



City of Westminster

## Committee Report

Item No:	53
Date:	31 October 2006
Classification:	For General Release
Title of Report:	Ethical Governance Audit (Final Report)
Report of:	Director of Legal and Administrative Services and Director of Policy and Communication
Wards involved:	None
Policy context:	Management of the Council
Financial summary:	There are no financial implications arising from this report
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## **1. Summary**

- 1.1 This report advises the Committee of the submission of the final report of the District Auditor following the Ethical Governance Audit conducted in September/October 2005. The Committee considered the draft report at its meeting on 27 March 2006 and made comments which were referred to the District Auditor for his consideration when producing the final report.
- 1.2 The District Auditor has advised that the Committee's comments have been considered and changes made as considered appropriate. The final report is now attached. The recommendations in the auditor's report have not been varied.
- 1.3 At the meeting in March, the Committee agreed to review the Audit after six months and this report includes a section on the Six Month Review, setting out the progress made on implementing the recommendations from the Audit which have not changed from the draft report.

## **2. Recommendations**

- 2.1 That the final report "[Setting High Ethical Standards](#)" from the [Audit Commission](#), attached as Appendix A, be noted.
- 2.2 That the progress made in implementing the recommendations (or comments in response) of the Ethical Governance Audit, as set out in the report, be noted.
- 2.3 That the District Auditor be advised of the updated position as set out in the report.
- 2.4 That in view of the progress made a further report be submitted in 12 months.
- 2.5 That the Committee consider the options relating to the publication of the Register of Members Interests set out in paragraph 4.6 [\(c\)](#) and advise the Standards Committee accordingly.

## **3. Background**

- 3.1 The General Purposes Committee on 27 March 2006 gave detailed consideration to the draft report arising from the Ethical Governance Audit and referred comments to the Auditor. The comments made are set out in the minutes of that meeting which are listed as a background document.
- 3.2 The Auditor has indicated that the comments submitted have been taken on board to the extent considered appropriate. This has, however, resulted in only minor changes being made to the report as the majority of the comments were not accepted. Unfortunately the Audit Commission have been unable to provide a copy of the report with track changes. The recommendations in the final report have not been changed from the draft considered in March.

#### 4. Six Month Review

- 4.1 This section updates the Committee on the progress made with the implementation of the recommendations. In the case of those recommendations which were not accepted, a comment has nevertheless been included.
- 4.2 **Recommendation (1):** Review the role and functioning of Overview and Scrutiny Committees to ensure they can operate openly to challenge whether the Council is meeting the needs of its diverse communities in the most effective way.

**Responsibility:** Director of Legal and Administrative Services ~~(MS)~~

**Comments:** (i) A comprehensive review of the Overview and Scrutiny function took place following the IDeA International Peer Review of the City Council with the aim of enhancing the effectiveness of Overview and Scrutiny. A new Overview and Scrutiny structure was agreed by the Council in April this year and implemented following the City Council elections in May. The structure includes a new Westminster Scrutiny Commission which "owns" the scrutiny function, independent on the Executive; (ii) The effectiveness of the new arrangements will be reviewed after 12 months operation.

- 4.3 **Recommendations 2:** Consider how the knowledge and skills of Majority Party Members who do not hold office in the Council and Minority Party Members can best be used for the benefit of Westminster's wide range of communities.

**Responsibility:** Director of Policy and Communication ~~(Fran Beasley)~~

**Comment:** The Council is taking forward the recommendations of the cross-party Members' Working Group on Neighbourhoods. It is developing an online Information Grid to keep Ward Members regularly updated on what is happening in their Ward. It ~~will also pilot~~ is also intended to bring forward proposals for regular quarterly meetings (AIMs – Area Information Meetings) across the City which bring together Ward Members, and Senior Officers and Partners (AIMS – Area Integration Meetings) to develop solutions to local issues identified by Ward Members. The role of Area Forums will also be enhanced as the issues they raise will directly feed into the quarterly AIMs. ~~Initially this~~ This approach will be piloted in the South of the City prior to a decision on a City-wide roll-out.

- 4.4 **Recommendation 3:** Review the Council's approach to the management of diversity within the Council to ensure that the Council can demonstrate publicly to staff and other stakeholders its commitment to the issue.

**Responsibility:** Director of Policy and Communications.

**Comment:** The Council has revised its approach to equalities corporately. The Chief Officers Diversity Group has been re-configured and comprises Chief Officers from all Departments as well as the Chief Executive. It oversees all aspects of equalities and drives implementation of the Council's equalities objectives. There is a programme of work in place to ensure the Council reaches Level 3 of the Equalities Standard for Local Government. This includes communicating with all staff the Council's position in relation to equalities and what it means for them.**Comment:** The Council has recently commissioned an external health check to assess whether it is on track to achieve Level 3 of the Equalities Scheme for Local Government. This audit has found that the Council is making excellent progress to embed equalities in the day-to-day operation of the Council. In particular, the leadership commitment to the equalities agenda and the rigorous process the Council had adopted were identified as best practice. In a number of areas the Council has even met Level 4 and is touching Level 5. The Council is working with the independent assessor to put in place an action plan to ensure that the Council meets Level 3 across all areas of the business.

The Council's programme of EQIAs is progressing as planned. In 2005/06 all 26 EQIAs were completed on time. Over 50 EQIAs are underway or planned for 2006/07.

The Council is well on track to meet the requirement of the DDA 2005 to produce a Disability Equality Scheme. The Council has consulted widely with service users, disability organisations, staff and trade unions in compiling its DES. The Council's approach has been widely approved as representing best practice.

The Council has also started work on developing its Gender Equality Scheme and is adopting a similar inclusive approach as was used for the DES.

The Council's programme of Equality Impact Assessments (EQIAs) is progressing as planned. In 2005/06 all 26 EQIAs were completed on time. Over 50 EQIAs are underway or planned for 2006/07.

The Council is well on track to meet the requirement of the Disability Discrimination Act 2005 to produce a Disability Equality Scheme (DES). The Council has consulted widely with service users, disability organisations, staff and trade unions in compiling its DES. The Council's approach has been widely approved as representing best practice.

The Council has also started work on developing its Gender Equality Scheme and is adopting a similar inclusive approach as was used for the DES.

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**4.5 Recommendation 4:** Consider the Constitution of the Standards Committee, consider whether the size, membership and chairing arrangements give

confidence to external stakeholders that the Council will automatically, impartially and properly consider ethical issues and any potentially inappropriate behaviour by Members.

**Responsibility:** Director of Legal and Administrative Services ~~(MS)~~

**Comments:** The Council, in April 2006, on the recommendation of the General Purposes Committee, agreed that the current size and composition of the Standards Committee be retained pending anticipated Government legislation which is expected to have the effect of requiring the membership to be expanded. No further action is therefore proposed at present.

- 4.6 **Recommendation 5:** Review the terms of reference of the Standards Committee. Consider whether the committee should have a wider role so that it can obtain a more complete picture of the way Council business is being transacted and ensure that arrangements are consistently strong across the wide range of Council business.

**Responsibility:** Director of Legal and Administrative Services ~~(Mick Steward)~~

**Comments:** (1) The Council, in April 2006, on the recommendation of the General Purposes Committee, agreed to amend the terms of reference of the Standards Committee by the addition of the following:

“To maintain an overview of the arrangements in place for maintaining High Ethical Standards throughout the Authority (ie not just in relation to Member conduct) and in this context to receive a report annually from the Director of Legal and Administrative Services, the Director of Finance, the Director of Procurement and the Director of Policy and Communications”.

- (ii) In addition, the Leader of the Council has added the following to the terms of reference of each Cabinet Member.

“To have responsibility for ensuring that all activities within the remit of the Cabinet Member are carried out having regard to the highest ethical standards”.

- (iii) The Council also agreed to establish a new Audit and Performance Committee, to be independent of both the Executive and Overview and Scrutiny. This accords with CIPFA guidance to local authorities.

No further action is proposed.

- 4.6(a) In making comments on the Registration of Interests by Members the report makes reference, in paragraph 53, to the increasing number of Councils who are putting their registers on the web. Councillor Paul Dimoldenberg has asked that further consideration be given to this issue in the light of the practice adopted by other London Boroughs.

When it gave consideration to the draft report (there has been no change in the final report) the Standards Committee took the view that the current system relating to the Register of Interests and the Register of Gifts and Hospitality, is satisfactory and that the registers should not appear on the Council's website but the website should make it clear that such information is publicly available and copies can be obtained by contacting the relevant officer, with full details of how to do so.

The Council's website now contains the following note:

"Register of Members' Interests

All Members of the Council are required by law to register their financial and other interests. These include:

- § Details of any employment or business carried out by them;
- § The name of their employer;
- § Details of any directorships;
- § Contracts between themselves/their firm and the Council;
- § Interests in land in the area. "

It is made clear that these can be inspected and copies are available from the Cabinet, Committee and Scrutiny Secretariat a contact name and telephone number is given. Copies can also be emailed.

- 4.6 (b) A survey of London Boroughs shows that about 50% of them provide some information from the Register on their websites although in a lot of cases this information does not include details of home addresses or financial information. Some of these boroughs provide the information on websites with the Member's consent. The remaining 50% of Borough's have a note similar to that of the City Council.
- 4.6 (c) In the light of the above the Committee is asked to give its views on the following options to the Standards Committee:
1. To publish the full register on the website.
  2. To publish edited information on the website as approved by the individual Member, which shall generally not include home addresses.
  3. To make no change to the current arrangement.
- 4.7 **Recommendation 6:** Review the arrangements for the way officers register their potential conflicts of interest and gifts and hospitality. Disseminate Council expectations to officers to ensure consistency.

**Responsibility:** Director of Policy and Communications (~~Jonathan Evans~~)

**Comment:** Work on reviewing and revising the Council's procedures for the reporting and registering of employees' personal interests is at an advanced stage. Draft policy and associated documentation will very shortly be available for the Chief Executive's Strategy Board's consideration and for trade union consultation, prior to then going forward for inclusion in the Code of Governance.

This policy and associated procedure will be included in a code of conduct for Council employees to which reference is made in recommendation 7 below.

- 4.8 **Recommendation 7:** Consider how best the Council can disseminate its approach to the ethical agenda and the high store it places on good behaviour by all when carrying out Council business. Disseminate both internally to all staff, including the Council's and contractors' temporary staff, and externally to stakeholders and the wider community.

**Responsibility:** Director of Policy and Communications in consultation with the Director of Finance (~~Toni Walker/Jonathan Evans/Alex Aiken/Terry Cotton~~)

~~**Comment:** (1) Development of a code of conduct for employees is in progress and a first draft will be available. Draft policy and associated documentation will very shortly be available for the Chief Executive's Strategy Board's consideration and trade union consultation by the end of 2006. Provisions for whistleblowing, registering gifts, hospitality and interests will also be included in the code.~~

~~(2) A programme of activities will be developed to launch the new code and raise awareness of the requirements. The use of technology is also being developed to help promote employees, contractors and external stakeholder awareness. Increased information will be provided to contractors and stakeholders together with an article in the Westminster Reporter setting out the high standards which the Council expects awareness of the policies and to monitor their acceptance and understanding of them.~~

**Comment:** (1) Development of a code of conduct for employees and associated documentation is in progress and a first draft will be available for the Chief Executive's Strategy Board by the end of 2006. Provisions for whistleblowing and registering of gifts, hospitality and personal interests, will also be included in the code.

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(2) A programme of activities will be developed to launch the new code and raise awareness of its requirements. The use of technology is also being developed to help promote employees', contractors' and stakeholders' awareness of the high standards which the Council expects and their knowledge of these policies. Systems will be set up to monitor use, acceptance and understanding of the new policies.

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## **5. Legal Implications**

- 5.1 There are no specific legal issues arising from this report.
- 5.2 In respect of the publication of the Register of Members Interests the Council complies with the statutory requirement to make these available for inspection. Copies are made available upon request in either paper or electronic form.

## **6. Financial Implications**

- 6.1 There are no financial implications.

If you wish to inspect one of the background papers please contact Mick Steward: 020 7641 3134: email: [msteward@westminster.gov.uk](mailto:msteward@westminster.gov.uk)

### **Background Documents**

- Minutes of the General Purposes Committee, 27 March 2006.
- Minutes of Standards Committee, 13 March 2006
- Draft Report of Auditor on Ethical Governance Audit