

# Ethical Governance

Leicester City Council

Audit 2007/08

July 2009



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# Introduction

- 1 This report covers Leicester City Council's progress with implementing ethical governance between 2007 and 2009. The audit was carried out in two stages. In October and November 2007, the work involved a document review, a diagnostic survey and interviews with key councillors and officers. In March 2009 this was followed up with a workshop to discuss different ethical scenarios with councillors, and some senior managers also attended.
- 2 Ethical standards matter because good governance is linked to good sustainable improvement and trust in public services. High standards are expected by the public. Setting high ethical standards is an important building block for authorities who want to develop their community leadership role and maintaining high standards is crucial to ensuring effective partnerships.
- 3 Ethical governance is based on the principles of public life. These are: Selflessness, Honesty and integrity, Objectivity, Accountability, Openness, Personal judgement, Duty to uphold the law, Stewardship, and Leadership.
- 4 Effective councils demonstrate certain characteristics, for example:
  - The leader and chief executive promote importance of the ethical agenda – they are recognised as role models.
  - The standards committee is proactive and promotes high ethical standards - it is highly respected within the council. The monitoring officer has a high profile and promotes high ethical standards.
  - Council officers and members treat each other with respect - members and officers have a code of conduct, and the council has assessed its standards of conduct.
  - There is a register of interests and gifts – demonstrating understanding, transparency and compliance with ethical standards.
  - The Council champions and promotes diversity to its staff, partners and wider community.
  - Externally, the council is seen as upholding the highest standards of ethics and probity - it has a high reputation for efficiency and integrity.

# Approach

- 5 The audit was undertaken in two distinct stages. In October and November 2007 a review of existing documents and arrangements was completed and a survey distributed widely to councillors and officers was analysed. The work also included interviewing key councillors and managers, and also the Chair of the Standards Committee. The initial results of this were fed back in a presentation to the Town Clerk and the Head of Democratic Services.
- 6 This was followed up in March 2009 with a workshop for senior councillors and officers to consider various ethical governance scenarios and identify changes the Council had been able to put in place since the initial review.

## The Position in 2007

- 7 The audit was carried out in 2007 and included: a self assessment survey distributed widely to councillors and officers; a review of key documents; and interviews with key councillors and officers. The response to the 2007 survey was low and indicated there was a lack of interest in ethical governance particularly amongst councillors.
- 8 The audit found that the Council had some history of problems with political factionalism and inappropriate behaviour. This had included councillors verbally abusing each other in public meetings, for example. Although councillors had signed the code of conduct not all councillors were sure about how to apply it.
- 9 Understanding of ethical governance was variable in 2007. The Council had offered training to councillors and officers on the Conventions (Council Constitution) and Code of Conduct. As a result there was a relatively good understanding of the Conventions. However, there was no analysis of councillor's training needs or personal development review system which could be followed up by political group leads. Not all councillors were engaging with the ethical agenda or taking advantage of training opportunities.
- 10 The Standards Committee was not fully effective in 2007; it was still new. It had been split off from the Audit Committee and had a new Independent Chair. At the time of the audit, the Standards Committee had had three meetings and submitted its terms of reference to the Standards Board of England (SBE). The Council adopted the new SBE Code of Conduct in June 2007 and aimed to implement by September 2007. The Council had started developing an action plan for the Standards Committee, which included a proactive role in communicating ethics to the rest of the Council and developing local investigation arrangements. The Council was also beginning to look at guidance for regulatory services such as development control and licensing. It had also started to change its scrutiny committee format.
- 11 Cultural and behavioural aspects of good governance were underdeveloped in 2007. Some misunderstandings existed about roles and responsibilities, for example there had been potential conflicts of interest in a benefits case, in development control, and where road schemes were concerned. Officer/councillor relations were not always good. There was a culture of some councillors being directive with officers and getting involved with operational matters. The Council had recognised that aspects of this behaviour could be construed as bullying, but the Council's Code of Conduct or Conventions were not specific about behaviours and values. Informal complaints about councillor behaviour were dealt with straight away but not systematically logged, so trends were difficult to prove. A few officers and councillors could not distinguish between inappropriate disclosure and whistle blowing and this required more training. Consequently, resources were sometimes diverted to issues which detracted from the Council's focus.

- 12** Registers of interests, hospitality and gifts were not used effectively. They were used actively but not always appropriately, and as they were monitored at departmental level, they were not transparent. For example, on one register it was not obvious which organisation had offered gifts. Councillors said in 2007 they would like practical guidance on interests and how to operate on outside bodies and what to do about conflicts should they arise.
- 13** Review mechanisms were not effective in 2007. Procedures were not systematically reviewed. Registers of gifts and hospitality in departments were not reviewed systematically and so there was no corporate overview or reporting. Not all of the registers were actively used. This meant that registers were not transparent or reported, and it was unclear to councillors and officers whether the Council took the registers and procedures seriously.
- 14** Ethical government was not embedded in other council policies. For example, the Council provided a good range of diversity training. This covered the Race Relations Act, Disability Discrimination Act and Sex Discrimination Act training. However, around half of survey respondents did not know whether the Council had integrated the Codes of Conduct into diversity related policies such as Human Rights, Equalities, Freedom of Information, and Data Protection.

## Progress since 2007

- 15** In March 2009, the Audit Commission held a workshop with senior officers and councillors from Leicester City Council. This covered discussions about different ethical scenarios, and what had changed in the Council's approach to ethical governance since 2007.
- 16** The workshop was well supported by senior officers and councillors. The Leader and various Cabinet members attended, in addition to members of the Standards Committee.
- 17** The discussions showed a good level of understanding of the ethical agenda. There had been a high turnover (around 50 per cent) in councillors since 2007, and the Council has developed a more systematic approach to councillor training. This includes a member development forum and ethical government elements included in the induction process.
- 18** The Standards Committee is now more proactive. The Chair of Standards Committee has made visits and presentations to political groups and Cabinet on the member complaint issues and the Code of Conduct. The Council now has a revised process for dealing with complaints against councillors allied with local assessment of complaints. This was endorsed by full Council in September. Standards Committee reviews registers of interests, gifts and hospitality on a regular basis and these are publicly reported in Standards Committee minutes, which helps transparency. A system for regular review of the Council's Conventions has been set up, and these are regularly updated on the internet. These measures have clarified ethical governance issues for councillors. The Standards Committee is now promoting the ethics agenda through internal communications, and is considering how to promote its activity through the Council's website.
- 19** The Council has responded positively to issues raised in the corporate assessment. During 2008, a new delegation scheme was approved by Cabinet and Council. Half the councillors attended workshops on the Council's code of conduct with others having received individual briefings. The Council set up a Member Development Forum which produced a Member Training Strategy to ensure capacity and capability of members to undertake their varying role. The political conventions (constitution) have been revised and agreed. The Council is also working through a scrutiny development plan and scrutiny now has an annual work plan.
- 20** The Council has adopted a modern and wide ranging approach to governance. In 2008 its Corporate Governance Code was updated to reflect CIPFA/Solace's code of good governance, covering principles such as:

  - Focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area.
  - Members and officers working together to achieve a common purpose with clearly defined functions and roles.

- Promoting values for the Authority and demonstrating the values and good Governance through upholding high standards of conduct and behaviour.
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
- Developing the capacity and capability of members and officers to be effective.
- Engaging with local people and other stakeholders to ensure robust public accountability.

**21** The Council has improved its governance training in order to meet this Corporate Governance Code. There is annual and ongoing mandatory training provided for Committee Members on Regulatory issues (Planning, Development Control and Licensing). The Council agreed a Members Development Strategy in September 2008 and the Member's Development Forum co-ordinates implementation. Ethical governance is now part of induction training, and the Council also carries out work to raise awareness of probity among pre-election candidates. There has been cross party support and signing of IDEA Members Development Charter, and a budget has been approved. This ensures that councillors have the capacity to undertake their varying roles.

### Recommendations

**R1** The Council should build on its ethical governance training work by:

- tailoring ethical governance training to councillor's needs identified through the development review process;
- offering refresher training before elections and to update councillors about case law;
- developing an ethical governance training package for managers and staff to include:
  - general awareness of ethics including the councillor perspective; and
  - officer code of conduct issues including declaration of gifts, hospitality and interests.

**R2** The Council's Standard's Committee to develop an externally focused action plan so that:

- it is better understood by the Public and can publicise the Council's record on ethics; and
- it can clarify partnership conduct and governance issues for those engaged in joint working

The Council should implement these measures before the end of March 2010. It is envisaged that the cost will be low to medium.



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