race, religion or belief, sex and sexual orientation) and those who do not share it;

Foster good relations between persons who share a relevant protected characteristic within section 149(7) of the Act (see above) 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 protected characteristic that are connected to that characteristic;

Take steps to meet the needs of persons sharing a relevant protected characteristic that are 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 in which participation by such persons is disproportionately low.

### **2. Equalities Impact Assessment:**

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