

## **Standards Committee**

**1 December 2016**

Present: Councillor C Johnson (Chair),  
Councillors J Allan, P Earley, F Lott, P Mason, CB Pickard  
and L Spillard.

Also Present: Mr P Hanson, Deputy Chief Executive, North Tyneside Council,  
Mr J Jackson, Independent Chairman of Standards Committee,  
Northumberland County Council,  
Mr L Henry, Legal Services Manager, Northumberland County  
Council.

### **SC13/12/16 Apologies for Absence**

Apologies for absence were received on behalf of Councillors A Arkle, K Osborne,  
Mr G Clark (Independent Person) and Mrs S Gardner (Independent Person).

### **SC14/12/16 Appointment of Substitute Members**

There were no substitute Members reported.

### **SC15/12/16 Declarations of Interest and Dispensations**

There were no declarations of interest or dispensations in relation to registerable personal  
interests reported.

### **SC16/12/16 Minutes**

**Resolved** that the minutes of the previous meeting held on 1 September 2016 be  
confirmed and signed by the Chair

### **SC17/12/16 Invited Guests**

The Chair welcomed Mr Paul Hanson, Deputy Chief Executive (Chief Operating & Delivery  
Officer), North Tyneside Council, Mr Joe Jackson, Independent Chair of Standards  
Committee, Northumberland County Council, accompanied by Mr Liam Henry, Legal  
Services Manager, Northumberland County Council, who were invited to take part in the  
standards committee's continuing discussions on ethical standards as part of the  
committee's work programme. The invitation to engage with the committee included the  
Elected Mayor, political Group Leaders, representatives of the Senior Leadership Team,  
the Chair and Deputy Chair of Council, the Chairs of Overview and Scrutiny Committee  
and Regulatory Committees'. The invitation had also been extended to Chairs of  
Standards Committees from other Authorities in the region.

In introducing the theme of ethical governance and high ethical standards of conduct, the  
Chair invited Mr Henry and Mr Jackson to open the discussion by giving a brief summary

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of Northumberland County Council's (NCC) arrangements for dealing with Code of Conduct complaints to provide the standards committee with an understanding of the complaints process.

Mr Henry gave an overview of NCC's local arrangements for dealing with allegations of breaches of the Code of Conduct for elected Members and co-opted Members. He explained that proposals to amend the way in which standards committee hearings were conducted had been considered earlier this year, and, as a result, a decision was taken for hearings to be heard in public unless there were sufficient and strong grounds to hear them in private. Criteria were drawn up to ensure that safeguards were in place to protect the subject member, complainant and witnesses, if appropriate. The assessment criteria were also amended by the standards committee to include complaints that may be viewed as vexatious.

Mr Jackson explained that, as Independent Chair of the Standards Committee, he played a fundamental part in facilitating a fair hearing for all parties, and, in his experience, in most cases a reasonable/sensible conclusion was reached in determining the outcome of complaints. He commented that North Tyneside Council's local arrangements were broader than NCC's procedures which were based more on the code of conduct rather than on development and training, but that the processes were very similar.

Mr Jackson explained that the standards committee had supported the introduction of audio recording of hearings following the decision to record Council meetings. The audio recording proceedings also included the committee's deliberations which took place in private. The recordings were used for internal use only as an official record and not released to the public.

Mr Jackson made reference to an increasing area of concern which was the use of social media by elected Members and how to control it. The standards committee had considered and supported the development of a Social Media Networking Protocol which had recently been introduced. During the development of the protocol, there was some engagement with Associates to look at bullying issues which had a potential impact on running the business with a view to introducing alternative solutions to try and develop better working relationships between Councillors and to assist them to observe the Members' Code of Conduct.

Mr Hanson was then invited to give his perspective in terms of setting and maintaining high standards. He explained how his duties during the last few years translated into his day-to-day job in relation to staffing and elected Members. In leading a team of mainly front-line employees his starting point was staff behaviour and relationships with elected Members.

Praising and rewarding staff was important as was dealing with inappropriate behaviour and poor relationships, in particular, he looked for things done well, balanced with things going wrong as it was essential to treat any issues correctly, quickly and appropriately. He sought to achieve this by raising awareness throughout his teams' on how the Authority operated in a political environment and promoting respect for that mandate. He provided anecdotal examples of particular note with regard to the relevant conduct and boundaries.

Mr Hanson also worked hard at building positive relationships with elected Members, the Mayor and the Cabinet, in particular, newly elected Members in achieving positive relations built over a period of time, which had enabled him to maintain good working

relations in potentially difficult situations whilst maintaining credibility in resolving issues. His senior management team was the political interface for encouraging high ethical standards and a system of communications was in place which worked very well across his teams' via his senior management team. Understanding the political landscape and sensitivity by front-line staff in order to build and maintain credibility for positive relationships was integral.

Members were given the opportunity to ask questions of Mr Hanson, Mr Henry and Mr Jackson, which were responded to appropriately. During questioning Members considered:

- How Code of Conduct complaints were dealt with in the case of harassment or bullying when the details of complaints remained confidential: Bogus or vexatious complaints arose infrequently and these together with all complaints were properly vetted.
- The language used in a complaint if intemperate and whether this would warrant referral to the standards committee: Any action, if required, was only relevant to elected Member complaints, particularly if there was something unpleasant. Consideration of the appropriateness of warning was essential in making a judgment, and based on individual merit in order not to inflame the situation further.
- Suggestions for improving the complaints process: It was felt the reporting of complaints could be improved by providing more detail on the decisions taken and a better way of keeping Members informed, balanced with confidentiality.
- Members' use of social media and how this was controlled. Lessons learned from the outcome of complaints were important by looking at ways in which to do things differently, if necessary, and how to assist Members' to understand and manage the process through better guidance and training.
- Code of Conduct complaint hearings and whether they should be heard in public, and/or recorded: Both Authority's held hearings in public with agenda papers being published under confidential cover initially and thereafter determined by the committee on whether to be heard in public, subject to any requests for personal or sensitive details being withheld. The committee felt that if hearings were recorded it was essential to protect the integrity of the content.

The Chair thanked Mr Hanson, Mr Henry and Mr Jackson for attending and for their contributions to the discussion.

### **SC18/12/16 Member Development**

The Standards Committee received a report which advised on the training completions for Member Development events during 2015/16 and 2016/17.

It was reported that due to technical issues experienced during the upgrade of the Council's online learning platform in October, attendance statistics for mandatory training modules would be tabled. The mandatory training module statistics provided a breakdown of completions of all Councillors for Code of Conduct training; and completions of Councillors for the term ending 2018 (20) covering Safeguarding, Sexual exploitation,

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Corporate Parenting and Equality & Diversity. The individual status for specific courses had been circulated to political Group Leaders.

An overview of the Member Development Training events offered to Elected Members during 2015/16 included: Sessions offered; Attendances; No shows and online completions. Details of the events during 2016/17 included Sessions offered; Attendees and Online completions.

It was also reported that additional development events for elected Members had been arranged covering Scrutiny training on the 5 December 2016 (to be facilitated by the Centre for Public Scrutiny); and planning training on the 14 December 2016 (to be facilitated by the Planning Advisory Service).

Cabinet agreed the 2016/17 Member Development Programme which detailed the training as mandatory for Elected Members as set out in the report. All committee Members had completed the appropriate training to allow them to sit on their appointed committee. The Member Development Programme was reviewed annually and would be considered by the Deputy Mayor in January 2017, ready for implementation in May 2017.

Further development of the Council's online learning system (Learning Pool) was underway to provide event reminders to elected Members when training was due to expire and the learning available to meet the requirements of the Member Development Programme. The online learning offer would continue to increase in 2016/17 to provide more flexible methods of learning for elected Members. Training/briefings would also be made available on the functions of the Learning Pool to maximise the Council's online learning offer.

During consideration of the Members Development report the following comments / suggestions were made:

In order to meet training requirements mandatory training for elected Members should be completed during the first year of their elected or re-elected term.

Some minor word changes in the reporting of training completions e.g. 'incomplete' to a more appropriate description.

Whether Member Briefings should be included in the member development programme as part of e.g. face-to-face training?

With regard to online training modules, Members queried why in some cases part-completed modules did not always register: It was explained that officers were aware of this problem and the upgrade to the online system should address this issue.

Basic training on how to use the online learning portal to assist Members who may benefit from the additional support in the use of electronic access/systems was suggested: It was explained that one-to-one training for elected Members to help build confidence going forward was also available via a number of routes.

The Workforce Development Lead in presenting her report thanked Members of the Standards Committee for their comments/suggestions and agreed to incorporate them as part of the ongoing review of the Member Development Programme.

**Resolved** that (1) the report be noted;  
(2) the Member Development Training Programme be revised in consultation with the Deputy Mayor, to include the requirement for elected Members to complete mandatory training during the first year of their elected or re-elected term.

### **SC19/12/16 Standards Committee – Action Plan/Work Programme**

A report was received from the Head of Law and Governance which advised the Standards Committee on the progress of the Committee's Action Plan/Work Programme for the year up to 31 March 2017.

The Standards Committee was responsible for the Authority's statutory duty for promoting and maintaining high standards of conduct by elected Members and co-opted Members of the Council.

The Action Plan/Work Programme was monitored by the Committee at each meeting and the progress of the identified actions would be reported in the Committee's Annual Report at the end of the municipal year.

Members were requested to consider the proposed tasks and matters that would be undertaken by the Committee as set out in the report.

As part of the ongoing programme of meetings with invited guests, invitations had been accepted for today's meeting (reported elsewhere on the agenda), and further invitations were being coordinated in relation to attendance at future meetings of the committee.

A review of the training available to all Council Members on ethical governance, ethical standards issues including arrangements with respect to the Code of Conduct; granting of dispensations, the use of Social Media and declaring interests was due to be undertaken.

A meeting of Chairs and Deputy Chairs and Independent Persons of Standards Committees in a regional forum was to be arranged in liaison with other authorities and that a date for the meeting was being progressed.

**Resolved** that the report be noted.

### **SC20/12/16 Reporting on Related Party Transactions**

A report was received from the Head of Law and Governance which advised the Standards Committee of the revised arrangements regarding the recording of Members' involvement with Related Parties of the Authority.

The audit of the Authority's 2015/16 accounts was recently concluded and an unqualified audit opinion was issued. The Audit Completion Report in respect of the 2015/16 Annual Financial Report, produced by Mazars, the Authority's appointed External Auditor's, was presented to the Full Council on 22 September 2016.

A number of internal control issues were raised by Mazars and agreed actions were approved by Council in response. One of the internal control issues raised related to testing of Related Party Disclosures. An extract of the Audit Completion Report in relation

to this matter together with the Management Response agreed by Council was set out in Appendix 1.

The requirement to identify related party transactions was set out in Section 33 of Financial Reporting Standard 102 issued by the Financial Reporting Council and it required the Authority to disclose in its accounts “any related transactions”, including disclosures necessary to draw attention to the possibility that the Authority’s financial position had been affected by the existence of related parties and by transactions with such parties.

Related parties were defined as bodies or individuals that had the potential to control or influence the Authority, or, to be controlled by the Authority. The disclosure of these transactions allowed readers of the accounts to assess the extent to which the Authority might have been constrained in its ability to operate independently, or, might have secured the ability to limit another party’s ability to bargain freely with the Authority. Related parties included outside bodies and organisations, which had financial transactions with the Authority.

It was necessary for the purpose of identifying related party transactions to consider those transactions which included payments to organisations with contractual and/or financial links to the Authority, where the Members or close related members of their families had control or influence over the organisation, or, over the Authority. The objective was to identify any transaction which may have taken place as a result of the control or influence exercised by one party over the other. This of itself did not imply any improper influence but promoted transparency and identified where there was the opportunity for improper influence by either party.

The type of information that fell into a related party category included:

- (i) Ownership of an organisation that transacts with the Authority or a contractor of the Authority;
- (ii) Director of an organisation that transacts with the Authority;
- (iii) Trustee, governor or partner of an organisation that transacts with the Authority.

A related party transaction also included grants or loans to voluntary organisations, companies etc., or, payments for goods or services received by the Authority.

In relation to elected Members, the Authority’s External Auditors had considered that it was appropriate and sufficient to use of Members’ Register of Interests to identify related party transactions. Members were only required to update their register entries within 28 days of any change and the Register did not require such extensive details to be provided. As a result it was accepted by Full Council, that to provide more robust governance an annual return from each Member on related party transactions would be required.

In order to determine whether such related party transactions existed in relation to the Members of the Council, the Authority needed to know whether any Member had a relationship with a related party of the Authority. The Authority would therefore write to every Member in the course of preparation of its annual accounts, to ask whether to their knowledge they, or any business, partnership, company of which they were a Director or Company in which they had a significant shareholding, had any contract with the Authority, or, a related party of the Authority, such as the Authority’s strategic partners.

A blank copy of the annual return that would be requested from Members was attached at Appendix 2.

During consideration of the report the following comments/suggestions were made:

Members queried the wording of the related party transactions disclosure form, which in part seemed to be ambiguous particularly in relation to the questions at section 2, with the suggestion that in the first sentence the words 'to the best of my knowledge' should be added; and in bullet points 1 to 4 the sentence should read 'Payment to/from', rather than just 'to'.

With regard to the annual return and register of interest completion forms', it was suggested that the relevant forms could be posted on the Council's Intranet/Internet to enable Members' to complete forms online, if they preferred.

The Head of Law and Governance agreed to pass on the comments/suggestions received from the Standards Committee to the relevant officers that further work was needed to refine the relevant forms and to make clear the requirements of the revised arrangements prior to implementation.

**Resolved** that the report be noted.