

Southend-on-Sea Borough Council

Agenda
Item No.

Report of Corporate Director for Corporate Services

to
Cabinet
on

5th January 2016

Report prepared by Meryl Harry,
HR Business Partner

Revised Employee Code of Conduct

Executive Councillor: Councillor Gilbert
Part 1 (Public Agenda Item)

1. Purpose of Report

To recommend approval of a revised Employee Code of Conduct and 6 new HR policies.

2. Recommendations

- (a) To recommend to Council that the new Employee Code of Conduct at **Appendix 1** be introduced and that Part 5(c) of the Constitution be amended accordingly.
- (b) To recommend to Council that the following consequential change is made to Council Procedure Rule 21 and Part 4(a) of the Constitution be amended accordingly:

“The Council’s Head of People and Policy shall keep a central electronic register of all declarations of interest by employees pursuant to the Employee Code of Conduct in Part 5(c) and this will include any disclosure by officers of interests in contracts under S.117 of the Local Government Act 1972. The central electronic register will be open to public inspection in respect of the entries of the Chief Officers”.
- (c) To agree the suite of 6 new HR policies set out in **Appendix 2** which are needed to fill identified gaps in the Council’s HR policy framework to support the revised Employee Code of Conduct.

3. Background

- 3.1 A code of conduct for local government employees should provide staff with an effective ethical framework within which to work. In addition it should give our citizens confidence that Council employees are working on their behalf in an appropriate manner.

- 3.2 For some time it has been acknowledged that the Council's Employee Code of Conduct in Part 5 (c) of the Constitution needs to be updated.
- 3.3 In the past, the Government proposed to introduce a National Employee Code of Conduct but no longer proposes to do so. Therefore, it has been necessary for the Council to revise its own Employee Code of Conduct in order to progress this issue and the revised Code is attached at **Appendix 1**.
- 3.4 There are two areas which have received particular attention in preparing the revised Employee Code of Conduct. Firstly, how the Council will manage staff declarations of interest going forward (see 3.5 and 3.6 below), and, secondly, the introduction of a number of new HR policies to fill identified gaps in the Council's HR policy framework (see 3.7 below).
- 3.5 Declaration of Interests by Employees: Current Council position.
- (a) Section 117 of the Local Government Act 1972 requires Council officers to notify the Authority in writing if they have a direct or indirect financial interest in any contract with the Authority or under consideration by the Council. Council Procedure Rule 21 provides that the Chief Executive shall record in a book kept for the purpose particulars of any notice given by an officer under S.117.
 - (b) Various Departmental declarations of interest are required, for example:
 - (i) Fraud staff complete an annual Ethical Governance Statement Declaration.
 - (ii) Housing Benefits staff complete a form annually declaring family or close friends in the Borough where it would be inappropriate to access their data.
 - (c) At one time there was also a purely voluntary register where staff could record membership of organisations, but this is now obsolete.
 - (d) Annual Declaration of Related Party Transactions.

The Council's Annual Accounts have to include a number of prescribed disclosure notes. A note is required to disclose any transactions involving the Council and related parties. Related parties include Members and Chief Officers. In order to comply with this obligation the Head of Finance and Resources sends an annual declaration form to Members and Chief Officers to complete.

3.6 Declaration of Interests by Employees – the proposed way forward

One option would be to simply tidy up the current arrangements.

However in line with the Southend Way, to be more business-like, to ensure greater transparency, and to minimise the risk of inappropriate staff behaviour bringing the Council into disrepute, the proposal is to require employees to formally declare any potential or actual conflict of interest on a regular basis.

This new obligation is reflected in the revised Employee Code of Conduct at **Appendix 1** and in the supporting HR Policy on “Declarations of Interests” in **Appendix 2**.

Declarations made by staff will be held in a central electronic register maintained and monitored by the Head of People and Policy. This register will also constitute the register required under S.117 of the Local Government Act 1972; accordingly a minor change is required to Council Procedure Rule 21 as set out in the recommendations.

The central electronic register will be open to public inspection in respect of the entries of the Chief Officers.

The Annual Declaration of Related Party Transactions (referred to in 3.5(d)) is a separate obligation upon Chief Officers and Members and it is not proposed to amend these arrangements.

3.7 As part of the work involved in revising the Employee Code of Conduct, a number of gaps in the Council’s supporting HR policy framework were identified, as follows:

- (a) Declaration of Interests Policy
- (b) Gifts and Hospitality Policy
- (c) Close Personal Relationships Policy
- (d) Politically Restricted Posts Policy
- (e) Outside Work Policy (paid or unpaid work in addition to employees role at SBC)
- (f) Social Media Policy

The issues around Declaration of Interests (a) are set out in 3.5 and 3.6 above.

With regards gifts and hospitality (b), there is limited guidance contained in Section 11 of the existing Employee Code of Conduct, but practice across the Council is inconsistent and more detailed guidance is required. The proposal is that the current paper based register recording gifts and hospitality received or offered, will be replaced by a central electronic register of Gifts and Hospitality maintained and monitored by the Head of People and Policy in conjunction with the Declarations of Interests Register referred to in 3.6.

With regards Close Personal Relationships (c), there is a requirement to declare relationships with serving members of staff on the application form for work with the Council, however further guidance is required.

With regards Politically Restricted Posts and Outside Work (d) and (e), guidance in these areas is insufficient, and is currently limited to a paragraph in the contract of employment for each issue.

With regards to Social Media (f), there is currently no HR supporting framework in place so a policy is required. Appropriate wording has also been introduced into the combined Grievance and Dignity at work policy, and will be incorporated into the Disciplinary Code when it is next reviewed.

Set out in **Appendix 2** are the new policies referred to in (a) – (f) above.

- 3.8 The trade unions have been consulted on the revised Employee Code of Conduct and the 6 new HR policies. They acknowledged the need for a revised Code, along with the need for greater clarity in certain areas about what is expected of staff with regards acceptable conduct.

4. Other Options

To introduce a revised Employee Code of Conduct and supporting HR Policies in a different format.

5. Reasons for Recommendations

To ensure that the Council has an up to date Employee Code of Conduct with supporting HR Policies that are fit for purpose.

6. Corporate Implications

6.1 Contribution to Council's Vision & Corporate Priorities

- Provides a framework to ensure all staff are aware of their own responsibilities with regards their conduct.
- Provides a framework to ensure all staff are aware of their own responsibilities for ensuring ethical governance and counter fraud initiatives.

6.2 Financial Implications

There will be some cost to establishing and maintaining the more comprehensive registers proposed.

It is anticipated such costs can be minimised by adapting the in house Agresso system for this purpose.

Development costs could be avoided if the process was to be managed through a paper based process, but, this would be cumbersome and time consuming. It

would also be almost impossible to monitor and report upon without considerable central resource being allocated to this task on an on-going basis.

6.3 Legal Implications

Council officers hold office on such reasonable terms and conditions as the Council thinks fit. Provided relevant formalities are complied with and there is appropriate consultation, the revised Employee Code of Conduct and supporting HR Policies can be introduced.

6.4 People Implications

Employees will need to comply with the new requirements in the revised Employee Code of Conduct and supporting HR Policies.

6.5 Property Implications

None

6.6 Consultation

The recognised Trade Unions have been consulted about these proposals and details of their response is set out in Section 3.8.

6.7 Equalities and Diversity Implications

An equalities impact assessment has been undertaken and no significant issues have been identified.

6.8 Risk Assessment

There is a risk of reputational damage to the Council, and of costs being incurred by the Council defending claims of unfair dismissal or corruption should employees behave inappropriately due to a lack of awareness of their responsibilities.

6.9 Value for Money

Implementing this framework will ensure staff are aware of their responsibilities, and will therefore reduce the risk of costly litigation and reputational damage defending claims of unfair dismissal or corruption.

6.10 Community Safety Implications

None

6.11 Environmental Impact

None

6. Background Papers

Current Employee Code of Conduct contained in Part 5(c) of the Constitution

7. Appendices

Appendix 1 – Draft Revised Employee Code of Conduct

Appendix 2 – 6 new supporting HR policies