

# **REPORT TO COUNCIL**

**REPORT OF:** Chief Executive

**REPORT NO.** CEX 288

**DATE:** 28th April 2005

<b>TITLE:</b>	Issues for South Kesteven District Council arising out of a review of the Corporate Governance Report on Lincolnshire County Council.
<b>KEY DECISION OR POLICY FRAMEWORK PROPOSAL:</b>	No
<b>COUNCIL AIMS/PORTFOLIO HOLDER NAME AND DESIGNATION:</b>	Corporate Governance
<b>CORPORATE PRIORITY:</b>	N/A
<b>CRIME AND DISORDER IMPLICATIONS:</b>	N/A
<b>FREEDOM OF INFORMATION ACT IMPLICATIONS:</b>	N/A

## **Introduction**

In March the Audit Commission published its Corporate Governance Inspection report on Lincolnshire County Council, a copy of which is available on the Audit Commission web site.

It is stated that one of the major factors that led to the Corporate Governance inspection was the Council's failure to improve and the extent to which this was attributable to problems with leadership, culture, and community focus. As the local environment within which the County Council operates has many similarities to that of the District Council there are several learning lessons that the District can infer from these elements of the published report. This report identifies these lessons and makes recommendations for improvement.

There were other, more widely reported, factors that also contributed to the inspection. Fortunately the District has not suffered from any similar experiences so these elements have not been considered in this report.

## **Background**

The County Council accepted in full the report and in their accompanying press release referred to it as a wake-up call. From South Kesteven's perspective it gives us an opportunity to develop a more informed understanding of the precise standards and expectations of inspection agencies such as the Audit Commission. This understanding, and the initiation of subsequent action in response to it, is vital if the Council is to achieve what the County has failed to do, and progress from "Fair" towards "Excellent".

The report does not make comfortable reading and challenges several long held assumptions and beliefs. Whilst no report can compel anyone to change their view or approach, the report does make it evident that any Council will pay a very high price indeed if it cannot demonstrate appropriate standards of corporate governance. The report also makes clear that it is a responsibility of the Chief Executive to provide strong and unambiguous advice to the Council on the actions needed to demonstrate improvement and this report is written with this in mind.

## **Leadership, Culture and Standards of Conduct**

### **Partnership Working**

The report states that LCC are seen externally as weak because of their limited and reactive engagement with Local Strategic Partnership (LSPs) (para 31). Although SKDC has played a more leading role, there is still only a minority of members who have attended LSP meetings or become actively involved. The current review by the LSP of the Community Strategy provides an ideal opportunity for both executive and non-executive members to become more actively involved in this important partnership. The Council has recognised this in making the improvement of the LSP and the Community Strategy one of its "Category B" priorities. Sound understanding and support from all members to the LSP is essential but because of the number of organisations represented on the partnership, it is not possible for all 58 members of the SKDC to play an active role. Therefore the Council will need to assist the LSP in developing a consultation process that will improve knowledge, understanding and involvement between the LSP and Council members

**Recommendation 1: That all groups make a clear statement of support and commitment to partnership working through the LSP.**

## **Overview and Scrutiny Committees**

The report welcomes the recent sharing of scrutiny chairs by LCC (para 34), which is seen as an example of a more open and transparent approach to business. South Kesteven had also embarked on a similar process this time last year. Since then the number Chairmanships held by non-administration members has reduced from two to one with the number of vice-chairmanships remaining at three. Whatever the reasons for this change, it is likely that an inspection would consider it to be a retrograde step.

**Recommendation 2 : That the Chairs and Vice-Chairmanships of DSPs are shared between the major groups in a way that reflects the overall political balance of the Council.**

## **Standards Committee**

The report identified the key role of the Standards Committee in inspiring public confidence is the willingness of the Council to change. I have no evidence that these problems have affected the District Council's Standards Committee. However given the importance of this Committee it could be dangerous to rely solely on such an assumption.

**Recommendation 3 : That the Chairman of the Standards Committee be invited to report to the Council on the extent to which he feels that the members of the authority understand and support the role of the Standards Committee and any proposals he may have for improving the work of the Standards Committee.**

## **Member Training and Development**

One key theme of the report is the importance of member training and development. Paragraph 30 for example draws a sharp contrast between the introduction of a competency framework for senior managers and the lack of any similar approach for members. Similarly paragraph 39 states that the leader has failed to champion the need for councillor training and reports reluctance by members to use external training agencies, and the partial take-up of the limited training that is available.

The recommendation of the report (at the foot of page 5) is to implement a comprehensive training and mentoring programme "ensuring that mandatory elements are identified and all Councillors attend".

Members of the County Council will know that the County member-training programme that is described as "limited" in the report is a more comprehensive programme than that currently being implemented in South Kesteven. Furthermore although approved by the Cabinet, there was strong opposition from some members of the Scrutiny Co-ordinating Committee to the proposal to make it compulsory.

In the light of this I have asked the Monitoring Officer to clarify whether the Council does have the power to amend its constitution to require all members of the DSPs and Executive to attend specified training courses within twelve

months of being appointed. He has sought the opinion of a barrister on this point to ensure members have authoritative advice on the issue.

The Barrister's advice is to the effect that it is feasible to include in the Council's Constitution and specifically within the Local Members' Code of Conduct a suitable provision.

That provision is to the effect that any member who does not complete the scheme of training would render themselves in breach of the Code and therefore subject to a referral to the Standards Board for England.

It is likely that, for the future, such a referral would eventually be determined by this Council's Standards Committee who will have the power to approve a sanction on such a member of up to 3 months suspension from office.

Before implementing any scheme of compulsory training the Council will need to determine what are the essential requirements for members and what is the best format for providing this training. The resolution of these important issues will take a time and as we are currently in the middle of the Council term, it is recommended that the implementation of mandatory training elements for all members be effective from the 1<sup>st</sup> May 2007. After this date members would then have twelve months to attend the course appropriate to the Committees they serve on. The delivery of the discretionary, desirable competencies would then follow.

**Recommendation 4 : That in view of the increasing importance of members training the Corporate Manager of Human Resources undertakes a review of the resources required to support a more comprehensive member training and development programme at South Kesteven using external expertise where appropriate.**

**Recommendation 5 : That the Constitution and Accounts Committee design an amendment to the Constitution so that with effect from the 1<sup>st</sup> May 2007, the desirable and essential competencies required of both Cabinet and DSP members are defined with all members being required to attend designated sessions for the essential competencies within twelve months of their appointment.**

#### **Effectiveness and team ethos of the Cabinet and CMT**

In a number of places the report refers to ineffectual working of both the County Executive and the CMT both individually and when they meet together. This is little evidence to suggest that this is a problem at South Kesteven, however given the importance of these relationships it would be worth repeating the staff survey conducted by the Audit Commission in South Kesteven to ascertain staff perceptions on these issues. As we have just completed one survey, the best time for another survey would be in the autumn. This would also enable the results to be compared with the outcomes from the 360 degree appraisals currently being undertaken by members of the Executive

**Recommendation 6: That in the autumn of this year, staff of South Kesteven are asked to complete the survey used by the Audit Commission to inform the Corporate Governance report so that results can be compared.**

### **Attitude of the Council to Consultation**

Paragraph 45 of the report states that the County Council is seen by outside agencies as parochial with old-fashioned ideas about its relationship to communities. The introduction of Local Area Assemblies and the Annual Stakeholder Conference has demonstrated that South Kesteven is willing to contemplate new modern forms of public consultation. If these are to be successful it is vital that all members fully support these assemblies and use them as an opportunity to engage in genuine dialogue with our residents.

**Recommendation 7: That the Council re-affirms its commitment to the concept of Local Area Assemblies and pledges to work with local people to make these meeting effective forums for wider community engagement.**

### **Community Focus**

#### **Vision**

The report found that the County did not have a clear concept of its vision for the area. The District has invested a considerable amount of time in developing its vision of “pride” articulated by the five steps and supported by our ambitions and priorities. One of the member development sessions has been designed to ensure that members appreciate the ramifications of our approach and how it reflects the priorities of local residents.

Unlike the County Council the District has a clear consultation strategy, which includes consultation with hard to reach groups through initiatives such as the “Yells”. However like the County we do not currently have a strategy for social inclusion even though we have a category B priority for vulnerable people.

**Recommendation 8: That under our priority for vulnerable people the Director of Community Services prepares a strategy for Social Inclusion by December 2005.**

### **Structures and Processes**

#### **Speed of progress**

Like SKDC, the County Council originally received a CPA rating of “fair” and this was confirmed at a re-inspection last year. Similarly our CPA re-fresh also confirmed a score of “Fair”. The governance report clearly states that the speed of improvement is not sufficient to match that achieved by other authorities, and from a relative standing the Council may be slipping backwards. Recent reports to the District Council on the strategic housing services demonstrate that we also have a risk of not making rapid enough strides for improvement. Change is not always easy or comfortable but if the

Council is serious about progression members of the Council will need to be willing to accept a faster pace of change than has been experienced to-date. There will be some issues for staff during these periods of change, but as we can see from the County Council report if we don't make quick progress the consequences for both the Council and its staff are even graver.

### **Commitment to modern local government**

Paragraphs 71 infers that the new scrutiny arrangements at the County have not resulted in members being any clearer about the roles of scrutiny, policy development and the executive. This is another topic that is being covered in our own member development programme. The report goes on to infer that the County scrutiny structure may have been unduly influenced by a preference expressed by some members for the old committee system.

Recently members of this Council endorsed a motion that called for a review of the system introduced by the Local Government Act 2000 and this would probably be seen by an external inspection agency as evidence of a similar preference. If the Council is to succeed in its journey towards improvement it will need to be able to convince these inspections that these views all members of the Council are committed to making a full and active contribution to the Council through the mechanisms set-out in the Council's constitution.

**Recommendation 9: That those members who may have concerns about the current system, or indeed a preference for the previous Committee system consider how they will be able to demonstrate to an external assessor that these views have not deterred them from playing a full and active part in the Council's decision making and scrutiny processes as set-out in the constitution.**

### **Internal Control**

#### **Staff appraisals**

The report identified problems with the consistency of staff appraisal and the setting of objectives for Directors. At SKDC objectives have been set for all Directors and an appraisal system has been in operation for several years. However recent evidence from the staffs survey indicates that there may be problems in its application.

**Recommendation 10 : That the Corporate Manager Human Resources investigates the level of compliance with the Council's policies regarding staff appraisals and the effectiveness of the appraisals that have been undertaken.**

**Duncan Kerr,  
Chief Executive**