

Report for Resolution

Report to	Council 31 January 2012	Item
Report of	The head of law and governance	8
Subject	Interim report of the monitoring officer	

Purpose

To summarise the key work carried out from September 2010 and up to 31 March 2011 and provide an assurance that the council's control measures to the areas which are the responsibility of the monitoring officer are adequate and effective.

Recommendations

That the report be adopted by the council.

Financial Consequences

There are no direct financial consequences of this report.

Strategic Priority and Outcome/Service Priorities

The report improves the council's corporate governance framework and helps to protect the interests of the council.

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Background Documents

None

1. Introduction and background

- 1.1 Recently the annual report of the monitoring officer at Norwich city council has reported for the annual period – September to the end of August. From now on and in order to satisfy auditing requirements the report will cover the 12 month period April to May. Therefore to bring the reporting practice in line, an interim annual report of the monitoring officer has been undertaken.
- 1.2 Because the last annual report of the monitoring officer covered the period up to 31 August 2010, this interim report is for the period 1 September 2010 to 31 March 2011.
- 1.3 The monitoring officer's annual report supports the assurance statements, included in the annual governance statement. It provides a review of the monitoring officer's work as part of the council's governance arrangements and system of internal control. However, the annual governance statement is reported to a meeting of the full council in June every year; so for the purposes of this interim report is not included as it will be embodied within the next full annual report covering the period for 1 April 2011 to 31 March 2012.
- 1.4 The chief responsibilities of the monitoring officer can be summarised as follows:-
 - (a) a duty to report to the council and the executive in any case where the monitoring officer is of the opinion that any proposal or decision is or is likely to be illegal or to constitute maladministration;
 - (b) a range of functions relating to Member conduct;
 - (c) specific functions under the Council's Constitution.
- 1.5 The ability of the monitoring officer to undertake this role effectively depends on excellent working relations with colleagues and Members and on the flow of information and access to debate particularly at early stages. The scope of the work also extends to partnership arrangements.

2. Monitoring Officer Interim Report

- 2.1 **Corporate governance** is the system by which local authorities direct and control their functions and relate to their communities. It is founded on the fundamental principles of openness, integrity and accountability together with the overarching concept of leadership. In this respect, Norwich city council recognises the need for sound corporate

governance arrangements and over the years has put in place policies, systems and procedures designed to achieve this. The city council has adopted a code of corporate governance as a means of drawing together all the positive elements of corporate governance which it already has in place.

2.2 The monitoring officer is appointed under section 5 of the local government and housing act 1989 and has a number of statutory functions in addition to those more recently conferred under the local government act 2000 and subsequent regulations concerning local investigations into member conduct.

3. Key messages

3.1 The key messages to note from the year are:

- As there have been no 'reportable incidents' during the period October 2010 to April 2011, the standards committee or any of its panels have not had to meet in the period to consider any complaint referred under the new arrangements.
- The monitoring officer has continued to give advice to individual members regarding member behaviour and conduct concerns.
- The standards committee now meets as part of the council's schedule of meetings time-table to carry out ethics and governance work. This takes the form of training, consultation, consideration of other local authorities' case studies and discussion around observations made at meetings of the council. This revised approach is helping to develop and embed an ethos of ethical standards throughout the council which is lead by members.
- The Localism Bill was introduced by the secretary of state for communities and local government and given its first reading on 13 December 2010. The Bill completed its third reading in the House of Lords on 31 October 2011. The Bill received royal assent on 15 November 2011 and is now the Localism Act. The actions of the monitoring officer regarding the Act will be included in the monitoring officer's report that will cover the period 1 April 2011 to 31 March 2012. One such provision of the act is for council's to have a local code of conduct in place.
- The monitoring officer will be proposing a local code of conduct to be adopted at the appropriate time and once the full extent of the legislative requirements that result from the Localism Act have been clarified. A report on the implications of the Localism Act is being taken to the contracts working party and the standards committee.
- All councillors are trained in the 'current' code of conduct for members as part of the council's training and development programme. All members that were newly elected to the council on 9

September 2010 received training by the monitoring officer.

- That the systems of internal control administered by the Monitoring Officer including compliance to the code of corporate governance and the council's constitution were adequate and effective during the period 1 September 2010 to 31 March 2011 for the purposes of the latest regulations.
- The Council has arrangements in place to ensure compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful i.e. the monitoring officer approves all reports to the executive, council and committees and is consulted on policy development.
- There are standing orders, standing financial regulations and a scheme of delegation for members and officers in place and these are reviewed and updated as appropriate.
- The Council is proactive in raising the standards of ethical conduct among members and staff, including the provision of ethics training and has put in place arrangements for monitoring compliance with standards of conduct across the council including:
 - Code of conduct for local government employment
 - Code of conduct for members
 - Protocol for members/officers working arrangements
 - Register of interests
 - Register of gifts and hospitality
 - Complaints procedure
 - Whistle-blowing policy
 - Fraud policy
- The council can demonstrate that its members and staff exhibit high standards of personal conduct. Members and staff are aware of the need to make appropriate disclosures of gifts, hospitality and pecuniary interests. There is evidence that members and staff are making appropriate disclosures in the registers and that they are reviewed by the monitoring office on a monthly basis. Additional training is also given to managers.
- The Council has arrangements in place to receive and investigate allegations of breaches of proper standards of financial conduct and fraud and corruption.
- The Whistle-blowing Policy demonstrates the council's commitment to providing support to whistleblowers and has been communicated

to staff and those parties contracting with the council; as does the council's fraud policy.

- The legal team is run in partnership with Norfolk county legal services with the role of monitoring officer remaining with the city council. The legal team is accredited to the law society's Lexcel quality standard and has arrangements in place to ensure the quality of the service provided.
- Reports are provided to the standards committee and ad hoc reports on major legislative and governance issues are provided to the corporate management team.
- The monitoring officer has access to all reports to the corporate leadership team and has the right to attend and be heard.
- The monitoring officer has provided governance and probity advice /training to directors, heads of service and managers. In addition, such training is given to new entrants into the council.
- An adopted monitoring officer protocol is in place at the council.
- The deputy monitoring officer has responsibility for managing Ombudsman complaints.

4. Results of the Monitoring Officers work - 1 September 2010 to 31 March 2011

4.1 Over the period, the Monitoring Officer has carried out the following tasks to ensure the effectiveness of his role :-

DUTIES	EXAMPLES
Had regular meetings with each of the chief executive and head of finance, in order to review current and likely future issues with legal, constitutional or ethical implications.	During the period the constitution was updated to reflect service and departmental changes etc.
Maintained good liaison and working relations with the district auditor.	The district auditor would be consulted if reportable incidents arose.
Ensured that the city council is kept up to date on new legislation and changes in the law which are relevant to the carrying out of the city council's activities.	This will generally take the form of reports to Members and briefing notes to corporate leadership team but where appropriate will involve training sessions for relevant members and officers.
The monitoring officer has been consulted at an early stage on new	The monitoring officer is regularly consulted on new policy proposals.

<p>policy proposals and on matters, which have potentially significant legal implications.</p>	
<p>All draft reports to the cabinet are as a matter of routine cleared by the monitoring officer or his senior staff.</p>	<p>All reports are routinely forwarded to the monitoring officer and his staff by service areas and are reviewed for their legal and ethical implications.</p>
<p>The monitoring officer has been informed of all emerging issues of concern of a legal, ethical or constitutional nature.</p> <p>Similarly, members have ensured that the monitoring officer is routinely informed and consulted in respect of new policy proposals.</p>	<p>Directors and heads of services are aware that they must consult the monitoring officer on all legal, ethical or constitutional matters and they regularly do so. A member of the monitoring officer staff attends meetings of departmental management teams.</p> <p>Members can rely on the fact that all reports are routinely reviewed by the monitoring officer or his senior staff, prior to their presentation to the cabinet or other committees.</p>
<p>The monitoring officer has sought to resolve any potential illegality by identifying alternative and legitimate means of achieving the objective of the proposal.</p>	<p>The monitoring officer and the solicitor to the council regularly advise on the legality and/or appropriateness of administrative procedures and the legitimate means of achieving the objectives.</p>
<p>In appropriate cases, and to secure the rapid resolution of a potential reportable incident or avoid a separate statutory report, the Monitoring Officer receives a full set of papers for the CLT and is entitled to attend meetings to advise.</p>	
<p>Where the monitoring officer receives a complaint of a potential reportable incident, he must in appropriate cases seek to resolve the matter amicably, by securing that any illegality or failure of process is rectified. However, it is recognised that the monitoring officer may decide that the matter is of such importance that a statutory report is the only appropriate response.</p>	<p>There have been no incidents requiring a statutory report during this period.</p>

5. Overall opinion on the adequacy and effectiveness of the Governance framework

- 5.1 That the systems of internal control administered by the monitoring officer including the code of corporate governance and the council's constitution, were adequate and effective during the period covered by this interim report for the purposes of the latest regulations.

Background

1. In 2001 CIPFA and SOLACE produced a framework of good governance for use in local government. The framework recommended that local authorities review their existing governance arrangements and report annually on their effectiveness in practice. This is done through the audit committee.
2. The guidance accompanying the framework aims to assist the council in testing its governance structures against the principles in the new framework by:-
 - Reviewing existing governance arrangements against the framework.
 - Developing and maintaining an up to date local code of governance, including arrangements for ensuring its ongoing application and effectiveness.
 - Preparing a governance statement on an annual basis in order to report publicly on the extent to which we comply with our code, including how we have monitored the effectiveness of the governance arrangements in the year, and on any planned actions in the coming period.

The Code of Governance

3. The CIPFA and SOLACE guidance note sets out a schedule to assist in putting the good governance principles into practice. It describes what the council's code of governance should now contain and gives examples of source documents, good practice and other means that may be used to demonstrate compliance.
4. The corporate leadership team has reviewed the framework and guidance. It has now been approved in order that section 3 of the framework now forms the basis of the code of governance for the council.
5. One of the purposes of the new annual governance statement is to report publicly on the extent to which the council complies with the code.
6. The effectiveness of the Council's governance arrangements is assessed using the principles in the code.

The Annual Governance Statement

8. The evidence to support the annual governance statement is gathered, reviewed and reported by the head of finance.
9. The annual governance statement is approved by the audit committee in June each year and therefore does not fall into the period that this interim report covers.
10. The review of governance arrangements is reported through the audit committee.