

CODE OF CONDUCT & BEST PRACTICE

FOR THE BOARD OF

SOUTH EAST ENGLAND DEVELOPMENT
AGENCY

Introduction

1. This document sets out a Code of Conduct and Best Practice for Board members of the South East England Development Agency (SEEDA).

Public Service Values

2. SEEDA is committed to ensuring that Board members and staff:
 - observe the highest standards of **propriety, impartiality, integrity and objectivity** in relation to stewardship of public funds and management of the Agency;
 - in accordance with Government policy on **openness**, comply fully with the principles of the Citizen's Charter and the Code of Practice on Access to Government Information;
 - give proper account to Parliament, users of services, individual citizens and other regional and national interests for the activities of the Agency, its stewardship of public funds and the extent to which key performance targets and objectives have been met;
 - maximise **value for money** through ensuring that services are delivered in the most efficient and economical way, within available resources, and with independent validation of performance achieved wherever practicable.

Relationship with Central Government

3. The Secretary of State of the Department of Trade and Industry (DTI) is answerable to Parliament for the policies and performance of SEEDA, including its use of resources and the policy framework within which it operates. The respective roles of the sponsor Departments and SEEDA are set out in the Management Statement and the Financial Memorandum.

Role of the Chairman

4. The Chairman has particular responsibility for providing effective strategic leadership on matters such as:-
 - formulating the Board's strategy for discharging its statutory duties;
 - representing the views of the Board to the general public;
 - ensuring the Board, in reaching decisions, takes proper account of guidance provided by the DTI Minister and any other guidance that may be issued by other Departments;
 - encouraging high standards of propriety, promoting efficient and effective use of staff and other resources throughout the Agency; and

- providing an assessment of performance of individual Board members annually on a confidential basis, and on the request of Government when they are being considered for re-appointment to the Board or appointment to the Board of some other public body.
5. Communications between the Board of SEEDA and the Minister will normally be through the Chairman except where the Board has agreed that an individual member should act on their behalf. Nevertheless, an individual Board member has the right of access to Ministers on any matter that they believe raises important issues relating to their duties as a member of the Board. In such cases the agreement of the rest of the Board would normally be sought.
 6. The main point of contact between SEEDA and the DTI, CLG and HMT on day-to-day matters will normally be the Chief Executive and other members of staff who have been authorised to act on behalf of the Agency.
 7. The Chairman will ensure that all members of the Board, when taking up office, are fully briefed on the terms of their appointment, and on their duties and responsibilities. As and when available, they will be given a copy of this Code; the Management Statement and Financial Memorandum; the latest Corporate Plan and the Annual Report and Accounts; “The Responsibilities of a NDPB Accounting Officer” (see Appendix A), the Treasury handbook “Regularity and Propriety”, information on the Agency’s organisational structure and statutory basis of operation and the rules and procedures of the Board. Each Board Member will be given the opportunity to attend an induction course on the duties of Board Members of public bodies or some the suitable form of training related to their new responsibilities.
 8. The Chairman will ensure that the Board meets at regular intervals throughout the year and that minutes of meetings accurately record decisions taken and, where appropriate, the views of individual Board members.

Corporate responsibilities of Board members

9. SEEDA’s Board is established under the Regional Development Agencies Act 1998. The responsibilities of the Board include:-
 - establishing the overall strategic direction of the Agency within the policy and resources framework agreed with the Minister;
 - formulating a strategy for implementing the Code of Practice on Access to Government Information, including prompt response to public requests for information;
 - ensuring that the Board operates sound environmental policies and practices in accordance with Government policy and advice;

- ensuring that high standards of corporate governance are observed at all times;
 - overseeing the delivery of planned results by monitoring performance against agreed strategic objectives and targets;
 - ensuring that, in reaching decisions, the Board has taken into account any guidance issues by Ministers;
 - ensuring that the Board operates within the limits of its statutory authority; within the limits of the Board's delegated authority agreed with DTI; and in accordance with any other conditions relating to the use of public funds.
10. The Board has a corporate responsibility for all actions taken by Board Members, including any wrongful ones. This means that, if judgement is made against the Board, any financial settlement will normally be met out of the Agency's funds rather than from the personal assets of individual Board Members.

Responsibilities of Individual Board Members

11. Individual Board Members have wider responsibilities as members of the Board. At all times they will follow the Seven Principles of Public Life set out by the Committee on Standards in Public Life (the Nolan Committee) which are reproduced in Appendix B. In June 1998 the Cabinet Office also published guidance on service targets relating to the new Charter programme which outlined nine new principles of public service delivery (see Appendix C). In the light of these principles a Board member must:-
- Undertake to comply at all times with this Code (or any agreed modification of it) and with rules relating to these of public funds;
 - To act in good faith and in the best interests of SEEDA;
 - Not misuse information gained in the course of their public service for personal gain or for political purposes; nor seek to use the opportunity of public service to promote their private interests or those of connected persons, firms, businesses or other organisations; and
 - Comply with the Board's rules on the acceptance of gifts and hospitality.
12. Except for local councillors and Peers in relation to their conduct in the House of Lords, no Board Member shall occupy a paid party political post or hold particularly sensitive or high-profile unpaid roles in a political party. Board Members are free to engage in political activities, provided that they are conscious of their general public responsibilities and exercise a proper discretion, particularly in regard to the work of the Board. On matters directly affecting that work, they will not make political speeches or engage in other political activities.

13. Although any legal proceedings initiated by a third party are likely to be brought against the Board, in exceptional cases, proceedings (civil or, in certain cases, criminal) may be brought against the Chairman or other individual Board Members. For example, a Board Member may be personally liable if he or she makes a fraudulent or negligent statement that results in loss to a third party. A Board Member who misuses information gained by virtue of his or her position may be liable for breach of confidence under common law or under insider dealing legislation.
14. An individual Board Member who has acted honestly and in good faith will not have to meet out of his or her own personal resources any personal civil liability which is incurred in execution or purported execution of his or her Board function, save where the person has acted recklessly. Board members who need further advice should consult the Board's legal advisers.
15. The arrangements for appointing individual Board Members make it possible to remove him or her from office if he or she fails to perform the duties required of a Board Member to the standards expected of persons who hold public office.

Handling Conflicts of Interest

16. The Chairman and other Board Members will declare any personal or business interest that may conflict with their responsibilities as Board Members. SEEDA has drawn up this Code to ensure that such conflicts are identified at an early stage and that appropriate action can be taken to resolve them.
17. A Register of Interests of Board Members will be established and will be open for public inspection. The register will list direct or indirect pecuniary interest which members of the public might reasonably think could influence judgement. It will also include non-pecuniary interests of members that relate closely to the SEEDA's activities and interests of close family members and persons living in the same household as the Board member. (Indirect pecuniary interests arise from connections with bodies that have a direct pecuniary interest or from being a business partner of, or being employed by, a person with such an interest. Non-pecuniary interests include those arising from membership of clubs and other organisations. Close family members include personal partners, parents, children (adult and minor), brothers, sisters and the personal partners of any of these.
18. Details of how access can be obtained will be available widely and included in Annual Reports. The Register will be published annually and a summary will be made available on the Internet during 1999. Board members are required to advise the Agency Secretary of any updates needed to their entry in the Register as changes occur.
19. The rules of conduct for Board Members include the following:-

- Board Members will not participate in the discussion or determination of matters in which they have a direct pecuniary interest.
 - When an interest is not of a direct pecuniary kind, Board Members will consider whether participation in the discussion or determination of a matter would suggest a real danger of bias. This is interpreted in the sense that Board Members might unfairly regard with favour, or disfavour, the case of a party in the matter under consideration. In considering whether a real danger of bias exists in relation to a particular decision, Board Members will assess whether they, a close family member, a person living in the same household as the Board Member, or a firm, business or other organisation with which the Board Member is connected are likely to be affected more than the generality of those affected by the decision in question. This would cover, for example, a decision to invite tenders for a contract where a firm with which a Board Member was connected was significantly better placed than others to win it.
20. Where, in accordance with the above, a Board Member has disclosed an interest, the disclosure shall be recorded in the minutes of the meeting and the Board Member will take no part in the deliberation and decision with respect to that matter. Furthermore the Board Member will withdraw from the meeting and leave the room, even if it is held in public. This is because the continued presence of someone who had declared an interest might be thought likely to influence the judgement of the other Board Members present. The Board will have available to them legal advice on the effect of any statutory provisions applying to them and in relation to the interpretation of indirect pecuniary interests and non-pecuniary interests.
21. Whether or not Board Members are able, in the light of the considerations above, to participate in the discussion or determination of a matter, they will declare when practicable after a meeting begins if they have an interest, pecuniary or other, in a matter being considered. They will also disclose any interests in it, of which they are aware, on the part of close family members and persons living in the same household as the Board Member. In addition, Board Members will consider whether they need to disclose relevant interest of other persons or organisations which members of the public might reasonably think could influence the Board Members' judgement, Potential conflicts of interest may also arise outside of a Board meeting e.g. in connection with on-going consideration of a project that SEEDA is being asked to support. In such circumstances members must refrain from entering into discussion or other communication, either directly or indirectly, with the Agency concerning the matter in question.
22. Because SEEDA is required, other than exceptionally, to follow generally accepted accounting practice, Board Members will comply with the need under Financial Reporting Standard 8 for material transactions with related parties to be disclosed in financial statements. Related parties in FRS8 include close members of the family of an individual (including members of the same household) who may expected to influence, or be influenced by, that person in their dealings with the reporting entity.

23. The Board will adopt safeguards to prevent conflicts of interest arising from the acceptance of outside appointments during and after tenure as a Board Member, taking account of Government guidance in Chapter 10 of “Non- Departmental Public Bodies: A guide for Departments”.

Delegation

24. Board Members serve on a part-time basis. To the extent permitted by the originating legislation or other provisions under which the Agency is established, responsibility for day-to-day management matters is delegated so far as is practicable, within a clearly understood framework of strategic control.
25. The Board will issue internal guidance covering those matters delegated to staff and those reserved for decision by the Board. The latter include issues of corporate strategy; key strategic objectives and targets; major decisions involving the use of financial and other resources; and major decisions concerning personnel issues including the appointment and terms and conditions of the Chief Executive.
26. The Board may also decide to delegate, where it has power to do so, responsibility for specified matters to individual Members of Committees of the Board. Decisions taken by individual Members or Committees of the Board under delegated powers will be recorded in written minutes which will be available to the Board.

Strategic Planning Control

27. The board will establish the overall strategic direction of SEEDA and will have oversight of the production of a Corporate Plan. The process of preparing such a document provides an opportunity for agreeing, with the responsible Ministers, or officials on his or her behalf, the policy and resources framework within which the SEEDA will discharge its duties; and for determining its key strategic objectives and targets. Such targets cover areas such as the Agency’s financial performance; the efficiency and effectiveness of its operations; and the quality of the services it provides.

Openness and Responsiveness

28. Members of the Board are responsible for providing Parliament (including its Select Committees) and the public in full information as may be requested concerning their policy decisions and actions. They will ensure they can demonstrate that they are using resources to good effect, with propriety, and without grounds for criticism that public funds are being used for private, partisan or party political purposes. Board Members and their staff will conduct all their dealings with the public in an open and responsible way, and ensure full compliance with the principles of the Citizen’s Charter and the Code of Practice on Access to Government Information.

29. The Board will act in a manner which is consistent with the Agency's business and will recognised the need for confidentiality on commercial or other grounds where necessary, subject to the rights of Parliamentary and the Controller and Auditor General to obtain information. The Board will establish internal procedures to deal with complaints, including those on failure to provide information.

Accountability for Public Funds

30. Members of the Board have a duty to ensure that public funds - including all forms of receipts from fees, charges and other sources – and assets which have been publicly funded are properly safeguarded; and that, at all times, SEEDA conducts its operations as economically, efficiently and effectively as possible, with full regard to the relevant statutory provisions and to relevant guidance on Government Accounting.

31. Members of the Board are responsible for ensuring that SEEDA does not exceed its powers or functions, as defined in the Regional Development Agencies Act 1998 and elsewhere, or through any limitations on its authority to incur expenditure. They are advised on these matters by Chief Executive and the Agency's legal advisers.

Annual Report and Accounts

32. As part of its responsibilities for the stewardship of public funds, the Board will include a full statement of the use of such resources in its Annual Report and Accounts. Such accounts are prepared in accordance with the Accounts Direction issued by the responsible Minister and such other guidance as may be issued, from time to time, by DTI and the Treasury.

33. SEEDA aim to publish the Annual Report and Accounts as a single document and will give it appropriate publicity. The Annual Report will provide a full description of the Board's activities; states the extent to which key strategic objectives and agreed financial and other performance targets have been met; lists the names of the current members of the Board and senior staff and provides details of remuneration of Board Members and senior staff within the range of prescribed salary bands.

The role of the Chief Executive and Accounting Officer

34. The Chief Executive has responsibility, under the Board, for the overall organisation, management and staffing of the SEEDA and for its procedures in financial and other matters, including conduct and discipline. This involves the promotion by leadership and example of the values embodied in the Nolan Committee's Seven Principles of Public Life. Board Members support the Chief Executive in undertaking this responsibility.

35. The Chief Executive is designated as the Accounting Officer for the SEEDA and is responsible to Parliament and the Accounting Officer of the DTI for the resources under his/her control. The essence of the role is a personal responsibility for the propriety and regularity of the public finances for which he is answerable; for the keeping of proper accounts; for prudent and economical administration; for the avoidance of waste and extravagance and for the efficient and effective use of all the resources in his charge. The Accounting Officer has a responsibility to see that appropriate advice is tendered to the Board on all the matters. Satisfactory performance of these responsibilities is fundamental to the role of the Accounting Officer, who is liable to be examined on these matters by the Committee of the Public Accounts of the House of Commons.
36. In the event that the Board decides not to follow the Accounting Officer's advice she is obliged to take specific steps to protect his position, ultimately requiring referral to the Accounting Officer of the Department of Trade and Industry in the event that the Board decides to proceed against his advice.

Audit

37. SEEDA will establish an Audit Committee of the Board. The Committee will consist of Board Members and will be chaired by a member of the Board (other than the chairman), who has experience of financial matters.

The Board as Employer

38. The Board will ensure that it complies with all relevant employment legislation and that it employs suitably qualified staff who will discharge their responsibilities in accordance with the high standards expected of staff employed by public bodies. All staff will be familiar with SEEDA's corporate strategy, including its main aims and objectives, and the internal management and control systems that relate to their work. In filling senior staff appointments, the Board will satisfy itself that an adequate field of qualified candidates is considered, and will always consider the merits of full open competition, which will normally be used for recruitment of external candidates.
39. The Board will ensure that its members and SEEDA's staff have access to expert advice suitable training opportunities that they may require in order to exercise their responsibilities effectively.
40. The Board will ensure that SEEDA's rules for the recruitment and management of employees provide for appointment and advancement on merit on the basis of equal opportunity for all applicants and staff, and that SEEDA adopts rules of conduct for its employees which reflect the public service values set out in paragraph 2 above and management practices which will use resources in the most efficient and economical manner.

41. The Board has the responsibility to monitor the performance of the Chief Executive. Where the terms and conditions of employment of the Chief Executive include an entitlement to be considered for performance- related pay, and where such payments are assessed by the Remuneration Committee, the Board will ensure that they have access to the information and advice required to make the necessary judgements.

42. The Board will adopt a code of conduct for its staff based on Cabinet Office guidelines. The code covers arrangements enabling members of staff to raise concerns about propriety with a nominated official or Board Member of SEEDA in the first instance and subsequently, if necessary, with a nominated official in DTI. These are safeguards to prevent conflicts of interests when staff leave.