

 <p>City of Westminster</p>	<h1>Audit and Performance Committee Report</h1>
<p>Date:</p>	<p>23 February 2023</p>
<p>Classification:</p>	<p>General Release</p>
<p>Title:</p>	<p>Maintaining High Ethical Standards at the City Council</p>
<p>Wards Affected:</p>	<p>All</p>
<p>Financial Summary:</p>	<p>N/A</p>
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1. Executive Summary

- 1.1 This is an annual report which is the report of the Council's Monitoring Officer in consultation with the Council's Chief Finance Officer. The previous report was received by the Committee on 22 February 2022.
- 1.2 This report is submitted to the Audit and Performance Committee in accordance with its Terms of Reference, which state that the Committee is:
- "15. To maintain an overview of the arrangements in place for maintaining High Ethical Standards throughout the Authority and in this context to receive a report annually from the Director of Law and the Chief Finance Officer".*
- 1.3 The Council's Monitoring Officer is a statutory appointment under the provisions of Section 5 of the Local Government and Housing Act 1989. One of the roles of the Monitoring Officer is to promote good governance and ensure the highest standards of ethical behaviour are maintained through the effective discharge of their statutory duties.

- 1.4 'Ethical governance' lies at the very heart of the way in which an organisation is run, its values, how its business is transacted and how its decisions are taken.
- 1.5 In January 2019 the Committee on Standards in Public Life published a report following its review of ethical standards in local government. The covering letter to the report by the Chair stated that local government impacts the lives of citizens every day providing essential services to those it serves. Its decisions directly affect the quality of lives of local people. High standards of conduct in local government are needed to demonstrate that those decisions are taken in the public interest and to maintain public confidence.
- 1.6 At the Council we recognise that ethical governance is not simply a matter for the 'decision-makers at the top' but is applicable to all those who work for or in conjunction with the organisation – our elected Members, our staff and our contractors are all expected to adhere to the highest standards of conduct and behaviours. In this context this report will detail how we maintain ethical governance in each case.
- 1.7 In compiling this report the Monitoring Officer relies on information provided by or on behalf of Directors and officers of a number of services across the Council. The areas covered in this year's report are as follows:
 - Shared Audit, Fraud, Risk and Insurance Service;
 - Ethical governance complaints monitoring;
 - Ethical governance at Member level;
 - Ethical governance in relation to staff and service areas;
 - Ethical governance in relation to the Council's contractors and procurement.

2. Recommendations

- 2.1 That the Committee notes the 2021 to 2022 Annual Report and actions taken to maintain high standards of ethical governance throughout the Council.
- 2.2 That the Committee suggest any areas of ethical governance which have not been addressed in this report, for inclusion in the next annual report for 2022 to 2023 which will be presented to the Committee in February 2024.

3. Shared Audit, Fraud, Risk and Insurance Service

- 3.1 The Shared Audit, Fraud, Risk and Insurance Service reviews policies, procedures and governance arrangements across the Council's services and promotes a culture of zero tolerance in respect of fraud, corruption and mismanagement. Fraud awareness training is available to service areas where a need has been identified and a fraud intranet page informs staff of emerging fraud risks, encourages fraud reporting and maintains awareness ([Fraud page](#)).

How Ethical Governance Complaints are dealt with

- 3.2 The [Council's Anti-Fraud & Corruption Strategy 2020-23](#) sets out the Council's overall policy on fraud and corruption and states that if fraud, corruption or any misconduct directed against the Council is suspected, this should be reported immediately. The Council's strategy aligns to the national strategy published by the Local Government Association (LGA).
- 3.3 The Officers' Code of Conduct reinforces the requirement for all staff to be vigilant and describes how they should raise any concerns they may have. Further guidance is also provided in the Council's [Whistleblowing at Work Policy](#) and the [Fraud Response Plan](#).
- 3.4 Support from members of the public is also important in combating fraud and corruption, and facilities are provided to enable them to report their concerns, including an electronic "Report a Fraud" facility on the internet and a more traditional Fraud Hotline. The majority of referrals via these channels provide information regarding unlawful subletting, the abuse of residents' or disabled parking badges. Fraud referrals in respect of welfare benefits are redirected to the Department for Work and Pensions.
- 3.5 The Council's Fraud Response Plan provides guidance on the action to be taken when a fraud or corruption complaint is received, and details action to be taken to ensure the Council can;
- Minimise and recover losses
 - Establish and secure evidence necessary for criminal and disciplinary action
 - Take disciplinary action against those involved
 - Review the reasons for the incident and ensure that actions are implemented to strengthen procedures and prevent recurrence.
- 3.6 Any suspicion of fraud will be treated seriously and will be investigated in accordance with the Council's procedures and the relevant legislation including the Fraud Act 2006.

4. Ethical Governance Complaint Monitoring

- 4.1 As part of the arrangements in place for maintaining high ethical standards throughout the Authority, on 15 March 2007 the Standards Committee endorsed a definition of what constitutes an ethical governance complaint so that Departments can identify and refer any ethical governance complaints to the appropriate persons, and consistently record such complaints.
- 4.2 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”

- 4.3 As the Shared Corporate Anti-Fraud Service investigate allegations of fraud, bribery and corruption, it is not appropriate for such ethical governance complaint issues to be investigated under the Council’s normal complaints procedure. However, if such a complaint is raised under the complaints procedure, the complainant will be advised that the matter will be referred to the Shared Corporate Anti-Fraud Service to take the appropriate action.
- 4.4 The Corporate Complaints Team is a distinct service to that of the Shared Corporate Anti-Fraud Service and is based within the Revenues & Benefits Department. The team has overall responsibility for the management and development of the Corporate Complaints policy and for the compilation of the Annual Complaints Review. There is a separate report already presented to the Audit and Performance Committee in relation to Annual Complaints for 2021/22. This report does not identify any ethical governance complaints.

5. Ethical governance at Member level

The Council’s Standards Committee

- 5.1 The Council’s Standards Committee usually meets three times a year. In 2022, the Standards Committee met on, 7 April 2022, 15 September 2022 and 5 December 2022.
- 5.2 The Committee undertook various pieces of work during the year including reviewing the Council’s Member/Officer Protocol. Of particular focus in the review of the Protocol was the need to adhere to and live by the Nolan Principles (the Seven Principles of Public Life).
- 5.3 The intention of the review was to support good working relationships between Members and Officers as they work together and helped describe their different but complementary roles within the Council. A strong, constructive, and trusting relationship between Members and Officers is essential to the effective and efficient working of the Council and the work undertaken to review and amend the Protocol was aimed at strengthening the guidance on relationships between Officers and Members.
- 5.4 Briefing sessions are now planned for all the Council’s Senior Leadership Team as well as with Members with the update of the Council’s Member/Officer Protocol.
- 5.5 In addition, the Committee produced its Biennial Standards Report which emphasised the importance the Council placed on the profile of ethical standards across the organisation and afforded the opportunity to highlight key achievements and areas of good practice whilst identifying any requirements for improvement.

- 5.6 The annual question and answer session with the Leader of the Council was also held where the Committee was invited to ask questions on a range of topics relating to ethical standards.
- 5.7 The Council has three Independent Persons. They attend and contribute at meetings of the Standards Committee.

Member Complaints

- 5.8 In the calendar year 2022 the Monitoring Officer considered three complaints put forward against Councillors alleging a breach of the Members' Code of Conduct. The Monitoring Officer, or her deputies, considered each of the complaints and the evidence provided. On two occasions it was felt that the complaint did not warrant formal investigation and more information has been requested from the complainant with regards to the third complaint.
- 5.9 Ethical standards are included in the Members' Development Training Programme. All Councillors attended the Code of Conduct Training held during May and June 2022. In June 2022 a note on good decision making was circulated to all Members and follow-up sessions took place with the Monitoring Officer.

Establishment of a Statutory Officer Group

- 5.10 In August 2022 a Statutory Officer Group was established. The Group consists of the Council's Chief Executive (Head of Paid Service), the s151 Chief Finance Officer and the Monitoring Officer (the 3 Principal Statutory Officers).
- 5.11 The Statutory Officer Group will continue to meet regularly throughout the year. The group is intended to ensure the effective discharge of the Council's business and functions. The key objective is to make an effective contribution to embedding a collaborative, high trust, high performance Council culture, one which celebrates equality and diversity, and which serves as an exemplar of good governance and the highest standards of conduct amongst officers and members.
- 5.12 The Principal Statutory Officers are committed to continuous learning and improvement based on best practice from other authorities and guidance from sector leaders.

Summary of further steps taken to strengthen Ethical Governance at the Council

- 5.13 Below is just a brief summary of a number of further measures being taken to strengthen Ethical Governance across the Council:-
- (i) A review of the Council's Constitution was initiated in April 2022. Phase 1 of the review has involved updating the Constitution under the Monitoring Officer's delegation. The review is now entering phase two where recommendations will

be made to the General Purposes Committee on reforms to Full Council Standing Orders and other areas.

- (ii) A more rigorous approach to governance has been adopted which is driving improvements
- (iii) There are plans in place to further increase collaboration between the Legal and governance teams to assure the quality of member-level decision making.
- (iv) Regular reviews of the register of members interests and the register of gifts and hospitality have been scheduled. This is considered best practice and intended to identify and address any issues early.

6. Ethical Governance in relation to staff and service areas

- 6.1 The public is entitled to expect the highest standards of conduct from all Westminster City Council employees.
- 6.2 The law, the Council's Constitution, Code of Governance, Terms and Conditions of Employment, policies and procedures all provide guidance and structure on the manner in which Council employees should carry out their duties. The main provisions are summarised in the Council's Code of Conduct for employees. The Employee Code of Conduct details source documents such as HR Policies where more comprehensive information can be found.
- 6.3 Breaches of the [Code of Conduct \(sharepoint.com\)](#) may result in action under the Council's Disciplinary Code. The Code is published on the Council's intranet and forms part of corporate induction for all new starters

People Services

Details of Staff Disciplinary Cases and Whistleblowing / Grievance issues

- 6.4 Details of staff disciplinary cases, grievance cases and whistleblowing issues throughout the authority, excluding schools, categorised by issue, are set out below. Details of all cases are monitored by People Services who review these and flag up any issues arising. The level of disciplinary cases detailed below are regarded as normal in an organisation the size of Westminster City Council.
- 6.5 An overall three-year trend:

	2019 - 2020		2020 - 2021		2021 - 2022		Trend
	Closed	Open	Closed	Open	Closed	Open	
Disciplinary	16	16	9	10	22	30	Increase
Staff employed	2461		2541		2702		

- 6.6 The Council concluded twenty-two disciplinary cases in total in the 2021/2022 financial year (this includes five cases which were brought forward from 2020/2021).
- 6.7 There were thirteen cases opened in 2021/2022 that remained open going forward to the new financial year. Eleven of which has now concluded.
- 6.8 There has been a notable increase in the number of disciplinary cases in comparison to 2020/2021. We consider the spike in cases is a result of coming out of lockdown, as other organisations are seeing similar increases, however we are not complacent and ensure that any trends or themes are managed appropriately.
- 6.9 The outcome of those disciplinary matters closed in 2021/22 were:

<u>Outcome</u>	No Case to answer	Formal Written Warning	Final Written Warning	Dismissal	Resigned	Left by mutual agreement
<u>Closed Cases</u>	10	3	4	0	4	1

- 6.10 For the cases opened in 2021/2022 there have been 5 cases which would fall under the remit of ethical conduct. This equates to less than 20% of all of the disciplinary cases and it is not felt that there is a concern of poor ethical behaviour across the Council. The right safeguards are in place to ensure that our employees maintain and uphold good ethical behaviour. In regard to the wider disciplinary cases, the issues included: allegations of gross negligence, gross misconduct, taking absence without authorisation, a breach of professional standards and behaviour which could lead to a breakdown in trust and confidence and bullying and harassment.
- 6.11 The disciplinary cases have occurred across a number of services in the Council. Despite the increase in the number of cases there is no evidence that there are systemic weaknesses or problems of unethical conduct in the Council or in any particular department.
- 6.12 In 2021/2022 there were 3 whistleblowing complaints raised. The cases were logged and dealt with via our external whistleblowing hotline, Safecall. All of the 3 cases were raised anonymously with 2 complaints being made from external parties and one internal. Two of the cases were raised in relation to unethical conduct in awarding contracts, both cases were investigated by our internal audit team and were not substantiated. The 3rd case related to bullying and harassment behaviour from an officer which was investigated and partially upheld.
- 6.13 There were 23 individual grievance cases opened within the stated period and 7 brought forward from the previous year, 22 cases in total were closed and 8 remained open

going forward to the next financial year. Out of the remaining cases, all 8 cases have now concluded.

6.14 The outcome of those cases closed in 2021/2022 were;

Outcome	Not Upheld	Upheld	Partially Upheld	Dealt with Informally	Withdrawn
Closed Cases	14	2	3	0	3

6.15 The general themes to the grievances do not highlight any concerns of unethical conduct.

6.16 A majority of these cases were not upheld however there were management learnings highlighted and implemented, which supports our managers to have a growth mindset. We continually monitor this important matter in our annual staff survey so that any area of concern can be highlighted to senior officers.

6.17 The below table shows the response for Respect and Dignity (inappropriate behaviour at work, bullying and harassment). The 'Yes' response has increased by 2%. This year we included the 'Prefer not to say' option. It was removed last year, which we have reversed. The fact that 78% have said no, which is the worst score for the past 6 years, is a concern that will require a deep dive into teams with specific issues.

During the past 12 months have you personally experienced inappropriate behaviour at work? <i>(The following questions are about inappropriate behaviour at work, such as discrimination and/or bullying and harassment)</i>	2018	2019	2020	2021	2022	Trend
Yes	9%	12%	9%	11%	13%	+2%
No	81%	80%	81%	-	78%	-3%
Prefer not to say	10%	8%	9%	-	9%	-

Staff Declarations of Interest and Receipt of Gifts and Hospitality

6.18 The Council requires all employees to disclose any interests which may conflict with their public duty by completing a [Declarations of Interests Form](#). The form is accessible from the Council's intranet, The Wire. The Council also requires all employees in

specified designated posts^[1] to complete a Declarations of Interests Form on taking up the post and on any change in personal circumstances.

- 6.19 Executive Leadership Team (ELT) members or their nominated officer will use the information on Declaration of Interests Forms to compile and maintain a register of pecuniary and personal interests for their area of responsibility. Each ELT member will review their register and consider whether any steps need to be taken to avoid conflict when relevant employees complete and resubmit forms. The register is not available for public inspection and there is no statutory requirement to make them available. However, subject to any exemptions which may apply, information contained within the register may be disclosed in accordance with the Freedom of Information Act 2000.
- 6.21 Every endeavour is made to keep the registers up to date but the onus is on employees to ensure that their registration details are accurate and up to date. Information will be maintained and held on the register during the employees' employment and for six years thereafter. In addition to completion of the declaration of interests' form, employees must also declare any interests at meetings as appropriate. Failure to disclose such interests may lead to disciplinary action under the council's policies.

Staff Receipt of Gifts and Hospitality

- 6.22 The Council also provides managers and employees with guidance as to when they can legitimately receive or give gifts and hospitality during the course of their duties. Without exception all gifts and hospitality given and received, whether accepted or declined, must be entered in the designated corporate register immediately after the offer is made. Given that the Council is a public body it is essential that all such items are recorded in an easily accessible and efficient way. To this end, an online Gifts and Hospitality Register has been implemented and been used since 19 December 2006. The corporate Gifts and Hospitality Register is maintained and reviewed by the designated monitoring officer on a regular basis. This is currently the Head of Internal Audit.
- 6.23 In July 2021 the Council launched a new Gifts and Hospitality Policy to ensure clarity of what could be and should not be accepted by employees, and to allow for full transparency. The key principles of the new Gifts and Hospitality Policy are:

^[1] Designated Posts

- all posts at Band 5 or above level or their non-Reward equivalent
- any post referred to on a Directorate / Unit Scheme of Delegation for contract purposes; and
- any other post as determined by the EMT member or their nominated officer where the post holder has a significant involvement in contract matters or other work which requires a high level of transparent probity.

- Employees may not accept any fee or reward whatsoever other than their proper contractual pay and benefits.
- Employees cannot accept or give gifts, unless in accordance with the limited exceptions set out in the policy, such as small token value gifts (i.e. pens, diaries etc).
- Hospitality which needs to be recorded, both accepted or declined, is defined as drinks, meals, events, entertainment, overnight accommodation and travel with an estimated value of £25 or more.
- It may be appropriate in very limited circumstances to accept offers to modestly priced ticketed events but only if they are taking place within the City of Westminster and if acceptance would not be viewed as an attempt to influence that employee's part in a council decision making process.
- We have removed managerial sign-off and shifted the ultimate responsibility onto the individual being offered the gifts and/or hospitality.
- If employees have any doubts as to whether it would be appropriate to accept Gifts and Hospitality, then they should not accept it.
- We have committed to publishing the Gifts and Hospitality register entries on our external website twice yearly for transparency.

A copy of the new policy can be found [here](#)

7. Ethical Governance guidance and safeguards in relation to the Council's contractors and procurement

- 7.1 The Council's Standing Orders and the Procurement Code set out the requirements which must be followed in respect of all procurement and contract management activity. The Code states that the Council expects all officers involved in procurement activity to ensure they are aware of and comply with all legislation, corporate strategies and policy; to take the necessary action to formally disclose situations of potential, perceived or actual conflict of interest; to behave with the highest levels of probity and integrity, making specific reference to the Bribery Act 2010 and the Council's Code of Conduct.
- 7.2 The Code informs officers of the appropriate governance and procurement assurance processes to be followed, as well as the approvals that must be obtained to ensure good business practices are applied and risks are minimised.
- 7.3 Procurement Services support officers with best practice advice, guidance through the stages of the procurement and contract management lifecycle and will lead on all procurement activity valued at £100,000 or more.
- 7.4 The potential that the £500million annual Council spend on third party contracts represents was recognised by the Procurement and Commercial Service as a significant lever to drive positive action on increasingly important issues such as tackling the climate emergency and ensuring labour rights in our supply chain. The team therefore developed a Responsible Procurement and Commissioning (RPC) Strategy as a

framework through which to deliver City for All and wider sustainable development goals, whilst delivering maximum value for Westminster and its residents and partners.

- 7.5. Since March 2021, the team has been working with colleagues across the Council to develop the RPC Strategy, which was approved by Cabinet in February 2022.
- 7.6 The RPC Strategy was based on four themes, which include areas of local impact and social value, as well as wider aspects related to sustainable development and responsible business. These themes include Environmental Sustainability, Community and Business Partnerships, 'Build Back Better' and Inclusive, High-Quality Work. The latter theme includes ensuring appropriate pay and conditions of our supply chain workforce, professional development opportunities, a diverse workplace that is representative of its community, legal and fair employment practices and combatting modern slavery and labour rights abuses.
- 7.7 The Procurement and Commercial Service has also worked alongside the Bi-borough Modern Slavery Coordinator to develop the City of Westminster's first Modern Slavery Statement during 2022. This Statement provides a description of the actions the Council has taken to date to implement due diligence procedures to mitigate risks of modern slavery and exploitation in our supply chains and future actions planned with both existing and new suppliers. This work is being supported by the Bi-borough Modern Slavery and Exploitation Group and is underpinned by the Bi-borough Modern Slavery Strategy.
- 7.8 Since May 2022, Procurement have worked closely with Members to update the Responsible Procurement and Commissioning Strategy and ensure closer alignment to Fairer Westminster, and the new strategy and associated documents including the Modern Slavery Statement were approved by Cabinet in December 2022 and will be launched in Spring 2023.

8. Conclusion

- 8.1 This report provides the Committee with an overview of the arrangements that are already in place across the Council and further measures due to take place in order to maintain the high standards of ethical governance the Council requires and expects.
- 8.2 As detailed in this report, action has been taken to ensure the Council is fully compliant with relevant legislation relating to ethical governance and to ensure Officers' and Members' responsibilities in this context are communicated accordingly.
- 8.3 Appropriate systems are in place to facilitate the reporting of ethical governance complaints and defined mechanisms and procedures exist to ensure any such complaints are dealt with in the correct way.

- 8.4 The Council's Monitoring Officer welcomes any recommendations the Committee may have on whether the Committee feels this report provides them with the information they require or whether any other particular areas should be covered or could be expanded on which are not.

If you have any queries about this Report or wish to inspect any of the Background Papers (here provided below again as links), please contact:
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BACKGROUND PAPERS:

[Fraud page](#)

[Council's Anti-Fraud & Corruption Strategy 2020-23](#)

[Whistleblowing at Work Policy](#)

[Fraud Response Plan](#)

[Code of Conduct \(sharepoint.com\)](#)

[Declarations of Interests Form](#)

[Gifts and Hospitality Policy](#)