



## **Standards Committee**

**Date**        **Monday 23 November 2015**  
**Time**       **9.30 am**  
**Venue**      **Committee Room 1A, County Hall, Durham**

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### **Business**

#### **Part A**

**Items during which the Press and Public are welcome to attend.**  
**Members of the Public can ask questions with the Chairman's agreement.**

1. Apologies for Absence
2. Minutes of the Meeting held on 9 September 2015 (Pages 1 - 4)
3. Declarations of Interest, if any
4. Effectiveness of the Employee Code of Conduct - Report of Chief Internal Auditor and Corporate Fraud Manager (Pages 5 - 10)
5. Such other business as in the opinion of the Chairman of the Meeting is of sufficient urgency to warrant consideration.
6. Any resolution relating to the exclusion of the public during the discussion of items containing exempt information.

#### **Part B**

**Items during which it is considered the meeting is not likely to be open to the public (consideration of exempt or confidential information)**

7. Update on the handling of Current Complaints - Report of Head of Legal and Democratic Services and Monitoring Officer (copy attached). (Pages 11 - 20)

8. Such other business as in the opinion of the Chairman of the Meeting is of sufficient urgency to warrant consideration.

**Colette Longbottom**  
Head of Legal and Democratic Services

County Hall  
Durham  
13 November 2015

**To: The Members of the Standards Committee**

Councillors E Bell, J Clark, M Dixon, B Graham, G Holland, E Huntington, I Jewell, K Shaw, W Stelling, B Stephens and M Williams

Parish and Town Council Representatives – Town Councillor T Batson and Parish Councillor R Harrison

**DURHAM COUNTY COUNCIL**

**STANDARDS COMMITTEE**

At a Meeting of **Standards Committee** held in Committee Room 1B - County Hall, Durham on Wednesday 9 September 2015 at **9:30 am**

**Present:** **Councillor M Williams (Chairman)**

**Members of the Standards Committee:**

Councillors E Bell, J Clark, M Dixon, B Graham, G Holland, I Jewell, K Shaw and B Stephens.

Town Councillor T Batson and Parish Councillor R Harrison

**Apologies:**

Councillor E Huntington and Mr J Dixon Dawson

**1 Minutes of the Meeting held 2015**

The Minutes of the Meeting held on were confirmed as a correct record and signed by the Chairman.

**2 Declarations of Interest**

In respect of agenda item 7, Councillor J Clark declared an interest as a Member of Horden Parish Council, though acknowledged that the report was being presented merely for the Committee to receive and note.

**3 Annual Report of the Standards Committee**

Consideration was given to the draft Annual Report of the Standards Committee 2014/15 (for copy see file of Minutes).

The Governance and Elections Manager advised that the purpose of the report was to reflect and report on the work of the Standards Committee during 2014/15 and to set out the future direction which the Committee intended to take during 2015/16. Members were further advised that the report would be presented to a forthcoming meeting of the full Council.

Parish Councillor R Harrison highlighted that the report incorrectly reflected that he was a member of Edmondsley Parish Council. The report would therefore be amended accordingly.

In referring to paragraph 12 of the report, the Chair queried whether the Committee would wish to have more involvement in the assessment of Code of Conduct complaints.

Councillors Bell and Graham believed that having an assessment panel comprised of Committee Members would provide for a more rounded assessment process, as opposed to the current system which saw the consideration of complaints delegated solely to the Monitoring Officer and on occasion, also the Independent Person.

Councillor Jewell saw no reason to alter the current process as no problems had been encountered.

Councillor Stephens suggested that a report be presented to the next meeting of the Committee, setting out various feasible options for the assessment of Code of Conduct complaints.

In referring to paragraph 13 of the report, Councillor Shaw questioned whether the high proportion of complaints which resulted in no further action could be attributed to the lack of sanctions which were now available. The Governance Solicitor advised that this was not the case and she provided the Committee with an overview of the reasons why no further action was often taken. It was agreed that in future, more detail would be provided to the Committee as to the reasons behind all complaint decisions.

In referring to paragraph 15 of the report, Councillors Bell and Dixon queried the circumstances under which financial settlements were made and exactly how much each settlement figure had been.

The Governance and Elections Manager clarified that financial settlements were made following recommendation from the Local Government Ombudsman. Such settlements were not applicable for Code of Conduct complaints. Future reports would set out the exact figures which had been paid out by each service as financial settlement.

**Resolved:**

1. That the report be approved for submission to full Council, subject to necessary amendment being made;
2. That a report be presented to the following meeting of the Committee detailing possible options for the future assessment of Code of Conduct complaints.

**4 Exclusion of the Public**

**Resolved:**

That under Section 100A (4) of the Local Government Act 1972 the public be excluded from the meeting for the following items of business on the grounds that they involve the likely disclosure of exempt information as defined in paragraph 3 of Schedule 12A to the said Act.

**5 Local Investigation Report**

The Committee considered the report of the Head of Legal and Democratic Services which detailed the investigation conducted into an allegation that a Parish Councillor had breached the Code of Conduct and the outcome that the complaint had not been upheld (for copy see file of Minutes).

**Resolved:**

That the report be noted.

Councillor Dixon declared an interest in the remaining business on the agenda and left the room.

**6 Update on the Handling of Current Complaints**

The Committee considered a report of the Head of Legal and Democratic Services which provided an update report in respect of complaints of alleged breaches of the Code of Conduct (for copy see file of Minutes).

The Governance Solicitor presented the report, which demonstrated to Members the rate of business which was being dealt with in relation to Code of Conduct complaints. Future reports would provide more detail regarding the reasons for each decision.

**Resolved:**

That the report be noted.

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## **Effectiveness of the Employee Code of Conduct**

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### **Report of Chief Internal Auditor and Corporate Fraud Manager**

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#### **Purpose of the Report**

1. To provide members with a view from Internal Audit on the effectiveness of the Council's Employee Code of Conduct.

#### **Background**

2. A professional, independent and objective Internal Audit Service is one of the key elements of good governance in local government.
3. The Internal Audit Service in Durham:
  - Understands the whole organisation, its needs and objectives;
  - Understands its position with respect to the organisation's other sources of assurance and plans its work accordingly;
  - Is seen as a catalyst for improvement at the heart of the organisation;
  - Adds value and assists the organisation in achieving its objectives;
  - Is forward looking – it knows where the organisation wishes to be and is aware of the national agenda and its impact.
4. The foundation of an effective Internal Audit Service is compliance with standards and proper practices. Internal Audit is governed by the Public Sector Internal Audit Standards (PSIAS) that came into effect in April 2013.
5. The PSIAS, define internal audit as,

“an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”.
6. The PSIAS also request that in Standard 2110 that the Internal Audit Service should evaluate the design, implementation and effectiveness of the organisation's ethics-related objectives, programmes and activities. The employee code of conduct would form part of this requirement.
7. The employee code of conduct provides guidance and support to individuals for making decisions and carrying out their work in ways that are compatible with the Council's values. It is important that the code is owned by all employees.

## Effectiveness of the Employee Code of Conduct

8. The primary purpose of the employee code of conduct is to provide the Council with a clear benchmark for ethical behaviour. It sets out expected values and behaviours. Having a code is a key element of ensuring effective corporate governance. It is one of our employees' most important documents.
9. In order for the employee code of conduct to be effective it must be:
  - Regularly reviewed and developed;
  - Promoted and championed throughout the organisation;
  - Managers and employees must be provided with necessary training and support;
  - It must be supported by appropriate disciplinary and whistle-blowing procedures.
10. DCC's Employee Code of Conduct was last formally reviewed in October 2014 and is next due for review in March 2016.
11. Within every employees statement of particulars which are signed prior to commencing employment with the Council it states:

*'You are required to maintain conduct of the highest standard such that public confidence in your integrity is sustained. Your attention is drawn to the Council's Code of Conduct which sets out the standards and attitude expected from you. This is available for reference via the Durham County Council Intranet at your work place or from your line manager. The operation, terms and continuity of this Code is subject to review by the Council from time to time.'*
12. The employee code of conduct is covered verbally in every employee's corporate induction and is included in the New Starter Induction Checklist.
13. The Council values and rewards good ethical behaviour through its Great Staff, Great Stuff programme which showcases annually the achievements and contribution of employees. Also Heads of Service and Corporate Directors give instant recognition certificates to those who make an exceptional contribution to the Council. These are promoted in the employee magazine.
14. The Internal Audit Service reports bi-annually to both Corporate Management Team and to the Audit Committee on investigations into misconduct where it is felt the Internal Audit Team are required to complete independent investigations to both confirm any misconduct and to further enhance the Council's control environment in order to prevent incidences happening in the future.
15. The Durham Managers Programme includes a course delivered by Internal Audit which covers the importance of good controls, the risk of fraud and how the Confidential Reporting Code should be used as a means to blow the whistle where appropriate.
16. Over the last three years, 270 disciplinary investigations have been completed (including schools), most of these can be in some way attributed to a breach of the Employee Code of Conduct the outcomes of these are analysed in the table below:



Year	Total No of Disciplinary Investigations	No Action	Warning / Letter of Management Advice	Left the Council	Dismissal
2013	60	19	23	11	7
2014	151	40	79	15	17
2015 (to date)	59	9	37	8	5

17. Over the course of the last 18 months Internal Audit have carried out a number of reviews and made enhancements to the control environment, which supports the Chief Internal Auditor and Corporate Fraud Managers opinion on the control, risk and governance of the Council. These reviews include:

- Disciplinary Procedures
- Review of the Councils Gifts and Hospitality Registers
- Declarations of Interest – DCC Employees
- Declarations of Interest – School Employees
- Declarations of Interest – Members

18. As with Human Resources, the Internal Audit Service also completes reactive investigations an analysis of those is included in the table below and is reported bi-annually to Corporate Management Team and the Audit Committee:

Financial Year	Number of Cases
2012/13	98
2013/14	73
2014/15	32
2015/16 (to date)	12

### Opinion of the Effectiveness of the Employee Code of Conduct

19. In the view of the Chief Internal Auditor and Corporate Fraud Manager it is felt that the Employee Code of Conduct is effective however to further enhance its effectiveness, the following actions should be taken:

- At the time of the next review (due in March 2016), the code should be reinforced via publicity in the staff magazine, tool box talks etc. so that all employees are aware of the code and any changes made to it;
- Explore the possibility of e-enabling the Employee Code of Conduct so that employees with access to a computer can indicate that they have read and understood the document. Whilst it is appreciated the Code is included on the new starter induction checklist there is nothing to say the employee understands it and what is expected of them.

## **Recommendations**

20. It is recommended that members :

- Note and comment on the views of Internal Audit on the effectiveness of the Council's Employee Code of Conduct.
- Note the actions that are to be taken.

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**Contact: Paul Bradley, Chief Internal Auditor and Corporate Fraud Manager,  
Tel 03000 269645**

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## **Appendix 1: Implications**

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### **Finance**

No direct implications as a result of this report.

### **Staffing**

None

### **Risk**

None

### **Equality and Diversity/Public Sector Equality Duty**

None

### **Accommodation**

None

### **Crime and disorder**

None.

### **Human rights**

None

### **Consultation**

All Corporate Directors and Heads of Service have been consulted.

### **Procurement**

None

### **Disability Issues**

None

### **Legal Implications**

Compliance with the Accounts and Audit Regulations 2011

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of the Local Government Act 1972.

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