

STANDARDS COMMITTEE

REPORT for meeting to be held on 2 September 2009

Annual Report of the Monitoring Officer

Purpose

To summarise the key work carried out in 2008/09 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 noted.

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.

Contact Officers

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Background Documents

None

Legal and Democratic Services

1. Introduction and background

- 1.1 The Head of Legal and Democratic is the Council's statutory Monitoring Officer.
- 1.2 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.
- 1.3 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.
- 1.4 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 Annual Report

- 2.1 The Monitoring Officer's Annual Report summarises the more important matters arising from the Monitoring Officer's work for the City Council in 2008/09 and comments on other current issues.
- 2.2 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.
- 2.3 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 governing local investigations into member conduct.

3. Key messages

3.1 The key messages to note from the year are:

- All Members of the Council were trained on the model Code of Conduct for members which was introduced pursuant to the Local Authorities (Model Code of Conduct) Order 2007.
- In October 2007 the Local Government and Public Involvement in Health Act came into force and members were made aware of changes to the procedures for determining standards complaints. The regulations bringing in the new local determination provisions came into effect in May 2008. The Standards Committee met in April 2009 to consider three complaints referred to it under the new arrangements.
- One matter was determined not to be a complaint as set out in the Act. Two complaints were investigated by the Monitoring Officer and reported to the committee which decided that there had been no breach of the Code of Conduct.
- In the absence of a written complaint the Monitoring Officer has given informal advice to individual Members about allegations of possible misconduct. In each of these cases it was felt that there had been no misconduct and the Members decided not to make a formal complaint.
- There have been no 'reportable incidents' during the period 2008/09.
- 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 2008/09 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 in place and these are reviewed and updated as appropriate. The Officer Scheme of Delegations was reviewed in 2008/09 and individual authorisations produced.
- 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
 - Whistleblowing 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 has also been 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 Whistleblowing Policy was reviewed in 2008/09 and re-publicised and demonstrates the Council's commitment to providing support to whistleblowers and has been communicated to staff and those parties contracting with the Council. The Council's Fraud Policy was adopted in February 2003.
 - The Legal Team within Legal and Democratic Services is accredited to the Law Society's Lexcel quality standard and has arrangements in place to ensure the quality of the service provided.
 - During the year 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 Management Team and has the right to attend and be heard.
 - The Monitoring Officer has provided governance and probity training to Directors, Heads of Service and Managers. In addition, such training has been given to new entrants into the Council and Managers in the Housing Service.
 - A Monitoring Officer Protocol has been produced and is recommended for approval elsewhere on the agenda for this meeting.
 - The Deputy Monitoring Officer has been given responsibility for managing Ombudsman complaints.

4. Results of the Monitoring Officers work in 2008/09

- 4.1 In order to ensure the effective undertaking of the duties, the Monitoring Office has a number of duties which are set out in the table below:-

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 year the Constitution was updated to reflect changes in legislation, including updating standards matters, financial regulations and procurement regulations.
Maintained good liaison and working relations with the Standards Board and District Auditor.	The Monitoring Officer has attended seminars and workshops of the Standards Board. 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 Management Team but where appropriate will involve training sessions for relevant Members and Officers.
The Monitoring Officer or the Council's Solicitor have been consulted at an early stage on new policy proposals and on matters, which have potentially significant legal implications.	The Monitoring Officer and the Council's Solicitor are regularly consulted on new policy proposals.
All draft reports to the Executive are as a matter of routine been cleared by the Monitoring Officer on his senior staff.	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>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 DMTs.</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 Executive or other committees.</p>
The Monitoring Officer has sought to resolve any potential illegality by identifying alternative and legitimate means of achieving the objective of the proposal.	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>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 paper for the CMT and is entitled to attend meetings to advise.</p>	<p>There have been no such incidents during 2008/09.</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 2008/09. However, the Monitoring Officer did undertake an investigation into governance arrangements following the Greyhound Opening incident and found that adequate safeguards are in place to protect the Council and individual members of staff but in respect of this particular case they were not followed. Six recommendations were made and an action plan drawn up to implement them. The Monitoring Officer's recommendations were adopted by the Executive.</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 2008/09 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 Management Team (CMT) has reviewed the framework and guidance and has proposed that section 3 of the framework should form the basis of a new Code of Governance for the Council. Once approved this will replace the current code which forms Appendix 20A of the constitution.
5. The proposed code of governance was presented to Audit Committee in March 2008, when members were asked to submit any comments to the Head of Finance.
6. 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.
7. Although the new code was not in place for 2007/08, the effectiveness of the Council's governance arrangements has been assessed using the principles in the new 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 was approved by the Audit Committee on 22 June 2009.
10. The review of governance arrangements is reported through the Audit Committee.