Audit and Governance Committee

15 July 2026

Reading Borough Council
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Title	Officer Declarations of Interest and Gifts and Hospitality
Purpose of the report	To make a decision
Report status	Public report
Statutory Officer Commissioning Report	Jayne La Grua, Director of Legal & Governance and Monitoring Officer
Report author	Jayne La Grua, Director of Legal & Governance and Monitoring Officer
Lead Councillor	Cllr Ruth McEwan, Lead Councillor for Corporate Services and Resources
Council priority	Ensure Reading Borough Council is fit for the future
Recommendations	That Audit and Governance Committee: 1. Note the Council's arrangements for dealing with Employee Conflicts of Interest and the registration of Gifts and Hospitality; 2. Agree to receive a report at its next meeting monitoring compliance with the Council's new Conflicts of Interest Policy for Employees.

1. Executive Summary

1.1. At a meeting of the Audit and Governance Committee on 21 January 2025, Committee considered a report by the Council's External Auditor and resolved that officers be asked to consider applying a more rigorous approach to registering declarations of interest and gifts and hospitality, and whether the process should include monitoring by the Audit and Governance Committee to ensure records were complete.

1.2. This report updates Committee on steps taken to introduce centralised and regularly updated registers of Officer Declarations of Interest and Gifts and Hospitality.

2. Policy Context

2.1 Policies requiring employees to declare potential conflicts of interests and the receipt or refusal of gifts and hospitality safeguard the Council's integrity by preventing, identifying, declaring, recording and managing actual, potential, or perceived conflicts of interest. They ensure that decisions are taken impartially, transparently, and in the public interest, and that officers comply with the Seven Principles of Public Life (the Nolan Principles) and relevant legislation.

3. The Proposal

3.1. The Officers' Code of Conduct, which was last reviewed by Personnel Committee on 21 November 2024, deals with employee conflicts of interest and gifts and hospitality. The Code requires employees to declare to their manager any outside interests they have, financial or otherwise, if and when an outside interest could conflict with the Council's interests or policy, or with their duties and responsibilities as an employee. A copy of the Officers' Code of Conduct is attached at **Appendix 1**.

3.2. The Council's Employee Gifts and Hospitality Policy was also reviewed by Personnel Committee on 21 November 2024. The Policy requires employees to seek approval from their line manager before accepting any offer of hospitality or a gift of more than nominal value. This must be declared by completing the appropriate form, which is filed on the Council's systems by the Human Resources team. A copy of the Employee Gifts and Hospitality Policy is attached at **Appendix 2**.

3.3. Building on the provisions of the existing Code of Conduct, a standalone Employee Conflict of Interest Policy has recently been developed and was approved at a meeting of the Personnel Committee on 12 March 2026. A copy of the Employee Conflict of Interest Policy is attached at **Appendix 3**.

3.4. The Conflict of Interest Policy has been developed in response to the new Failure to Prevent Fraud offence, which was created by section 199 of the Economic Crime and Corporate Transparency Act 2023 and came into force on 1 September 2025. Under the new offence, 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.

3.5. A key area of concern for the Council has been the management of employee conflicts of interest. Previously, staff Declarations of Interest were required upon first employment and subsequently where there was a change of circumstances, but they were not renewed annually. This created 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.

3.6. The new Employee Conflict of Interest 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 seek to ensure that the Council can demonstrate proactive compliance with the new legislation, strengthen transparency, and reduce the Council's exposure to fraud, corruption, and procurement risks. They will also create a clear audit trail, evidencing that the Council has taken reasonable steps to prevent conflicts, thereby protecting both staff and the organisation.

3.7. A communications campaign is currently underway to raise staff awareness of the new Policy and ensure its implementation.

3.8. Audit and Governance Committee is invited to receive a monitoring report at its next meeting on 24 September 2026 updating Committee on compliance with the new policy requirements.

4. Contribution to Strategic Aims

4.1. 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

5.1. There are no environmental or climate change implications.

6. Community Engagement

6.1. Not applicable.

7. Equality Implications

7.1. The Employee Conflict of Interest Policy and the Employee Gifts and Hospitality Policy apply to all Council employees, casual and temporary staff, agency workers, contractors, consultants, and those working on behalf of the Council. As the requirements are consistent across the entire workforce, the policies do not create any differential or disproportionate impact on individuals with protected characteristics. There are therefore no direct equality implications, and the universal application supports fairness, transparency, and consistent organisational standards.

8. Legal Implications

8.1. 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.

8.2. The updated Conflict of Interest 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.

8.3. 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.

8.4. It is an offence under the Bribery Act 2010 to accept a bribe (whether given directly or indirectly) as an inducement to improperly perform (or fail to perform) any act or function of a public nature. A bribe can be any financial or other advantage, but it is made clear in the statutory guidance that this is not intended to cover genuine promotional materials or corporate hospitality, for example. There must be an intention to induce the officer in their official role. Adherence to the Gifts and Hospitality Policy protects officers from inadvertently committing such an offence.

9. Financial Implications

9.1. There are no financial implications arising from this report.

10. Timetable for Implementation

10.1. Not applicable. Already in force.

11. Background Papers

11.1. In addition to the Policies mentioned in this report, the Council also maintains an Anti-Fraud, Bribery and Corruption Policy and a Whistleblowing Policy, copies of which are attached at **Appendices 4 and 5**.

Appendices

1. **Appendix 1 – Officers' Code of Conduct**
2. **Appendix 2 – Employee Gifts and Hospitality Policy**
3. **Appendix 3 – Employee Conflict of Interest Policy**
4. **Appendix 4 – Anti-Fraud, Bribery and Corruption Policy**
5. **Appendix 5 – Whistleblowing Policy**