


<p>Non-Executive Report of the:</p> <p>Standards (Advisory) Committee</p> <p>24th November 2016</p>	
<p>Report of: Graham White, Acting Corporate Director, Law, Probity and Governance</p>	<p>Classification: Unrestricted</p>
<p>Governance Update</p>	

Originating Officer(s)	Paul Greeno, Senior Corporate and Governance Lawyer
Wards affected	All

Summary

One of the functions of the Standards (Advisory) Committee is to receive periodic reports on the Council's Ethical Governance arrangements and this report is providing such an update.

Recommendations:

The Standards (Advisory) Committee Committee is recommended to:

1. Note the contents of this report.

1. REASONS FOR THE DECISIONS

- 1.1 Good governance requires the Council to focus on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area with members and officers working together to achieve a common purpose. The Council should operate on a basis of sound decision making with effective processes to support it and that those practices are transparent, clear and precise.
- 1.2 It is important to note that good governance also equates to ethical governance as high ethical standards are the cornerstone of good governance and as CIPFA/ SOLACE recognise “***One of the common aspects of governance failures is inappropriate behaviour amongst some members and officers.***”¹
- 1.3 This is a noting report for the Standards (Advisory) Committee advising them of the steps that the Council is taking regarding ethical governance.

2. ALTERNATIVE OPTIONS

- 2.1 This report is for noting and the only alternative option is not to note it.

3. DETAILS OF REPORT

- 3.1 Good governance requires the Council to focus on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area with members and officers working together to achieve a common purpose. The Council should operate on a basis of sound decision making with effective processes to support it and that those practices are transparent, clear and precise.
- 3.2 The fundamental principles of good corporate governance are set out in the Cadbury Report [1992] and then expanded upon in the Nolan Committee [1995]. The Chartered Institute of Public Finance and Accountability (CIPFA) in conjunction with the Society of Local Authority Chief Executives and Senior Managers (SOLACE) drew together the principles identified by Cadbury and Nolan into a single framework of good governance for use in local government and published *Corporate Governance in Local Government – A Keystone for Community Governance: Framework*. This Framework has been revised from time to time so as to take into account the reforms to local government to improve local accountability and engagement.
- 3.3 Good governance builds on the seven (7) principles for the conduct of people in public life that were established by the Committee on Standards in Public Life, known as the Nolan principles. In England, the Local Government Act

¹ **Delivering Good Governance in Local Government** Guidance Note for English Authorities – Published by CIPFA/ SOLACE

2000 outlined ten (10) principles of conduct – an additional three (3) to those identified by Nolan – for use in local government bodies. These are:

- **Selflessness**
- **Integrity**
- **Objectivity**
- **Accountability**
- **Openness**
- **Honesty**
- **Leadership**
- **Respect for others**
- **Duty to uphold the law**
- **Stewardship**

- 3.4 It is therefore important to note that good governance also equates to ethical governance as high ethical standards are the cornerstone of good governance and as CIPFA/ SOLACE recognise “***One of the common aspects of governance failures is inappropriate behaviour amongst some members and officers.***”
- 3.5 In response to the Directions issued by DCLG, the Council prepared a Best Value Action Plan and as part of that plan, it was recognised that to improve good governance and ethical standards, Organisational Culture was an area that needed strengthening and improving. An Organisational Culture Plan was prepared. In preparing this Plan, it was recognised that whilst there had been some positive improvements that culture change is a long term process and there were a number of key elements remaining that had to be embedded in the organisation. Four (4) separate, but linked, work streams were put in place to will continue this momentum and have a combined positive impact on organisational culture moving forward; these were the Governance Review Working Group, Organisational Transformation, Member/Officer Development and Delegation of Power.
- 3.6 One of the principles of the *Corporate Governance in Local Government – A Keystone for Community Governance: Framework* provides that good governance means members and officers working together to achieve a common purpose with clearly defined functions and roles and this is what the streams of Member/Officer Development and Delegation of Power above seek to address.
- 3.7 As to Member/Officer Development, the following has been/ is being undertaken:
- (a) The Constitutional Working Party has been reformed. This is a Member group with officers in attendance. This Party will, amongst other matters, be considering the Council Procedure Rules and the Member Officer Protocol.

- (b) The Councillor Code of Conduct has been updated and is to be presented to Full Council for approval on 5th December 2016.
- (c) The Licensing Code of Conduct has been revised and an update report is before the Standards Advisory Committee this evening and the revised Licensing Code is also to be presented to Full Council for approval on 5th December 2016.
- (d) The Planning Code of Conduct is being reviewed.
- (e) A training development programme for Members is to be implemented.

3.8 As to Delegation of Power, the following has been/ is being undertaken:

- (a) A Constitutional change has been agreed by Full Council on 21st September 2016 so that respective functions of the Chief Executive and Mayor and how they should work together are set out in much greater detail.
- (b) Terms of Reference for Committees have been updated where appropriate.
- (c) The Health & Wellbeing Board is no longer chaired by Mayor but by Lead Cabinet Member.
- (d) A thorough review of the Officer Schemes of Delegation has been undertaken to ensure that delegations and levels of responsibilities among officers are correct. This is also ensuring that decisions can be taken as near to the point of service delivery as possible. The finalisation of this has been put on hold until after the new Directorate structures are in place.

4. COMMENTS OF THE CHIEF FINANCE OFFICER

- 4.1 [Financial implications to be prepared by Directorate Finance Manager and agreed with Corporate Finance]

5. LEGAL COMMENTS

- 5.1 Any legal implications are addressed in the body of the report.

6. ONE TOWER HAMLETS CONSIDERATIONS

- 6.1 Good ethical governance will ensure that Members and Officers take decisions in a fair consistent and open manner; and that Councillors and Officers making such decisions are, and are perceived as being, accountable for those decision. This will help the Council to achieve the objectives of equality and personal responsibility inherent in One Tower Hamlets.

7. BEST VALUE (BV) IMPLICATIONS

- 7.1 The report does not propose any direct expenditure. Rather, it is concerned with advising as to steps that are being undertaken to ensure good ethical governance.

8. SUSTAINABLE ACTION FOR A GREENER ENVIRONMENT

- 8.1 It is not considered that there are any environmental implications.

9. RISK MANAGEMENT IMPLICATIONS

- 9.1 Good ethical governance will ensure that Members and Officers take decisions in a fair consistent and open manner; and that Councillors and Officers making such decisions are, and are perceived as being, accountable for those decisions. The overall aim is therefore to reduce risk.

10. CRIME AND DISORDER REDUCTION IMPLICATIONS

- 10.1 It is not considered that there are any crime and disorder reduction implications.

Linked Reports, Appendices and Background Documents

Linked Report

- NONE.

Appendices

- NONE

Local Government Act, 1972 Section 100D (As amended)

List of “Background Papers” used in the preparation of this report

List any background documents not already in the public domain including officer contact information.

- NONE

Officer contact details for documents:

- N/A