

Regulatory and Other Committee

Open Report on behalf of Pete Moore, Executive Director of Finance and Public Protection

Report to:	Audit Committee
Date:	25 March 2019
Subject:	Governance Review - Cultures and Values Report

Summary:

This review focuses on the Council's awareness and understanding of its culture and values - highlighting how well the Council's governance arrangements work in practice.

It is clear that the Council has well defined values that are understood and influence the culture of the authority. Although culture differences across the service areas have been found, these are seen to be beneficial for the differences between the service areas.

The review benchmarked the Council's arrangements against a best practice maturity model with a scale of 1-5.

It was concluded that overall the Council has reached Level 3 - with a good culture and ethical framework that is working well for the Council and its partners.

It is not unexpected, given the nature of the review that the results showed some mixed messages - but it does give the Council the opportunity to reflect on the findings and a platform to seek improvements.

Recommendation(s):

That the Committee consider the report and track implementation of agreed actions in its 2019 work plan.

Background

1. It is **crucial to the Council's success** that our governance arrangements are applied in a way that demonstrates the spirit and ethos of good governance – this **cannot be achieved by rules and procedures alone**. The Council is expected to have a **culture that places the public and integrity at the heart of its business**.

2. Organisations have developed a **greater awareness of their ethical obligations** in recent years – partly due to the **high profile failures** of some organisations to adhere to the Standards of Public Life.¹ The public want **services to be delivered responsibly and ethically, regardless of the provider.**

3. The Executive and Corporate Management Board have prime responsibility for **defining and analysing organisational culture** by promoting good ethics and values – **the outcome of this review aims to provide them with some insight and assurance on this.** This review helps support their **oversight** of the Council's ethical framework – recognised as a **key component** of good governance by all sectors and regulators.

4. The **scope** has encompassed key aspects of the Good Governance **Principle A- Integrity & Values:-**

"Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law".

5. Specifically, we have focussed on five recognised 'strands' that support an effective culture and ethical framework, namely:
 - Leadership and Management
 - People
 - Culture, Values and Consistency
 - Processes and Procedures
 - Assurance and Accountability

6. The work has been co-ordinated through the Council's Governance Group (chaired by Pete Moore) with the terms of reference agreed with Corporate Management Board.

Executive Summary of the Report

7. From the beginning of our review it was clear that the Council has well defined values that are understood and influence the culture of the authority. There is recognition of some cultural differences across the wide variety of service areas the Council has, but this is seen to be more beneficial as services are so different and not considered detrimental to the overall corporate culture.

8. There was a strong positive response to our survey, workshops and interview process. Comments around the overall culture at the Council included:

*"There is an **open door** policy and people come in and **say what they think, debate is logical**"*

¹ Selflessness, integrity, objectivity, accountability, openness, honesty, leadership plus stewardship of resources

"A positive culture that is lived, not just quoted"
"Open, transparent and inclusive".

9. We found that the core values² were at the heart of what the Council does. Members and officers recorded a 100% and 97% positive response respectively that they understood the values of the Council.

Conclusions on the individual assessment criteria

10. On the basis of the evidence obtained during our review we have concluded as follows:

Strand	Assessment of maturity (scale 1 to 5)	
Leadership and Management	4	Embedded and integrated
People	3	Working
Culture, Values and Consistency	3	Working
Processes and Procedures	4	Embedded and integrated
Assurance and Accountability	3	Working

Overall Conclusion and recommendations

11. Our overall assessment is that the Council has reached **Level 3** in its governance arrangements around culture and values.

Level 3	Good culture and ethical framework is working for the Council & key partners
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Key Findings

12. During the review we found many examples of good practice, these include,
- Clear and effective Leadership setting the 'tone from the top'.
 - Although culture can be a hard area to pinpoint we found agreement and understanding across officers and members. Individuals gave similar responses on their feeling of positive culture and values at the Council.
 - There was strong positive feedback from the workforce towards the Council as a whole. Officers and Members gave an average 95% positive response that they understand the Council's values, that they have the support of colleagues and that the Council is ethical and respectful.
 - Clear corporate values and behaviours which are threaded through employee induction and appraisal systems.

² Council's values – Professional, Resourceful, Respectful, Reflective

- Active encouragement and promotion of high standards by the Management throughout the Council.
- The feeling of confidence to empower and be empowered to take decisions
- A willingness to subject the Council's governance arrangements around culture and its ethical framework to independent review and assessment. Modify existing arrangements where possibilities exist to support further integration and embedding.

Suggested Improvements

13. It is not unexpected, given the nature of the review, the results showed some mixed messages – but it does give the Council the opportunity to reflect on the findings and a platform to seek improvements. Key areas for consideration include:

Ref	Recommendation
R1	Senior managers need to be more visible to those not based in Lincoln and On Call fire fighters. This has started to be addressed through CEX roadshows and more are planned for Spring 2019. Periodic attendance by senior management at team meetings to discuss objectives, values and culture will also help keep the connection with more remote team members.
R2	A review of lessons learnt from the recent senior leader appointments should be undertaken – with consideration of 'cultural fit' in the recruitment process.
R3	That the Head of Paid Service and new Corporate Management Board consider whether there is a need to develop a statement to describe the Council's culture – linking this to the stated Values.
R4	The appraisal process should be reviewed to ensure that the individual is at the heart of the assessment and there is adequate focus on achievement and development. Consider ways the Council can make better use of appraisal data. Currently number driven analysis should be expanded to bring out information that can be acted upon to improve workforce development.
R5	There is no specific training or e-learning around the Council's ethical framework. This should be established and cover: <ul style="list-style-type: none"> • Values and Culture of the Council • Bringing them to life on a day to day basis • Expectations around key policies such as gifts and hospitality, Whistleblowing, counter fraud, identifying and managing personal relationships at work (potential conflicts of interest)

Ref	Recommendation
R6	We suggest that employees and members are reminded of expectations around the Council's ethical values and key policies – emphasising the safe and secure whistle blowing arrangements put in place.
R7	Raise awareness across the workforce on the how to respond and report issues which may breach our codes of conduct – even if information is shared in confidence.
R8	The Council continues its review of the Overview and Scrutiny process and considers information, training, and support to enable getting the most effective challenge and pre-decision scrutiny for the Council on its key decisions.
R9	The Council uses the report on Local Government Ethical Standards by the Committee on Standards in Public Life to review the Members Code against the Committee's recommendations and update as considered appropriate.
R10	Review of declarations of interests, gifts and hospitality as per the recent audit report considering the recommendations made in the recent review by the Committee on Standards in Public Life.
R11	Consider updating the website with information on the Council's governance / ethical framework – including all relevant policies. This will help support transparency and accountability within the Council and set out expectations to those who work with or for the Council.
R12	Only about 15% of leavers since April 2015 have record of an exit interview on the system – whilst these are not mandatory managers should be reminded to encourage them wherever possible to try and increase this rate and the valuable feedback they can provide as this can help improve workforce motivation and satisfaction in the future.
R13	To include in the Audit Committees work plan areas around standards and the Council's ethical framework eg reviewing contract exceptions, member code of conduct, gifts and hospitality etc.

14. **Appendix A** provides the Committee with a copy of the report which sets out our detailed findings and recommendations. It is proposed that the Governance Group develop an action plan – monitored by the Corporate Management Board.

Conclusion

This report provides the Audit Committee with assurance around the effectiveness of the Council's governance arrangements – a key element of its terms of reference.

Consultation

a) Have Risks and Impact Analysis been carried out?

No

b) Risks and Impact Analysis

The outcome of this report aims to improve the governance arrangements of the Council - which will impact on risk culture and the way the Council conducts its business.

Appendices

These are listed below and attached at the back of the report	
Appendix A	Governance Review - Culture and Values

Background Papers

Document title	Where the document can be viewed
Report on Local Government Ethical Standards (published January 2019)	Committee on Standards in Public Life website

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