



**Belfast City Council**

<b>Report to:</b>	<a href="#">Strategic Policy and Resources Committee Audit Panel</a>
<b>Subject:</b>	<b>Conflicts of Interest Policy for Councillors</b>
<b>Date:</b>	<del>7</del> <u>18</u> March 2011
<b>Reporting Officer:</b>	Ciaran Quigley, Town Solicitor and Assistant Chief Executive
<b>Contact Officers:</b>	Stephen McCrory, Democratic Services Manager Colin Campbell, Principal Solicitor, Legal Services Andy Harrison, Corporate Assurance Manager, AGRS

<b>1.</b>	<b>Relevant Background Information</b>
	<b>i) Purpose of Report</b>
1.1	The purpose of this report is to present to the <a href="#">Audit Panel Committee</a> , for its approval, a proposed policy for Councillors' declarations of interest. The (draft) policy is attached at Appendix 1 to this report.
1.2	<del>Subject to the agreement of the</del> <u>The policy was approved by the</u> -Audit Panel, <del>it is proposed that the policy at its meeting on 7 March 2011 and endorsed as representing good practice by the Local Government Auditor. The Panel requested that the policy be reviewed six months after implementation. The Panel also agreed that, given the importance of the policy, that it should be submitted</del> <del>will be issued</del> to the Strategic Policy and Resources Committee for approval. Subject to approval by the Strategic Policy and Resources Committee and Council ratification, it is proposed that the policy will be implemented as soon as practicable after the local government elections in May 2011 and that, as part of this implementation, training on the new policy will be provided to all Councillors.
1.3	<del>The Audit Panel will recall that</del> <u>Preparation of this policy for Members follows on from a detailed</u> review of the policy and guidance for officers declaring potential conflicts of interest <u>which</u> was undertaken in 2010 and reported to the Audit Panel in June of that year. Arrangements are being put in place to require Chief Officers and Heads of Service to register their interests annually as part of the process of preparing the Council's Annual Governance Statement. The introduction of a policy for Councillors' declarations of interest is therefore required to ensure the completeness of Council policies in relation to declaring interests.
1.4	<b>ii) Context</b>  Belfast City Council is committed to the principles of good governance.

	<p>Governance is about how we ensure we do the right things in an open, honest and accountable manner. The public has high expectations of Councillors and officers and the way in which they should conduct themselves when undertaking their duties. To meet these expectations and to ensure the public and stakeholders have trust and confidence in the Council, it is essential that the Council has effective policies and processes for the declaration of potential conflicts of interest which:</p> <ul style="list-style-type: none"> <li>• meet statutory requirements and best practice; and, in doing so</li> <li>• protect Councillors from allegations or perceptions that an interest exists that has not been declared or duly considered.</li> </ul>
1.5	<p><b>iii) Current Arrangements – Legislation, Guidance and Processes for Councillors’ Declarations of Interest</b></p>
1.6	<p>The current relevant legislation is set out in Section 28 of the Local Government Act (NI) 1972 which requires Councillors to declare any pecuniary interest that they may have in any matter coming before any meeting of the Council (including a committee or sub-committee meeting) and for the Council to ensure that such interests are recorded in a statutory register. Councillors are also required not to speak or vote on any matter where they have a pecuniary interest. Guidance relating to this legislation is currently provided in Part 3 of the Northern Ireland Code of Local Government Conduct (Guidance for Councillors (reissued in April 2003)), but this is not a mandatory Code and there are no formal mechanisms for dealing with cases where the Code is not adhered to.</p>
1.7	<p>In certain respects the current legislation and Code of Conduct no longer reflect accepted best practice. The Department of the Environment has recently circulated a consultation paper proposing a review of the legislation and the introduction of a mandatory code of conduct for elected representatives of local authorities, in line with the arrangements in place in England, Scotland and Wales, which have each developed ethical standards frameworks for local government to encourage appropriate levels of conduct and to build public confidence. Similar arrangements exist in the Republic of Ireland, where Part 15 of the Local Government Act 2001 and a Code of Conduct for Councillors (June 2004) set out an ethical framework and statutory duties of councillors to maintain proper standards and to declare relevant interests (not to do so being an offence that can be referred to the Director of Public Prosecutions).</p>
1.8	<p>In the context of Belfast City Council, while interests declared at Council or Committee are recorded in a register, there are certain aspects of existing arrangements that do not constitute accepted best practice. In particular:</p> <ul style="list-style-type: none"> <li>• Councillors are not required to formally register their existing interests</li> <li>• The Council / Committee process does not normally include consideration of declaration of interests as a routine matter at the beginning of each meeting</li> <li>• There is a lack of specific policy, guidance and training for Councillors in relation to conflicts of interest</li> </ul>
	<p><b>iv) External Bodies</b></p> <p>A related issue is the legal position of Councillors who sit on outside bodies through a nomination by Council. There is presently draft legislation (The Local Government (Indemnities for Members and Officers) (Northern Ireland) Order) in the pipeline that will allow the Council to indemnify Members nominated to third party bodies. A separate paper on this issue will be tabled at a later date.</p>

<p>1.9</p> <p>1.10</p> <p>1.11</p>	<p><b>v) Development of new policy for the Registration and Declaration of Councillors' interests</b></p> <p>In order to address the above issues a project team, with the assistance of external, expert advice, has undertaken a detailed review to develop a conflicts of interest policy for Councillors based on best practice and substantial expert experience. This (draft) policy is attached to this report. The key elements of the policy are highlighted below (under 'key issues') and set out in detail in the attached policy.</p> <p><b>vi) Current Arrangements - Legislation, Guidance and Processes in respect of Officers' Declarations of Interest</b></p> <p>The legislation in relation to the requirement for officers to declare potential conflicts of interest is set out in Section 46 of the Local Government Act 1972 and is further dealt with in the Code of Conduct for Belfast City Council officers. Detailed policy and guidance for staff was issued in 2006. Breaches of the policy may result in disciplinary action.</p> <p>The policy and guidance were subject to a detailed review by the Council's Audit, Governance and Risk Services section in 2010, the outcome of which was reported in detail to the Audit Panel in June 2010. A summary of the results of this review is attached at Appendix 2 to this report. The recommended actions arising from the review are being addressed by the Assistant Chief Executive and Corporate Risk and Governance Manager.</p>
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<p><b>2.</b></p> <p>2.1</p> <p>2.2</p>	<p><b>Key Issues</b></p> <p><b>i) Scope of the Proposed Policy</b></p> <p>The policy applies to all Councillors in Belfast City Council and any person co-opted / appointed to a Council Committee or Working Group or Panel who is not a Councillor or officer.</p> <p><b>ii) Key Areas of Proposed Policy</b></p> <p>The attached draft policy has been developed to take account of best practice. In this respect it goes beyond the current provisions of the Code of Conduct for Councillors. It covers the following key areas:</p> <ul style="list-style-type: none"> <li>• The general principles for dealing with conflicts of interest within Belfast City Council</li> <li>• Formal registration of interests by Councillors</li> <li>• Procedures for declaring and managing conflicts of interest, including: <ul style="list-style-type: none"> <li>○ Determining whether or not a conflict exists and is material</li> <li>○ Approving a 'transaction' where a conflict of interest is involved</li> <li>○ Documenting disclosures and decisions</li> <li>○ Withdrawing from meetings / decision making where a conflict has been declared</li> </ul> </li> </ul>
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	<ul style="list-style-type: none"> <li>○ The consequences of breaches of the policy</li> <li>• Appointments to outside organisations.</li> </ul> <p><b>iii) Administration of the Policy</b></p>
2.3	<p>The Town Solicitor and Assistant Chief Executive will be responsible for maintaining the policy and related processes and will advise Councillors in the event of queries on the application of the policy.</p> <p><b>iv) Councillor Training</b></p>
2.4	<p>Full training will be provided to all Councillors on the new policy and associated procedures.</p>

<b>3.</b>	<b>Equality and Good Relations Considerations</b>
3.1	<p>This policy has been screened under the Council's equality scheme. There are no equality or good relations considerations relating to this policy.</p>

<b>4.</b>	<b>Resource Implications</b>
	<p><u>Financial</u></p> <p>4.1 The development and implementation of a policy on Councillors' conflicts of interest will have resource implications in terms of the delivery of training to Councillors on the new policy and in dealing with any issues that may arise. This will be met from the existing Member Development budget.</p> <p><u>Human Resources</u></p> <p>4.2 The development and implementation of a policy on Councillors' conflicts of interest will have resource implications in terms of the establishment of relevant processes / registers / monitoring of processes. This work can be incorporated into existing job roles.</p> <p><u>Asset and Other Implications</u></p> <p>4.3 None.</p> <p>4.4 The consequences of not implementing the new policy are potentially significant in terms of ensuring the Council has credible governance arrangements and the trust of its partners, citizens and stakeholders.</p>

<b>5.</b>	<b>Recommendations</b>
5.1	<p><del>Following approval by the Audit Panel, the</del> <a href="#">Audit Panel Strategic Policy and Resources Committee</a> is asked to review and approve the attached policy on Councillors' conflicts of interest.</p>
5.2	<p><del>Subject to the agreement of the Audit Panel, and given the importance of this policy, it is proposed that the policy will be issued to the Strategic Policy and Resources Committee for approval.</del></p>

5.3	<p>Subject to approval by the Strategic Policy and Resources Committee and Council ratification, it is proposed that the policy will be implemented as soon as practicable after the local government elections in May 2011 and that, as part of this implementation, training on the new policy will be provided to all Councillors.</p> <p><u>It is further recommended that the Strategic Policy and Resources Committee ratify the proposal made by the Audit Panel that the policy is subject to a formal review six month's after it has been implemented. This will enable the impact of the policy to be reviewed and, where appropriate, any potential improvements to be identified and addressed.</u></p>
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<b>6.</b>	<b>Decision Tracking</b>
6.1	The officer responsible for the policy is Ciaran Quigley, Assistant Chief Executive and Town Solicitor. Subject to approval the policy will be implemented as soon as practicable following the May 2011 local government elections.

<b>7.</b>	<b>Key to Abbreviations</b>
7.1	None.

<b>8.</b>	<b>Documents Attached</b>
8.1	<p>Appendix 1 - Conflicts of Interest Policy for Councillors</p> <p>Appendix 2 - Potential Conflict of Interest Situations Encountered by Council Officers – summary of recent review as reported to Audit Panel June 2010</p>