

Item Number:



Executive Summary and Recommendations

Date: 24 October 2007

Subject: Ethical Governance Audit: Final Progress Report

Summary of this Report

- (a) At its meeting on 31 October 2006 the Committee noted the final report of the District Auditor following the Ethical Governance Audit conducted in September/October 2005 and the progress made with implementing the recommendations in the Auditor's report.
- (b) This report updates the Committee on the position since it last reviewed progress in October 2006 implementing the recommendations in the final report of the District Auditor.
- (c) At that time the Committee agreed that a report be submitted in 12 months reviewing further progress. In view of the progress made, as outlined in this report, it is intended that this will be the final report on the audit to this Committee, on the basis that any ongoing issues from the original audit and subsequent follow-up action will be monitored by the appropriate Committee.

Recommendations

1. That the position against each of the Auditor's recommendations, as outlined in the report, be noted.

Formatted: Tab stops: 0.98 cm, Left



City of Westminster

Committee Report

Date:	24 October 2007
Classification:	For General Release
Title of Report:	Ethical Governance Audit: Review Report
Report of:	Director of Legal and Administrative Services Director of Policy and Performance Director of Organisational Change Director of Finance and Resources
Wards involved:	Not applicable
Policy context:	Management of the Council
Financial summary:	There are no financial implications arising from this report
Report Author:	Mick Steward
Contact details	Tel: 020 7641 3134 Email: msteward@westminster.gov.uk

1. Background Information

- 1.1 The Committee on [27 March 2006](#) received the draft report of the District Auditor and on 31 October 2006 received a report on the submission of the final report of the District Auditor and the progress being made on [implementing](#) the recommendations. [T](#), this report sets out the results of the 12 month review.

12 Month Review

- 1.2 This section updates the Committee on the progress made with implementing the recommendations.

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

Comment: The Westminster Scrutiny Commission has recently reviewed the Overview and Scrutiny function following the first year's operation of the new structure introduced following the May 2006 Elections and adjustments have been made aimed at ensuring that Overview and Scrutiny Committees operate openly to challenge whether the Council is meeting the needs of its diverse communities in the most effective way.

- 1.3 **Recommendation 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 Performance

Comment: The Council is taking forward the recommendations of the cross-party Members' Working Group on Neighbourhoods. It has put in place a Member designated Information Portal, introduced Ward Member call-in powers and piloted 3 Area Integration Meetings in the South of the City. The Council has received a report from its consultants OPM evaluating the AIM pilot. It is proposed to consult with Ward Members in October on a range of initiatives to enhance the role of ward members including:

- neighbourhood budgets of £100k for each ward.
- a new member development training programme based on roles and competencies.
- allocating a member of the Council's Corporate Senior Management Board to each ward.

- introducing AIMS where an issue falls outside of existing governance groups.
- Introducing a State of the Neighbourhood forum supported by a bespoke programme of community engagement events determined by Ward Members.

Following consultation with ward members, detailed proposals will be put to the Cabinet in November 2007.

- 1.4 **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 Performance.

Comment: The Council has reviewed its equality and diversity approach and is taking steps to ensure that a more strategic approach can be taken, enabling equality and diversity to be mainstreamed into all the City Council's policies and functions.

The City Council has been assessed by an external assessor as having achieved Level 3 of the Equality Standard by 31 March 2007. Work is underway on achieving Level 4 of the Equality Standard by October 4 and the City Council will work with Capital Ambition on this.

Six-monthly monitoring of the Disability Equality Scheme is underway and progress achieved so far will be shared with key stakeholders for their feedback and to invite any suggestions for further development of the scheme.

A joint stakeholder event seeking views on the Gender Equality Scheme was held with the PCT on 31 March 2007 and a major consultation was held, including online, with key stakeholders and residents. The City Council's first Gender Equality Scheme was then published on the City Council's website on April 30, 2007 and has also been disseminated to all key stakeholders who took part in the consultation.

A complete overhaul of the Equality Impact Assessment Procedure is currently underway and training on the new procedure will be [\[avoided?????\].provided.](#)

As part of the Leader's One City commitment a consultation and mapping exercise will take place with the LGBT communities in Westminster and the new LGBT Engagement Strategy will be launched in February 2008. In addition the Council is working to identify black led churches operating in the City and engage them in the Council's successful Faith Exchange.

- 1.5 **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

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. The Local Government and Public Involvement in Health Bill (expected to be enacted in ~~October~~ December) currently has provision for the Standards Committee to be chaired by the Independent Member. A report will be submitted to the General Purposes Committee dealing with any necessary changes to the constitution of the Standards Committee following enactment of the Bill.

Formatted: Indent: First line: 0 cm

- 1.6 **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

Comments: (i) 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”.

—The Standards Committee on 13 March 2007 considered the first of these annual reports. The report set out a considerable amount of detail relating to ethical governance and the steps taken in particular to increase awareness of ethical governance issues. The Standards Committee will receive the next annual report in March 2008.[Include something about the submission of the first annual report]

Formatted: Indent: Left: 0 cm, Hanging: 2.54 cm

- (ii) In addition, the Leader of the Council 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.

- 1.6(a) The District Auditor's report made reference to the increasing number of Councils who are putting their Register of Members' interests on their websites. The General Purposes Committee agreed that the Members' Register of Interest should be published, with the Standards Committee agreeing the detail. The Standards Committee agreed the arrangements for publication (which included the omission of Councillor's home addresses from the version on the website).

No issues have arisen.

- 1.7 **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 Organisational Change.

Comment: The Council's new policy "Out of Work Activities and Declarations of Interests" has now been implemented and, with the associated procedure, included in the Human Resources Framework which is available on the Wire. Departments are currently identifying designations in which postholders will have to complete declarations of interests forms, and ensuring that these are completed and returned. ~~**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 them 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.~~

This policy and procedure, and provisions in relation to gifts and hospitality, are included in the code of conduct for Council employees and the supporting handbook, to which reference is made in recommendation 7 below.

- 1.8 **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 Organisational Change, in consultation with the Director of Finance and Resources.

Comment: (1) Development of a code of conduct for employees and associated documentation has progressed and a draft is ~~now~~²²² the subject of consultation with staff/unions. Provisions for whistleblowing and registering of gifts, hospitality and personal 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 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~~s~~. Systems will be set up to monitor use, acceptance and understanding of the new policies.

(3) The Procurement and Contracts Code training to staff also has a section on ethical governance and its application to contracts award.

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

Background Documents

- Minutes and report to the General Purposes Committee, 27 March 2006
- Minutes of Standards Committee, 13 March 2006
- Final Report of Auditor on Ethical Governance Audit
- Minutes and Report to the General Purposes Committee – 31 October 2006