

Appendix 2 - Potential Conflict of Interest Situations Encountered by Council Officers – summary of recent review as reported to Audit Panel June 2010

1. Background/Purpose of Report

Belfast City Council is committed to the principles of good governance. Governance is about how we ensure we do the right things in an open, honest and accountable manner. In the interests of ensuring good governance, Audit Governance and Risk Services (AGRS) was requested by the Town Solicitor and Assistant Chief Executive to review the Council's existing policy, guidelines and processes in relation to dealing with potential conflict of interest situations encountered by Council officers, to compare this with best practice and report back to the Assurance Board, the Chief Officers' Management Team and the Audit Panel on the results of the review.

2. Existing Policy, Guidance and Processes (officers)

In March 2006, following adverse media reports relating to poor governance in central government departments, COMT requested AGRS to bring together the existing policy and develop associated guidelines for staff in relation to potential conflicts of interest situations and gifts and hospitality. After completion of research (including benchmarking) and consultation with relevant officers, the policy and updated guidelines were presented to COMT for approval in August, 2006. The policy itself was based on the Local Government Act 1972 and had already been included in the Council's existing Employee Code of Conduct (April 2003) and in the Council's Standing Orders. The policy did not change as a result of the 2006 review. However, the opportunity was taken to review and consolidate the guidance for staff and to develop templates for recording individual potential conflicts of interest and maintaining associated Departmental registers. Following COMT approval, the policy and guidelines were communicated to staff by the Corporate Risk and Governance Manager in October/November 2006 via e mail, the Intranet and briefings to Business and Finance Managers and Departmental Management Teams. The Council's Audit Panel was notified in January 2007, via the AGRS Progress Report, of the action that had been taken.

Key Issues

1. Key Features of Current Policy

The key elements of the current policy for officers encountering potential conflicts of interest situations are summarised below:

- Responsibility is placed on every member of staff for disclosing to an appropriate manager or officer of the Council every potential conflict of interest in which he/ she may be involved.
- A relation of any officer or servant of the Council shall not be appointed or engaged or recommended for appointment or engaged in any department except with the consent of the Strategic Policy and Resources Committee and employees involved in appointments should, at all times, act in accordance with the Local Government Staff Commission's Code on Procedures on Recruitment and Selection.
- The Chief Executive shall report to the Council in any case where it comes to his attention that an officer of the Council has any interest in any transaction with the Council.
- Staff are expected to conduct themselves with integrity, impartiality and honesty and their private interests should not be such as to have the potential for allegations of impropriety or partiality to be sustained thereby bringing the Council into disrepute. In particular,

attention is drawn (in the policy) to examples where potential conflicts of interest can occur, namely in relationships with councillors, contact with the local community and service users, relationships with contractors and political activity.

- An employee must not subordinate his / her duty to the Council to his / her private interests or put himself / herself in a position where duty and private interests conflict. The Council should not attempt to preclude officers from undertaking additional employment outside their hours of duty with the Council, but any such employment must not, in the view of the Council, conflict with or react detrimentally to the Council's interest, or in any way weaken public confidence in the conduct of the Council's business.
- Employees must declare to an appropriate manager any financial or non-financial interests that they consider could bring about conflict with the Council's interests, for instance:
 - Membership of an organisation receiving grant aid from the Council
 - Membership of an organisation or pressure group which may seek to influence the Council's policies
 - Membership of any organisation not generally open to the public without formal membership and which requires commitment of allegiance or has secrecy about rules, membership or conduct.
- Employees who have an interest, financial or non-financial, should not involve themselves in any decision or allocation of Council services or resources from which they, their friends or family, might benefit and should ensure that the matter is referred immediately to their line manager.
- Where the Council wishes to sponsor an event or service neither an employee nor any friends, partners or persons where a family relationship is deemed to exist must benefit from such sponsorship in a direct way without there being full disclosure to an appropriate manager of any such interest. Similarly, where the Council through sponsorship, grant aid, financial or other means gives support to a community, employees should ensure that impartial advice is given and that no conflicts of interest are involved.

The Town Solicitor and Assistant Chief Executive is currently in discussions with the Local Government Staff Commission to ascertain if these examples of conflicts of interest are still relevant or need to be updated.

2. Key Features of Current Guidelines/Process

The key elements of the current guidelines for officers encountering potential conflicts of interest situations are summarised below:

- As a general rule of thumb officers should ask themselves 'Could this course of action be satisfactorily defended in public?' Where there is any doubt about the application of this policy, officers should consult their line manager in the first instance and ensure they inform their Line Manager promptly if they encounter a potential conflict of interest situation.
- The principles underlying pecuniary interests relate to a person's interest in a matter being based on the probability that the person stands to gain or lose financially from it.
- Where there is a perception of serious conflicts, it is not sufficient to declare them. They must be effectively dealt with or avoided altogether.

- The officer facing the potential conflict of interest is responsible for completing the relevant form and forwarding the form to the officer with responsibility for input of the forms to the registers.
- Each Chief Officer should ensure that responsibility for the input of the forms to the registers is clearly allocated to a specific officer and communicated within their Department.
- Each Chief Officer should decide whether the registers should be maintained centrally within their Department or individually within each Section. The location of the registers will impact on:
 - • the ease with which the annual review of the registers by Chief Officers can be conducted; and
 - • the accessibility of the registers to staff and the ease with which staff may maintain the registers up to date.
- Periodic reminders are issued to all staff regarding current policy / guidance (last included in the September, 2009 version of Intercom, issued to all staff).

3. Benchmarking

In order to validate whether the current policy and guidelines continue to represent good practice, a benchmarking exercise has been undertaken with other government bodies, namely:

- Local government in Northern Ireland (Fermanagh District Council, Antrim Borough Council, Craigavon Borough Council);
- Other public sector bodies in Northern Ireland (NI Assembly/ Northern Ireland Civil Service, Housing Executive, Health & Social Care Trust, Belfast Education & Library Board);
- Local government in England (Sunderland City Council, Sheffield City Council, Brent Council, South Tyneside Council).

The main issues arising from this benchmarking exercise are as follows:

(i) Policies and Guidelines for Officers encountering potential conflicts of interest

Belfast City Council's policies and guidelines continue to represent good practice. The Council has a clear and concise specific policy for conflict of interest situations encountered by Council officers which compares favourably against the other organisations with whom we have benchmarked. However the benchmarking exercise has identified some improvements that could be considered, as follows:

- Assign responsibility for day to day 'ownership' of the policy/guidelines, management of the implementation of policy and periodic reporting on its implementation.
- Implement a requirement of annual returns (even if a 'nil return') for all staff above a certain grade
- Implement a 'Sign off' document as part of all tender and grant appraisals/approvals for officers to declare any possible conflicts of interest (to be completed even if a nil return)

(ii) Processes

The Council's processes compared well to those in benchmarked authorities but could be improved in certain respects, in relation to communication / awareness, and monitoring of the implementation of policy as follows:

Communication/awareness of policy:

- The policy could be covered in induction training
- I.T. could be used more to help communicate/ re-communicate the policy/guidelines to existing staff for example by requiring electronic acknowledgement of receipt and understanding of the policy and completion of forms
- Training to existing staff could be improved. (Note: the fraud awareness training being implemented by AGRS in 2010/2011 will cover the Council's gifts, hospitality and conflict of interest policies)

Monitoring of the implementation of policy:

- Ensure arrangements are in place for Departmental monitoring of the policy
- A process of quarterly reporting on the compliance with policy to be incorporated as part of the quarterly risk management process

Some of the issues identified above also came out of the last AGRS review of this area in early 2009.

Recommendations

- that responsibility for overall ownership of the policies, guidelines and processes for conflicts of interest is assigned to the Town Solicitor / Assistant Chief Executive and that the Risk & Governance Manager is the nominated officer, responsible for the maintenance, monitoring and communication of the policy to staff and for addressing the recommendations arising from this review.
- that the Risk & Governance Manager should report quarterly on the compliance with policy as part of the quarterly risk management process, and should also report to Chief Officers / Members on an annual basis on the application of the policy.
- In addition, and particularly in the light of recent departmental re-organisations, that each Chief Officer should ensure that arrangements be put into place for Departmental monitoring of the policy and such an officer should be nominated within each Department to oversee compliance with this policy.

The Audit Panel agreed to the recommendations above.