

COUNCIL

29 January 2026

***PART 1 – PUBLIC DOCUMENT**

TITLE OF REPORT: ADOPTION OF UPDATED GUIDANCE TO COUNCILLORS ON OUTSIDE BODIES

REPORT OF: DIRECTOR: GOVERNANCE / MONITORING OFFICER

COUNCIL PRIORITY: RESPONSIBLE GROWTH

1. EXECUTIVE SUMMARY

To provide Members with an updated guidance document on the duties, obligations and liabilities that Councillor's will have if they are appointed to (or are on) an outside body, highlighting the main changes to the previous guidance.

2. RECOMMENDATIONS

It is recommended that

2.1. The Full Council approve and adopt the updated guidance for Councillors

3. REASONS FOR RECOMMENDATIONS

3.1. The Council's current guidance to Councillors on Outside Bodies was last updated in 2016.

3.2. A full review of the guidance to Councillors on outside bodies has been necessary to ensure:

- Councillors are aware of their liabilities based on the type of organisation which they are appointed to and the risks associated with these appointments both to the Councillor and the Council.
- That the guidance available to Councillors aligns with the updated statutory position and also best practice.

4. ALTERNATIVE OPTIONS CONSIDERED

4.1. None: The previous policy had not been reviewed or updated since June 2016.

5. CONSULTATION WITH RELEVANT MEMBERS AND EXTERNAL ORGANISATIONS

5.1. None

6. FORWARD PLAN

6.1 This report does not contain a recommendation on a key Executive decision and has therefore not been referred to in the Forward Plan.

7. BACKGROUND

7.1. Outside bodies are external organisations which have a separate governance structure to the Council. Appointments to outside bodies can be an important mechanism for community leadership, partnership, joint working and knowledge and information sharing.

7.2. Some appointments to outside bodies are made because of a statutory or legal requirement to appoint one or more Councillors to them. In other cases, the constitution of outside bodies requires a Councillor to be appointed and can occasionally require that the Councillor appointed to them must come from the majority political group of the Council. It may also be the position that some outside bodies require representation from wards or are political appointments usually relating to the governmental nature of a body.

7.3. However, most appointments to outside bodies are discretionary, and take into consideration how representation on them adds value in terms of contributing towards the Council's priorities and strategic objectives.

7.4. The benefit of the Council appointing members to outside bodies is that it provides support to the organisation concerned, enables councillors to fulfil their community leadership roles and enables appropriate monitoring of community bodies. Councillors appointed to outside bodies can work with and alongside local community groups, helping to empower them in terms of addressing local issues and delivering sustainable solutions.

7.5. Appointments to outside bodies also enhance Councillors' representative and community leadership roles. Councillor representation also enables positive influence on the effectiveness of an organisation for the benefit of the wider community.

7.6. Different duties and responsibilities will apply depending on the individual Councillor's role on the outside body.

7.7. Councillors appointed to outside bodies need to be clear as to whether their duty is to the Council or to the outside body and will need to identify any potential conflicts of interest and seek advice where this situation presents itself.

7.8. Given the length of time since the review of the guidance, it is fundamental to ensure that the statutory position and references to the legislation remain accurate.

8. RELEVANT CONSIDERATIONS

8.1 In recent years, Local Authorities have pressed the importance of understanding the markets that we are operating in, understanding and managing risks. Whilst the appointment to outside bodies can lead to increased community cohesion some councils have run into difficulties arising out of exposing themselves to significant risk.

- 8.2 Whilst this is not the case across the whole sector, the appointment of Councillors to outside bodies, without fully empowering Councillors to understand the risks in their appointment, could impact the sector's commercial reputation and on the reputation of the individual authority.
- 8.3 It is therefore fundamental that Councillors understand their obligations when appointed to outside bodies particularly around the liabilities they carry aswell as the limitation of the Council in indemnifying their actions.

Changes from the previous guidance

- 8.4 It is important to note that there have been no fundamental changes to the approach adopted by the Council and the updates are limited to the explanatory nature, tone and clarity of the document so that it is now easier to read and digest.
- 8.5 In particular, the following points have been expanded and clarified:

General:

The initial part of the guidance has been overhauled in its entirety to reflect clearly:

- the three most common types of outside body,
- the most common types of roles under each of these outside body and
- the corresponding liabilities.

- 8.6 All reference to officer appointments on outside bodies has been removed for brevity and clarity.

Conflicts of Interest:

- 8.7 The conflicts of interest section identifies the need for Councillors to be diligent around identifying potential conflicts opposed to limited themselves to actual conflicts. It also in sets out practical examples of when a conflict may arise even though the Council and the outside body have the same overall aims and objectives Councillors cannot assume that their interests will always be the same.

- 8.8 Conflicts of interest may arise if:

- the Council is selling, donating or leasing land to the company.
- the company and the council are negotiating a contract with each other.
- the company is seeking funding from the council.
- there is a dispute between the company and the council.
- the company is tendering or negotiating to provide goods, services or works to the Council.

8.9 It also provides Councillors with the steps that should be taken when a conflict is identified.

Indemnity provisions:

8.10 The guidance now clarifies the position around statutory immunity which is limited to occasions when a Councillor is acting within the course of their role and the occasions that this may be expanded by the Council such as:

- the appointment was approved by the NHDC and/or
- the nomination was made by the Council, and
- the appointment was specifically approved for the purpose of the indemnity.

9. LEGAL IMPLICATIONS

9.1. The Council appoints annually to a wide range of diverse outside bodies. Such appointments may be made under the general power in the Local Government Act 2000 which allows the Council to do anything which is likely to promote the economic, social or environmental wellbeing of the area, unless specifically prohibited.

9.2. Members are under a specific obligation as a result of the 1995 Local Authorities (Companies) Order to report back to Council on their involvement in outside companies to which they have been nominated by the Council.

9.3. The proposals of this report have been taken to Standards in accordance with the governance arrangements of the constitution. Pursuant to Section 7 of the Constitution and in particular paragraph 7.5.10, the Terms of Reference of the Standards Committee will have the following roles and functions:

'to advise the Council upon the contents of and requirements for ethical codes/protocols/other procedures relating to standards of conduct throughout the Council, including existing or new, with remit to adopt or recommend adoption (where in the latter case this is reserved to another decision making body), including annual review of the Whistleblowing Policy and arrangements'

Further Section 4 sets out that only Full Council will be responsible for '*adopting and amending the Authority's Code of Conduct for members and other codes and protocols comprising the ethical framework.*' This guidance falls within the remit of this responsibility.

10. FINANCIAL IMPLICATIONS

10.1 There are no capital or revenue implications arising from this report at this stage.

11. RISK IMPLICATIONS

11.1. Good Risk Management supports and enhances the decision-making process, increasing the likelihood of the Council meeting its objectives and enabling it to respond quickly and effectively to change. When taking decisions, risks and opportunities must be considered.

- 11.2. Appropriate guidance frameworks help to ensure good governance of the Council and therefore reduce risk of poor practice or unsafe decision making.

12. EQUALITIES IMPLICATIONS

- 12.1. In line with the Public Sector Equality Duty, public bodies must, in the exercise of their functions, give due regard to the need to eliminate discrimination, harassment, victimisation, to advance equality of opportunity and foster good relations between those who share a protected characteristic and those who do not.
- 12.2. There are no equalities implications associated with this report.

13. SOCIAL VALUE IMPLICATIONS

- 13.1. The Social Value Act and “go local” requirements do not apply to this report.

14. ENVIRONMENTAL IMPLICATIONS

- 14.1. There are no known Environmental impacts or requirements that apply to this report

15. HUMAN RESOURCE IMPLICATIONS

- 15.1 There will be no impact.

16. APPENDICES

- 16.1 Appendix A – Updated Guidance to Councillors on Outside Bodies

17. CONTACT OFFICERS

- 17.1 Isabelle Alajooz: Director of Governance and Monitoring Officer
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18. BACKGROUND PAPERS

- 18.1 None.