

# **Declaration and management of outside interests**

## **Guidance for departments**

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## Introduction

1. The Civil Service Code, underpinned by the requirements of the Constitutional Reform and Governance Act 2010, sets out the fundamental principles which should frame how civil servants discharge their duties. The requirements to act with integrity and honesty in particular frame how any outside interests should be considered. Where an actual conflict of interest arises immediate steps must be taken to remedy it, to ensure adherence to the Civil Service Code.
2. Section 4.3 of the Civil Service Management Code sets out in more specific detail the standards of propriety for civil servants, which must then be reflected in departmental procedures and staff handbooks.
3. Civil servants must not misuse their official position or information acquired in the course of their official duties to further their private interests or those of others. It is important that civil servants are aware of the expected standards when it comes to dealing with outside interests, how to consider whether a perceived, potential or actual conflict arises and what action they must take in those circumstances.
4. This document is intended to provide:
  - a. a consistent approach to understanding relevant outside interests and what might present a conflict
  - b. guidance intended to support departments with the development of their own policies
  - c. a minimum set of information that must be captured when members of the Senior Civil Service (SCS)<sup>1</sup> declare relevant outside interests
  - d. the points at which a declaration is required, including prior to appointment to the Civil Service, when moving to a new role, and on an annual basis.
5. This guidance applies to all Civil Service organisations, their executive agencies and non ministerial departments. Non-Departmental Public Bodies should have in place their own relevant processes for declaration and management of outside interests tailored to the context of their organisations' business. This guidance applies to civil servants at all grades, both those with permanent and fixed term arrangements.

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<sup>1</sup> This includes those appointed through exceptions to the Civil Service Commission recruitment principles, such as secondees and those on temporary promotion.



6. Section 4.3 of the Civil Service Management Code also sets out in more detail the standards of propriety for civil servants in relation to gifts and hospitality, political activities and taking up outside appointments or employment after leaving the Civil Service (which is covered by the Business Appointment Rules<sup>2</sup>). These are separate matters not covered by this guidance. Staff should refer to the relevant departmental policies for further information.
  
7. The Government Commercial Function has also published updated guidance reminding in-scope organisations of their obligations in applying exclusions and preventing, identifying and remedying conflicts of interest in public procurement (PPN 04/21 "Applying Exclusions in Public Procurement, Managing Conflicts of Interest and Whistleblowing" which is an update of PPN 01/19<sup>3</sup>). The PPN includes guidance to assist commercial teams in departments to develop and enhance local strategies, systems, processes and procedures to prevent, identify and remedy conflicts of interest. The updated guidance is in addition to, rather than instead of, this central guidance for departments in the development of their declaration and management of outside interests. Therefore, any declaration of interest requirements for civil servants operating in commercial and procurement roles (as set out in the procurement guidance) are in addition to the requirements for civil servants under the departmental policies on the declaration and management of outside interests.

### Outside interests

8. The National Audit Office defines a conflict of interest as: *"A set of circumstances that creates a risk that an individual's ability to apply judgement or act in one role is, or could be, impaired or influenced by a secondary interest. It can occur in any situation where an individual or organisation (private or government) can exploit a professional or official role for personal or other benefit. Conflicts can exist if the circumstances create a risk that decisions may be influenced, regardless of whether the individual actually benefits. The perception of competing interests, impaired judgement or undue influence can also be a conflict of interest."*
  
9. Individuals may not always realise they hold relevant outside interests which give rise to a conflict of interest. In most cases, there will likely be nothing

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<sup>2</sup> <https://www.gov.uk/government/publications/governments-business-appointment-rules-for-civil-servants>

<sup>3</sup> PPN 04/21 "[Applying Exclusions in Public Procurement, Managing Conflicts of Interest and Whistleblowing](#)" (This PPN builds on guidance in "[PPN 01/19 - Applying Exclusions in Public Procurement, Managing Conflicts of Interest and Whistleblowing](#)")



wrong or unethical in relation to the circumstances leading to a conflict of interest arising, but when it does, immediate steps must be taken to resolve the matter so as to ensure adherence to the Civil Service Code. Consideration of relevant outside interests and action to be taken must be managed through the correct process. It is good practice to encourage open discussion about the declaration and management of outside interests between individuals and line managers (and Senior Leadership Team as appropriate) to ensure regular consideration of the issues.

10. The starting point is to consider any 'relevant' outside interests. Relevance relates to whether an outside interest (financial or otherwise) could be thought to have a bearing on or overlap with the individual's official role/duties. Individuals should be encouraged to err on the side of caution, but the onus is on the individual to consider what might be relevant and declare it. This means that an objective judgement can be taken by management about the actual relevance of such an interest, and it may be considered not to in fact be of relevance.
11. In addition to the individual's own interests, those of close<sup>4</sup> family members (for example spouse/partner, adult children, parents and siblings) and close friends should form part of consideration of relevant outside interests. This is limited by the extent to which the member of staff can reasonably be expected to know of such interest. Such information is sensitive personal data and must be handled accordingly by all who come into contact with it.
12. The responsibility is on the individual to declare all interests that could be relevant. The decision-maker in a particular case (usually the line manager) should first make an assessment as to the relevance of each declared interest and, if considered relevant, whether it meets the definition of an actual, potential or perceived conflict of interest as follows:
  - a. **Actual conflicts** - where there is a risk that an official's ability to apply judgement is or could be impaired or influenced by an extant secondary interest.
  - b. **Potential conflicts** - where an official's ability to apply judgement or act in their role could be impaired or influenced by a secondary interest in the future.
  - c. **Perceived conflicts** - where an official's ability to apply judgement or act in one role could reasonably be perceived as impaired or influenced

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<sup>4</sup> While this will depend on a case by case basis, factors including regularity of contact, proximity of familial ties will be relevant. For example, if estranged from a sibling they will likely not need to be considered, whereas a relation through marriage who is seen regularly may be worthy of consideration for relevance, such as if they work for an organisation that the role lets contracts to.



by a secondary interest (i.e it could cause a reasonable person to think there was a conflict of interest)

In some cases, the decision maker may consider that the interest is relevant but presents no issue (i.e. it does not meet the definition of an actual, potential or perceived conflict of interest).

## Declaring interests

13. **Individuals must declare all relevant outside interests as soon as possible. The declaration of interests is a live process and should be completed on commencing employment (including a secondment in), moving between roles (including a secondment out) and on an ongoing basis as necessary. Departments should issue regular reminders to staff. In particular, Senior Civil Servants will need to confirm on an annual basis that their declarations of interest are up to date (including a nil return) and departments should have steps in place to ensure central oversight of all SCS declarations.**
14. When recruiting to Civil Service roles (in particular externally but also internally), it is good practice for departments to consider asking applicants to declare any relevant outside interests as part of the application process, and to make clear that potential conflicts of interest will be explored at interview, (as some outside interests may not be compatible with Civil Service roles).
15. Departments should use the information provided by the applicant to explore the individual's ability to adhere to the Civil Service Code, including through testing potential conflicts of interest at interview, in line with the prevailing Civil Service Commission Recruitment Principles. Departments should **identify any actual, potential or perceived conflicts of interest at a local level in relation to the particular role being applied for. Employment in that role should be subject to resolution of any conflicts. Departments should follow a similar process in advance of agreeing inward secondments. Further guidance on best practice for considering outside interests in relation to outward / inward secondments is set out in the Secondments Playbook.**
16. Individuals should not wait for any prompts to declare relevant outside interests. It is every employee's responsibility to declare interests as they arise, adhere to the Civil Service Code and comply with departmental rules. As above, departmental policies must provide avenues to allow interests to be declared as soon as they arise, not just at the commencement of



employment. More information on the minimum expected standard for this is included under the section on “the process for declaring outside interests”.

17. Below is a non-exhaustive list of types of interests that it might be necessary to declare. Departments may choose to add to this list or focus on interests which are likely to be most prevalent given their specific workforce context. However, departments should ensure that as a minimum the below types of interests are accounted for and defined in their guidance.

**18. Individuals must declare any outside interests relevant to their civil service role against the following categories:**

- a. **Personal interests** - where the job holder has relevant close family or personal relationships (including from a work context) which could influence their objectivity (see also para 11 above).
- b. **Financial interests** - where the job holder stands to gain financially from the work they are undertaking in the department or they can use their status to deliberately prevent someone else from gaining financially. This could also include where an individual has been declared bankrupt or their general financial status makes them more vulnerable to situations that could be seen to compromise their position.
- c. **Private shareholdings** - where an individual holds shares in a business that their team, directorate, or, if appropriate, department has an interest in.
- d. **Outside occupations** - all remunerated outside employment, work and appointments should be declared, whether or not considered relevant and caught by the requirement in paragraph 4.3.4 of the Civil Service Management Code (below). Where work is not directly remunerated but may generate financial advantage for third parties, this should also be declared.

**Where these roles might affect their work either directly or indirectly, line manager approval should be sought to either continue this work or before taking up any outside work from the Civil Service, in line with the requirements in paragraph 4.3.4 of the Civil Service Management Code. Line managers need to apply the principles contained in the Business Appointment Rules in deciding whether the outside employment can continue / be taken**



up<sup>5</sup>. Specific consideration should be given to whether the role could be said to overlap with or draw on the knowledge or skills used in their civil service roles as this will likely present a conflict of interest. Individuals must tell their manager immediately of any changes in circumstances that may affect the permission they have been given. If the individual moves jobs within the civil service, they must tell their new line manager about their additional employment and seek their approval. Department's declaration of interest forms should provide the ability to record the consideration and approval. Any changes to the outside role, if agreed, should also be regularly considered.

- e. **Voluntary roles** - although the Civil Service supports the performance of a wide range of voluntary roles in the wider public and third sectors, in some cases these roles may create a conflict with an individual's civil service role. For example, where an individual works in an organisation that holds regulatory or procurement responsibilities for a separate organisation they hold a voluntary role for, or where they may have access to information which could be of benefit to the organisation for which they volunteer.
- f. **Previous employment, appointment or other outside roles** - where an individual has previously held roles, or formed close working relationships, that might be relevant to their current role (in particular on entry to the Civil Service and in the early years of their Civil Service career). This should also include any elected roles (e.g. Parish or local Councillor) and may need to be considered on entry to the Civil Service in terms of the individual's ability to adhere to the Civil Service Code, and in line with the rules on political activity set out in the Civil Service Management Code and relevant departmental policies.
- g. **Business interests** - where an individual holds an interest in any organisation (including directorships) which they could use their official position to further.
- h. **Insider dealing** - insider dealing is a serious criminal offence under the Criminal Justice Act 1993. If in the course of an individual's work they come into possession of information that could be used for financial

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<sup>5</sup> Although departments should apply the principles contained in the Business Appointment Rules in deciding whether the outside employment can continue / be taken up, applications under the Business Appointment Rules are only required in situations where individuals are planning to take up employment after leaving the Civil Service.





gain (or other types of gain) this must be treated in the strictest of confidence. It may be necessary to declare any interests that put an individual in a position where they could benefit from holding certain information.

- i. **Procurements** - where relevant staff members have direct or indirect financial, economic or other personal interest which might be perceived to compromise their impartiality and independence in the procurement process.
- j. **Any other relevant interests** - individuals should include any other interests they hold which might reasonably be perceived as relevant to their responsibilities as a Civil Servant.

## Process for declaring outside interests

19. Departments must put in place a process to ensure that all relevant outside interests can be declared as soon as they arise. In most cases any relevant outside interests should be declared within the individual's management chain to the individual's direct line manager. There may however be some instances where an independent decision maker is necessary. Provision should also be made in departmental policies for advice about the declaration of sensitive matters to be sought directly from the HR Director or Permanent Secretary's office.
20. To provide a level of additional assurance to internal processes for declaring outside interests, departments should nominate a senior responsible officer (usually the HR Director, but can be another nominated member of the SCS) to oversee and ensure compliance with the proper application of internal policy and procedures, ensure consistency of judgement and provide expert advice to the Permanent Secretary.
21. Once an outside interest has been declared, the line manager is responsible for deciding how to address the declaration. Departments must also make sure their guidance provides detail and process on what a line manager should do if the declaration is particularly contentious or poses risk to the reputation of the department and therefore needs escalation before action can be taken. For example, the assessment should be discussed with another colleague or line manager to ensure it has been thought through (although as above, such information is sensitive personal data and must be handled accordingly by all who come into contact with it). For SCS, it may be appropriate to discuss with wider SLT within the business unit. In cases of



difficulty or doubt, it may be appropriate to seek expert advice from the senior responsible officer (usually the HR Director).

22. Declaration of interest forms should include the ability to record the line manager's approval, as well as any specific considerations, mitigations and judgements made. This should be agreed every time the individual moves roles in the Civil Service.

### *Annual declarations and the SCS*

23. Senior Civil Servants (SCS) will need to confirm on an annual basis that their declarations of interest are up to date (including a nil return). Departments must make sure they have steps in place to ensure central oversight of all SCS declarations, which should be scrutinised by the Departmental Board's Audit and Risk Committee. Departments are free to choose the best way to do this, but ideally should have a searchable, electronic system in place. A minimum list of fields is provided at Annex A to assist departments with what information should be collected annually to feed into this process. This process continues to apply where SCS are on secondment.

### *Publication*

24. Departments must provide assurances in their Annual Reports and Accounts (ARA) of the robustness of their policies for the declaration and management of outside interests. This should make clear that the policy is in line with the requirements set by the Civil Service Management Code (CSMC) and that it applies to all staff. Departments will also need to publish the relevant interests of their Permanent Secretary, and other SCS who are Board members at least annually within their ARA (or other relevant publication) alongside all Board member interests. Any outside employment, work or appointment (paid or otherwise remunerated) held by a member of the SCS that has been agreed through the process for the declaration and management of outside interests should also be published and the relevant webpage link included in the ARA (this does not include voluntary roles). More information on this requirement can be found at Annex B.

## **Resolving conflicts of interest**

25. Once an actual, potential or perceived relevant outside interest has been raised, the decision maker, usually the individual's line manager, will need to decide what action to take in response. This should be agreed in conversation with the individual who has made the declaration where possible and then be formally recorded. The following is a non-exhaustive list of the type of action that may be taken:



- a. **Agreement that there is no conflict of interest (or perceived conflict of interest)** - it may be that the decision maker and individual decide that there is in fact no conflict of interest to be found. If this is the case then no additional action is likely to be necessary
  - b. **Exclusion from the activity** - it may be that the only reasonable step to take to eliminate the risk is to have the individual concerned remove themselves from the activity/relationship etc. that is causing the conflict of interest. All actual conflicts of interest must be resolved in this manner. Examples of actions include: changing responsibilities, recusal from decision making, divestment or ending a role.
  - c. **Continue with the activity but implement actions to mitigate any real or potential risk** - what actions are necessary will be entirely dependant on the nature of the conflict of interest and the level of risk, however it might include things such as closer monitoring, revisions to existing work plans, or the additional disclosure of all relevant information to others involved in the decision making process.
26. Any actual conflicts of interest must be resolved in a way which removes the conflict. Potential or perceived conflicts of interest may exist in some circumstances, provided that effective mitigations are put in place. The assessments, considerations and actions agreed should be properly documented to ensure a clear audit trail.
27. In thinking through an assessment, the decision-maker will want to consider, for example, how the decision would be explained to a judge or defended publicly, and how it would look from the perspective of a member of the public. As above it is good practice for the line manager to ensure that a second colleague (or possibly the HR Business Partner or member of the relevant senior leadership team) checks what is proposed. If agreement cannot be reached on what action should be taken, line managers should escalate this to more senior managers (and ultimately the Permanent Secretary, who may take advice from the Cabinet Office). The decision of the department is final.

## Roles and responsibilities

28. There are a number of parties involved in the management and declaration of outside interests. Below is a non-exhaustive list of the various groups that have a responsibility for ensuring interests are dealt with as and when they arise.



- a. **The job holder** - Under the terms of the Civil Service Code, civil servants must conduct themselves in accordance with the core values of integrity, honesty, objectivity and impartiality. Individuals must declare all relevant outside interests to their line manager as soon as they arise.
- b. **Line managers** - Line managers are likely to be in most cases the first point of call for those declaring relevant outside interests. Line managers will assess all declared outside interests and decide how to address any actual, potential or perceived conflicts of interest that arise (as above, it is good practice for the line manager to ensure that a second colleague and / or the HR Business Partner sense checks what has been agreed). Where this is not possible, they will need to make sure that the decision on how to address a declaration of outside interests is escalated to an appropriate level.
- c. **HR Director / departmental HR function** - HR Directors should nominate themselves or another member of the SCS to become the departmental lead and expert on declarations of interest, responsible for overseeing and ensuring compliance with the internal policies/procedures. The responsible individual should also ensure that HR Business Partners are equipped to support individual line managers, where needed, in their assessments and offer an additional layer of independent assurance in considering declarations of interest. They will be provided training by the Cabinet Office to help enable them to support the department in its application of their declaration of outside interests, processes and policy. They, along with the HR Director and Permanent Secretary should also form part of the team that assesses all annual returns alongside the internal audit and risk committee.
- d. **Audit and Risk Committee** - Departmental audit and risk committees must regularly consider and scrutinise the department's application of the business appointment rules and their approach to dealing with declarations of relevant outside interests. This includes having a role in both considering the annual return of all declarations by the SCS and in providing assurance of the robustness of the department's policy in their Annual Reports & Accounts (ARA) return.
- e. **Permanent Secretary** - Permanent Secretaries are ultimately accountable for the decisions made in respect of any declared relevant outside interests of staff in their departments. Permanent Secretaries should therefore be involved in both considering the annual return of all



declarations of interest by the SCS and in providing assurance of the robustness of the department's policy in their ARA return.

- f. **Cabinet Office** - are responsible for the content and maintenance of the CSMC which details the standards of propriety for civil servants, which must then be reflected in departmental procedures and staff handbooks. Where an individual has declared a relevant outside interest which is particularly contentious and where all internal avenues for assessing what action should be taken have been exhausted, the Permanent Secretary may wish to take advice from the relevant Cabinet office team.

## Failure to make a declaration

29. Failure to declare a relevant outside interest could result in action being taken in line with the department's disciplinary policy.

## Data protection and privacy

30. Employing departments are responsible in law for the collection and use of their staffs' personal information.
31. UK data protection law requires that data controller organisations must identify a lawful basis for the collection and use of personal data relating to staff outside interests. It also requires controllers to inform staff how their data will be used, disclosed or shared (typically through a privacy notice), to have a record of data processing, and to carry out any necessary data protection impact assessment. Data controllers are also required to ensure that their processing of staff personal data is proportionate, lawful and fair. Each department should consult their own data protection or legal advisers.

## Annex A - Minimum list of fields for SCS data collection

### Minimum fields:

- a. Personal interests
- b. Financial interests
- c. Private shareholdings
- d. Outside occupations
- e. Voluntary roles
- f. Previous employment, appointment or other outside roles
- g. Business interests
- h. Procurements



- i. Any other relevant interests
- j. Record the line manager’s consideration and approval of any outside occupations
- k. Record the line manager’s approval of the declaration, as well as any specific considerations, mitigations and judgements made.

## Annex B - Additional detail on the SCS secondary paid employment publication requirements

- As specified above, the detail of any paid or otherwise remunerated outside employment, held by members of the SCS, that has been agreed through the process for the declaration and management of outside interests should be published and linked to within the relevant departments ARA.

### What should be published?

- The below table is an indication of the information that should be included for every line of data in the department's publication. It also provides an example of what this information should look like.

Name of SCS	Role (in the department)	Outside employment
First name & Surname	Job title & Grade	Name of company & job title
John Smith	Head of business, SCS1	John Smith Industries, Chief Executive

- Departments can also choose to provide additional information if they believe it would be helpful to do so, e.g. by adding a notes column.
- The information should be published annually after the end of each financial year, but prior to the publication of the department’s ARA.

### Where should this information be published?

- Departments should publish this information on gov.uk, separately to their ARA and provide a link within their ARA. The Cabinet Office will also publish a central register of all of the departmental returns alongside this guidance.

### Frequently asked questions

- 1. Do I need to publish all SCS declarations of outside interests?**
  - a. No. The only information that must be published is the detail of any paid (or otherwise remunerated) outside secondary employment declared by members of the SCS through the departmental management and declaration of outside interest process.
- 2. What about paid secondary employment where there is clearly no conflict of interest to be had?**



- a. If the outside work meets the definition in the policy, that it is second employment in addition to the individual's civil service job, that it is paid or otherwise remunerated and that it has been declared through the departments management and declaration of outside interests process, then it should be published.
- 3. What do you mean by employment?**
    - a. Employment in the context of this guidance generally refers to situations where there is some sort of written or verbal agreement between an individual and an entity to supply goods or services. This could include an individual being an employee, a contractor or a worker and there will usually be agreed payment terms.
  - 4. What about passive income, such as receiving rental payments?**
    - a. This would not ordinarily need to be captured and published alongside other paid secondary employment. However, there are instances where it could be, such as where the individual has a business that buys and rents out housing, and undertakes a role akin to an employee. It is impossible to define every potential scenario and departments are instead encouraged to apply a reasonableness test depending on the circumstances of each disclosure.
  - 5. What about members of the SCS who held secondary paid employment during the relevant period, but who no longer hold it?**
    - a. You should still publish these declarations as the individual remains within the department and held the outside secondary employment during the relevant period.
  - 6. What about members of the SCS who held secondary paid employment during the relevant period, but have now left the department?**
    - a. You should still publish these declarations as the work was carried out in the reporting year. This includes where a member of the SCS has moved to another department.
  - 7. Do I need to remove the previous registrar of published outside paid secondary employment, once I have published the new one?**
    - a. No, these publications should remain on gov.uk indefinitely.
  - 8. What do you mean by 'otherwise remunerated'?**
    - a. There is no definitive list of what other forms of remuneration might bring an individual in scope for these publication requirements, but a reasonable expectation of remuneration, including, but not limited to, salary, bonuses and share options would likely trigger the threshold for inclusion. This could also include where donations are made to charity or other sources in lieu of an individual receiving them, for secondary employment they have carried out.
  - 9. What if there are security concerns or other justifiable reasons why certain data cannot be published?**
    - a. Departments will only need to publish the name of the individual, job title and the company name/role title of the secondary employment they hold. There is



precedent for releasing such information on employees (such as the information included on board members and Ministers). However organisations have a duty of care to staff, and so if there is strong reason to suspect that the release of certain information may present a security or other risk to a staff member or their family, then this should be weighed against the reporting requirements and if necessary the information should be withheld.

- b. There is no exhaustive list of what might prompt the need to withhold certain information, instead, departments should take a pragmatic approach.