

HAMPSHIRE COUNTY COUNCIL

DRAFT Report

Decision Maker:	Audit Committee
Date:	23 July 2020
Title:	Related Party Transactions Disclosure 2019/20 - Update
Report From:	Deputy Chief Executive and Director of Corporate Resources

Contact name: Anne Hibbert – Head of Corporate Finance

Tel: 0370 779 7883

Email: anne.hibbert@hants.gov.uk

Purpose of this Report

1. This report updates the Audit Committee on related party transactions declarations that remain outstanding from Councillors and recommends consequent action.

Recommendation(s)

2. For the current County Councillors who have not returned their 2019/20 related party transactions declaration to the Deputy Chief Executive and Director of Corporate Resources, those Councillors will be referred to the Conduct Advisory Panel.

Executive Summary

3. This report details the effort expended to obtain related party transactions declarations from all Councillors and identifies two Councillors who have not responded as at the date of writing the report. Consequently, it is recommended to refer the Councillors to the Conduct Advisory Panel.

Contextual information

4. 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.
5. Each year, the Deputy Chief Executive and Director of Corporate Resources requests a declaration from each County Councillor. 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.
6. 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.

Approach and position for 2019/20

7. Declarations are required retrospectively in relation to the full financial year. For 2019/20, the Deputy Chief Executive and Director of Corporate Resources requested declarations via an email sent to every Councillor on 17 March 2020 with a return date of no later than 6 April 2020. The text of the request was stated clearly and the declaration required was returnable by email.
8. As at 6 April, 34 declarations were outstanding. This was a larger number than in previous years, but perhaps not surprising given the exceptional circumstances of the COVID-19 crisis in late March and into April. Individual reminders were emailed on 16 April stating the final deadline of 22 April. At the end of April, 17 declarations remained outstanding and these were followed up by the Monitoring Officer and Political Group Leaders during May. As at 5 June, two declarations remained outstanding and the Chairman of the Audit Committee was notified. The Chairman contacted both councillors, however, at the time of writing this report, declarations remain outstanding from:
 - Councillor A Carew
 - Councillor R Dibbs
9. These Councillors have been made aware that it is a requirement to return a related party transactions declaration and failure to do so would be a breach of

the code of conduct, as this is a procedure of Hampshire County Council to satisfy its External Auditors, that all related party transactions have been declared. External Auditors will be checking as part of the year end audit process that all returns have been made and are in order.

10. Given there has been no change to this standard annual requirement and that these Councillors have not responded to four official requests to return their declaration, the Audit Committee is recommended to refer the Councillors to the Conduct Advisory Panel for a breach in compliance with County Council procedures.

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.