



## Report – Standards Committee

### **Amendments to the Members' Code of Conduct – Disclosable Interests and the Mandatory Registration of Gifts and Hospitality**

*To be presented on Thursday, 16<sup>th</sup> October 2014*

*To the Right Honourable The Lord Mayor, Aldermen and  
Commons of the City of London in Common Council assembled.*

#### **Summary**

1. In accordance with our terms of reference, the Standards Committee is required to prepare, keep under review and monitor the City of London Corporation's Members' Code of Conduct and make recommendations to the Court of Common Council in respect of the adoption or revision, as appropriate, of such Code of Conduct.
2. An earlier version of the revised Members' Code of Conduct was submitted to the Court at its July meeting. There was considerable debate and a number of views were put forward and it was agreed that further consideration should be given to the terms of the draft Code. Consequently, all Members of the Court were invited to attend a special meeting of the Standards Committee in September which was called to consider the terms of the draft. Having taken into account the views that were expressed, a revised version was circulated to all Members for further comment. A number of comments were received and those views were also taken into account when drafting the final version that is now before Members. We believe that this represents a full and transparent process enabling all Members to have their say on the provisions of their Code of Conduct.

## **Recommendation**

3. That the Court of Common Council approve the proposed revisions to the Members' Code of Conduct and the introduction of a mandatory registration regime for gifts and hospitality, as set out in Appendix 1 to this report; and that the new requirements come into effect as of 1<sup>st</sup> January 2015, following circulation of revised guidance about the new provisions in the Members' Code of Conduct and an annual reminder to all Members to update their Members' Declarations.

## **Main report**

### **Background**

4. In June 2012, the Police, Standards and Policy & Resources Committees and the Court of Common Council approved the new standards regime under the Localism Act 2011. A Code of Conduct, including appropriate provision in respect of the registration and disclosure of pecuniary interests, and interests other than pecuniary interests, had to be adopted by 1 July 2012, in order to comply with the requirements of the Act. As the regulations defining a disclosable pecuniary interest had not been produced by the Department for Communities and Local Government (DCLG) in time for such matters to be addressed in the June 2012 report, the City Corporation's existing Code of Conduct, with the existing provisions regarding personal and prejudicial interests, was re-adopted as a temporary measure.
5. By September 2012, the necessary regulations had been made and your Standards Committee was asked to finalise a new Code of Conduct and interest provisions. Taking into account the City of London Corporation's duty to promote and maintain high standards of conduct by Members, and the requirement to adopt and publicise a Code of Conduct dealing with the conduct that is expected of Members when they are acting in that capacity, this Committee agreed that a Code of Conduct, in the form suggested by DCLG, be adopted with effect from 26<sup>th</sup> October 2012. Gifts and hospitality were not classed as disclosable pecuniary interests within the new Regulations.
6. Following the introduction of the Code of Conduct, your Standards Committee has continued to closely monitor the obligations on Members and at various meetings of the Committee since October 2012 discussions have taken place about possible revisions to the Code, including the introduction of a mandatory registration regime for gifts and hospitality, in order to maximise transparency and better reflect the circumstances of the City. Due to the nature of the organisation and the wide-ranging business undertaken by Members of the Court of Common Council, your Committee remains of the view that a number of additional categories, which would require Members to register a broader range of non-pecuniary interests, should be introduced in order to promote transparency, particularly where there might be a perception of influence being exerted.

7. Since 1<sup>st</sup> April 2013, all Members and Co-opted Members have been encouraged to register one-off gifts and hospitality received to the value of £250 and above, and cumulative gifts and hospitality to the value of £500 and above, from a single source over a 12 month period (year ending 31<sup>st</sup> March). This report seeks the Court's approval, following the recent all-Member consultation exercises, to introduce a requirement under the Code of Conduct, to register any gift or hospitality received (and accepted) with a value of £100 or more, or multiple gifts and/or instances of hospitality with a cumulative value of £200 or more when received from a single donor within a rolling twelve month period. Special provision being made for holders of ceremonial office.
8. At the meeting of the Standards Committee on 31<sup>st</sup> January 2014, following the Committee's earlier consideration of possible revisions to the Members' Code of Conduct, Members considered and approved a number of amendments and thereafter submitted their recommendations to the Policy and Resources Committee and the Court of Common Council.
9. The report seeking approval of a number of proposed amendments to the Members' Code of Conduct, including a list of additional categories requiring registration (involving membership) and the introduction of a mandatory gifts and hospitality registration regime was submitted to this Court in July 2014. The proposals reflected your Standards Committee's deliberations over the past two years. In reaching its decision, this Committee has taken into account the previous Standards regime and practice across local authorities in respect of the provisions in their Codes of Conduct. The proposals in relation to registration do not differ radically from the national standards regime in place from 2001 to 2011 and officers are of the view that such requirements, were they to be adopted, would be lawful.
10. The proposals generated a lengthy debate at the meeting of the Court of Common Council, specifically the proposed list of non-pecuniary interests which would henceforth require registration; and also the thresholds for the registration of gifts and hospitality. Whilst some agreement was reached in respect of some of the broader categories for registration, the Court agreed that an all-Member consultation exercise should take place ahead of any further revisions being submitted to the Court for consideration.
11. Since the meeting of the Court of Common Council in July, all Members of the Court of Common Council have been consulted about the Members' Code of Conduct and the proposed revisions to the Code. At a special meeting of the Standards Committee on 11<sup>th</sup> September 2014, Members of the Court were invited to attend the meeting and comment on the proposed revisions before the Committee. Taking into account the comments of the those Members of the Court that were present, and also those comments that were submitted in writing, the Committee considered each paragraph of the Code and agreed a series of revisions. In respect

of some drafting elements, rather than points of principle, the Comptroller and City Solicitor was tasked with finalising the wording.

12. The objectives to maximise transparency, in line with the Nolan Principles, and better clarify Members' obligations were acknowledged and the majority of Members' (in attendance) were satisfied with the majority of the proposed revisions. The proposed list of non-pecuniary interests which Members would be required to register did however generate some debate, specifically those concerning the membership of a (i) management board or a similar body of any charity or body directed to charitable purpose; (ii) Political Party; (iii) Trade Association; or (iv) any management board or similar body that does not fall within the other defined categories.
13. In respect of the introduction of a mandatory registration regime for gifts and hospitality, your Committee and the majority of those Members present on 11<sup>th</sup> September, were of the view that a mandatory registration regime was required given the circumstances at the City of London Corporation and the extent of gifts and hospitality offered to Members and Co-opted Members. With regards to the threshold for registration, your Committee acknowledges that there are differing views about an appropriate threshold and on that basis a revised proposal is now set out in Appendix 1 (£100 or more, or multiple gifts and/or instances of hospitality with a cumulative value of £200 when received from a single donor within a rolling twelve month period).
14. Following that meeting, a further proposal was circulated to all Members of the Court of Common Council on 24<sup>th</sup> September 2014 for supplementary consultation and a number of comments were received from Members. Having considered all of those comments, a number of amendments have been included in the Members' Code of Conduct before the Court at Appendix 1.
15. There is currently special provision for some office holders with significant ceremonial duties and responsibilities in respect of registering gifts and hospitality but your Committee will be undertaking a review of those provisions in due course to ensure that the special nature of these roles is recognised.

### **Recommendation**

16. Subject to the consent of the Court of Common Council, guidance will be circulated to all Members and Co-opted Members in respect of the revised Members' Code of Conduct and the new mandatory requirements in respect of registering gifts and hospitality. Accompanying this guidance, by way of an annual reminder about the importance of reviewing and updating their Members' Declarations, all Members and Co-opted Members will be requested to update their Members' Declaration forms in-line with the newly approved revisions.

17. It is proposed that the new requirements come into effect as of 1st January 2015, thereby enabling Members to familiarise themselves with the new requirements and update their Members' Declaration form following circulation of revised guidance about the new provisions in the Members' Code of Conduct.
18. We **recommend** to the Court of Common Council, for approval and implementation as of 1<sup>st</sup> January 2015, the revised Members' Code of Conduct incorporating a number of additional categories which would require Members to register a broader range of non-pecuniary interests. We further **recommend** the introduction of a mandatory registration regime for gifts and hospitality with a value of £100 or more, or multiple gifts and/or instances of hospitality with a cumulative value of £200 when received from a single donor within a rolling twelve month period, as set out in Appendix 1.

**Appendices:**

- Appendix 1 - Revised Members' Code of Conduct incorporating revisions approved by the Standards Committee on 6<sup>th</sup> October 2014 and The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012.

**Background Papers:**

- Minutes of the meeting of the Standards Committee, 11<sup>th</sup> September 2014.

All of which we submit to the judgement of this Honourable Court.

DATED this 6<sup>th</sup> October 2014.

SIGNED on behalf of the Committee.

**Charles Edward Lord OBE, JP  
Chairman**

PROPOSED REVISED CODE



**CODE OF CONDUCT FOR MEMBERS IN RESPECT OF THE CITY OF LONDON CORPORATION'S LOCAL AUTHORITY, POLICE AUTHORITY AND NON-LOCAL AUTHORITY FUNCTIONS**

1. You are a member of the City of London Corporation ("the Corporation") or a member of a committee of the Corporation (in this Code collectively referred to as a "Member") and hence you shall have regard to the Seven Principles of Public Life –
  - a) **SELFLESSNESS:** Holders of public office should act solely in the public interest and should never improperly confer an advantage or disadvantage on any person or act to gain financial or other material benefits for themselves, their family, a friend or close associate.
  - b) **INTEGRITY:** Holders of public office should not place themselves under a financial or other obligation to outside individuals or organisations that might seek to influence them in the performance of their official duties. NB - This Principle applies only to conduct by a Member in their capacity as a Member which may foreseeably lead to the Member being subjected to inappropriate influence in the performance of their duties. It does not apply to contracts of employment, service or other formal and informal business relationships entered into by Members in their private capacities and which are dealt with by the rules on disclosable pecuniary and non-pecuniary interests.
  - c) **OBJECTIVITY:** When carrying out public duties, such as making public appointments, awarding contracts or recommending individuals for rewards or benefits, holders of public office should make all choices on merit.
  - d) **ACCOUNTABILITY:** Holders of public office are accountable for their decisions to the public and should co-operate fully with whatever scrutiny is appropriate to their office.
  - e) **OPENNESS:** Holders of public office should be as open as possible about their decisions and actions and the decisions and actions of their authority and should be prepared to give reasons for those decisions and actions.

- f) **HONESTY:** Holders of public office have a duty to declare any private interests that relate to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.
  - g) **LEADERSHIP:** Holders of public office should promote and support high standards of conduct when serving in their public post, in particular as characterised by the above requirements, by leadership and example.
2. As a Member your conduct shall in particular address the Seven Principles of Public Life by:
- a) Championing the public interest, taking into account the needs of your constituents, including those that did not vote for you, and the community as a whole.
  - b) Dealing with representations or enquiries from residents, City voters, members of our communities and visitors fairly, appropriately and impartially.
  - c) Not allowing other pressures, including the financial interests of yourself or others connected to you, to deter you from pursuing constituents' casework, the interests of the Corporation or the good governance of the Corporation in a proper manner.
  - d) Exercising independent judgement and not compromising your position by allowing individuals or organisations to improperly influence you in the performance of your official duties by means of any financial or other obligations.
  - e) Listening to the interests of all parties, including relevant advice from statutory and other professional officers, taking all relevant information into consideration, remaining objective and making decisions on merit.
  - f) Being accountable for your decisions and co-operating when scrutinised internally and externally, including by constituents.
  - g) Contributing to making the Corporation's decision-making processes as open and transparent as possible to enable constituents to understand the reasoning behind those decisions and to be informed when holding you and other Members to account but restricting access to information when the wider public interest or the law requires it.
  - h) Behaving in accordance with all of the Corporation's legal obligations, alongside any requirements contained within the Corporation's policies, protocols or procedures, including on the use of the Corporation's resources.
  - i) Ensuring that, when using or authorising the use by others of the resources of the Corporation, such resources are not used improperly for political

purposes (including party political purposes) and having regard to any applicable Local Authority Code of Publicity made under the Local Government Act 1986.

- j) Valuing your colleagues and officers of the Corporation and engaging with them in an appropriate manner and one that underpins the mutual respect that is essential to good local governance.
- k) Always treating people with respect, including the organisations and constituents that you engage with and those that you work alongside.
- l) Registering and declaring any private interests, both pecuniary and non-pecuniary, that relate to your public duties in a manner conforming with the procedures set out below.
- m) Providing leadership through behaving in accordance with these principles when championing the interests of constituents with other organisations as well as within the Corporation.

### **Registering and declaring pecuniary and non-pecuniary interests**

3. You must, within 28 days of taking office as a Member, notify the Town Clerk (on behalf of the Corporation's Monitoring Officer) of any disclosable pecuniary interest as defined by regulations made by the Secretary of State, where the pecuniary interest is yours, your spouse's or civil partner's, or is the pecuniary interest of somebody with whom you are living with as a husband or wife, or as if you were civil partners, together with any non-pecuniary interests of yours described in paragraph 7 below and thereafter maintain an up to date register of any such interests.
4. The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 (Appendix 1) currently define disclosable pecuniary interests under the following categories:
  - a) Employment, office, trade, profession or vocation
  - b) Sponsorship
  - c) Contracts
  - d) Land
  - e) Licences
  - f) Corporate tenancies
  - g) Securities
5. Where you believe you have a sensitive interest<sup>1</sup>, you should apply to the Monitoring Officer (via the Town Clerk) for exemption from the requirement that details of the interest be published and made available for inspection.

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<sup>1</sup> A 'sensitive interest' is described in the Localism Act 2011 as a member or co-opted member of an authority having an interest, and the nature of the interest being such that the member or co-opted member, and the authority's monitoring officer, consider that disclosure of the details of the interest could lead to the member or co-opted member, or a person connected with the member or co-opted member, being subject to violence or intimidation.



6. In addition, you must, within 28 days of taking office as a Member, and thereafter on an ongoing basis, notify the Corporation's Monitoring Officer (via the Town Clerk) of any other pecuniary or non-pecuniary interest which you consider should be included on your Members' Declaration form if you are to fulfil your duty to act in conformity with the Seven Principles of Public Life.
7. In any event you are required to disclose your membership of any:
  - (a) Management board or similar organ of any charity or body directed to a charitable purpose (e.g. a trustee or director) but excluding any charity or other such body administered by the Corporation
  - (b) Club or Society active in the City of London or which relates to any functions of the Corporation
  - (c) Fraternal or Sororal Societies
  - (d) Livery Company, City Company without Livery, Guild or Company seeking Livery
  - (e) Political Party
  - (f) Organisation, one of whose principal purposes includes the influence of public opinion or policy, and which is likely to seek to affect the policy of the Corporation or which may have an impact on its services or stakeholders
  - (g) Professional Association
  - (h) Trade Association
  - (i) Trade Union
  - (j) Management board or similar organ of any organisation not falling within paragraph 3 or sub-paragraphs (a)-(i) above.
8. You must also notify the Corporation's Monitoring Officer (via the Town Clerk) of any gift or hospitality received by you as a Member with a value of £100 or more, or multiple gifts and/or instances of hospitality with a cumulative value of £200 or more when received from a single donor within a rolling twelve month period. Such notification must be made within 28 days of receipt, or within 28 days of reaching the cumulative threshold, as appropriate.
9. Special provision shall be made for the Lord Mayor and other holders of special offices in relation to the registration of gifts and hospitality to be set out in Guidance to be issued by the Standards Committee.
10. Entries shall be retained in the register of gifts and hospitality for three years – older entries will be removed.
11. If an interest has not been entered onto the Corporation's register, then the Member must disclose the interest to any meeting of the Corporation at which they are present, where they have a disclosable interest in any matter being considered and where the matter is not a 'sensitive interest'<sup>1</sup>.

12. Following any disclosure of an interest not on the Corporation's register or the subject of pending notification<sup>2</sup>, you must notify the Monitoring Officer (via the Town Clerk) of the interest within 28 days beginning with the date of disclosure.
13. Unless dispensation has been granted, you may not participate in any discussion of, vote on, or discharge any function related to any matter in which you have a pecuniary interest as defined by regulations made by the Secretary of State.
14. Your participation in any item of business:
  - a) in which you have any other interest; or
  - b) that affects a donor from whom you have received any gift or hospitality;that is registered, or ought to be registered as set out above, will need to be considered by you on a case by case basis. You will only be expected to exclude yourself from speaking or voting in exceptional circumstances, for example where there is a real danger of bias.
15. If in doubt about any of the above matters you are encouraged to seek advice from the Town Clerk or the Corporation's Monitoring Officer.

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<sup>2</sup> This is where an interest has been notified to the Monitoring Officer but has not yet been entered on the register.

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# APPENDIX 1

## STATUTORY INSTRUMENTS

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**2012 No. 1464**

### **LOCAL GOVERNMENT, ENGLAND**

#### **The Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012**

<i>Made</i>	- - - -	<i>6th June 2012</i>
<i>Laid before Parliament</i>		<i>8th June 2012</i>
<i>Coming into force</i>	- -	<i>1st July 2012</i>

1. The Secretary of State, in exercise of the powers conferred by sections 30(3) and 235(2) of the Localism Act 2011<sup>(3)</sup>, makes the following Regulations.

#### **Citation, commencement and interpretation**

—(1) These Regulations may be cited as the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 and shall come into force on 1st July 2012.

In these regulations—

“the Act” means the Localism Act 2011;

“body in which the relevant person has a beneficial interest” means a firm in which the relevant person is a partner or a body corporate of which the relevant person is a director, or in the securities of which the relevant person has a beneficial interest;

“director” includes a member of the committee of management of an industrial and provident society;

“land” excludes an easement, servitude, interest or right in or over land which does not carry with it a right for the relevant person (alone or jointly with another) to occupy the land or to receive income;

“M” means a member of a relevant authority;

“member” includes a co-opted member;

“relevant authority” means the authority of which M is a member;

“relevant period” means the period of 12 months ending with the day on which M gives a notification for the purposes of section 30(1) or section 31(7), as the case may be, of the Act;

“relevant person” means M or any other person referred to in section 30(3)(b) of the Act;

“securities” means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000<sup>(4)</sup> and other securities of any description, other than money deposited with a building society.

#### **Specified pecuniary interests**

The pecuniary interests which are specified for the purposes of Chapter 7 of Part 1 of the Act are the interests specified in the second column of the Schedule to these Regulations.

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<sup>(3)</sup> 2011 c.20.

<sup>(4)</sup> 2000 c. 8.

• SCHEDULE

Regulation 2

<i>Subject</i>	<i>Prescribed description</i>
3) Employment, office, trade, profession or vocation	4) Any employment, office, trade, profession or vocation carried on for profit or gain.
5) Sponsorship	6) Any payment or provision of any other financial benefit (other than from the relevant authority) made or provided within the relevant period in respect of any expenses incurred by M in carrying out duties as a member, or towards the election expenses of M. 7) This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992 <sup>(5)</sup> .
8) Contracts	9) Any contract which is made between the relevant person (or a body in which the relevant person has a beneficial interest) and the relevant authority— 10) (a) under which goods or services are to be provided or works are to be executed; and 11) (b) which has not been fully discharged.
12) Land	13) Any beneficial interest in land which is within the area of the relevant authority.
14) Licences	15) Any licence (alone or jointly with others) to occupy land in the area of the relevant authority for a month or longer.
16) Corporate tenancies	17) Any tenancy where (to M's knowledge)— 18) (a) the landlord is the relevant authority; and 19) (b) the tenant is a body in which the relevant person has a beneficial interest.
20) Securities	21) Any beneficial interest in securities of a body where— 22) (a) that body (to M's knowledge) has a place of business or land in the area of the relevant authority; and 23) (b) either—  24) (i) the total nominal value of the securities exceeds £25,000 or one hundredth of the total

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<sup>(5)</sup> 1992 c. 52.

issued share capital of that body; or

25) (ii) if the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which the relevant person has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

#### **EXPLANATORY NOTE**

*(This note is not part of the Regulations)*

Section 30 of the Localism Act 2011 provides that a member or co-opted member of a relevant authority as defined in section 27(6) of the Localism Act 2011, on taking office and in the circumstances set out in section 31, must notify the authority's monitoring officer of any disclosable pecuniary interest which that person has at the time of notification. These Regulations specify what is a pecuniary interest. Section 30(3) of the Act sets out the circumstances in which such an interest is a disclosable interest.

A full impact assessment has not been produced for these Regulations as no impact on the private or voluntary sectors is foreseen.