**Report of Corporate Assurance Manager**

**To**

**GOVERNANCE AND STANDARDS COMMITTEE**

**On**

**2 June, 2021**

# **ETHICAL GOVERNANCE REVIEW – 2020/2021**

##### **SUMMARY**

1.1 The Corporate Assurance Manager has assessed the Council’s ethical governance arrangements against the good practice toolkit produced by the Improvement and Development Agency. The results and potential areas for improvement will be used to inform the Council’s Annual Governance Statement (AGS).

#### **2. RECOMMENDATIONS**

i) That the findings from the ethical governance review be noted

#### **3. BACKGROUND**

3.1 The review carried out of the Council’s ethical governance arrangements ensures compliance with the requirements of the publication “Delivering Good Governance in Local Government Framework (2016)” produced jointly by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE). It also ensures compliance with the Public Sector Internal Audit Standards (PSIAS).

3.2 The self-assessment toolkit used by the Corporate Assurance Manager has been developed by the Improvement and Development Agency to assist Councils in achieving and maintaining high standards of conduct by both members and officers.

3.3 The outcomes from this review, detailed in Table 1 below, show that the Council’s current ethical governance arrangements are compliant with the recommended good practice apart from the highlighted area for improvement in respect of completion of “Related Party Transactions” forms by certain Members. This issue has been previously raised by the Council’s external auditors.

3.4 Additional efforts are being made to obtain the outstanding completed forms prior to finalisation of the Council’s AGS.

**Table 1: Ethical Governance Assessment - 2020/2021**

**Integrity – Ethical Vision: members and staff recognise the importance of ethical standards in local governance thus enabling the Council to construct and develop an ethical culture and values for the authority**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Yes** | **Partial** | **No** | **Supporting Evidence** | **Area for Improvement** |
| 1 | The Council has a set of meaningful ethical values which meet the legitimate expectations of members, staff, the public, other individuals and organisations with which it is involved |  |  |  | * Corporate Values
* Constitution
* East Midlands Member Development Charter
* Codes of Conduct
 |  |
| 2 | The Council’s ethical values are known and used  |  |  |  | * Corporate Values are published on MDC Web Site & Intranet
* Corporate briefings
* Team meetings
* Member induction and briefings
 |  |
|  | **Yes** | **Partial** | **No** | **Supporting Evidence** | **Area for Improvement** |
| 3 | There is active encouragement and promotion of high standards by senior managers and members |  |  |  | * Corporate Values are published on MDC Web Site & Intranet
* Corporate briefings
* Team meetings
* Governance & Standards Committee
* Monitoring Officer
* Member briefings
 |  |
| **Integrity – Communication: Dissemination of relevant information, policies, procedures and guidance on ethical standards to members, staff, the public, other individuals and organisations with which the Council is involved and encouragement of listening, dialogue and feedback**  |
|  | **Yes** | **Partial** | **No** | **Supporting Evidence** | **Area for Improvement** |
| 4 | Full, accurate and clear policies, guidance and advice on ethical issues are available to staff and member |  |  |  | * Corporate Values
* Codes of Conduct
* Whistleblowing Code
* East Midlands Member Development Charter
* G & S Committee
* Monitoring Officer
 |  |
|  | **Yes** | **Partial** | **No** | **Supporting Evidence** | **Area for Improvement** |
| 5 | There is good access to information for all members and the public, including appropriate policies and practice regarding exempt and confidential information |  |  |  | * Protocol of Member / Employee / Partner Relations
* MDC Web Site
* Agendas & Minutes system
* Briefing Notes
 |  |
| **Integrity – Commitment & Leadership: recognition by members and staff of their individual and corporate responsibility to promote and encourage high standards of conduct throughout the Council**  |
|  | **Yes** | **Partial** | **No** | **Supporting Evidence** | **Area for Improvement** |
| 6 | There is active involvement by members and senior staff in setting values and standards for the organisation |  |  |  | * Consultation with members and officers on Corporate Values
* Briefings
 |  |
| 7 | There is an understanding throughout the Council of individual and collective responsibility for the maintenance and encouragement of high ethical standards |  |  |  | * Consultation with members and officers on Corporate Values
* Briefings
 |  |
|  | **Yes** | **Partial** | **No** | **Supporting Evidence** | **Area for Improvement** |
| 8 | There is a willingness of individuals to take action in respect of poor standards of conduct by others |  |  |  | * Referrals to Monitoring Officer
* HR policies & procedures
 |  |
| **Accountability – Organisational Management: the Council has clearly defined and well understood roles and responsibilities for both members and staff and clear management processes for policy development, implementation and review and for decision making, monitoring and reporting** |
|  | **Yes** | **Partial** | **No** | **Supporting Evidence** | **Area for Improvement** |
| 9 | There is an explicit commitment to transparency in conduct and decision making |  |  |  | * Protocol of Member / Employee / Partner Relations
* Officer Guide to Decision Making during Covid-19
* Remote Meetings during Covid-19 Rules & Protocol
* MDC Web Site
* Codes of Conduct
* Transparency Code compliance
* Agendas & Minutes system
* Briefing Notes
 |  |
|  | **Yes** | **Partial** | **No** | **Supporting Evidence** | **Area for Improvement** |
| 10 | There is an explicit, clear set of information on member and staff roles and responsibilities, including the roles and responsibilities of executive members, the roles of statutory officers and officer/member relations |  |  |  | * Protocol of Member / Employee / Partner Relations
* Officer Guide to Decision Making during Covid-19
* Constitution
 |  |
| 11 | There are clearly defined lines of responsibility and accountability, demonstrated by terms of reference, schemes of delegation and the constitution |  |  |  | * Constitution
* Scheme of Delegation
* Terms of Reference
* Portfolio Holder responsibilities
 |  |
| 12 | There are clearly defined and understood corporate and individual responsibilities for standards |  |  |  | * Corporate Values
* Codes of Conduct
* East Midlands Member Development Charter
* G & S Committee
* Monitoring Officer
 |  |
| 13 | There are transparent recruitment and appointment processes for both staff and members which are recognised throughout the council as having integrity |  |  |  | * HR recruitment policies and procedures
* Elections processes
 |  |
|  | **Yes** | **Partial** | **No** | **Supporting Evidence** | **Area for Improvement** |
| 14 | Non-executive members have a real ability to hold the executive to account and to make a meaningful input to policy development |  |  |  | * Overview and Scrutiny Committees
* Call in process
* Constitution
* Questions at Council
 |  |
| 15 | There is ready availability to the public of relevant information in respect of members and senior staff, including up to date and easily accessible register and declarations of interest |  |  |  | * Member declarations of interest are published on MDC Web Site
* Details of all members and senior management are published on MDC Web Site
 | **Issue raised in respect of inconsistent completion of “Related Party Transactions” form** |
| 16 | There are opportunities for the public to raise questions and receive answers at open meetings of the council and the executive |  |  |  | * Constitution
* Public council and committee meetings
* Questions raised by the public and responses given
 |  |
|  | **Yes** | **Partial** | **No** | **Supporting Evidence** | **Area for Improvement** |
| 17 | There is maximisation of meetings held in public and limited use of exempt information provisions |  |  |  | * Constitution
* Remote Meetings Rules & Protocol
* Agendas & Minutes system
* Access to information rules
 |  |
| 18 | Key decisions are publicised in advance |  |  |  | * Published on MDC Web Site
 |  |
| 19 | The relative roles of the council and the executive in relation to statutory officers are clear |  |  |  | * Constitution
 |  |
| 20 | There are good protocols for officer/member relations governing the executive, overview and scrutiny and the standards committee |  |  |  | * Protocol for Member / Employee / Partner Relations
* Codes of Conduct
* Terms of Reference for G & S Committee
 |  |
|  | **Yes** | **Partial** | **No** | **Supporting Evidence** | **Area for Improvement** |
| **Accountability – Systems and Process Operation: The council operates to its defined roles, responsibilities, policies, procedures, protocols and codes and monitors, reviews and amends these where necessary or appropriate** |
| 21 | Access to relevant information, resources, advice and guidance is ensured and encouraged |  |  |  | * Protocol for Member / Employee / Partner Relations
 |  |
| 22 | Recruitment and appointments processes comply with relevant standards |  |  |  | * HR recruitment policies and procedures
 |  |
| 23 | Key procedures and guidance for declaring interests, claiming expenses, offer and/or receipt of hospitality are well designed, up to date, easy to understand and operate and are followed |  |  |  | * Codes of Conduct
 | **Issue raised in respect of inconsistent completion of “Related Party Transactions” form** |
| 24 | There are effective arrangements for reporting executive decisions, particularly in relation to individual decision making |  |  |  | * Agendas & Minutes system
* Officer Guide to Decision Making during Covid-19
 |  |
|  | **Yes** | **Partial** | **No** | **Supporting Evidence** | **Area for Improvement** |
| **Accountability – Objectivity & Scrutiny: Recognition that situations of ethical ambiguity or conflict will occur and the ability of individuals to deal with these appropriately** |
| 25 | There are clear, well used arrangements for the management of declarations and registrations of interest |  |  |  | * Codes of Conduct
 |  |
| 26 | There are clear arrangements / mechanisms for dealing with difficult ethical situations and a willingness to use appropriate measures to deal with them |  |  |  | * Protocol for Member / Employee / Partner Relations
* Codes of Conduct
* Monitoring Officer
* G & S Committee
* HR policies & procedures
* Whistleblowing Code
 |  |
| 27 | There are well defined and communicated arrangements for members and staff to obtain advice and guidance |  |  |  | * Protocol for Member / Employee / Partner Relations
* Monitoring Officer
* HR policies & procedures
* Trade Unions
 |  |
|  | **Yes** | **Partial** | **No** | **Supporting Evidence** | **Area for Improvement** |
| 28 | There is evidence of learning from experience, the use of feedback, adapting behaviour, systems and procedures and preventing reoccurrence |  |  |  | * Reports to G & S Committee
* Revised Constitution
* Revised Protocol for Member / Employee / Partner Relations
* Monitoring Officer
 |  |
| **Standards Management – Standards Integration: making the promotion, maintenance and development of high standards of conduct integral to all the Council’s operations** |
|  | **Yes** | **Partial** | **No** | **Supporting Evidence** | **Area for Improvement** |
| 29 | The promotion, maintenance and development of high standards of conduct form part of the Council’s vision and strategy and are acknowledged as owned by members and staff |  |  |  | * Corporate Values are published on MDC Web Site & Intranet
* Constitution
* Team meetings
* G & S Committee
* Monitoring Officer
* HR policies & procedures
* Member briefings
 |  |
|  | **Yes** | **Partial** | **No** | **Supporting Evidence** | **Area for Improvement** |
| 30 | Ethical standards are designed-in to the Council’s Constitution, decision making and overview and scrutiny procedures |  |  |  | * Constitution
* Decision making process
 |  |
| 31 | Ethical standards are designed-in to the Council’s relationships with stakeholders, including outside bodies and partners for example in grant and contract conditions and partnership protocols |  |  |  | * Protocol for Member / Employee / Partner Relations
* Constitutions of relevant bodies
* Grant terms and conditions
* SLCs
 |  |
| 32 | External suppliers and service providers are required, in their dealings with the Council to operate to public sector standards for example by not offering or providing inappropriate gifts or hospitality to members or staff |  |  |  | * MDC’s standard Terms & Conditions for supplies of goods or services
 |  |
|  | **Yes** | **Partial** | **No** | **Supporting Evidence** | **Area for Improvement** |
| **Standards Management – People and Practice Management: An expectation that members and staff will operate to the highest standards of conduct, encouragement to do so, acknowledgement that, on occasions, some may fail to do so and a willingness to address this** |
| 33 | There is a confidential reporting mechanism which is widely known and understood and which has the confidence of members and staff |  |  |  | * Whistleblowing Code on intranet
* Officer Code of Conduct

  |  |
| **Standards Management – Training & Development: Recognition of the need for, and commitment to, training and development in relation to ethical standards** |
| 34 | There is an induction programme for both members and staff which incorporates ethical standards and seeks to integrate them into all aspects of induction |  |  |  | * Incorporated into induction programmes for both members and officers
 |  |
| 35 | Mentoring schemes are used, particularly for new members and staff |  |  |  | * Mentoring of members is used particularly in respect of chairing skills
* Coaching and Mentoring available for staff if required
 |  |
|  | **Yes** | **Partial** | **No** | **Supporting Evidence** | **Area for Improvement** |
| 36 | There is compulsory training in certain matters such as planning and overview and scrutiny |  |  |  | * Constitution
 |  |
| 37 | There is evidence of training which tackles difficult issues, such as conflicts of interest, handling demands for special treatment or relationships with contractors  |  |  |  | * Members Code of Conduct training
* Officer Code of Conduct training being developed
 |  |
| 38 | There is a commitment to and opportunities for role related skills development |  |  |  | * PDRs for members and officers
* Training Plans for officers
* Member Development Group
 |  |
| **Standards Management – Planning & Review: recognition of the need for systematic and regular review of the implementation and operation of the ethical framework in the Council and the ability to undertake this and demonstrate continuous improvement** |
|  | **Yes** | **Partial** | **No** | **Supporting Evidence** | **Area for Improvement** |
| 39 | There is a monitoring and review programme in place and operating |  |  |  | * Annual review of compliance with the Council’s Local Code of Corporate Governance, with findings reported to the Head of Law and Governance and the G & S Committee
 |  |
| 40 | There is evidence of plans for further improvement in key aspects |  |  |  | * Action plan produced for areas of non-compliance from the above detailed above at Ref 39
 |  |

#### **4 OPTIONS AVAILABLE**

#### 4.1 The option available is to either accept the findings from the ethical governance review or suggest appropriate amendments with reasons.

**5** **RISK ASSESSMENT OF RECOMMENDATION AND OPTIONS**

|  |  |  |  |
| --- | --- | --- | --- |
|  **Risk** | **Risk Assessment** | **Risk Level** | **Risk Management** |
| Legal | The revised CIPFA/SOLACE governance guidance would not be complied with unless the Council’s ethical governance arrangements were assessed | Low | This review ensures that the Council is fully compliant with the requirements of the CIPFA/SOLACE governance framework |
| Financial | There are no financial risks to the Council of the recommendations or options | - | - |
| Reputation | There are no reputational risks to the Council of the recommendations or options  | - | - |

#### **6 ALIGNMENT TO COUNCIL PRIORITIES**

6.1 The need to maintain robust and effective ethical governance arrangements is fundamental to any Council as it endeavours to achieve its priorities.

#### **7 IMPLICATIONS**

(a) Relevant Legislation

 Regulation 6 (1) of the Accounts and Audit Regulations 2015 specifically requires that a relevant body shall compile an AGS. This review of the Council’s ethical governance arrangements has informed the AGS.

(b) Human Rights

 The Human Rights Act 1998 is not engaged as no particular individual is directly affected by the decision

(c) Equality and Diversity

 An impact assessment has been completed and it concludes that the proposed actions are fair and equitable in their content and are not discriminative on the grounds of equality and human rights

(d) Climate change and environmental sustainability

 The proposed actions in the report do not have any environmental implications and have no effect on the climate

(e) Crime and Disorder

 There are no implications for crime and disorder

(f) Budget/Resource

 There are no implications

**8** **COMMENTS OF STATUTORY OFFICERS**

Monitoring Officer – Effective ethical governance arrangements support the Council’s governance assurance framework.

Section 151 Officer – No specific comments

**9 CONSULTATION**

9.1 No further consultation has taken place.

**10** **BACKGROUND PAPERS**

 None

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| Report Author | - | Adrian Pullen |
| Designation | - | Corporate Assurance Manager  |
| Telephone | - | 01623 463017 |
| E-mail | - | apullen@Mansfield.gov.uk |