



AUDIT COMMITTEE

Public

Date of Meeting: 8th April 2009

Title: Ethical Governance Diagnostic Survey for Members and Officers

Report of: Director of Corporate Services

Report reference: CORP 7/09

Summary:

This report appraises Members of the results of the Audit Commission's Ethical Governance Diagnostic Survey for Members and Officers

Recommendations:

Members are requested to note the attached report entitled "Setting High Ethical Standards" and appended Action Plan

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ETHICAL GOVERNANCE DIAGNOSTIC SURVEY FOR MEMBERS AND OFFICERS

Background

High ethical standards are the cornerstone of good governance. They are an integral part of good governance arrangements and can lead to increased confidence in local democracy and better public services. Setting high ethical standards is an important building block for Councils in developing their community leadership role and improving services to the community.

One of the common aspects of governance failures is not the absence of frameworks, controls and arrangements, but the absence of appropriate behaviours and values amongst Members and officers.

The Audit Commission therefore undertook a confidential survey, during August 2008, which focused on behaviour, culture and values.

All (52) of the Council's members and 29 of the senior officers were invited to participate in the survey.

The response rate was disappointingly low – in all, only 19 Members and 13 officers chose to complete and return the survey.

The overall results are summarised on page 5 of the **attached report** from the Audit Commission entitled "Setting High Ethical Standards".

Action Plan

Appendix 1 of the attached report comprises an Action Plan intended to ensure that the weaknesses identified in the body of the report are addressed satisfactorily.

Recommendation

Members are requested to note the attached report entitled "Setting High Ethical Standards" and appended Action Plan.

Director of Corporate Services
April 2009

Setting High Ethical Governance Standards

Carlisle City Council
Audit 2007/08
March 2009

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Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
 - any third party.
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Introduction

- 1 Confidence in local democracy is a cornerstone of our way of life. It can only be achieved when elected and co-opted members of local authorities are seen to live up to the high standards the public has a right to expect from them.
- 2 High ethical standards are the cornerstone of good governance. They are an integral part of good corporate governance arrangements and can lead to increased confidence in local democracy and better public services. Setting high ethical standards is an important building block for councils in developing their community leadership role and improving services to the community. Councils are also becoming involved in increasingly complex partnerships and poor ethical standards may adversely affect these arrangements.
- 3 Ethical governance is an area of great interest to the national and local press, particularly when things go wrong. Local authorities and individual members face a number of risks, including:
 - referral to, and investigation by the Standards Board for England or the council, for alleged breaches of the Code of Conduct, sometimes leading to the disqualification of members;
 - loss of reputation of individual members, councils and local democracy; and
 - poor decision-making.
- 4 Given the importance of ethical governance we considered it appropriate to assess it in more detail than we have done before.

Audit approach

- 5 One of the common aspects of governance failures is not the absence of frameworks, controls and arrangements but the absence of appropriate behaviours and values amongst members and officers. The survey we use therefore focuses on the behaviour, culture and values through the use of a confidential survey.
- 6 The questions that we asked are structured to cover the following four elements.
 - Balancing rules and trust - supporting the genuine motivation of people while ensuring that those who do breach the rules are challenged.
 - Independent overview - monitoring, developing and promoting the Council's approach to the ethical agenda and how far this is delivering improvement.
 - Leadership - encouraging good conduct in the Council, including in relation to the equalities and diversity agenda.
 - Transparency - ensuring transparency in the way it carries out its business.
- 7 Our review involved the following.
 - A confidential survey that was made available to all members and 29 senior officers.
 - An assessment of the responses including a comparison with other councils
 - The Monitoring Officer completing a questionnaire on the Council's arrangements and any conduct issues that may have arisen in the recent past.
- 8 Of the Council's 52 members 19 (37 per cent) responded and of the 29 senior officers who were invited to complete the survey 13 (45 per cent) of them responded to the survey. This low response rate, by both members and officers, was disappointing and was despite reminders being sent out and the deadline for its completion being extended.

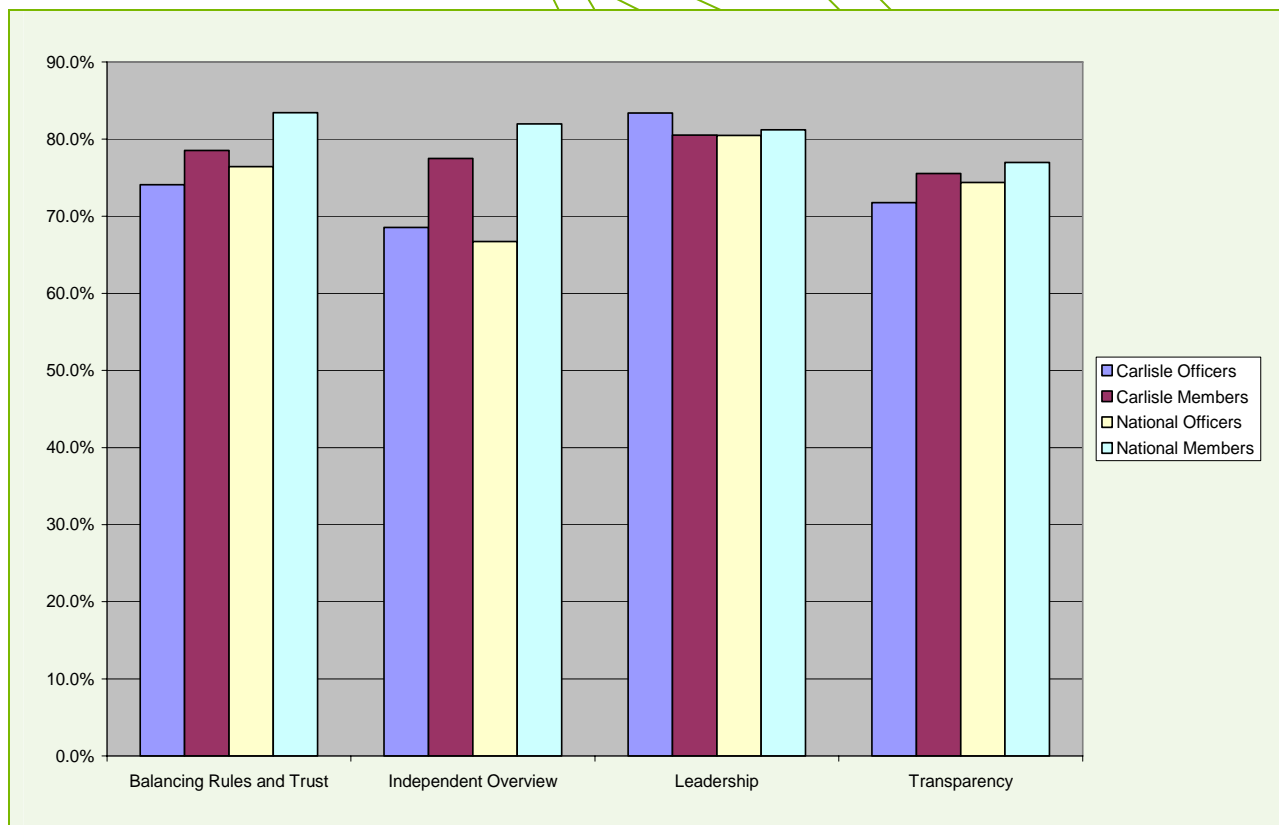
Main conclusions

Summary

- 9 Based upon the responses received the Council needs to raise the awareness and understanding of officers, and particularly members, on ethical governance issues. When compared to the views of officers and members in other councils a consistent reason for the Council falling short of the average was the significant proportion who responded 'Don't know'.
- 10 Figure 1 shows that the responses from members to the survey fell short of the average for other councils in all four areas. Officers responses were however better than the average in two areas; independent overview and leadership.

Figure 1 Percentage of senior officers and members who agree, to some degree, with the statements made

The responses from members to the survey fell short of the average for other councils in all four areas. Officers responses were however better than the average in two areas; independent overview and leadership.



- 11 The most positive result was in Leadership where responses were only just below the national comparators for members and above the average for officers.
- 12 It was particularly positive to note that the Chief Executive is considered to both promote the importance of the ethical agenda and is a positive role model in terms of ethical behaviour.
- 13 The issues arising from our work are shown in more detail below. Given that the overriding issue was the high number of 'Don't know' responses we have only made one recommendation; Action needs to be taken to improve the level of awareness of both officers and members on ethical governance issues.
- 14 Our Recommendation (together with the response of officers) is included in the Action Plan at Appendix 1.

Way forward

- 15 [This report was discussed and agreed with the Chief Executive and the Monitoring Officer. The Action Plan, at Appendix 1, contains the action agreed and any comments that were made. It will then be presented to the Standards Committee.]

Balancing rules and trust

- 16 Figure 1 shows that officers and members share a common and positive view as to the extent to which the Council supports the genuine motivation of people whilst continuing to ensure that those who do breach the rules are discouraged to do so. The responses of officers and members both fell short of the average for other councils.
- 17 Areas where both members and officers shared a positive view included the following.
 - Officers and members have agreed to abide by their respective codes of conduct.
 - Officers and members perform their duties with honesty, integrity, impartiality and objectivity.
- 18 When compared to the views of officers and members in other councils a consistent reason for the Council falling short of the average was the significant proportion who responded 'Don't know' to the following questions.
 - Members abide by members code of conduct?
 - Members and officers use referrals to the Standards Board for England appropriately?
 - I can refer members to the Standards Board for England without fear of reprisal?
 - Members use the Council's resources for party political purposes?
 - Members perform their duties with honesty, integrity, impartiality and objectivity?
 - Members and officers trust each other?
 - Bullying by officers and members is not tolerated in the Council?
 - Appropriate confidences are kept by officers and members?

Main conclusions

- 19** All senior officers and members should be sufficiently well informed to allow them to answer these questions.

Recommendation

- R1** Action needs to be taken to improve the level of awareness of both officers and members on ethical governance issues

Independent overview

- 20** Figure 1 shows that whilst officers consider this to be the weakest element of the Council's governance arrangements they are more positive than the average in other councils. Members are more positive than officers but they still are below the average when compared to other councils.
- 21** Both members and officers shared a very positive view regarding:
- awareness of the Standards Committee; and
 - the advice provided to officers and members on ethics and conduct.
- 22** When compared to the views of officers and members in other councils a consistent reason for the Council falling short of the average was the significant proportion who responded 'Don't know' to the following questions.
- The work of the Standards Committee adds value to the Council? (officers only)
 - The Standards Committee is making a positive difference to the way people outside the Council view the organisation?
 - The Standards Committee or Monitoring Officer monitors member behaviour against the members' code of conduct?
 - Guidance on ethics and conduct is included in the induction of new members?
 - Training on ethics and conduct is included in the induction of officers and members?
- 23** All senior officers and members should be sufficiently well informed to allow them to answer these questions.

Leadership

- 24** Figure 1 shows that officers and members share a very positive view as to the extent to which encouraging good conduct in the Council is the responsibility of both members and officers. For officers the level of understanding was above the national average and for members it was very slightly below the national average.

25 Areas where both members and officers shared a positive view included the following.

- The Chief Executive is considered to both promote the importance of the ethical agenda and is a positive role model in terms of ethical behaviour.
- The Council's values have been communicated to members, officers, local communities and local partnerships.
- The importance of high ethical standards is communicated to members and officers and, although to a lesser extent, to local communities and partnerships.
- The Council addresses diversity issues through:
 - meeting the needs of diverse communities;
 - seeking to attract officers from diverse backgrounds; and
 - ensuring staff have the skills to meet the needs of diverse communities.
- Fair treatment of users of council services and interaction between officers and members.

26 When compared to the views of officers and members in other councils a consistent reason for the Council falling short of the average on individual questions was the significant proportion who responded 'Don't know' to questions including the following.

- Members treat other members fairly? (officers' response)
- Officers treat other officers fairly? (members' response)
- The Leader of the Council promotes the importance of the ethical agenda and is a positive role model in terms of ethical behaviour? (members' response)
- The Council's leadership values the role of the monitoring officer?
- The Monitoring Officer is actively supported by the Chief executive
- The Monitoring Officer is able to carry out his role appropriately?
- The Monitoring Officer promotes the ethical agenda

27 All senior officers and members should be sufficiently well informed to allow them to answer these questions.

Transparency

28 Figure 1 shows that officers and members share a positive view as to the extent to which encouraging good conduct in the Council is the responsibility of both members and officers. Both members and officers were less positive when compared to the national average.

Main conclusions

29 Areas where both members and officers shared a positive view included the following.

- The public's access to members codes of conduct.
- The public can access documents relating to the Standards committee.
- The Council's policies on use of its resources by members and officers are clear.
- The public can access the Council's complaints system, the system is clear and complaints are taken seriously by both officers and members and include complaints about services provided in partnership.
- The guidelines for members on their personal conduct are clear.
- Members feel able to challenge members inappropriate behaviour.
- The process to challenge inappropriate officer and member behaviour is clear.
- inappropriate behaviour by members is suitably dealt with.

30 When compared to the views of officers and members in other councils a consistent reason for the Council falling short of the average on individual questions was the significant proportion who responded 'Don't know' to questions including the following:

- The Council's Whistle blowing policy is clear? (members' response)
- The public can access the whistleblowing policy?
- The whistleblowing policy is used appropriately?
- The whistleblowing policy is used without fear or reprisal?
- Officers who behave inappropriately are suitably dealt with? (members response)
- Members who behave inappropriately are suitably dealt with? (officers response)

31 All senior officers and members should be sufficiently well informed to allow them to answer these questions.

Appendix 1 – Action Plan

| Page no. | Recommendation | Priority 1 = Low 2 = Med 3 = High | Responsibility | Agreed | Comments | Date |
|----------|--|--|----------------|--------|----------|------|
| 7 | R1 Action needs to be taken to improve the level of awareness of both officers and members on ethical governance issues. | | | | | |

Appendix 1 – Action Plan

| Page no. | Recommendation | Priority 1 = Low 2 = Med 3 = High | Responsibility | Agreed | Comments | Date |
|----------|--|--|--|--------|---|------------------|
| 7 | R1 Action needs to be taken to improve the level of awareness of both officers and members on ethical governance issues. | 1 | Head of Personnel and Development Services | Yes | Through Members' Learning and Development Group and by corporate awareness training | To be determined |