

# WIRRAL COUNCIL

## CORPORATE GOVERNANCE COMMITTEE

WEDNESDAY, 7 DECEMBER 2011

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| <b>SUBJECT:</b>  | <b>IMPROVING THE COUNCIL'S CORPORATE GOVERNANCE</b> |
| <b>WARD/S AFFECTED:</b>  | <b>ALL</b>  |
| <b>REPORT OF:</b>  | <b>THE CHIEF EXECUTIVE</b>                          |
| <b>RESPONSIBLE PORTFOLIO HOLDER: LEADER (FINANCE AND BEST VALUE)</b> | <b>COUNCILLOR STEVE FOULKES</b>                     |
| <b>KEY DECISION?</b>   | <b>NO</b>   |

### 1.0 EXECUTIVE SUMMARY

- 1.1 This report has been prepared to assist the improvements under way in respect of the Council's Corporate Governance arrangements whose failings were highlighted in the recent AKA Report on Corporate Governance.
- 1.2 Governance arrangements in local government are closely scrutinised and sometimes criticised. Significant governance failings attract immense attention and one significant failing can taint a whole sector. Local authorities are big business employing over 2 million people and accounting for 25% of public spending. They are vitally important to all tax payers and citizens. Local authorities have a key role in leading their communities as well as ensuring the delivery of high quality services to them. Good governance structures enable an authority to pursue its vision effectively as well as underpinning that vision with mechanisms for control and management of risk.
- 1.3 Good governance means:
  - focussing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area;
  - Members and officers working together to achieve a common purpose with clearly defined functions and roles;
  - promoting the values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
  - taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
  - developing the capacity and capability of members and officers to be effective; and
  - engaging with local people and other stakeholders to ensure robust public accountability.
- 1.4 One of the key factors in improving engagement in corporate governance is the extent to which people feel able to voice their ideas and concerns for these views to be heard and valued.

- 1.5 A number of weaknesses have been identified in respect of the Council's Corporate Governance and this report proposes that Corporate Governance Development and Training be reviewed and improved across the Council and that a Corporate Governance Amnesty be extended so that officers and partners can have confidential conversations and discussions with Cabinet Members to air Corporate Governance concerns in confidence and without fear of reprisal.

## **2.0 RECOMMENDATION**

- 2.1 That Committee considers the recommendations of the Improving Corporate Governance in Wirral MBC (Appendix A).
- 2.2. That Committee notes the project plans (Appendix B)

## **3.0 REASON/S FOR RECOMMENDATION/S**

- 3.1 To improve the Council's Corporate Governance by carrying out recommended actions as part of the Council's Improvement Programme. This is in response to the findings of the AKA Report on Corporate Governance.

## **4.0 BACKGROUND AND KEY ISSUES**

- 4.1 AKA was engaged by the former Leader of the Council to undertake an independent review of the Council's response to claims made by Mr Martin Morton. AKA produced a Supplemental Report entitled 'Wirral Metropolitan Borough Council's Corporate Governance Arrangements: Refresh and Renew' (The Corporate Governance Report) which summarises organisational weaknesses which the Council has failed to address.
- 4.2 The Cabinet had considered the report at its meeting on 22 September 2011 and resolved to accept the criticisms unreservedly and the recommendations designed to help the Council move forward. Consequently, the Council was now in the process of putting an Improvement Plan in place to address all of the Corporate Governance weaknesses that had been identified in the report.

## **5.0 CORPORATE GOVERNANCE DEVELOPMENT AND TRAINING**

- 5.1 An Improving Corporate Governance Report by AKA is attached at Appendix A to this report. It sets out two approaches ((a) and (b)) that could be adopted for the development of the Officer programme and proposes that option (b) be chosen.
- 5.2 The report recommends that Members' development programme runs ahead of the officer programme to enable the change programme to be led by those who have the legitimacy of the electorate. It is considered essential that this programme is shaped by Elected Members taking account of their varying roles within the Council and as its representatives. It is also proposed to work with the Member Training Steering Group and draft a questionnaire and carry out interviews to establish what further development Members would like.
- 5.3 The aim is to consult, design and commission appropriate development programmes for Members, officers and partners.

- 5.4 The report also proposes cross departmental activity, a Joint Cabinet and Chief Officer discussion Forum, sets out overarching timelines for the activity proposed and a list of milestones.
- 5.5. The programme outlined in the report at Appendix A is in addition to the Key Lines of Enquiry (KLOE) work, previously considered by this Committee. Plans in respect of each KLOE are at Appendix B.

## **6.0 RELEVANT RISKS**

- 6.1 Failure to improve the Council's Corporate Governance by addressing the weaknesses identified in the Corporate Governance Report will mean that the Council may be further criticised and suffer further reputational harm.

## **7.0 OTHER OPTIONS CONSIDERED**

- 7.1 There are no other options to consider at this time. The Improvement Programme addresses the issues raised in the Corporate Governance Report.

## **8.0 CONSULTATION**

- 8.1 This report is consulting Members on the options available to improve the Council's Corporate Governance. Opportunities for them to review progress by engaging with Officers and citizens will be included in the detailed Programme which Lead Officers will develop.
- 8.2 Where appropriate, external agencies, Councillors and officers from other Councils will be consulted and invited to share knowledge.

## **9.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS**

- 9.1 Increasingly, the Council works with and through a range of organisations and partnerships in order to deliver services and enhance local prosperity. Partnerships are regarded as an essential part of the pattern of local government provision. Working in partnership can bring many benefits that the Council could not achieve by other means. However, partnership working brings governance challenges. A one-size-fits-all approach to governance is inappropriate. Governance arrangements must be proportionate to the risks involved. In future it is likely that the Council will be less concerned with direct service delivery and more with commissioning and regulation, influencing behaviour and supporting the local community. Community leadership may become the most important feature of local governance.

## **10.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS**

- 10.1 There will be a cost to the Council if external resources to implement the Improvement Programme are acquired.
- 10.2 **IT:** None identified at this stage.
- 10.3 **STAFFING:** Significant senior resources will be required to implement the programme.

10.4 **ASSETS:** None identified at this stage.

### 11.0 LEGAL IMPLICATIONS

11.1 Until the existing legislation is repealed, the Council could be subject to an external corporate governance inspection under Section 10 of the Local Government Act 1999.

### 12.0 EQUALITIES IMPLICATIONS

12.1 Equalities is an area of corporate governance weakness identified by AKA in the Corporate Governance Report.

12.2 Equality Impact Assessment (EIA)

(a) Is an EIA required? No

(b) If 'yes', has one been completed?

### 13.0 CARBON REDUCTION IMPLICATIONS

13.1 None

### 14.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

14.1 None

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### APPENDICES

(A) The AKA report – Improving Corporate Governance in Wirral MBC.

(B) Draft Protocol – Promoting Good Corporate Governance, Drop-in Sessions with Cabinet Members.

### REFERENCE MATERIAL

#### SUBJECT HISTORY (last 3 years)

| Council Meeting | Date              |
|-----------------|-------------------|
| Cabinet         | 22 September 2011 |

## IMPROVING CORPORATE GOVERNANCE IN WIRRAL

### 1. INTRODUCTION AND BACKGROUND

- 1.1. The AKA report outlining corporate governance issues recommended that the following actions be part of the Council's improvement programme:

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| <p><b>“Review and Improve Corporate Governance Development and Training Across the Council”</b></p>   |
| <p><b>Consult, design and commission appropriate development programmes for councillors, officers and partners.</b></p>   |
| <p><b>3.3 Councillors-Officers “Open Door” Sessions</b></p> <ul style="list-style-type: none"> <li>• A series of regular, facilitated, “open door” sessions that report back on “Taking the Lead” and introduce, test and interrogate specific issues identified by the wider work programme and work streams.</li> <li>• Data to inform and shape the wider work programme.</li> </ul>   |
| <p><b>“A Corporate Governance Amnesty”</b></p> <ul style="list-style-type: none"> <li>• A confidential and secure way for councillors, staff, contractors and partners to put governance and service issues they are concerned about “on the record”.</li> <li>• Ensure that the resource and capability required to prioritise, investigate and resolve these issues is on place/made available.</li> <li>• Ensure that the learning flowing from any such work is reported back to the Councillor-Officer working group for any further action/ recommendations.</li> </ul> |

- 1.2. One of the key factors in improving engagement in corporate governance is the extent to which people feel able to voice their ideas and concerns for these views to be heard and valued
- 1.3. A corporate governance engagement process which is specifically seeks to enable employees and partners to:
- Raise concerns about current governance issues (to support the proposal around an “amnesty”)
  - Offer ideas about how things might be improved
  - Identify areas of strength and weakness
  - Provide feedback as to the pros and cons of the current arrangements
  - Make suggestions as to how the organisation can share good practice and learn from internal successes across the organisation as a whole
- 1.4. Recognising that not all employees will feel comfortable with the same formats and engagement models it is proposed that the Council utilise the following methods:
- Cultural audit/corporate governance survey sent to all employees and partners (possibly available on-line)
  - Drop in sessions on corporate governance
  - Wider workshops on corporate governance

## 2. THE PROPOSALS

### **Action 1 - Review and Improve Corporate Governance Development and Training Across the Council**

#### 2.1. Developing the Officer Corps

##### 2.1.1. There are two approaches which could be adopted here:

- a. Design and deliver a series of corporate staff briefings, training and development sessions now
- b. Undertake the design and delivery in the context of work which needs to be undertaken to assess the cultural and process drivers including the refresh of the corporate governance framework and of course allowing staff, councillors and other stakeholders to provide further information to shape these events.

##### 2.1.2. Whilst (a) would be most effective in terms of achieving change by 1 April 2012, (b) offers the opportunity to provide a rounded and more bespoke approach which will build upon and bring together a number of other actions included in the overall plan including:

- I. The launch of the new corporate plan which will heavily focus upon improvements in corporate governance with the Leader and Deputy Leader undertaking staff events to describe the vision and values which underpin the development of the corporate plan
- II. The integration of the corporate plan with the budget setting process
- III. The refresh and review of the corporate governance framework
- IV. An "audit" of the organisation's culture and its impact upon corporate governance (see section XXX below)
- V. Confidential open door sessions with Councillors

##### 2.1.3. It is therefore recommended that option (b) be chosen for the development of the Officer programme.

#### 2.2. Councillor development programme

##### 2.2.1. Whilst, the options outlined above for the Officers remain true, it is recommended that the Councillor programme runs ahead of that of the Officers to enable the change programme to be led by those who have the legitimacy of the electorate. In addition, it is essential that this programme is heavily shaped by Councillors themselves and that it is differentiated for the differing roles that they undertake both within the Council itself and as its representatives and ambassadors in the community and on other bodies.

##### 2.2.2. It is therefore proposed that the existing Member Training working group be engaged with appropriate support to develop a questionnaire to be sent to all Members which will elicit information about where they believe they require further development. The Member Training working group will also be asked to consider supplementing the results of these questionnaires with a sample of one to one interviews and group workshops (e.g. Cabinet Members, Audit and Risk Management Committee Chair, Councillors drawn from across the wider Council etc).

## **Action 2 - Consult, design and commission appropriate development programmes for councillors, officers and partners**

- 2.3. Much of this action will be addressed through the above actions and the recommendations below with the exception of work with partners. To address this remaining action it is proposed that Members of the Cabinet together with support of one or two Councillors from the wider Council hold externally facilitated workshops with a number of representatives from partner organisations to engage in discussions and achieve agreement about how improved corporate governance can be achieved for mutual benefit.

## **Action 3 - Councillors-Officers “Open Door” Sessions**

As a first step to developing these aspects of the recommendations it is proposed that the Leader and Deputy Leader will, with the support from Cabinet, work with the Corporate Governance Improvement Team to develop and implement a range of activities specifically aimed at engaging the workforce and partners and winning their “hearts and minds”.

The underlying objectives for this aspect of the work programme is to ensure that employees and partners

- Believe in the organisation
- Want to play their part in working together to make things better, improve performance and governance
- Have a better understanding of the ‘bigger picture’
- Are willing to ‘go the extra mile’
- Will keep up to date with developments in corporate governance field along with their professional development.

- 2.4. Given that the cultural audit and development programmes have not yet commenced, it is recommended that the activities necessary to deliver these objectives be considered in a number of phases which link to the expected improvements in the corporate governance environment:

### **A. Phase 1 – Drop in sessions for members of Cabinet**

It is proposed that members of Cabinet set aside a couple of hours each per week from now until December 2011 to enable Officers and Partners to have confidential conversations/discussions regarding concerns relating to corporate governance.

This will have to be managed particularly carefully and it is suggested that the Deputy Leader provide Councillor leadership and direction to this aspect of the improvement programme, although all Cabinet Members will participate. Each Member before undertaking their role in this action will be asked to sign a confidentiality agreement, breach of which would result in an investigation into their upholding the standards of behaviour in public life (a fundamental of good corporate governance). The proposal will require the maintenance of a confidential booking system via the Cabinet Office and that those employees wishing to meet with Cabinet Members in this way receive the full protection afforded to whistleblowers.

Members of Cabinet will require direct and confidential access to the Deputy Chief Executive as the lead officer for this activity regarding advice and guidance where the issues are not straightforward.

A protocol will need to be agreed with HR and Finance services (who are likely to be the key services in addition to the Cabinet office asked by the Deputy Chief Executive to investigate any allegations raised) to ensure the this protection and anonymity is maintained. This protocol will need to be published to all staff when the “open door” sessions are launched by the Leader and Deputy Leader. In addition, the small cohort of officers involved in this process will be asked to sign a confidentiality agreement which will be identical in nature to that signed by Councillors.

The protocol will support both this aspect of the action and the wider proposal around the corporate governance amnesty and further detail is provided below.

The Cabinet and Deputy Chief Executive will need to make arrangements for confidential and anonymised recording of the types and frequency of issues raised such that this data can feed into the ongoing development programme.

Where serious whistleblowing issues are raised the Leader and Deputy Leader may take on the member leadership role but this will not impact upon the protocol.

#### B. Phase 2 – Corporate Governance amnesty

The proposal has been agreed but the challenge is how to deliver such a proposal. In principle it is proposed that:

- The leader launches the corporate governance amnesty during December 2011.
- The protocol is designed by a team of HR, Finance and Legal colleagues
- The draft document will have been submitted to the Audit Commission and Trades Unions for comments and feedback.
- Member approval must have been secured
- This one-off short-term opportunity to highlight concerns in corporate governance using a whistleblowing type procedure will apply during December 2011 or January 2012. Thereafter any weaknesses in corporate governance will be the subject of normal HR processes
- The nature of the amnesty is in principle an enabling opportunity to allow employees and partners to raise concerns within a confidential process without consequences. However, in practice, the ability to the Council to maintain the “without consequences” approach will, be determined by the severity of the breach in governance. Clearly a fraudulent activity or action that would be deemed gross misconduct could not be ignored.
- Employees, partners and members of the public will, in effect, be using the Council’s whistleblowing policy via submissions to a secure and safe email address for the submission of concerns. It is proposed that this email address and enquiries are managed via the Corporate Governance team as the initial point of contact under the direction of David Taylor-Smith.



### C. Phase 3 – Cross Departmental activity

As part of the overarching programme it is proposed that each Director holds a 2 hour session once per month where a random sample of employees and partners from across its services are invited to attend a discussion forum/learning event which covers:

- What has gone wrong over the month, what could have been done to prevent it and how this can be embedded into the culture or processes of the team going forward
- What has gone well over the last month, what can be learnt and rolled out across the department and ideally the council as a whole
- Issues which still need to be addressed/concerns that staff may have

It is recommended that from time to time and probably without prior warning Members of Cabinet, and/or the chair of Audit and Risk Management Committee attend these meetings.

### D. Phase 4 – Joint Cabinet and Chief Officer discussion forum

It is important that the Non-Executive (Councillor) and Executive leadership teams engage in healthy debate and challenge on a regular basis in advance and after the introduction of self-regulation in April 2012. It is therefore proposed that facilitated half day joint meetings, with due regard to Councillors' employment commitments, be arranged on a 6-8 weekly cycle. These meetings should be specifically arranged to coincide with the development processes for key elements of the corporate governance improvement programme.

### 3. Overarching timelines for this activity

3.1. The timing and interdependencies between all of the above requires careful and detailed planning and delivery will be highly reliant upon officer access to the appropriate internal and/or external resources and Member ability to commit significant time to the programme. What follows in the table below is therefore an initial proposal of the timelines for achievement of milestones only. The detailed project plan will be approved by the Deputy Leader once:

- Members of the Cabinet and the Audit Committee Chair have confirmed their availability
- The Deputy Chief Executive has confirmed with the Chief Executive the officer and/or external resources to be made available to resource this project

3.2. The proposed milestones are as follows:

| Milestone  | Start                 | Completion  |
|--|-----------------------|---|
| Development of protocol to support Cabinet drop in sessions and corporate governance amnesty   | Mid November 2011     | 7 December 2011   |
| Development of cultural audit programme (questionnaires and events)  | Mid November 2011     | December 2011   |
| Corporate Governance Committee approves proposals contained in this report, protocol and next steps  | 7 December 2011       |   |
| Launch of Corporate Plan by Leader and Deputy Leader (post Council)  | 13 December 2011      |   |
| Launch of Corporate Governance Amnesty by Leader and Deputy Leader   | 13 December 2011      |   |
| Launch of cultural audit programme by Leader and Deputy Leader<br>{ to coincide with the launch of the new Corporate Plan}   | Post 13 December 2011 |   |
| Member Training Group meets with Deputy Chief Executive and/or his representative to discuss the proposals contained within this report and any other processes they wish to follow to design a Member development programme | Post 7 December 2011  | End December 2011   |
| Cabinet member open door drop in sessions with employees and partners  | Post 12 December 2011 | End January 2012  |
| Communications publicise the "secure" email address for issues and concerns  | Post 12 December 2011 |   |
| Issues and concerns submitted during corporate governance amnesty  | Post 12 December 2011 | End January 2012  |
| Corporate Governance Team deal with issues and concerns raised as a result of corporate amnesty  | Post 12 December 2011 | Ongoing (the deadline for this will very much depend upon the number and scale of issues and concerns raised) |
| Send out cultural audit questionnaires   | Mid December 2011     |   |
| Commencement of monthly departmental meetings to discuss corporate governance improvements and issues  | Mid December 2011     | Mid December 2012   |
| Commencement of Cabinet and Chief Officer discussion/debate/challenge forum on corporate governance  | Mid December 2011     | Mid December 2012   |

|   |                                   |   |
|---|-----------------------------------|---|
| Commission external support to undertake the assessment, collection and collation of Member views regarding development programme       | Early January 2011                |   |
| Employee focus groups with external facilitator   | Beginning January 2012            | 3 <sup>rd</sup> week January 2012         |
| External support undertakes activities on site  | Mid – end January 2012            | Mid -end February 2012                    |
| Analysis of cultural audit findings preparation of report and proposed action plan to support cultural change                           | 4 <sup>th</sup> week January 2012 | End of 2 <sup>nd</sup> week February 2012 |
| Corporate Governance Committee receives report and approves next steps in relation to cultural change and officer development programme | 29 February 2012                  |   |
| Corporate Governance Committee receives report and approves next steps in relation to member development programme                      | 29 February 2012                  |   |
| External support commissioned to deliver cultural change and officer development programme as necessary                                 | March 2012                        | End March 2012                            |
| External support commissioned to deliver member development programme   | March 2012                        | End March 2012                            |
| Cultural change and officer development programme launched  | April 2012                        |   |
| Member development programme launched   | April 2012                        |   |