



Audit and Governance Committee
22 May 2020

ETHICAL STANDARDS ANNUAL REVIEW

Purpose of the report:

To enable the Committee to monitor the operation of the Members' Code of Conduct over the course of the last year.

Recommendation:

That the Audit and Governance Committee:

1. Notes the Monitoring Officer's report on recent activity in relation to the Members' Code of Conduct and complaints made in relation to member conduct.
2. Agrees to establish a working group to review possible changes to the Members' Code of Conduct in light of recommendations from:
 - a. Surrey County Council Internal Audit Report of Register of Interests/Gifts and Hospitality.
 - b. The Committee on Standards and Ethics 'Local Government Ethical Standards' report (2019).
 - c. The Local Government Association Model Code of Conduct (due to be published in June 2020).

Introduction:

1. The Localism Act 2011 places the Council under a statutory duty to promote and maintain high standards of conduct by its Members and co-opted Members
2. The Council has a Code of Conduct governing elected and co-opted Members' conduct, when acting in those capacities. The Code also includes provisions for the registration and disclosure of pecuniary and other interests.
3. The Council has delegated to the Audit and Governance Committee the roles of:
 - monitoring the operation of the Members' Code of Conduct and;
 - promoting advice, guidance and training on matters relating to the Code of Conduct.

4. The Committee is also responsible for granting dispensations to Members relating to their disclosable pecuniary interests.

The Code of Conduct

5. At the Council meeting of 17 July 2012, Members agreed that they wanted to adopt a simple, high level code. The current Members' Code of Conduct is based on the Department of Communities and Local Government ("DCLG") "illustrative" text of a code of conduct for Members. There have been no revisions to the Code of Conduct since 2016.

Independent Person

6. The Act requires the appointment of at least once independent person who cannot be a councillor, officer or a relative or friend of any one of them. The County Council appointed Mr Bernard Quoroll as its Independent Person for a term of four years from December 2016. Mr Quoroll's term of office comes to an end in December 2020 and a new independent person will need to be appointed by this date.

Arrangements for receiving and handling complaints

7. The Act requires the Council to adopt arrangements for dealing with complaints of a breach of the Members' Code of Conduct. Any such complaints must be dealt with in accordance with those arrangements. Before any final decision is reached on a complaint that has been investigated, the Independent Person's views must be sought. Surrey County Council's (SCC) arrangements are designed to promote informal resolution rather than an adversarial approach.

Register of Interests

8. In July 2016, Council agreed to widen the registration requirement of its Members to include a new category of significant personal interests. This meant that Members were required to declare prejudicial interests and significant personal interests, in addition to disclosable pecuniary interests, at meetings of the council and its committees.
9. All Members are required to notify the Monitoring Officer, within 28 days of taking office, of two categories of interest, namely any disclosable pecuniary interests they have (including those of a spouse, civil partner or someone with whom the Member is living as husband and wife or as civil partner) and any of their own significant personal interests. The Council's register is published online in accordance with legal requirements.

Training and Guidance for Members

10. A training day took place in May 2017 as part of the new Council induction, covering code of conduct and register of interests. Following the training, new and returning Members received guidance in registering their interests, both pecuniary and personal, either on line or in hard copy. Any Members elected since then have received information on both the code of conduct and registering interests through tailored induction sessions.

Code of Conduct Complaints

11. The spreadsheet appended to this report shows the number of complaints received since January 2019. There have been no complaints alleging that a Member has

failed to disclose or declare a pecuniary interest (this being a breach of the code which could result in criminal prosecution of the Member). The number of complaints received is slightly lower than in previous years.

Internal Audit Review

12. The Council's Register of Interest and Gifts and Hospitality protocol was reviewed in January 2020 by the Internal Audit Team. The Auditors opinion was that **Reasonable Assurance** was provided, meaning that most controls are in place and are operating as expected to manage key risks to the council. The Audit report made a number of recommendations including:
 - i. To increase reminders to Members regarding the need to update their register of interests/gifts and hospitality forms. Reminders will now be sent on a 6 monthly basis, with the next reminder due in May 2020.
 - ii. To update the guidance and form for gifts and hospitality, including a column for Members to justify acceptances.
 - iii. To review the training offer for registering interests/gifts and hospitality and consider whether it should be a mandatory part of the induction process. This is being considered by the Member Services Manager as part of an overall review of the core induction modules.
 - iv. To reduce the value threshold of gifts and hospitality that needs to be registered, in line with the recommendations of the Committee on Standards in Public Life in January 2019, from £100 to £50.
 - v. To consider whether gifts and hospitality received by immediate family should be included on the register.
 - vi. To consider whether Members should record details of gifts and hospitality refused.
13. The Management Action Plan agreed that a discussion would need to take place with Members regarding actions iv, v, vi - as these would necessitate revising the Members Code of Conduct.

Local Government Association Model Code of Conduct

14. The Committee on Standards and Ethics in Public Life made a number of recommendations relating to the content of Member Code of Conducts in their 'Local Government Ethical Standards' report (2019). Democratic Services have reviewed these recommendations and conducted a gap analysis between them and the Council's current code of conduct. This gap analysis is attached at **appendix 2**.
15. The Local Government Association is also in the process of producing a model Code of Conduct, based upon the recommendations from the Committee on Standards and Ethics in Public Life. The Model Code is currently in consultation phase and is set to be launched in June 2020.

Member Working Group

16. It is recommended that a Member working group is established to review possible changes to the Members' Code of Conduct in light of recommendations from:
 - a. Surrey County Council Internal Audit Report of Register of Interests/Gifts and Hospitality.

- b. The Committee on Standards and Ethics 'Local Government Ethical Standards' report (2019).
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Risk Management Implications

17. The Council's Code of Conduct, Register of Interests and arrangements for dealing with complaints are statutory requirements and key elements of good governance. Guidance and training is intended to assist Members in observing the Code and so mitigate the risk of complaints about Members.

Financial and Value for Money Implications

18. An external investigation of a complaint costs in the region of £5,000. In the last year there were no investigations that required an external investigator.

Equalities and Diversity Implications

19. There are no obvious equalities and diversity implications to which the Committee needs to pay due regard.

Appendices

- a) Member Conduct Complaints (appendix a)
- b) Code of Conduct Gap Analysis (appendix b)

Next steps:

The Monitoring Officer will report any recommendations from this Committee to the Member Conduct Panel and will keep the Independent Person informed.

Should the Committee agree to set up a Member Working Group, Democratic Services will take steps to convene and support the groups work.

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