

Eden District Council

Council

20 April 2017

Related Party Transactions and Members' Interests

Report of the Director of Finance

1. Purpose of Report

- 1.1 This report reminds Members of the approach for gathering the information required for the 'Related Party Transactions' note in the annual accounts.

2. Recommendations:

- 1 The disclosures in the accounts regarding Interests and Related Party Transactions for Members be extracted from their Registers of Interests.
- 2 Members continue to keep up-to-date their Interests in the Registers of Interests.

3. Background

- 3.1 The annual accounts have to include a number of prescribed 'disclosure' notes. The purpose of the notes is to increase the transparency of the accounts and the Council's business.
- 3.2 A note is required to disclose any transactions involving the Council and related parties. Related parties include Members and senior officers. There is no reason why such transactions should not exist, but they must be properly recorded and disclosed in accordance with the accepted guidance on preparation of the accounts. The disclosure note in last year's accounts is attached for information (see Appendix A).

4. Current Approach

- 4.1 If the Members' Register of Interests is kept up-to-date by Members, this will provide the required base data from which the related party note can be drawn up. So, for example, where a Member sits on a third party body which had financial transactions with the Council, the disclosure note will include a summary reference to these. If Members make the appropriate disclosure in the Register of Interests (as required by the Members' Code of Conduct), these will be quantified by Financial Services where a transaction took place and included in the note.
- 4.2 The Director of Finance and the external auditor's Audit Manager agreed on an approach, which is the one currently used. However, for the process to work, it is essential that Members keep the record of their interests up-to-date.

- 4.3 In March 2017, the Deputy Chief Executive contacted all Members to stress the importance of Members keeping their entries in the Register of Interests up-to-date (see Appendix B). Revisions have been made to the registers in the light of the responses which have been received.
- 4.4 Given that the related party disclosure note in the accounts relies on the Register, it is vital that entries are regularly reviewed and updated.

5. Policy Framework

- 5.1 The Council has four corporate priorities which are:
- Decent Homes for All
 - Strong Economy, Rich Environment
 - Thriving Communities
 - Quality Council
- 5.2 Declarations of interests are governed by the Members' Code of Conduct, which is part of the Constitution.

6. Implications

6.1 Legal

- 6.1.1 A Member must provide written notification of any change in the Register of Interests, or of the receipt of any gift, or hospitality, within twenty-eight days. The notification must be sent to the Council's Monitoring Officer.
- 6.1.2 Full and transparent disclosure of interests is an important part of the Council's governance arrangements, which help to ensure the legality of the Council's business.
- 6.1.3 Members' declarations must include close relatives, which will include, in particular, spouses and partners.

6.2 Financial

- 6.2.1 Any decision to reduce or increase resources must be made within the context of the Council's stated priorities, as set out in its Council Plan 2015-2019, as agreed at Council on 17 September 2015.
- 6.2.2 There are no proposals in this report that would reduce or increase resources.

6.3 Equality and Diversity

- 6.3.1 The Council has to have regard to the elimination of unlawful discrimination and harassment and the promotion of equality under the Equality Act 2010 and related statutes.
- 6.3.2 There are no implications.

6.4 Environmental

- 6.4.1 The Council has to have due regard to conserving biodiversity under the Natural Environment and Rural Communities Act 2006.
- 6.4.2 There are no implications.

6.5 Crime and Disorder

6.5.1 Under the Crime and Disorder Act 1998, the Council has to have regard to the need to reduce crime and disorder in exercising any of its functions.

6.5.2 There are no implications.

6.6 Children

6.6.1 Under the Children Act 2004, the Council has to have regard to the need to safeguard and promote the welfare of children in the exercise of any of its functions.

6.6.2 There are no implications.

6.7 Risk Management

6.7.1 Risk management is a process whereby attempts are made to identify, actively control and reduce risk to protect the Council. This covers not only the traditional areas of insurable risk, but also the organisational risk that the Council faces in undertaking all its activities.

6.7.2 The main risk is that an interest is not declared in the Register in a timely fashion and a required disclosure in the related party disclosure note is omitted.

6.7.3 There is also a risk that Members disclose 'interests' that are not declarable interests. In this case, the note to the accounts would overstate Members' interests.

7. Reasons for Decisions/Recommendations

7.1 The regular updating of interests in the Members' Register of Interests is an important part of the Members' Code of Conduct. Timely updating will ensure that the disclosure note on Related Party Transactions is accurate in relation to Members.

C W Howey
Director of Finance

Governance Checks:

Checked by, or on behalf of, the Chief Finance Officer	✓
Checked by, or on behalf of, the Monitoring Officer	✓

Background Papers:

Statement of Recommended Practice 2016-2017: Guidance Notes
Register of Members' Interests

Contact Officer: Clive Howey
Telephone Number: 01768 212213

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Related Party Disclosure: 2015-2016 Accounts

40. Related Party Transactions

The Council is required to disclose material transactions with related parties. Related parties are bodies or individuals that have the potential to control or influence the Council, or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently, or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government

Central Government has effective control over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties. Details of transactions with Government departments are set out below.

Members

Members of the Council have direct control over the Council's financial and operating policies. During 2015-2016 no works and services (2014-2015: £0) were commissioned from organisations in which (2014-2015: 0) Members had an interest. All contracts are entered into in full compliance with the Council's Procurement Rules. All interests are recorded in the Register of Members' Interests. The interests of serving Councillors are recorded in the Register of Members' Interests, which can be viewed on the Council's web site from the Home Page under:

<http://www.eden.gov.uk/democracy/councillors-in-eden-district/> (click on a Councillor's name to view interests).

Officers

From 1 January 2012 onwards, Enterprise Prospects Limited has provided the services of Mr Robin Hooper to fill the post of Chief Executive. This arrangement was agreed by the Council on 29 September 2011. The Council's Director of Corporate and Legal Services oversees the agreement. Mr Hooper is a Director of Enterprise Prospects Limited. In 2015-2016, the Council paid Enterprise Prospects Limited £68,619 (2014-2015 £66,364). During the year other transactions with related parties arose as follows:

2014-2015				2015-2016		
Income £'000	Expend £'000	DR/CR (-) £'000		Income £'000	Expend £'000	DR/CR (-) £'000
			Central Government			
36		-59	NNDR Transition Grant/Payment		214	-214
546		-54	NNDR Section 31 Grants	703		57
	6,294		NNDR Tariff		6,415	
1,801			Revenue Support Grant	1,323		
17			Other Government Grants			
			Council Tax Discounts Grant - Flooding	204		-265
9,685		17	Housing Benefit Subsidy	9,445		-109
42			Council Tax Benefit Administration Subsidy	41		
158			Housing Benefit Administration Subsidy	144		
168			Capital Grants	209		
	10,318	-59	NNDR Share Payable		10,807	820
			Precepting Authorities			
	24,443	-474	Cumbria County Council - Precepts		25,828	13
7,841		-320	Cumbria County Council – NNDR Income	7,466		-157
	4,019	-83	Cumbria Police and Crime Commissioner - Precept		4,247	-28
			Other			
	604	-67	Cumbria County Council Superannuation Fund			
			Payment of employer's superannuation contributions in respect of employees Cumbria County Council		675	-73
573		29	Other – mainly recycling subsidy	613		73
194			Payment of grant in respect of Council Tax on Second Homes	200		

Communication to all Members on 21 March 2017

Your Reference:
Our Reference: MN/KE/C18/4
Enquiries to: Mr M Neal
Direct Dial: (01768) 212237
Email: m.neal@eden.gov.uk
Date: 21 March 2017



Town Hall, Penrith, Cumbria
CA11 7QF

To all Councillors by email

Dear Councillor

Code of Conduct

I do review the Register of Interests which is publicly available from time to time. I am aware that Members do make revisions to their declarations when the need arises. I would wish to remind everyone, however, that a Member must provide a written notification to me of any change to his or her interests within twenty-eight days of becoming aware of those changes.

In addition the Declaration of Interests must include the receipt of any gift or hospitality over the value of £25. If you have received a gift or hospitality in excess of £25 or if you have any changes to your declared interests would you let me know.

Yours sincerely

A handwritten signature in black ink that reads "M. Neal".

M Neal

www.eden.gov.uk

Matthew Neal Solicitor
Deputy Chief Executive (Monitoring Officer)

