

**COMPETITION COMMISSION
CODE OF PRACTICE FOR COUNCIL MEMBERS**

Introduction

1. This code of practice applies to all Members of the Competition Commission's (CC's) Council and covers the responsibility of all Council Members, both individually and jointly.

Public service values

2. The CC and its Council must at all times:
 - observe the highest standards of propriety, behaving with impartiality, integrity and objectivity in relation to the stewardship of public funds and the management of the CC;
 - maximise value for money through ensuring that services are delivered in the most economical, efficient and effective way, within available resources, and with independent validation of performance achieved wherever practicable;
 - be accountable to the Secretary of State and to Parliament, users of services (including parties to the CC's inquiries), individual citizens and staff for the activities of the CC, their stewardship of public funds and the extent to which key performance targets and objectives have been met;
 - in accordance with Government policy on openness and responsiveness, comply fully with the Freedom of Information Act.

Relationship with the sponsor department

3. The relevant minister within the Department of Business Innovation and Skills (BIS) is answerable to Parliament for the policies and performance of the CC, including its use of resources and the policy framework within which it operates. The respective roles of BIS (as the CC's sponsor department) and the CC are set out in the CC's Framework Document and Financial Memorandum which specify the terms on which the CC receives and spends its funds.

Responsibilities of Council Members

4. Individual Council Members must be aware of their wider responsibilities as members of the board of a public body. Like others who serve the public, they are required to follow

the Seven Principles of Public Life set out by the Committee on Standards in Public Life. The principles are reproduced at Appendix 1.

5. Council Members must:
 - undertake on appointment to comply at all times with the CC's Code of Practice for Council Members and other relevant codes of practice and guidance relating to the conduct of CC Members;
 - act in good faith and in the best interests of the CC;
 - not misuse information gained in the course of their public service for personal gain or for political purpose, 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 to declare publicly any private interests which may be perceived to conflict with their public duties; and
 - ensure that they comply with the CC's rules on the acceptance of gifts and hospitality.

6. Communications between the Council and ministers will normally be through the Chairman except where the Council has agreed that another Member should act on its behalf. Nevertheless, an individual Member has the right of access to ministers on any matter which he or she believes raises important issues relating to his or her duties as a Member of the Council. In such cases the agreement of the rest of the Council should normally be sought before the minister is approached.

7. Council Members, whether full or part-time, are expected not to occupy paid party political posts or hold particularly sensitive or high-profile unpaid roles in a political party. Subject to that, part-time 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 CC. On matters directly affecting that work, they must not make political speeches or engage in other political activities. The Chairman and Deputy Chairmen must abstain from all controversial political activities.

8. The restrictions in paragraph 7 do not apply to local councillors or to Peers in relation to their conduct in the House of Lords. The position of Peers in this regard is covered by a statement made by Lord Addison in 1951 in relation to Peers who are members of public bodies. See Appendix 2.

9. Under the Enterprise Act, the Secretary of State can remove any Member including a Member of the Council on grounds of incapacity or misbehaviour.

Handling conflicts of interest

10. The Council is responsible for ensuring that CC rules on conflicts of interest are effective.
11. Council Members must declare any personal or business interests which may conflict with their responsibilities as Council Members. The Council will draw up rules of conduct for Council Members which ensure that such conflicts are identified at an early stage and that appropriate action can be taken to resolve them.
12. The rules must include a requirement for the keeping of a register of interests appropriate to the CC's activities.
13. The CC's register of interests is open to the public via its internet site and details are regularly updated and thoroughly reviewed on at least an annual basis. Council Members are required to update their section of the register of interests as changes occur.
14. Where, as a result of a conflict of interest, Council Members do not participate in the discussion or determination of a particular matter, they will withdraw from the meeting.
15. Whether or not Council Members are able in the light of the considerations above to participate in the discussion or determination of a matter, they must declare as soon as practicable after a meeting begins if they have an interest, pecuniary or other, in a matter being considered. They must 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 Council Member. In addition, Council Members must consider whether they need to disclose relevant interests of other persons or organisations which members of the public might reasonably think could influence the Member's judgement.
16. Council Members must facilitate compliance with the need for material transactions with related parties to be disclosed in financial statements. "Related parties" include (in addition to business contacts) close members of the family of an individual, who are defined for the purposes of the standard as those family members or members of the same household, who may be expected to influence, or be influenced by, that person in their dealings with the reporting entity.

17. The Council must adopt safeguards to prevent conflicts of interest arising from the acceptance of outside appointments during or after tenure as a Council Member, taking account of the guidance issued by BIS at the time of their appointment.
18. Members of the Council who are also Reporting Panel Members of the CC must comply with the code of practice and guidance on conflicts of interest applicable to Reporting Panel Members. Other Members of Council are also expected to comply with the principles of the code of practice and guidance on conflicts of interest applicable to Reporting Panel Members to the extent applicable taking into account that they will not usually have access to restricted or sensitive information relating to the CC's inquiries.

Personal liability of Council Members

19. Although any legal proceedings initiated by a third party are likely to be brought against the CC, in exceptional cases proceedings (civil or, in certain cases, criminal) may be brought against the Chairman or other individual Council Members. For example, a Council Member may be personally liable if he or she makes a fraudulent or negligent statement which results in loss to a third party. Council Members who misuse information gained by virtue of their position may be liable for breach of confidence under common law or may commit a criminal offence under insider dealing legislation.
20. However, the Government has indicated that individual Council Members who have acted honestly and in good faith will not have to meet out of their own personal resources any personal civil liability which is incurred in execution or purported execution of their Council functions, save where the person has acted recklessly.
21. Council Members who need further advice must consult the CC's legal advisers. Separate individual representation may be arranged in appropriate circumstances. The CC will meet all costs, save where the person has acted recklessly.

Openness and responsiveness

22. Council Members and CC staff must conduct all their dealings with the public in an open and responsible way and ensure full compliance with the Freedom of Information Act.
23. The Council must ensure it can demonstrate that it is 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. The Council will need to act consistently with the

nature of the CC's business and the possible need for confidentiality on commercial or other grounds, always subject to the rights of Parliament and the Comptroller and Auditor General to obtain information. The Council must ensure that the CC has in place well publicised and easy-to-use complaints procedures which cover both maladministration and failure to provide access to information.

Accountability for public funds

24. Whilst taking account of the explicit role of the Chief Executive in his or her capacity as the CC's Accounting Officer, Council Members have a collective duty to ensure the safeguarding of public funds - which for this purpose must be taken to include all forms of receipts from fees, charges and other sources - and the proper custody of assets which have been publicly funded. They must take appropriate measures to ensure that the CC at all times conducts its operations as economically, efficiently and effectively as possible, with full regard to the relevant statutory provisions and to relevant guidance in Government Accounting.

25. Council Members are responsible for ensuring that the Council does not exceed its powers or functions, whether defined in statute or otherwise, or through any limitations on its authority to incur expenditure. They are normally advised on these matters by the CC's Chief Executive and its legal advisers.

THE SEVEN PRINCIPLES OF PUBLIC LIFE

Selflessness

Holders of public office must take decisions solely in terms of the public interest. They must not do so in order to gain financial or other material benefits for themselves, their family, or their friends.

Integrity

Holders of public office must not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.

Objectivity

In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office must make choices on merits.

Accountability

Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.

Openness

Holders of public office must be as open as possible about all the decisions and actions that they take. They must give reasons for their decisions and restrict information only when the wider public interest clearly demands.

Honesty

Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interests.

Leadership

Holders of public office must promote and support these principles by leadership and example.

Addison Rules

1. A peer who is a member of a public board, whether commercial or non-commercial in character, is not by reason of such membership debarred from exercising his or her right to speak in the House of Lords, even on matters affecting the Board of which he or she is a member; and it is recognised that, in the last resort, only the Peer concerned can decide whether he or she can properly speak on a particular occasion.

2. The following guidance (based upon that given by the then Leader of the House Viscount Addison, after consultation and agreement between the parties) may be helpful to Peers, who are considering whether or not to take part in a particular debate.

i. When questions affecting a particular board or public board in general arise in Parliament the present Minister and the Government of the day generally are alone responsible to Parliament. The duty of reply rests with Ministers only, and cannot devolve upon members of public boards who may also be members of the House of Lords. There can be no question of Board members replacing, or usurping the functions of, Ministers and dealing with matters of Ministerial responsibility. In the Commons, of course, the possibility could not arise, because a Member of the House must resign his seat on accepting an appointment of this nature.

ii. It is important that, as contemplated in the Statutes and, in the case of the BBC, by the Charter, the Boards must be free to conduct their day to day administration without the intervention of Parliament or Ministers, except where otherwise provided. If Board members who happen also to be peers were to give the House information about the day to day operations of the Board or to answer criticisms respecting it, the House would in fact be exercising a measure of Parliamentary supervision over matters of management. It would also be difficult for the responsible Minister not to give similar information to the House of Commons.

iii. There is no duty upon the board member to answer questions put to him in debate, and that no criticism must attach to any Board member who refrains from speaking in a debate. Nor must the fact that a member spoke in a particular debate be regarded in any way as precedent for him or any other member speaking in any other debate.

iv. The above applies only to debates relating to public boards. Experience acquired as a member of a public board will often be relevant to general debates in which the same contributions do not arise, and the contributions of board members who are peers may be all the more valuable because of that experience.

3. The statement below, taken from the memoranda, best sums up the intentions behind Lord Addison's Rules.

"The House of Lords is a sensible body; and the latitude to speak or refrain from speaking, inherent in a peer, is not likely to cause embarrassment. Indeed, any attempt to lay down a hard and fast rule would be more likely to cause embarrassment".

