

Setting High Ethical Standards

Suffolk County Council

Audit 2005/06

External audit is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of public services.

Audit in the public sector is underpinned by three fundamental principles.

- Auditors are appointed independently from the bodies being audited.
- The scope of auditors' work is extended to cover not only the audit of financial statements but also value for money and the conduct of public business.
- Auditors may report aspects of their work widely to the public and other key stakeholders.

The duties and powers of auditors appointed by the Audit Commission are set out in the Audit Commission Act 1998, the Local Government Act 1999 and the Commission's statutory Code of Audit Practice. Under the Code of Audit Practice, appointed auditors are also required to comply with the current professional standards issued by the independent Auditing Practices Board.

Appointed auditors act quite separately from the Commission and in meeting their statutory responsibilities are required to exercise their professional judgement independently of both the Commission and the audited body.

Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
- any third party.

Copies of this report

If you require further copies of this report, or a copy in large print, in Braille, on tape, or in a language other than English, please call 0844 798 7070.

© Audit Commission 2008

For further information on the work of the Commission please contact:

Audit Commission, 1st Floor, Millbank Tower, Millbank, London SW1P 4HQ

Tel: 020 7828 1212 Fax: 020 7976 6187 Textphone (minicom): 020 7630 0421

www.audit-commission.gov.uk

Contents

Introduction	4
Background	5
Audit approach	5
Main findings and conclusions	5
Appendix 1 – Compliance	7

Introduction

- 1 There is an increased emphasis on the need for the highest standards of conduct in public life. The findings of Nolan and Graham Committees, the Local Government Act 2000, the introduction of The Standards Board for England, and the inclusion of an ethics component in the Comprehensive Performance Assessment 2005 are all factors in the current weight being given to the need for strong ethical governance in local councils.
- 2 High ethical standards are the cornerstone of good governance. They are an integral part of good corporate governance arrangements, can lead to increased confidence in local democracy and help an authority to attain a high CPA rating.
- 3 Setting high ethical standards is an important building block for councils in developing their community leadership role and improving services to the community. Councils are also becoming involved in increasingly complex partnership and a decline in high standards may adversely affect these arrangements.
- 4 Local authorities and individual members now face a number of risks which may include:
 - referral to, and investigation by, The Standards Board for England for alleged breaches of the code of conduct, sometimes leading to the disqualification of members;
 - loss of confidence in individual members, councils and local democracy; and
 - poor decision making.
- 5 Ethical governance is an area of great interest to the national and local press, particularly when things go wrong. On average one councillor a week is removed from office because of breaches of the code of conduct ranging from bullying behaviour, misuse of council resources, bringing the council into disrepute and using their position as a councillor for personal gain. Other sanctions have included formal censure, and suspension from using council facilities. When things go wrong and councillors are found guilty of a breach of the code of conduct, there is a risk to the reputation of individuals and the council. The consequent difficulties of having to implement widespread changes whilst under the spotlight cannot be overestimated.
- 6 One of the common aspects of governance failures is not the absence of frameworks, controls and arrangements but the absence of appropriate behaviours and values amongst members and officers. This audit therefore looks at your compliance with statutory requirements but also at behaviour, culture and values.

Background

- 7 The aim of this review was to assess the extent to which Suffolk County Council (the Council) sets high ethical standards and the adequacy of its arrangements to achieve this.

Audit approach

- 8 The approach was designed to provide an overview of the Council's ethical framework. We were able to assess whether the council:
 - is complying with Part III of the Local Government Act 2000;
 - is ensuring that the Standards Committee has access to the right information and support to enable it to do its job properly;
 - members and officers have an understanding/awareness of ethical issues;
 - members are abiding by the code of conduct; and
 - members and officers have training needs in this area.
- 9 Work included:
 - a review of appropriate documents;
 - interviews with the Council's Monitoring Officer;
 - interview with the Chairman of the Standards Committee; and
 - observing a meeting of the Standards Committee.

Main findings and conclusions

- 10 The Council has met its statutory responsibilities to establish an ethical framework, including a Standards Committee - details of the Council's compliance with the relevant legislation and good practice are set out in Appendix 1 to this report. The framework is being supported by appropriate codes and protocols to guide councillors and officers and to address potential misconduct. The committee comprises four councillors and two independent community members. One of the independent members chairs the committee. Terms of reference range beyond the statutory functions laid down in the Local Government Act and include, for example, an overview of local government ombudsman investigations, including payments or other benefits provided in cases of maladministration.

- 11 The Standards Committee operates proactively and has carried out a number of initiatives to help ensure high standards of conduct are achieved and maintained at Suffolk County Council. Its activity to date is a good example of the work such committees need to do in order to promote high standards of conduct. For example, the invitations to leaders of each of the political groups to attend and discuss with the committee their role in promoting sound ethical practices within the political groups. There are also proposals for the chairman of the committee to meet regularly with group leaders. The value of having an effective Standards Committee has been recognised by the council. Recent changes to the council's constitution enable the Chairman of the Standards Committee to speak at full council meetings. This higher profile of the committee should help to further enhance the status of ethical governance within the Council.
- 12 The Council works closely with other local authorities in the county on issues relating to standards. A joint annual training session is held for members of standards committees from the county council and the seven districts. Monitoring officers and independent chairmen meet on a regular basis.
- 13 Training of all the Council's councillors on the ethical framework is undertaken. Following the adoption of the new code of conduct in 2007, nine briefing sessions were held, to ensure that every councillor was able to participate. The Council seeks to ensure continuing awareness of issues relating to the ethical framework.
- 14 Overall, the Council's approach to ethical governance is positive and, with the benefit of a proactive Standards Committee, it is able to ensure that issues relating to high ethical standards are maintained at the forefront of its activities.

Appendix 1 – Compliance

QUESTION	LEGISLATIVE REQUIREMENTS	CONCLUSION
STANDARDS COMMITTEE		
How far does the membership of the Standards Committee comply with the legislation?	Standards Committee must have a minimum of 3 members of whom at least one must be independent. If there are more than three members, at least 25 per cent of them must be independent. There may be one executive member appointment to the Committee, but this person may not be the chair. The mayor or leader may not be appointed to the Standards Committee.	Full compliance with the legislation. Standards Committee is made up of 4 county councillors and 2 independent community members.
How were independent members appointed? Were the council's recruitment procedures adhered to?	Independent Committee members should not: have been a member or employee of the council in the five years prior to appointment be a relative or close friend of any member or employee of the council.	The vacancies were advertised in three local newspapers. Applicants were interviewed by a panel of Standards Committee members and the appointments were approved by County Council.
Who chairs the Committee? Is it one of the independent members?	Cannot be chaired by executive members.	Chaired by an independent member.

QUESTION	LEGISLATIVE REQUIREMENTS	CONCLUSION
STANDARDS COMMITTEE		
<p>What are the terms of reference of the Standards Committee?</p>	<p>As a minimum, it should include advising on the adoption of a local Code which sets out the standards of conduct expected from members; promoting and maintaining high standards of conduct within the council through assistance, advice and training, monitoring the effectiveness of the local Code; helping members follow the Code, train members on the Code, or arrange for training.</p>	<p>Terms of Reference are wide-ranging and cover:</p> <ul style="list-style-type: none"> • developing all codes of conduct and local protocols; • all training and development of members; • an overview of Local Government Ombudsman cases; • receiving the LGO’s annual letter; • responsibility for reviewing the Council’s complaints process; • submitting an annual report to Council on its activities; and • responding to consultations on governance and related issues.

QUESTION	LEGISLATIVE REQUIREMENTS	CONCLUSION
STANDARDS COMMITTEE		
Is the Standards Committee involved in considering the findings of internal and external audit, the local government ombudsman, complaints and whistle blowing?		<p>The findings of internal and external audit come within the terms of reference of the Audit Committee.</p> <p>Standards Committee deals with Local Government Ombudsman, complaints and whistle blowing.</p>
What mechanisms does the Committee have in place to publicise guidance / case rulings published by the Standards Board?		<p>Selected case rulings are included as part of the Information Digest item on the agenda.</p> <p>Information taken from Standards Board Bulletins is also included in the Information Digest.</p> <p>Committee reports are published on the Council's website and intranet, and links to the Committee's agenda are sent to all councillors.</p>

QUESTION	LEGISLATIVE REQUIREMENTS	CONCLUSION
STANDARDS COMMITTEE		
What does the Committee do to promote and maintain a healthy ethical environment in the council and raise standards in the council?		The Standards Committee has taken a proactive role in promoting the adoption of codes of conduct (Planning Code of Good Practice); protocols (election publicity, use of Council resources); the review and improvement of the Council's complaints process; and the development of a co-ordinated approach to member learning and development.
What does the Committee do to help members/officers to understand the code of conduct?		Established a member learning and development reference group, arranged joint training with other local authorities and agreed induction training modules for councillors.
How does the Committee communicate the requirements of the code of conduct to all members?		Members have the opportunity to attend training sessions as part of their induction. Standards Committee also makes an annual report on its role to County Council.

QUESTION	LEGISLATIVE REQUIREMENTS	CONCLUSION
STANDARDS COMMITTEE		
What training have members received about the code?		<p>Induction programme May/June 2005. Attendance at Annual Assembly of Standards Committees. Local Determination Hearings training (2 November 2004).</p> <p>New training modules launched from September 2006.</p>
What training have officers received about the code?		<p>Local Determination Hearings training (November 2004). Professional development courses. Code is available on the intranet.</p>
What does the Committee do to help the public, external stakeholders and partners to understand the required standards of behaviour of members?		<p>Standards Committee agendas are published on website and intranet. Codes, protocols, etc also published on website.</p>

MEMBERS CODE OF CONDUCT – COMPLIANCE		
Has the council adopted the members' code of conduct?	Section 52 LGA 2000.	Adopted 31 January 2002.
Have all elected members signed up to the code?		Yes.
Have co-opted members (eg Members of Pension Fund) also signed the code of conduct?	The regulations only refer to co-opted members with voting rights section 49(7), Part 2 of the Local Government Act 2000.	Yes. This also includes non-voting co-opted members who are bound in honour by the Code.
Has the member code of conduct been tailored to local circumstances?		No.
Has the Council ensured that copies of the code are available at an office of the council for inspection by the public at all reasonable hours?	Section 51 LGA 2000.	Yes. Between the hours of 9.00 am and 5.00 pm. It is also available on the Council's website (Part 9.1 of the Constitution).
Has the Council publicised through at least one local newspaper that the code has been adopted and that it is available for inspection.	Section 51 LGA 2000.	Published in 2002.
LOCAL DETERMINATIONS AND INVESTIGATIONS		
Has the Standards Committee determined how it will carry out its duties should it receive a referral back from the Standards Board.		Yes. Procedure agreed by Council 14 April 2005.

<p>LOCAL DETERMINATIONS AND INVESTIGATIONS</p>		
<p>How well equipped is the Committee to deal with referrals passed from the Standards Board for England?</p>		<p>Members of the Standards Committee have received training on Local Determination Hearings.</p> <p>The Committee has the direct support of the Monitoring Officer, two deputy Monitoring Officers and the resources of the Scrutiny & Monitoring Division which includes legal, audit, scrutiny and democratic services staff.</p>
<p>REGISTER OF INTERESTS – COMPLIANCE.</p>		
<p>Is the register open to public scrutiny?</p>		<p>Yes.</p> <p>The Register is available at Ipswich (between 9 am –5 pm) and copies are held at Lowestoft library and Bury St Edmunds library.</p> <p>Some members have also chosen to have details published on the Council’s website.</p>

REGISTER OF INTERESTS – COMPLIANCE.		
	The monitoring officer should be told in writing of any gifts or hospitality received of over £25 within 28 days of receipt.	Yes.
DECLARING INTERESTS – IN PRACTICE		
Are interests declared and logged at meetings and, if so, how?		<p>There is a specific agenda item at the start of the meeting on declaration of interests.</p> <p>Interests are also declared when the particular agenda item is reached. The declaration of the existence of that interest, and the nature of the interest, are minuted.</p>
Have there ever been any allegations of impropriety with regard to the declaration of interests?		No.
How is it made clear to members that a dispensation can be sought, allowing them to take part in meetings where they have a prejudicial interest?	The Relevant Authorities (Standards Committee) (Dispensations) Regulations 2002.	There is an agenda item on dispensations at the start of each agenda. The Standards Committee’s ability to grant dispensations is set out in its terms of reference.

CHIEF EXECUTIVE – ROLE		
Does the Chief Executive have a role in ensuring that the code of conduct is observed and ethical behaviour is promoted? If so, how is this role defined?		Yes. The Chief Executive meets on a regular basis with the Monitoring Officer to review current and likely future issues which have legal, constitutional or ethical implications.
Do the council's practice and procedures allow the monitoring officer and the Chief Executive to intervene verbally or in writing if ethical issues arise in the decision-making process?		Yes.
PRACTICE, PROCEDURES, CONSTITUTIONS AND SYSTEMS		
How regularly are the following reviewed, including terms of reference: <ul style="list-style-type: none"> • operation of the constitution; • code of conduct; and • the Standards Committee. 		<p>Constitution is continuously reviewed and always at Council AGM in May.</p> <p>Code of Conduct – on-going.</p> <p>Standards Committee terms of reference and operation is under continuous review.</p>

PRACTICE, PROCEDURES, CONSTITUTIONS AND SYSTEMS		
What changes have been made in the light of any reviews?		Widening of Standards Committee's terms of reference.
Is there an anti-bullying policy?		Yes. Available on intranet.
Is there a whistle blowing policy?		Yes. Adopted with effect from 1 April 2000.