

**TITLE OF REPORT: ITEM REFERRED FROM FINANCE, AUDIT AND RISK COMMITTEE: 24 SEPTEMBER 2015 – MANAGING ORGANISATIONAL CONFLICTS IN COUNCIL ROLES AND DUTIES – DRAFT GUIDANCE**

**26. MANAGING ORGANISATIONAL CONFLICTS IN COUNCIL ROLES AND DUTIES**

The Acting Senior Lawyer presented a report in respect of managing organisational conflicts in Council roles and duties.

The Acting Senior Lawyer advised that the National Audit Office (NAO) had produced a report on “Conflicts of interest” in the public sector in January 2015. It set out what a conflict was, what risks were attached to conflicts, and how and when they occurred in public life. The report covered the wider issues of direct, indirect, financial, non-financial, personal - as well as organisational conflicts. It nevertheless identified over-arching good practice recommendations – which, in the NAO’s terminology, should be in place for prevention, detection and response.

It was noted that, as a minimum, the NAO recommendation was that there should be a **“system to identify and manage conflicts of interest rather than to eliminate them.. Rules should be clear and robust but not overly prescriptive or complex”**. As there was currently no formal approach as to how the Council managed the issue of organisational conflict, some (hopefully) straightforward Guidance had been provided to address the NAO’s recommendations.

The Acting Senior Lawyer stated that over the last few years a conflict situation had been identified in certain large scale projects – such as Churchgate and the District Wide Museum and this had been specifically managed with separation of officer / Member roles. The Council did not, however, currently have formal general guidance. The aim of the Guidance set out in Appendix A to the report was therefore to assist in identifying conflicts in the Council’s organisational roles and duties, offered tools to manage them when they arose – as well as instigating methods to monitor the issue. It set out a simple approach to identify, discuss, deal with and document the process. The emphasis was an initial manager controlled / Member identification stage. The Monitoring Officer / Risk Manager may be involved if required. Issues could then be discussed and proportionate management tools used if a conflict had arisen. The aim was not to be prescriptive, as this was Guidance and, if there was an issue, it did not advocate using all the management tools in Section 4 to deal with this situation.

The Acting Senior Lawyer explained that, in presenting the Guidance in this way, there was recognition of the changes in local government and how this had/ would impact on working practice. The trend had been (and continued to be) increasing rationalisation of the workforce – with flatter organisational structures, shared services and different models/ vehicles for delivering Council services and increasing commercialisation. This could and had led to Officers and Members dealing with multiple, sometimes conflicting, roles where responsibility and accountability were not always clear-cut. The variety of arrangements in local government meant there was no current “one size fits all” model Guidance or Code to follow for such organisational conflict situations. The Guidance appended to the report was therefore not based on any particular model – but on an amalgamation of good practice approaches in both private and government practice, as adapted to NHDC. At this stage it was not clear if this was a wider issue and mechanisms would be introduced to consider this at the outset of a project and annually via the Assurance Statement provided by Heads of Service.

In response to Members' questions, the Acting Senior Lawyer stressed that the Guidance was a management tool to be used as and when required. The Strategic Director of Finance, Policy and Governance confirmed that the Guidance was effectively a formalising of the custom and practice already operated by NHDC in situations where a clear demarcation had to be drawn between conflicting organisational roles.

The Acting Senior Lawyer stated that the document was a starting point, but that in time it could develop into a Policy document, should Members consider that to be appropriate. She confirmed that it related to operational issues, as there were other Member and Employee codes which dealt with personal conflicts and behavioural issues.

The Committee was broadly supportive of the document, but requested the Acting Senior Lawyer to include some additional wording to emphasise the fact that the various management tools in the document were not mandatory in all cases, but rather that only those considered appropriate should be used on a case by case basis. In addition, the Committee felt that "Crossing the divide" bullet point in Section 4 of the document should be expanded to clarify the meaning of that particular bullet point.

**RECOMMENDED TO CABINET:** That, subject to inclusion of some additional wording to strengthen the document, the draft Guidance on Managing Conflicts in Council Roles and Duties, as attached at Appendix A to the report, be approved.

**REASON FOR DECISION:** To promote and ensure good governance within the Council.

**[NOTE: The report to which this referral relates is Item 11 on this agenda.]**