

MIDDLESBROUGH COUNCIL	
------------------------------	--

Report of:	The Chief Executive, Director of Finance and Director of Legal and Governance Services
-------------------	--

Relevant Executive Member:	The Mayor, Chris Cooke
-----------------------------------	------------------------

Submitted to:	Audit Committee
----------------------	-----------------

Date:	14 March 2024
--------------	---------------

Title:	Lessons learned – corporate governance learning from standards investigations
---------------	---

Report for:	Information
--------------------	-------------

Status:	Public
----------------	--------

Strategic priority:	All
----------------------------	-----

Key decision:	Not applicable
----------------------	----------------

Why:	Not applicable
-------------	----------------

Subject to call in?	Not applicable
----------------------------	----------------

Why:	Not applicable
-------------	----------------

Proposed decision(s)	
That the Audit Committee notes the: <ul style="list-style-type: none"> • outcome of lessons to be learned the outstanding code of conduct complaints and • crossover between issues identified in this report and the Annual Governance Statements for 2020/21 and 2021/22 (draft), the External Auditors Value for Money judgement 2020/21 and reports Council has considered on the Corporate Governance improvement journey. 	

Executive summary	
This report sets out the outcome of an exercise to ensure the Council takes the opportunity to learn lessons from standards complaints that have involved corporate	

governance issues. These issues arose from complaints investigations that had not completed by the end of the previous administration in relation to elected members who were not returned to office.

It identifies actions to strengthen Middlesbrough Council's corporate governance arrangements and sets them out within the body of the report. The findings in the report are reflective of the governance concerns identified within the draft Annual Governance Statement 2020/21 and the External Auditor's Value for Money judgement for the same period.

Purpose

1. On 3 July 2023, the Council's Standards Committee considered its quarterly report on code of conduct complaints. During the life of the last political administration 142 complaints were received. Ten of these complaints, had not reached a conclusion as at the 2023 local elections and related to Members who were not re-elected into office.

Recommendations

2. That the Audit Committee notes the:
 - outcome of lessons to be learned the outstanding code of conduct complaints and
 - crossover between issues identified in this report and the Annual Governance Statements for 2020/21 and 2021/22 (draft), the External Auditors Value for Money judgement 2020/21 and reports Council has considered on the Corporate Governance improvement journey.

Rationale for the recommended decision(s)

3. The report provides the committee with assurance that corporate governance learning from code of conduct complaints has been undertaken and has been reflected in planned actions to address weaknesses in corporate governance understanding and compliance.

Background and relevant information

4. The matters raised within these complaints revealed learning opportunities to strengthen corporate governance arrangements going forward. This report sets out that learning. As the complaints process was not completed, it is not appropriate to identify those who had been subject to complaint as it is unknown whether the outcome would have been to dismiss or uphold the complaint. On that basis, the lessons to be learned are set out below in an anonymised form.
5. The next section of this report sets out the themes of the lessons that have been learned and the action taken. The learning from these processes has informed the content of corporate governance improvement actions taken to date, which are reported to this committee.

Member induction and training

6. The Council delivered an induction programme offer to members in 2019 that covered the key corporate governance processes, the differences in roles between officers and members and member obligations in relation to conduct.
7. This training approach had been scaled back during austerity to a detailed guide and a series of briefings held in the first few months of election. While there was and is a member training budget, this was relatively small and had to be used on occasion to cover other costs. The result of this was that levels of knowledge around processes and roles and responsibilities differed across the cohort of members in office during that time. The Democratic Services team did not have the capacity to be able to proactively engage with Members to ensure they attended training, gather meaningful feedback on training and put in place a wider programme of training on a cyclical basis to ensure learning was retained.
8. As a result of learning from this and as part of the Corporate Governance Improvement Plan, there has been significant involvement from the Council's Organisational Development (OD) team, who are training specialists. The OD team has worked with Democratic Services, Members and other officers to agree a revised approach to this for those members who were inducted following the May 2023 local elections.
9. Additional resourcing has also been identified to fund training and development going forward to ensure the improved offer is delivered on a cyclical basis. This was agreed by Executive on 19 July 2023.
10. This is an issue which was identified by the Council's External auditors in its 2020/21 Audit Results report, considered by this committee on 22 July 2022. Annual Governance Statement actions and delivery of the Corporate Governance Improvement Plan have included actions to strengthen training of officers and members on a range of topics.

Adherence to roles and responsibilities

11. Linked to the above issue, a number of the standards complaints alleged that individuals had not adhered to the remit of their role, either allegedly taking decisions that exceeded their authority or not following a proper governance route in order to take a decision that they had the authority to take.
12. Improving understanding of roles and responsibilities and the roles and responsibilities of officers has been a key theme that underpins the revised member induction programme and will continue through the delivery of additional training on corporate governance good practice during 2023/24. There is a detailed Corporate Governance programme in place which is being delivered to officers. All training materials have also been made available to members through the Council's online training portal. This covers:
 - Principles, Values and the Constitution
 - Procurement procedure rules
 - Financial procedure rules
 - Programme and Project Management
 - Risk Management
 - Consultation and engagement

- Committee report writing
- decision making
- GDPR and Information Governance.

Declarations of interest

13. A number of complaints both within the outstanding complaints, and closed complaints during the last administration related to declarations of interest. Compliance with declarations of interest was also identified as an issue by the Council's External Auditors (EY). Since July 2022, Democratic Services team have conducted regular checks of declarations within meetings against declarations of interests forms as part of steps to support Members in compliance with their legal obligations. This has also included cross checking declared information with Companies House published information. In addition, Members induction training following the May 2023 elections has included refreshed content on the declarations of interest process.

Member and Officer relationships

14. There was a theme in the outstanding complaints around Member and officer relationships and allegations of poor behaviour. This is an as an area of concern in the 2020/21 and 2021/22 Annual Governance Statements and also in the 2020/21 Audit Results report of EY.
15. As set out above, action to address this was undertaken within the Corporate Governance Improvement Plan that was developed in 2022/23. The refreshed approach to this work, set out in the report to Council on 5 July 2023, included a programme of work to continue to address the cultural transformation within the Council across member to member and member to officer relationships.

Other potential decision(s) and why these have not been recommended

16. Not applicable

Impact(s) of the recommended decision(s)

Financial (including procurement and Social Value)

17. Not applicable.

Legal

18. There are no direct legal implications as a result of this report. The actions within it are intended to ensure the Council continues to operate lawfully and in line with the Local Code of Corporate Governance.

Risk

19. The issues identified within the report and actions within the draft Annual Governance Statement 2020/21 to address that risk that the Council Corporate Governance arrangements were not fit for purpose.

Human Rights, Equality and Data Protection

20. Not applicable.

Climate Change / Environmental

21. Not applicable.

Children and Young People Cared for by the Authority and Care Leavers

22. Not applicable.

Actions to be taken to implement the recommended decision(s)

23. Actions, where required are embedded within the draft Annual Governance Statement 2022/3 and in the Corporate Governance Improvement plan.

Appendices

24. No appendices.

Background papers

Reporting body	Report title	Date
Corporate Affairs and Audit Committee	Lessons Learnt – Best Value Inspection of Liverpool City Council	5 August 2021
Corporate Affairs and Audit Committee	Lessons learned – Best value and external assurance within other councils	22 July 2022
Corporate Affairs and Audit Committee	Annual Audit Results Report 2020/21	22 July 2022
Corporate Affairs and Audit Committee	Annual Governance Statement 2021/22	5 December 2022
Standards Committee	Quarterly update report to Standards Committee	3 July 2023
Council	Corporate Governance Improvement next steps	5 July 2023
Executive	Governance Improvement: Next Steps – Resourcing the financial recovery and resilience and cultural transformation programmes	19 July 2023
Council	Corporate Governance Improvement Plan	18 Sep 2023

Contact: Charlotte Benjamin, Director of Legal Services (Monitoring Officer)
Email: charlotte_benjamin@middlesbrough.gov.uk