

Executive Summary and Recommendations

Date: Tuesday 13 July 2010

Subject: Overview of Ethical Standards and Related Matters

Summary of this Report

- 1.1 This is the fourth annual report to the Standards Committee submitted in accordance with the Committees' following term of reference:

"To maintain an overview of the arrangements in place for maintaining High Ethical Standards throughout the Authority (ie not just in relation to Member conduct) and in this context to receive a report annually from the Head of Legal Services, the Director of Finance and the Strategic Director Resources".

- 1.2 It sets out how the City Council goes about maintaining High Ethical Standards and covers issues from relevant audit reports, staffing information and referrals relating to Member Conduct to Standards for England.

Recommendations

- 2.1 That the annual report be noted and the actions taken and proposed be endorsed.
- 2.2 That the Committee endorse the conclusions set out in paragraph 7 of the report.
- 2.3 That the report be circulated to all Members of the Council with a covering letter from the Chairman of the Committee.



City of Westminster

Standards Committee Report

Item No:	
Date:	13 July 2010
Classification:	For General Release
Title of Report:	Overview of Ethical Standards and Related Matters
Report of:	Head of Legal Services Strategic Director of Human Resources Strategic Director of Finance and Performance
Wards involved:	Not applicable
Policy context:	High Ethical Standards
Financial summary:	There are no financial implications arising from this report
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3. BACKGROUND

- 3.1 The issues covered by this report are those which the Standards Committee have previously endorsed as those which should be included.

When considering its first annual report the Committee agreed the following definition of a complaint relating to ethical governance.

“An alleged breach of the high standards of ethical conduct set out in the Codes of Conduct for Officers and Members.”

Since agreeing this definition, the Audit Commission have circulated their own definition of governance, as follows:

“Good governance is about ensuring the organisation is doing the right things, in the right way”.

- 3.2 As was the case with last year’s report a summary of key activity/events in the following areas have been included: these being the areas previously endorsed by the Standards Committee as those which they would like to be addressed.

- (a) Annual Governance Statement.
- (b) Corporate Complaints.
- (c) Procurement.
- (d) Human Resources; including details of Staff Disciplinary Cases and Whistleblowing issues.
- (e) Member Conduct and Related Issues.
- (f) A summary of the work of the Audit and Performance Committee.

- 3.3 As part of the re-organisation of the Council, the Chief Executive convenes meetings of a Statutory and Corporate Governance Group on a regular basis. This Group comprises the Chief Executive, the Strategic Director of Finance and Performance and the Monitoring Officer (the Head of Legal Services) and other officers attend as necessary. Its terms of reference are:

“To keep under review the Governance arrangements and related procedures of the City Council, to ensure best practice so that the highest standards are maintained”.

A Corporate Governance Group currently exists. This Group was originally established to conduct a review of the Council’s arrangements against the CIPFA/SOLACE Good Governance Framework published in 2007 and to co-ordinate the preparation of the Council’s Annual Governance Statement. It has overseen a programme of improvement activities arising from this work

and is continuing to monitor progress. It has also reviewed the updated Code of Governance, overseen the publication of the Employee Code and has completed work on a Partnership Manual, which sets out best practice in the area of partnership working. The Council, on the recommendation of the General Purposes Committee has since agreed these be included in the Council's Constitution.

3.4 The Council's documents which relate to Governance have now been located in a single location on the City Council's website. Currently, the website contains the following documents:

- Annual Governance Statement
- Anti-Fraud and Corruption Policy
- Code of Governance
- Complaint about Councillor Conduct
- The Council's Constitution
- Data Protection Advice for Members
- Employee Handbook
- Advice on Member Conflicts of Interest
- Member Induction Handbook
- Members' Code of Conduct
- Register of Members' Interests
- Standards Committee meeting dates, reports, minutes and terms of reference)
- Whistleblowing at Work Policy

3.5 **Governance Arrangements and Annual Governance Statement 2009/10**

(a) Local authorities are required to conduct an annual review of the effectiveness of their governance arrangements and to publish the results of this in an Annual Governance Statement (AGS). The AGS must be prepared in accordance with the Accounts and Audit Regulations and the CIPFA/SOLACE 'good governance' framework.

(b) In practice the Council conducts a continuous review of its governance arrangements through its ongoing management processes, committee structure, internal audits and other reviews and inspections.

- a Statutory and Corporate Governance Group (SCGG) which comprises the Chief Executive, Strategic Director of Finance & Performance and Head of Legal Services. SCGG's role is to keep the Council's governance arrangements under review and to promote application of best practice and maintenance of high standards.
- a Governance Working Group (GWG) comprising representatives from Finance, Legal, HR, Policy and Performance. The Group meets regularly to oversee the implementation of a programme of improvements aimed at promoting good governance. Improvements implemented during 2009/10

included the expansion of the Council's governance training programme, updating of regulatory codes to reflect changes in organisational structure and review and updating of the Anti-Fraud & Corruption Strategy.

- (c) The 2009/10 AGS is attached at Appendix A. It has been prepared in line with the CIPFA/SOLACE guidance and comprises the following components:
- Section 1 - Scope of Responsibility
 - Section 2 - Purpose of the Governance Framework
 - Section 3 - The Governance Framework, ie a description of the systems and processes that the Council has in place to ensure good governance
 - Section 4 - Review of Effectiveness, ie the results/outcomes of the Council's review processes
 - Section 5 - Significant Governance Issues, ie details of significant areas identified for improvement and actions taken and/or planned
- (d) The 'significant governance issues' highlighted in section 5 of the AGS show those areas where actions were taken during 2009/10 to improve control systems (ie major works contracts managed by CityWest Homes, commercial waste debt management, and accounts payable) and also those where actions are still in progress (ie debtor accounts and major contract re-lets). Implementation will be independently followed-up by Internal Audit and the results reported back to the Audit & Performance Committee.
- 3.6 Previously, the Standards Committee noted a gap in the Council's training provision and endorsed the idea that a course on corporate governance be introduced. Topics covered by the course include an explanation of how the Council works, the Employee Code of Conduct and how high ethical standards are maintained in the areas of procurement, information governance, Finance and Audit and Compliance. This course, delivered by Senior Officers, has proved popular and is run 4 times per year. In view of the demand additional sessions are currently being organised and is also offered to the staff of relevant contractors.

Ethical Governance Audit: Follow-Up

- 3.7 The City Council had a follow-up audit to the original audit which was conducted in 2005. The follow-up audit's findings were reported at a special meeting of the Standards Committee on 15 February 2010 by the Audit Commission's National Lead on ethical governance, Alison Kelly. The findings were generally good in that good progress had been made in a number of areas highlighted in the original audit. The Standards Committee endorsed some actions which are reflected in the Committee's work programme, some of which are the subject of a report elsewhere on this agenda.

4. LEGAL IMPLICATIONS

- 4.1 There are no new legal implications arising from this report.

5. FINANCIAL IMPLICATIONS

- 5.1 There are no financial implications arising from this report.

6. OTHER IMPLICATIONS

- 6.1 There are no other implications arising from this report.

7. CONCLUSIONS

- 7.1 This report highlights the continuing work being undertaken throughout the City Council in taking ethical governance issues forward.
- 7.2 The evidence set out in both external and internal audit reports confirms that high standards continue to be achieved. The work of the Statutory and Corporate Governance Group and the Governance Group will be to ensure the existing high standards are maintained and enhanced.

If you wish to inspect one of the background papers please contact
Mick Steward: 020 7641 3134; email: msteward@westminster.gov.uk

Background Documents

- Report to the Standards Committee – 17 March 2010
- Report to the Standards Committee – 2 March 2009
- Minutes of the Standards Committee – 2 March 2009

Annual Governance Statement

1 SCOPE OF RESPONSIBILITY

Westminster City Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and which includes arrangements for the management of risk.

The Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework Delivering Good Governance in Local Government. A copy of the code can be obtained from the Council, Cabinet and Committee Scrutiny Secretariat. This statement explains how the Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of a statement on internal control.

2 THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems and processes and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place in the Council for the year ended 31 March 2010 and up to the date of approval of the annual report and statement of accounts.

3 THE GOVERNANCE FRAMEWORK

The key elements of the systems and processes that comprise the Council's governance arrangements are:

- A City Plan which sets out the Council's vision and community strategy and is developed jointly with the Westminster City Partnership which brings together representatives of the public, voluntary and business sectors.
- An annual programme of priorities and service improvements to support delivery of the Council's vision, and a transformation programme aimed at reducing costs and improving services and customer satisfaction.
- A medium term financial strategy which is reviewed and updated annually to support the achievement of the Council's corporate priorities.
- An annual business planning process and performance management framework which includes monthly performance reports covering financial performance, risks, and achievement of key performance targets and priorities.
- A Strategic Executive Board which is responsible for the overall management of the Council.
- A Performance Board which has responsibility for monitoring and challenging Council performance and delivery against agreed outcomes.
- A risk management strategy which sets out the processes for identifying, assessing and managing risks to the achievement of the Council's objectives. The strategy requires the establishment of strategic and departmental risk registers and action plans to support the delivery of objectives, and the application of risk management techniques within key projects, partnerships, initiatives and contracts.
- Business continuity plans which ensure that the Council can maintain delivery of its business critical services, regularly tested emergency planning arrangements, a corporate health and safety policy and insurance policies to cover the Council's key financial risks.
- A Constitution which sets out how decisions are made and the procedures that are followed to ensure that these are efficient, transparent and accountable to local people. This includes the publication of a monthly Forward Plan containing all key decisions to be considered by the Cabinet, individual Cabinet Members and Senior Managers.
- A local Code of Corporate Governance, incorporating Members and Employees Codes of Conduct, which stipulates the regulations and standards required to be followed by officers and elected members and includes a protocol on officer/member relations.
- A schedule of delegations setting out the functions that Senior Managers may discharge on behalf of the Council.
- A Westminster Scrutiny Commission that oversees the work of the Council's Policy and Scrutiny Committees which conduct an annual programme of scrutiny reviews, establish Task Groups to scrutinise critical service areas, and have powers to call in and challenge decisions prior to implementation.
- An Audit and Performance Committee which is independent of both the executive and the overview and scrutiny function, and whose role includes maintaining an overview of the Council's governance framework and the financial and service performance of key Council functions.
- A Standards Committee which is responsible for promoting high standards of conduct by councillors and officers, monitoring the operation of the Members

Code of Conduct, and maintaining an overview of ethical standards across the Council.

- A Head of Legal Services whose functions include maintaining the Constitution and Code of Corporate Governance, overseeing compliance with the law, and supporting the Standards Committee.
- A Strategic Director of Finance and Performance who is responsible for the proper administration of the Council's financial affairs and for ensuring the lawfulness and financial prudence of financial transactions.
- A Statutory and Corporate Governance Group (comprising the Chief Executive, Strategic Director of Finance and Performance and Head of Legal Services) which oversees the Council's governance arrangements and promote best practice through the Governance Working Group.
- A set of Financial Regulations and a Procurement Code which stipulate how the financial management of the Council and the letting of contracts are to be conducted.
- A Gate Review Process which oversees the letting and performance of the Council's key contracts.
- An internal audit service whose role includes reviewing the effectiveness of the Council's control systems in accordance with the standards set out in the Code of Practice for Internal Audit in Local Government.
- An anti-fraud and corruption strategy which outlines the Council's commitment to preventing and detecting fraud and corruption, a dedicated fraud investigation team, and a freephone hotline for members of the public to report suspicions.
- A whistleblowing policy which encourages staff to raise concerns about potential malpractice in the Council, and provides protection to them when they do so.
- A corporate complaints handling procedure which sets out how complaints will be investigated, recorded, and monitored; and a separate procedure for social services complaints to ensure compliance with statutory requirements.
- A Human Resources framework which sets out the Council's approach to managing people and its policies and procedures for doing so including recruitment, remuneration, performance management, employee relations and the required standards of employee conduct.
- Member and officer training and development programmes to support high standards of conduct and promote effective performance of roles.

In addition:

- The Council delivers a significant proportion of its services through its strategic partnership contract with Vertex. The direction and performance of the partnership is governed through regular meetings of the Partnership Management Board and Commercials Board.
- The Council has established an arms length management organisation (CityWest Homes), a wholly owned subsidiary limited by guarantee, to manage its housing stock and deliver some of its housing responsibilities. CityWest Homes has adopted a formal code of governance, and manages its internal affairs and delegated budgets through the Company's Board and Performance and Audit Committee. Performance is also monitored through a regular review process with senior Council officers and members. The Company operates its own risk

management strategy and is subject to internal and external inspection and audit in compliance with the Companies Acts.

- The Council has established WestCo Trading Limited to take advantage of trading powers introduced by the Local Government Act 2003. The company is wholly owned by the Council and is governed by a board of directors comprising senior Council officers, an elected member and an independent director.
- The Council has also established Westminster Community Homes, a registered Industrial and Provident society, to develop its Community Build Programme and Temporary to Settled Homes Scheme. It is governed by a board of directors comprising representatives from the Council, CityWest Homes and residents and is chaired by an independent nominee.
- The Westminster City Partnership has developed a Local Area Agreement (LAA) to promote delivery of the City Plan. The Council is the accountable body for the LAA and performance is reported regularly to the Commissioning Group, Strategic Partnership Board, Government Office for London, the Audit and Performance Committee and relevant overview and scrutiny committees.
- The Council participates in a variety of other partnerships and has a range of mechanisms in place for agreeing objectives and for monitoring and managing performance.

4 REVIEW OF EFFECTIVENESS

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

In practice the Council has a continuous process in place for maintaining and reviewing the effectiveness of its governance framework including the following mechanisms:

- Monthly performance monitoring by senior managers and Cabinet members. The results for the year confirm good performance against priorities and targets and high levels of customer satisfaction. There is an overspend of approximately £15.7m against service budgets for the year, arising from reductions in income and increased demand for services. This is being funded from the Council's reserves, leaving an anticipated reserve level of £32.4m.
- Quarterly review of performance, risks, and audit and inspection results by the Audit and Performance Committee, supplemented by more detailed consideration of a range of issues by the Committee's working groups. Areas reviewed have included procurement arrangements, property organisation, anti-fraud initiatives and internal audit planning and performance.
- Regular meetings of the Council's Policy and Scrutiny Committees, Task Groups, and the Westminster Scrutiny Commission which have included question and answer sessions with the Leader of the Council and consideration of a range of specific areas as set out in the annual Overview and Scrutiny Committee report to Council.

- Regular meetings of the Standards Committee on a range of matters including the Audit Commission's ethical governance audit, annual overview report on ethical standards, and review of protocols for dealing with local complaints and dispensations from the Members Code of Conduct.
- A programme of compliance checks across all departments to ensure income and expenditure transactions are processed in accordance with approved regulations and procedures.
- Monthly review of internal audit results and a 93% implementation rate for priority audit recommendations.
- Line managers monitoring of internal control systems and completion of self-assessments in a number of key areas.
- Regular meetings of the Governance Working Group which has overseen a number of improvements including expansion of governance training, updating of regulatory codes to reflect changes in organisational structure, and review of the Council's anti-fraud and corruption strategy.

Managers also monitored progress against the significant internal control issues raised in the 2008/09 governance statement. Improvements have been made across all areas including strengthening of the administration of treasury management, creditors, cashiers and payroll systems. Improvements in the debtors process have resulted in a reduction in level of debt outstanding and further work is being undertaken to strengthen systems for raising, amending and cancelling debtor accounts.

The Council also draws assurance on its governance arrangements from independent sources, in particular:

- **Internal audit**

The internal audit service undertook a risk-based programme of audits during the year to provide the Council with assurance on the adequacy of its systems of internal control. Based on its work during 2009/10, the internal auditor concluded that the Council's control systems were adequate, that its internal control framework was improving and that it is effective in implementing recommendations where problems are found. However, there were a number of important areas where the auditor considered that improvements were required to strengthen the Council's control framework. These included the procurement and management of major work contracts by CityWest Homes, administration of debtor accounts, and debt recovery in respect of commercial waste services. The Council has developed action plans to address these issues.

The Council has a range of mechanisms in place, at member and officer level, that provide a continuous review of the internal audit function. This includes monthly review of performance against targets, quality control checks on audit files and formal annual assessment of compliance with the standards set down in the CIPFA Code of Practice for Internal Audit. The 2009/10 results confirm compliance with professional standards and good performance against targets. The service is also subject to regular inspection by the Council's external auditors which has confirmed that internal audit is a strong and compliant function.

- **External audit and inspection**

The Council is subject to an annual programme of independent external audits and statutory inspections which report on the Council's governance, performance and accounting arrangements. The auditor's 2008/09 Annual Audit Letter summarises the results of that year's audit, and concludes that:

- § the Council performed well overall in its use of resources and demonstrated excellent performance in aspects of its arrangements for managing its finances and governing its business
- § the Council had adequate arrangements to secure economy, efficiency and effectiveness of its use of resources
- § an unqualified opinion had been issued on the Council's financial statements, although improvements were needed for clearance of audit queries and production of final amended financial statements
- § the key controls in the accounts payable and accounts receivable systems needed to be reviewed and strengthened

In addition the Audit Commission's annual Comprehensive Area Assessment for 2008/09 concludes that overall the Council performs excellently, and that it demonstrates exceptional performance in relation to community engagement and strategic commissioning for older people.

The auditor's recommended improvements are being implemented, and the

2009/10 programme of external audit coverage is in progress.

- **External review**

During the year the Council's proposals for the award of its parking enforcement contract were challenged by unsuccessful bidders. The Council's initial consideration of the concerns raised suggested that there was a potential flaw in the contract documents and evaluation process, and a decision was therefore taken not to proceed with the award. In light of this the Chief Executive commissioned an urgent independent review of the tender process and the identification of any lessons for future tenders. The review concluded that the Council had introduced evaluation sub-criteria that had not been disclosed to bidders and supported the Council's decision to abandon the tender process. It made recommendations aimed at strengthening the conduct of future tender exercises and these are being implemented.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit and Performance Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.

5 SIGNIFICANT GOVERNANCE ISSUES

During the course of the year the Council's monitoring processes identified a number of issues that needed to be addressed to ensure the continuous improvement of the

system of governance. As a result action was taken to improve the administration of major works contracts managed by CityWest Homes, commercial waste debt management, and accounts payable controls. There are detailed plans in place setting out the actions taken and implementation will be independently reviewed by internal audit.

In addition the following actions are in progress:

ISSUE	ACTIONS REQUIRED
Improve internal controls within local systems for administering debtor accounts.	Actions include improving controls over authority to raise, amend and cancel debtor accounts, and implementing a more robust system for identification and recovery of debts owing to more than one service.
Strengthen the process and level of expertise available to support major contract re-lets.	Actions include increasing the level of dedicated procurement expertise available to project teams, formal review and sign-off of scoring methodologies, and strengthening procedures for risk assessment and recording competitive dialogue.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Mike More
Chief Executive
July 2010

Colin Barrow
Leader of the Council
July 2010

Ethical Governance Complaint monitoring

The definition of an ethical governance complaint as endorsed by the Standards Committee is as follows:

An alleged breach of the high standards of ethical conduct set out in the codes of conduct for officers and Members.

As indicated in the table below for the year ending 31 March 2010 the Council has received a total of 1755 complaints. For the same period in the previous year 2820 complaints were received, and this represents a total reduction of 1065 complaints.

The figures quoted include complaints made under all 3 stages of the Council's complaint procedure together with first time enquiries investigated by the Local Government Ombudsman. The table has included the new Service Delivery Units created as part of the Council reorganisation which came into operation in October 2009.

Table 1: Total numbers of complaints

Complaint totals for 2009/10	Stage 1	Stage 2	Stage 3	LGO
Libraries & Culture	26	0	0	0
CityWest	639	126	28	13
Community Protection	16	3	0	1
Education	25	2	1	0
Environment & Leisure	66	2	0	1
Finance (HB/CT/NRRD)	156	20	7	5
Housing Nds	241	45	19	14
Legal Services	4	1	0	1
Parking	129	26	13	10
Planning	24	6	4	0
Transportation	20	1	0	0
Services created under the reorganisation				
One Stop	0	0	0	0
Premises Mgt	5	2	3	1
Sports & Leisure	0	0	0	0
Street Mgt	47	2	0	0
Totals	1398	236	75	46

Using the definition of what constitutes an ethical governance complaint, Departments/Service Delivery Units were asked to determine if any have been dealt with under the Council's Complaint procedure. All have provided a nil return.

It is not unusual for Departments to report that no ethical governance complaints have entered the complaints procedure as it is a matter of general practice that allegations of this nature are usually dealt with under the Council's disciplinary code or referred to Internal Audit for investigation as appropriate.

City of Westminster Procurement Activity

The award and management of contracts is guided by the City Council Procurement and Contracts Code, version 1.4 (version 1.5 awaiting signature with the CEO). The current Procurement and Contracts Code took effect in October 2009 and outlines policy and procedures for the procurement of goods, works and services at the City Council. The Code establishes the rules and regulations that must be followed by all Members and staff of the City Council when undertaking procurement processes.

A Procurement toolkit accessible via the wire and the units sharepoint site has also been developed to support procurement managers and NAO's in following the code and the new Gate Review process.

The City Council has clear governance arrangements in place. Service Cabinet Members are responsible for the award of contracts over £1.5m. The Gate Review Board oversees contract letting and management within the City Council, through Gates 1-4 inclusive. The Gate Review panel considers the contracts over the current EU directives threshold of £156,000 value and before the relevant Cabinet Member. It also reviews;

- Contract policy development,
- Procurement Strategy
- Risk review
- Compliance with the EU Directives
- Resources
- Use of Assets, e.g. Property
- Customer Strategy alignment and channel shift
- Benefits realisation

A Peer Group covers each project to provide contract and procurement advice and challenge for all EU related contracts.

Companies looking to bid for City Council contracts are asked during the pre-vetting and tender stages to submit information on equality and environmental issues amongst other things.

The City Council sets a number of ethical requirements on contractors through its standard terms and conditions including environmental, equal opportunities and complaints on service.

Monitoring reports are submitted to Gate Review 4 for contracts with a value of more than £150,000 on a minimum of a six monthly basis. Exception based reports are submitted to Gate Review if there has been an incident or serious under performance by a contractor.

The sustainable procurement agenda has been developed further, with guidance and training provided to staff on how to integrate environmental, local procurement, and equality and diversity considerations at each stage of the procurement process. In

light of this advice, these factors have been built into a number of contracts at the letting and management stages during 2009/10.

In particular, carbon emission measurement and management considerations have begun to be introduced into the Council's processes as a way of meeting its National Indicator 185 targets. To support this move, WCC is currently involved in a pilot study with the Carbon Trust introducing low carbon procurement considerations as standard practice in its own procurement strategies, and helping to develop a series of guides and toolkits for use across the public sector in the UK. An example of this is the recently re-let Parking Enforcement Contract, which includes the requirement of for the successful tenderer to measure their emissions, and establish a clear carbon reduction strategy six months after the contract commences.

The City Council is continuing to support economic sustainability in the borough through its work with the Westminster Small and Minority Business Council and the Supply Cross River Project to provide training and support to local small and minority businesses. A range of events have been held over 2009/10 aimed at upskilling local businesses in bidding for public and private sector contracts, and providing networking opportunities for SMEs with large buyers in the borough. A publication to assist businesses to understand the City Council procurement processes was also developed and placed on the Council website.

Means to support for local residents have also been developed as part of the procurement code, through the identification of training and employment opportunities, and the provision of opportunities for contractors to work with the Council's delivery partners such as Westminster Works.

As part of the development of the sustainable procurement agenda, closer ties have been forged with the Council's policy units in diversity and equality, economic development and environmental planning to ensure a seamless approach to these issues is maintained across the Council.

Human Resources

(a) **Investigations under the Council's formal disciplinary procedure:**

Appendix D(i) details of investigations under the Council's/schools' disciplinary procedures which were started during the calendar year 2009. The categories broadly follow the types of misconduct defined in the disciplinary code.

It should be noted that most employee conduct issues are dealt with at an informal level, either as part of normal supervision, or where some special action to address problems at an early stage is necessary. Most misconduct is of a minor nature and matters only escalate to the formal procedures where there are serious allegations or where there has been a history of more minor infringements. Therefore, the cases detailed in the schedule do not reflect the levels of activity on conduct/performance issues in the authority as only formal processes are monitored centrally.

The level of disciplinary investigations is regarded as normal in an organisation the size of the City Council.

(b) **Protected Disclosures (Whistleblowing):** In 2009 there were four recorded cases which have involved the Council:

- One case was raised under the Council's whistleblowing/grievance policy and concerned adherence to the Council's declarations of interest policy. It was concluded this year.
- Another case was not known to be whistleblowing until an application was made to the employment tribunal by an ex-employee. Previously, it had been assumed that the ex-employee's comments had been made in response to a consultation exercise into a reorganisation. This aspect of the ET application has been withdrawn.
- City West Homes - issues were raised through CWH in respect of the procedures and processes for letting and managing major works contracts which they referred to us to review. An audit was undertaken of the processes and a number of poor practices were identified which have now been addressed. The "whistleblower" was to CWH rather than the Council directly. Feedback to the whistleblower was undertaken by CWH.
- Cemeteries - a "whistleblower" referred some issues to the Audit Commission with respect to the procurement processes in place for works undertaken in respect of the Council's cemeteries. An audit was undertaken and recommendations made for improvement - the process now falls within the remit of the new Procurement and SRM Team. Feedback to the whistleblower was undertaken by the Audit Commission.

INVESTIGATIONS INITIATED UNDER THE FORMAL DISCIPLINARY IN 2009

Category of misconduct under investigation and outcome <i>Schools data in italics</i>	No. of cases
1. Negligence in the performance of duties and responsibilities	
2 Formal warning 1 Reprimand and final written warning 1 No case to answer	4
2 <i>Formal oral warning</i> 1 <i>No case</i>	3
2. Serious breaches of safety regulations	
1. <i>Dismissal (includes serious damage to safety equipment)</i>	1
3. Acts of fraud against any local authority	
1 <i>Final written warning</i> 1 <i>Resignation</i> 2 <i>No case</i>	4
4. False declaration on application form for appointment	
1 Dismissal 1 Resignation	2
2 <i>No case to answer</i>	2
5. Criminal conviction	
2 <i>Dismissals</i>	2
6. Engaging in unauthorised employment during Council/School work hours	
1 Resignation	1
7. Refusal or failure to follow legitimate instructions	
1 Dismissal	1

8. Falsehood 1 Written warning 1 No case to answer	2
9. Illegal activities at work 1 No case to answer	1
10. Unauthorised secondary employment 1 Reprimand and written warning	1
11. Misuse of Council/School property, internet/intranet, systems etc. 1 reprimand and written warning 2 <i>No case to answer</i>	1 2
12. AWOL 2 No case to answer	2
13. Inappropriate behaviour/work practices 2 No case to answer 2 <i>Informal management action</i>	2 2

Member Conduct and Related Issues

1. Since the submission of the last report the Standards Committee have agreed a procedure for the conduct of the assessment of complaints at each of the various stages. This has included a review of these following their use through two cases.
2. Elsewhere on this agenda is a further report reviewing, in particular, the target times for each stage the process is requested by the Committee at its last meeting. The Committee asked that this report be submitted in order to reduce the time taken from the commencement of the process (ie when the complaint is first received to the time of the concluding hearing). The proposed timetable is reduced from between 6 to 7 weeks.
3. The Standards Committee has, so far, considered complaints against three Members. In neither case was a sanction imposed and in one case no breach was found. The case against two Members, which was the subject of a single complaint found a minor breach and that a report on the issuing of ward reports be submitted to a future meeting. See report elsewhere on this agenda.
4. One further complaint against a Member has been received and at initial assessment and review stages it was determined that there was no case to answer.
5. The Council, once again at the time of the City Council elections, held a full induction programme for newly elected Councillors. This included a detailed session, conducted by the Head of Legal Services, on the Members Code of Conduct. All newly elected Members attended this session. Following the election all Members completed the necessary Declaration of Acceptance of Office and completed the Register of Member's Interests. All Members were provided with a booklet setting out the key issues in the Code of Governance. The practice of issuing reminders every 3 months and asking all Members and co-opted Members to return an updated form once a year will continue.
6. The Standards Committee has granted dispensations for Members who have considered planning applications submitted by Councillors or to which Councillors have made representations in their private capacity. Following the issue of guidance by Standards for England the Committee approved a protocol for the consideration and processing of applications for dispensation from the Members Code.

Summary of the Work of the Audit and Performance Committee

At its meeting in June 2009, the Audit and Performance Committee considered and approved the Annual Governance Statement 2008/09 (AGS) and subsequently monitored progress with implementation of the associated action plan. The AGS considered at this meeting included, for the first time, reference to the Statutory and Corporate Governance Group which had been established to oversee the council's governance arrangements and promote best practice.

The Committee's Process and Audit Working Group met on 20 July 2009 and focussed on obtaining greater member engagement in anti-fraud work across the council. As a result of the discussions, the Working Group met with the anti fraud managers in September to observe a fraud investigation and address issues around housing benefit counter fraud, the National Fraud initiative, general fraud and fraud involving residents parking and disabled parking badges.

At the September meeting the Committee approved the Statement of Accounts for the year ended 31 March 2009 and received periodic reports on the City Council's reserves policy, performance monitoring and internal audit and counter fraud monitoring.

The Property Working Group met on 27 October 2009 and considered how the governance process, including the Property Board, could benefit the work undertaken by the Property Division. Area and service reviews were discussed and an update was also provided regarding the potential movement of the headquarters from City Hall and the Council's short-term and long-term strategy for its car parks.

In November the Committee Considered the Annual Complaints Review 2008/09, reporting an overall reduction in the number of complaints (down 24%). The Committee noted that the Customer Commissioner was due to investigate the impact of the inconsistent systems used to capture complaint data, and the options for improving the quality of complaint data to allow better analysis across all stages of the complaints procedure. Having reviewed the information set out in the report, the Committee endorsed a number of actions aimed at furthering the aforementioned work.

During December the Lead Member of the Process and Audit Working Group attended the regular monthly audit monitoring meeting which examined progress against the internal audit plan, key outcomes from audit and anti-fraud activities, and performance against key performance indicators. The Chairman had previously attended the November audit monitoring meeting.

At the February meeting the Committee received and noted the Annual Audit Letter which summarised that the findings of the 2008/09 audit of the Council were in line with the conclusions of the Annual Governance Report. The Committee also endorsed the Risk Management Strategy 2010 – 2012, noted the Comprehensive Area Assessment First Year Results (2008/09) and the Annual Contracts Review. The Contracts Review Report forms the Annual Corporate Contracts Monitoring Report which is a requirement under the City Council's Procurement and Contracts Code for the award, management and monitoring of contracts. The Deputy Director of Finance outlined what the Council

were doing to meet International Financial Reporting Standards (“IFRS”) requirements and detailed the progress made. A further report on IFRS, reviewing the shadow accounts submitted and updating progress on the full implementation for the 2010/11 submission, will be considered at the Committee’s September and November 2010 meetings.

The Process and Audit Working Group also met in February to review the proposed updating of the council’s anti-fraud and corruption strategy and the forward plan for internal audit.