

Personnel Committee

12 March 2026



Reading
Borough Council
Working better with you

Title	Conflict of Interest - Policy
Purpose of the report	To note the report for information
Report status	Public report
Report author	Kathryn Cook – Director of Human Resources and Organisational Development
Lead Councillor	Cllr Ellie Emberson – Lead Councillor for Corporate Services and Resources
Corporate priority	Our Foundations
Recommendations	That Personnel Committee notes the creation of a standalone Conflict of Interest policy building on the current provisions in the Code of Conduct, to reflect recent legislative changes.

1. Executive Summary

- 1.1 The Council's employment policies are regularly reviewed to ensure they remain current, accessible, and aligned with best practice. This report introduces a standalone Conflict of Interest Policy developed in response to the recently introduced Failure to Prevent Fraud offence, under which the Council may be held criminally liable if it fails to prevent fraud committed by employees or associated persons.
- 1.2 The new policy strengthens governance arrangements by introducing mandatory annual Declarations of Interest for all staff, including the submission of a nil return where no interests exist, together with a renewed requirement for staff to update their declaration immediately if circumstances change. These measures ensure that the Council maintains a complete and accurate register of interests, enhances transparency, and provides clear evidence of proactive compliance with legislative and audit expectations.

2. Policy Context

- 2.1 Good employment policies should support a culture based on trust, fairness, and inclusion. They can also speed the decision-making process by ensuring that clear guidance is readily available to cover a range of employment issues. Further, they can assist in avoiding employment tribunal claims by providing guidance for managers that reflects accurately current employment law and good practice. It is therefore important that employment policies are clear, easy to understand and through regular review remain current.
- 2.2 ACAS Codes of Practice give authoritative advice in key areas of employment practice. A failure to follow the Code does not make a person or organisation liable to proceedings. However, employment tribunals will take the Code into account when considering relevant cases. Tribunals will also be able to adjust any awards made in relevant cases by up to 25% for unreasonable failure to comply with any provision of the Code (by an employer or an employee).

3. The Proposal

- 3.1 Under the Failure to Prevent Fraud offence (introduced 1 September 2025), the Council may be held criminally liable if it fails to prevent fraud committed by employees or associated persons, unless it can demonstrate that reasonable and proportionate fraud prevention procedures are in place. This includes having clear governance frameworks, effective monitoring, and documented controls, to mitigate the risk of prosecution and reputational damage.
- 3.2 A key area of concern has been the management of employee conflicts of interest. Currently, staff Declarations of Interest (DOI) are not renewed annually. This creates a risk that new business interests, secondary employment, or personal relationships may go undisclosed, leaving the council exposed to allegations of bias or impropriety. Without regular updates, it becomes difficult to evidence compliance with statutory requirements and to defend decisions if challenged.
- 3.3 To address this, we have created a standalone Conflict of Interest Policy (building on current expectations in the Code of Conduct) to reflect our obligations under the Failure to Prevent Fraud offence. Declaration of Interest submissions will be mandatory on an annual basis for all staff, regardless of whether circumstances have changed. Staff will also be required to update their declaration immediately if a new interest arises. This will enable RBC to demonstrate proactive compliance with the new legislation, strengthen transparency, and reduce RBC's exposure to fraud, corruption, and procurement risks. It will also create a clear audit trail, evidencing that the council has taken reasonable steps to prevent conflicts and misconduct, thereby protecting both staff and the organisation.
- 3.4 The Conflict of Interest Policy has been drafted to reflect these changes - building on the current Code of Conduct (Appendix 1). Process changes will be made upon Personnel Committee approval of the Policy and a communications campaign is under development to ensure its implementation.

4. Contribution to Strategic Aims

Revised HR policies help to ensure that the Council can meet its legal obligations and Corporate Plan priorities, specifically in this instance. ensuring that the Council is fit for the future.

5. Environmental and Climate Implications

There are no environmental or climate change implications

6. Community Engagement

Not applicable.

7. Equality Implication

This policy applies to all Council employees, casual and temporary staff, agency workers, contractors, consultants, and those working on behalf of the Council. As it introduces consistent requirements for the declaration and management of interests across the entire workforce, it does not create any differential or disproportionate impact on individuals with protected characteristics. The policy therefore has no direct equality implications, and its universal application supports fairness, transparency, and consistent organisational standards.

8. Legal Implications

Certain employment policies and procedures are specifically needed to comply with legal requirements, for example, a written health and safety policy. Even where a policy or procedure is not specifically required by law, employers often find it helpful to have a policy in place to provide clear guidance that reflects the legal framework for handling the issue in question and it also helps employees to be clear about the organisation's stance on a particular subject. The proposed policy presented in this review reflect current employment law and ACAS Codes of Practice and/or guidance where relevant.

The new Failure to Prevent Fraud offence places a legal obligation on the Council to demonstrate that reasonable and proportionate fraud-prevention procedures are in place. The creation of a standalone Conflict of Interest Policy, coupled with annual declarations and immediate updates, strengthens the Council's ability to evidence compliance and reduces legal exposure arising from undisclosed interests or improper decision-making

In addition, employees are legally required under Section 117 of the Local Government Act 1972 to declare any direct or indirect pecuniary interest in a Council contract, with failure to do so constituting a criminal offence. The revised declaration process reinforces compliance with this duty and builds a clear audit trail to support governance and legal assurance.

Taken together, the updated policy and associated processes ensure that the Council's approach to conflicts of interest is legally sound, transparent, and aligned with current statutory expectations, thereby strengthening organisational resilience and reducing potential risk of challenge.

9. Financial Implications

There are no financial implications arising from this report.

10. Background Papers

Appendix 1 – draft Conflict of Interest Policy