
REPORT OF THE INTERIM MONITORING OFFICER

**HOSPITALITY PROVISION AND CONFERENCE ATTENDANCE – REVIEW
OF PROCEDURES**

Reason for this Report

1. To enable the Committee to review the Council's procedures governing: (i) the provision of hospitality, gifts and benefits; and (ii) attendance at conferences, seminars and other events, in light of recommendations made by the Council's Internal Audit team, and to consider any changes necessary.

Background

2. Members and Officers of the Council owe a fiduciary duty to the citizens of Cardiff to use public resources responsibly for the purposes intended, and to work to high standards of probity. These principles are expounded in the Members and Officers' Codes of Conduct.
3. The Members' Code of Conduct says:
 - "7. You must not—*
 - (a) ...*
 - (b) use, or authorise others to use, the resources of your authority—*
 - (i) imprudently;*
 - ii) in breach of your authority's requirements;*
 - iii) unlawfully;*
 - iv) other than in a manner which is calculated to facilitate, or to be conducive to, the discharge of the functions of the authority or of the office to which you have been elected or appointed;*
 - v) improperly for political purposes; or*
 - (vi) improperly for private purposes.*
4. The Employees' Code of Conduct says:

"7. Qualifying employees of relevant Authorities must ensure that they use public funds entrusted to them in a responsible and lawful manner, and must

not utilise property, vehicles or other facilities of the Authority for personal use unless authorised to do so."

5. The receipt of gifts and hospitality is a separate issue, covered by separate provisions in the Members' and Officers' Codes of Conduct (paragraphs 9(b) and 17; and 8(2) respectively), addressing the potential for improper obligations to arise. The Members' Code of Conduct places a duty on Members to register any hospitality received which is over a threshold value set by the Council. On the recommendations of the Standards and Ethics Committee, the Council has issued guidance which sets the threshold value at £25, and requires the registration of any hospitality, gifts or other benefits received by Members or Officers with an estimated value in excess of the £25 threshold; and for Officers, the acceptance of hospitality must be authorised by a line manager at Director level or above. The Standards and Ethics Committee receives regular reports on registrations of hospitality received by Members.
6. The Council's Internal Audit team has reviewed the Council's arrangements in respect of the acceptance and provision of hospitality, gifts and other benefits; and attendance at conferences, seminars and other events, to consider whether appropriate policies and controls are in place. The Audit team has identified this as a high profile area with significant reputational risks, which makes it important that the Council is able to demonstrate that it has robust policies which are fully complied with at all times. Their findings have identified areas for improvement relating to the provision of hospitality and attendance at conferences, and recommended that the Standards and Ethics Committee considers these issues.
7. Under its approved terms of reference, the Standards and Ethics Committee's responsibilities include the following:

"(c) To advise the Council on the effective implementation of the Code including such matters as the training of Members and employees on the Code's application; and

(h) To recommend to Council and the Cabinet any additional guidance on issues of probity."

Issues

Provision of Hospitality

8. The Council's current guidance on hospitality addresses the acceptance of hospitality (as referred to in paragraph 5 above), but not the provision of hospitality. The recommendation from Internal Audit is that a corporate procedure is needed for the provision of hospitality to provide guidance and assurance in relation to the appropriate use of public funds and facilitate compliance with the duties imposed by Employees' and Members' Codes of Conduct.
9. A draft procedure and authorisation form for the provision of hospitality, gifts and other benefits is attached as **Appendix A** for the Committee's consideration and comments. These draft documents have been drawn from

previous guidance and forms, and updated, for example, to reflect current post designations.

10. Key points which Members may wish to note are:

- i) Principles – the procedure reiterates that hospitality should only be provided in order to support the proper exercise of Council functions, and requires that the links or benefits to the Council must be identified.
- ii) Authorisation is required in advance for any provision of hospitality, gifts or other benefits.
- iii) Authorisation must be given by a line manager at:
 - Chief Officer (Assistant Director) level or above for UK hospitality; or
 - Director level or above in the case of overseas hospitality; or
 - by the Section 151 Officer or the Monitoring Officer, for the Chief Executive; or
 - by the Monitoring Officer or the Head of Democratic Services, for Members.
- iv) Records must be kept of hospitality provided – a central register is to be held by Democratic Services for hospitality provided by senior officers (Chief Officers / Assistant Directors and above) and Members; and all other records are required to be kept within the relevant directorate.

11. The provision of hospitality has been discussed by the Council's senior management team and some of the observations made on this issue are as follows:

- a) Most directorates rarely offer hospitality, gifts or other benefits to external organisations or individuals.
- b) The Economic Development Directorate, however, does routinely deal with situations where it is necessary and appropriate to offer hospitality and/or other benefits to organisations or individuals. As this department is responsible for economic development and regeneration, it has significant dealings with organisations (mainly in the private sector) looking to invest in Cardiff, and a degree of hospitality is considered essential in promoting strong relationships with those investors. The investors are often coming from other regions where both city development agencies and national development agencies have provided a strong hospitality package.
- c) Current budget constraints within the Council mean that hospitality provision is generally small scale and less frequent than in previous years.
- d) In the Economic Development Directorate, hospitality provision typically includes the following:
 - i) Provision of coffee, soft drinks, lunch or dinner in an outside location such as a hotel or restaurant during the course of presenting to investors or clients; and
 - ii) Provision of transport around the city for visitors to view sites and locations.
- e) Expenditure is minimised, wherever possible, but it is sometimes difficult to predict whether hospitality will be required and the level.
- f) A de minimis threshold should be introduced to avoid disproportionate administrative work for hospitality of a low value.

- g) Directors should be able to grant a general authority to specific officers to incur expenditure on the provision of hospitality up to a specified financial limit (and subject to any other conditions considered appropriate).
12. The Committee is invited to consider the draft procedure on the provision of hospitality at **Appendix A**, in light of the observations above, and comment as appropriate.

Conference attendance

13. The Council's Procedure for the Approval of Attendance of Members & Officers at Conferences, Seminars and Other Events (Including All International Events/Visits) with associated application forms is attached as **Appendix B**. (Members should note that references to post designations need to be updated to reflect the current senior management structure. The updated post designations are used in this report.)
14. Key points of the procedure which Members may wish to note are:
- i) Principles – the procedure acknowledges the value of attendance at appropriate conferences, seminars and other events, and indicates that approval should be given where attendance benefits the Council and budget provision is available.
 - ii) Authorisation is required for:
 - a) Any conference, seminar or event to be attended by a Member;
 - b) Any international event to be attended by any officer; and
 - c) Any conference, seminar or event to be attended by a senior officer (at Chief Officer/ Assistant Director level or higher) where there is a cost to the Council).
 - iii) Authorisation is to be provided by:
 - a line manager at Director level or above;
 - the Section 151 Officer or Monitoring Officer, for the Chief Executive; or
 - the Monitoring Officer or Head of Democratic Services, for Members.
 - iv) Records must be kept of all approved conferences – a central register is to be held and published by Democratic Services. A register of Members' Conference Attendance is published online; and a file is kept of Officers' Conference Attendance (not currently published) – Register entries for 2015/16 are shown in **Appendix C** (to follow).
15. The review carried out by Internal Audit has identified issues around compliance with the current procedure, but recognised that this appears to be due to a lack of clarity over the requirements, in particular, with regard to senior officers' attendance at UK conferences, seminars and other events (referred to in paragraph 14(ii)(c) above). The Internal Audit team suggests that the requirements in this regard may be too onerous, in that they appear to include senior officers' day to day business meetings which happen to occur outside of Cardiff; and should be reviewed and clarified by the Monitoring Officer in consultation with the senior management team and the Standards and Ethics Committee.

The other requirements of the procedure, including those relating to international events (where there are additional criteria to be met for approval), were considered by Internal Audit to be fit for purpose, and to reflect an appropriate balance between transparency and administrative expedience. However, it has been suggested that consideration should be given to separating the overseas trips element from the UK conferences procedure, as this is an area where potential costs are higher, warranting more robust control and a greater need to demonstrate value for money.

16. The current procedure has been discussed by the Council's senior management team, who have agreed that the requirements in respect of UK conferences, seminars and other events (referred to in paragraph 14(ii)(c) above) are disproportionate and in need of clarification. Observations made on this issue include the following:
 - a) Day to day business meetings, seminars, training events etc should not be included (as such matters are properly managed by routine management processes), however it is not easy to give a precise and comprehensive definition of the types of events which should be registered.
 - b) There should be a de minimis threshold to avoid disproportionate administrative work, where the costs of administration may exceed the cost of attending an event.
 - c) The types of costs likely to be significant enough to warrant the registration requirements are delegate fees and overnight accommodation, but this is not always the case.
 - d) The approach taken by other local authorities should be ascertained for benchmarking purposes.
 - e) The requirements in relation to international events were agreed to be reasonable and appropriate, although it was suggested that, for the avoidance of doubt, 'international' should be defined as meaning outside of the UK.
17. Enquiries made of other local authorities indicates that many authorities have no formal procedure or registration requirements for conference attendance, and those that do, generally register information only in respect of Members and international visits by Members or Officers. Any further information obtained in this regard will be provided to the Committee at its meeting.
18. The Committee is invited to consider the Council's current procedure in light of the above, and comment as appropriate.

Communications Plan

19. Once the revised procedures for the provision of hospitality and attendance at conferences have been approved, a communications plan will be needed to ensure that all staff and Members are made aware of the rules and requirements. The Council's Communications team will be asked to assist with this and the Committee will be provided with an update in due course.

Legal Implications

20. The relevant legal implications are set out in the body of the report.

Financial Implications

21. There are no direct financial implications arising from this report as the focus is in terms of the review of procedures for Hospitality Provision and Conference Attendance. As stated in the body of the report, all costs arising from hospitality and conferences are funded from individual directorates' budgetary allocations.

RECOMMENDATION

The Committee is recommended to:

- (1) Note the information set out in the report and appendices and comment as appropriate;
- (2) Delegate authority to the Interim / Monitoring Officer, in consultation with the Committee Chair, to revise and approve the procedures and forms set out in **Appendices A and B** having regard to comments made by members of the Committee; and
- (3) Instruct the Monitoring Officer to report back to a future meeting of the Committee to provide an update on the matters addressed in this report.

David Marr
Interim Monitoring Officer
14 July 2016

APPENDICES

Appendix A	Hospitality Provision – draft Procedure and Authorisation Form
Appendix B	Procedure for the Approval of Attendance of Members & Officers at Conferences, Seminars and Other Events (Including All International Events/ Visits) and Application Forms
Appendix C	Conference Attendance Registers 2015/16, Members and Officers (to follow)

Background papers

Members' Code of Conduct
Employees' Code of Conduct
Guidance on Hospitality, Gifts and Other Benefits Received by Members
Guidance on Hospitality, Gifts and Other Benefits Received by Officers
Report to Standards & Ethics Committee, 'Registration of Gifts and Hospitality', 22 September 2015
Internal Audit Review of Gifts & Hospitality (September 2013)
Internal Audit Review of Conferences, Seminars and Other Events (August 2015)