

<b>Committee</b> Establishment Committee	<b>Date:</b> 29/10/2018
<b>Subject:</b> Declaration of Interests and Register of Interests: Chief Officers and Senior Managers at Grades I & J	<b>Public</b>
<b>Report of:</b> Chrissie Morgan - Director of Human Resources	<b>For Decision</b>
<b>Report author:</b> Carol Simpson – Town Clerk's	

### Summary

At the Establishment Committee of 9 July 2018, Members received a report detailing the Declaration of Interest process for Officers. It was noted that a further report would be forthcoming with revised guidelines for the Chief Officers' Register of Interests. Members also asked that, the Chief Officers' Register of Interests and Senior Managers, should mirror that of Members.

Officers have now further reviewed the process for Chief Officers and Senior Managers at Grades I & J, including any other staff with the same level of seniority. This report seeks approval of a revised process for all such senior management grades which will mirror in the main the current process for Members. However, whilst the Register of Interests for Chief Officers is in the public domain this should not apply to Senior Managers at Grades I & J. These arrangements will ensure parity and consistency across the senior management tiers.

### Recommendations

That the Committee:

- i. Approves the revised Declaration of Interests and a separate Register of Interests process for Chief Officers and Senior Managers at Grades I & J; which will reflect in the main the process currently carried out by Members with the exception that only the Register of Interests for Chief Officers will continue to be in the public domain.
- ii. Notes the revised breakdown of disclosure requirements illustrated in the Declaration and Register of Interests Summary Table attached as Appendix 1; and the Declaration and Register of Interests Managers' Guidance attached as Appendix 2.

### Main Report

#### Background

1. The Officers' Code of Conduct provides the overarching policy and guides how City Corporation Officers (and other relevant workers) address and manage actual or potential conflicts of interest. Interests declared can be categorised as pecuniary or non-pecuniary.

2. The objective of making declarations is to ensure that Officers demonstrate high ethical standards in carrying out official duties; to in turn demonstrate that decisions made are free of bias, in order to maintain public confidence in the City Corporation.
3. The previous Committee report addressed matters around what constitutes a conflict of interest and set out the various methods to make the different types of declarations required within the Code of Conduct.

### **Current Position**

4. On an annual basis Chief Officers complete a Declaration of Interest form submitted to the Town Clerk; this form remains an internal only document, unless there is an overriding legal requirement for disclosure i.e. where a request is made under the Freedom of Information Act and no exemption applies. The completed Declaration of Interest form is held securely by Corporate HR. The form already contains many of the areas covered in the Member Register of Interests and it is suggested that this is now expanded to include additional areas.
5. The Declaration of Interest form is also completed by other specified Officers on an annual basis and any other member of staff who may be required to complete a declaration for a specific purpose as set out in the Code of Conduct. There is currently no default requirement for Senior Managers at Grades I & J to complete a Declaration of Interest form annually based on their grade alone. However, as Senior Managers, many are invariably responsible for contract placement which would require them to complete a form when involved in procurement but not necessarily on an annual basis. All staff in City Surveyors are required to complete an annual Declaration of Interest form.
6. Chief Officers must also complete a Register of Interest form annually which is submitted to the Establishment Committee to review specifically the approximate time spent on outside voluntary and / or paid work, or interests for potential conflicts. In accordance with the July 1997 Negotiating Sub-Committee decision this information became part of the public record and named individual records are available in public committee papers.
7. There is no current requirement for Senior Managers at Grades I & J to complete a separate Register of Interest form, as described above for Chief Officers.
8. There is a separate declaration on Related Parties<sup>1</sup>, whereby transactions and / or relationships in connection with the City Corporation's activities are recorded by The Chamberlains Department, which are then published in the City Corporation's annual financial statements anonymously. This is a separate process managed by the Chamberlain and does not form part of the recommendations within this report.

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<sup>1</sup> As required by the City Corporation Finance Committee for every Member of the Court and each Chief Officer.

9. An area in which Members have previously indicated their concern relates to the data capture regarding membership of organisations not open to the public with formal membership and commitment of allegiance, and which has secrecy about rules and / or membership e.g. Masonic, a Society Trust. These membership declarations are currently included within the Code of Conduct and in turn the Declaration of Interest process, applicable to all Officers.
10. Summit Group in September 2018 considered this matter and recommends that the revised Declaration and Register of Interests process for Chief Officers now includes all Senior Managers at Grades I & J, including any other staff with the same level of seniority.
11. Consideration has been given to aligning Members and Officers disclosures, but this raises a range of issues. Members complete a Register of Interests which must be made available for public inspection, in compliance with the Localism Act 2011 and the City Corporation Members' Code of Conduct<sup>2</sup>. Whilst the Chief Officers complete a Declaration of Interests and separate Register of Interests form with the latter becoming part of the public record, as outlined in paragraph 4 above.
12. Furthermore, different reporting requirements currently apply to Officers. For instance, to attempt to align Officers disclosures regarding political party membership<sup>3</sup> and trade union membership, such information is classified as 'special category data' under the Data Protection Act 2018 which dictates its processing must be proportionate to the aim pursued and be necessary for reasons of substantial public interest i.e. necessary to discharge our public functions.
13. Similarly, where Members make pecuniary interests declarations in respect of their spouse, civil partner, or person living as such as required under the Localism Act 2011; it would be disproportionately intrusive to request the same information for Officers where there is no legislative requirement to do so. In addition, the Human Rights Act 1998 gives people the right to a private life; thereby in requesting these disclosures they must outweigh the individual's right to a private life. However, this does not detract from the fact that the Officer's Code of Conduct presently requires declarations of any benefit derived by their partner, spouse or relative or anyone else in a close personal relationship e.g. sponsorship of an event or service. In addition, employees should not be involved in employment decisions for any other employee who is a relative, partner or someone with whom they are in a close personal relationship.

## Proposals

14. Taking all of these matters into account it is proposed that in order to achieve the transparency Members have asked to be considered, that the additional categories included in the Members' Register of Interests are required to be disclosed by Chief Officers and Senior Managers at Grades I & J, as part of the new proposed annual Declaration of Interest. However, this is with the

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<sup>2</sup> Including any disclosable pecuniary interests specified in Regulations made by the Secretary of State.

<sup>3</sup> Apart from disclosure of political activities in accordance with the Local Government Officers (Political Restrictions) Regulations 1990 for Officers in politically restricted posts.

exceptions detailed in paragraphs 12 and 13 above. The additional categories Officers declare will not form part of a public record but will have the same level of scrutiny and consideration. For clarity, the additional disclosures required relate to:

- Land within the area of the City of London Corporation.
- Licenses (alone or jointly with others) to occupy land in the area of the City of London.
- Corporate tenancies, where to the Officer's knowledge (a) the landlord is the City of London Corporation; and (b) the tenant is a body in which the Officer has a beneficial interest.
- Securities. Any beneficial interest in securities of a body where that body (to the Officer's knowledge) has a place of business or land in the area of the City of London Corporation; and exceed specified values.
- Membership of a Livery company, City Company without Livery, Guild or Company seeking Livery Membership.
- Think tank membership - an organisation one of whose principal purposes include the influence of public opinion or policy and which is likely to seek to affect the policy of the City Corporation, or which may have an impact on its services or stakeholders.
- Professional association membership.
- Trade association membership.

15. Senior Managers at Grades I & J will complete an annual Declaration of Interest in the same way as their Chief Officer counterparts; and a Register of Interests form but this will not form part of the public record.
16. A breakdown of disclosure requirements is illustrated in Appendix 1 of this report. Corporate HR will provide a template letter and form for this information to be requested annually.
17. The relevant department's Chief Officer will make an assessment of the potential risk and impact of any declaration for Senior Managers at Grades I & J, consulting internally as required for relevant professional advice. Either the declaration made will be confirmed as acceptable with or without any recommendations (to mitigate any potential conflict of interest); or the declaration is not considered to be acceptable. Depending on the recommendation this will be acted on and recorded accordingly.
18. As with the Chief Officer Declarations of Interest, returns from the Senior Managers at Grades I & J will be reviewed by the Director of HR to maintain an overview of all senior management disclosures, monitor completion levels and retain centrally.
19. The Register of Interests forms for Chief Officers will continue to be reported to Establishment Committee, but those for the Senior Managers at Grades I & J will be held centrally by the Director of HR with access governed by Data Protection legislation.

20. To ensure transparency, any Senior Manager with no declarations will be required to submit a nil return.
21. It is proposed that the Director of HR has the delegated authority to take forward any consultation required as set out under Implications at paragraphs 27 and 28 of this report; and reflect any agreed changes in the Officers' Code of Conduct.

### **Corporate & Strategic Implications**

22. Revisions to the Chief Officer and Senior Officers Declaration of Interest brings this group into closer alignment to that of disclosures required by Members.
23. The means of review of the Chief Officers' Register of Interests should continue as historically practiced, by the Establishment Committee as a matter of good governance.
24. It is proposed that Senior Managers at Grades I & J complete both the Declaration of Interest and the Register of Interests declaration process as outlined in this report. This will coincide with the City Corporation's Scheme of Delegation for the authorisation of appointments at this level and ensure parity and consistency across the senior tier of management. However, the review process for this senior management group will be approval from their service department Chief Officer.
25. Guidance for managers has been produced to ensure that a consistent approach is taken when reviewing declarations made by Officers (Appendix 2).
26. Corporate HR will also produce guidance for staff around the declaration process, to aid identifying situations of potential or actual conflict. In addition, we propose that there is an annual communication from the Town Clerk about Nolan Principles, Code of Conduct, conflicts of interest and gifts and hospitality.

### **Implications**

27. For Chief Officers and Senior Managers at Grades I & J, these proposals represent a significant policy change for those currently in post, as it sets a new requirement that must be complied with in the Officers' Code of Conduct.
28. Consultation will be needed including taking into account Officer's individual issues, either with the revised declaration process and/or with a current interest.

### **Conclusion**

29. The obligation of declarations by Officers is set on the premise to avert any conflict of interests by connection or association with a third party that is (or appears to be against the best interests of the City Corporation; or which could give grounds for suspicion that their position within the City Corporation is being used to gain an unfair advantage for or from a third party.

30. Upon review there is merit in the closer alignment to the disclosures made by Members in the Declaration and Register of Interests process for Chief Officers and Senior Managers at Grades I & J, given their seniority and ultimately their position of influence within the organisation.

## **Appendices**

Appendix 1 - Declaration and Register of Interests Summary Table

Appendix 2 - Declaration and Register of Interests Managers' Guidance.

## **Background Papers**

Establishment Committee, Declarations of Interest and appended revisions to the Code of Conduct, 09/07/2018.

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