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**Report of Helen Bradley, Head of Legal and Democratic Services and Monitoring Officer**

**Electoral division(s) affected:**

None

**Purpose of the Report**

- 1 To inform Members of the national picture on standards issues affecting Local Government.

**Executive summary**

- 2 This report is for information to update the Committee on national developments and cases which relate to the work of the Committee since the last meeting on 4 December 2023.

**Recommendation(s)**

- 3 The Standards Committee is recommended to:
  - (a) note the report and request that Officers monitor the progress of the matters referred to and keep the Committee updated; and
  - (b) consider any recommendations it wishes to make arising out of the contents of the report.

## **Background**

- 4 As agreed by the Committee on 10 June 2023, as part of the Annual Work Programme, this is a standing agenda item with a quarterly update to the Committee.

## **Douglas Chalmers appointed as Chair of the Committee on Standards in Public Life**

- 5 The Public Administration and Constitutional Affairs Committee (PACAC) endorsed Mr Chalmers as Chair of the Committee on Standards in Public Life, following a pre appointment hearing last week. Following a career in the British Army.
- 6 In a report, published on 4 December 2023 the PACAC referenced the delay by the Government in appointing the Chair. The report concludes that the PACAC believe the full appointment process should be conducted during the terms five-year window and criticised the delay in appointing a successor to Lord Evans, whose term expired on 31 October.
- 7 William Wragg MP, Chair of the PACAC, was satisfied Mr Chalmers has the necessary integrity, judgement and independence to fulfil the role as Chair of the Committee on Standards in Public Life and endorsed Mr Chalmer's appointment.

## **Former Council Chief Executive becomes independent member of standards watchdog.**

- 8 A former Chief Executive of Staffordshire County Council, John Henderson, has been appointed as Independent Member to the Committee on Standards in Public Life.
- 9 Mr Henderson held his role at Staffordshire County Council for more than eight years. Prior to that he served for thirty-three years in the British Army.
- 10 The appointment was made by the Prime Minister, the post has a five-year term.

## **Independent Review Panel finds no evidence of corruption at Teesworks joint venture but criticises governance and transparency.**

- 11 Following allegations of corruption, the Secretary of State for Levelling Up, Housing and Communities commissioned an independent review panel in June 2023 to examine the Tees Valley Combined Authority's (TVCA) oversight of the South Tees Development Corporation (STDC) and Teeswork Joint Venture.

- 12 Whilst the panel found no evidence of illegality, the report published on 29 January 2024 considered there were *"issues of governance and transparency that need to be addressed and a number of decisions taken by the bodies involved do not meet the standards expected when managing public funds"*.
- 13 As public bodies the TVCA and the STDC were required to appoint three statutory officers, including a monitoring officer, chief exec and Director of Finance and Resource. The role of the three officers is to have responsibility for ensuring the organisations are properly staffed to deliver objectives and ambitions, legal budgets are set, and statutory obligations are fulfilled, and codes of conduct are followed.
- 14 The three statutory appointments believed a 'firewall' existed between the TVCA and STDC which limited liabilities falling back on the TVCA, the panel highlighted there was limited understanding of what was going on of the decisions being made. The panel highlighted the TVCA should take an active interest in the issues facing TVCA residents and this should be approached with an independent mind to 'check and challenge'.
- 15 The Monitoring Officer, who was in tenure between Sept 2020 - December 2022, declined to participate in review of the move to JV90/10 (Joint Venture 90/10) as they felt their professional duties barred them from participating.
- 16 The panel members and the STDC Senior Officers held different views as to the requirement of the TVCA Monitoring Officer, as defined in Tees Valley Combined Authority (Functions) Order 2017.
- 17 The panel noted that it was 'clear the STDC was not a 'committee' of the TVCA and is a separate legal entity, the provision requires the legal scrutiny and oversight in respect of the STDC as would be the case in respect of the TVCA or one of its committees.'
- 18 One of the former Monitoring Officers labelled their involvement as 'peripheral' which concerned the panel. The legislation, TVCA/STDC constitutions state the Monitoring Officer and other statutory officers have a key role in advising both TVCA and STDC members of the relevant legal and governance provisions.
- 19 The panel through their investigation found a core group of officers including the Mayor held senior appointments in relevant corporate bodies which gave rise to potential conflicts of interest. These interests were not registered in accordance with the TVCA/STDC officer conflicts requirements.

- 20 The panel recommended better control must be established to prevent representatives of joint venture partners from attending private meetings of the STDC Board.
- 21 The report makes 28 recommendations, of which the most relevant have been included below, the full list of recommendations is included in the report which is linked in the 'Background Papers' section of this report.
- (a) The panel criticised the arrangements and oversight of STDC when making significant decisions.
  - (b) The Monitoring Officer had advised the TVCA oversight and scrutiny Committee that they have no remit to scrutinise the decisions of the STDC, this was a narrow reading of the powers available to the TVCA.
  - (c) TVCA seemed unaware of the liabilities arising as a result of its *'interface with STDC'*.
  - (d) The panel would expect the TVCA to have arrangements in place to assess the balance of risk and reward between the public and private sector to ensure value for money.
- 22 The panel concluded that *"the systems of governance and finance in place within TVCA and STDC at present do not include the expected sufficiency of transparency and oversight across the system to evidence value for money"*.

### **The Public Accounts Committee warn councils combined debt has reached a staggering amount posing a risk to local services.**

- 23 The Credit Rating agency Moody's warned other councils *"were likely to go bust"* due to poor governance, large borrowing levels, and the falling value of commercial property. Poor investments are cited as the reason Surrey District Council are proposing £12m in cuts next year.
- 24 BBC analysis found councils owe a combined debt of £97.8bn to lenders. The Public Accounts Committee states the impact of high levels of debt to residents is likely to be *"extreme and long lasting"*.
- 25 38 councils have no borrowing at all, but at Woking Council the debt figure was nearly £19,000 per person.
- 26 Only two councils in the top ten largest debts per resident have issued s.114 notices. Birmingham appears 43<sup>rd</sup> out of 386 councils and Nottingham 36<sup>th</sup>.

## **Significant growth of independent councillors in local government.**

- 27 The Local Government Information Unit (LGIU), a not-for-profit organisation, has published a briefing in the rise of independent councillors sitting within local authorities. The briefing considered why more councillors were standing as independent members and the impact this has on local governance.
- 28 Independent members now make up 17% of all councillors in England and Wales, up from 9.7% in 1997. The main reason cited for standing as an independent member is '*disaffection with party politics.*'
- 29 In November, 11 councillors in Burnley resigned from the Labour party over the party's failure to support a ceasefire in Gaza. These councillors now sit as independents.
- 30 The briefing publishes information to support independent local councillors and advise as to how independent members can best serve the residents they represent.
- 31 The publication provides support by guiding individuals through the process of getting elected as an independent councillor. The guidance acknowledges the hurdles faced by independent candidates without the financial and structural support of the main political parties. A 2022 study conducted by the LGIU found half of voters would consider voting for an independent candidate, although the LGIU recognises this is only a small step in the path to standing as an independent councillor.
- 32 The guide includes tips from three independent councillors who relay their own experiences of being elected as an independent councillor.
- 33 The guide provides support to would-be independent councillors by advising on effective ways to sit as an independent councillor. The advice given is not limited to;
  - (a) Taking up seats on a committee or scrutiny panel
  - (b) Retaining a high profile
  - (c) Maintaining professional relationships with other councillors
- 34 Orkney Island Council is made up of a majority of independent councillors, they state the political independence of the councillors is valued amongst the local community.

## **A Dorset councillor who mimicked a female senior officer's accent for eight or nine years has been told to apologise and undertake diversity training.**

- 35 Following an investigation, Dorset's Audit and Governance Hearing Panel determined that a Councillor breached Dorset Council's code of conduct when he mimicked a senior officer's accent.
- 36 Whilst the Councillor admitted to mimicking the officers accent, he defended his comments by stating his behaviour was '*merely jovial banter.*' He was also supported during the hearing by fellow councillor, , who reflected '*his sense of humour comes from his time in the services*' and added that '*he is a good councillor and popular in his ward.*' However, she admitted that his sense of humour "*was not appropriate for modern times and perhaps some training would help modify his behaviour.*"
- 37 The Investigating Officer's report found that '*in her opinion, the Councillor's actions had fallen below the minimum standards of conducted expected by a councillor.*' The report also noted that whilst, '*the Councillor did not view his actions in this way, there was a perceived racist element to his actions.*'
- 38 In their determination, Dorset's Audit and Governance Hearing panel labelled his behaviour '*offensive and not acceptable in any circumstances.*'
- 39 The panel therefore required the Councillor to:
- (a) "Send a written apology to the relevant Executive Director to share with their staff, plus any officers that had since left the authority, if considered appropriate."; and
  - (b) "Undertake external Equality, Diversity and Inclusion training tailored in response to the details of this complaint and to be determined by the Monitoring officer in addition to a mentor being put in place to offer ongoing guidance and support after the training has been concluded."

## **Background papers**

- <https://www.localgovernmentlawyer.co.uk/governance/396-governance-news/55807-mps-give-green-light-to-next-chair-of-committee-on-standards-in-public-life>
- <https://www.localgovernmentlawyer.co.uk/governance/396-governance-news/56567-former-council-chief-executive-becomes-independent-member-of-standards-watchdog>

- <https://www.localgovernmentlawyer.co.uk/governance/396-governance-news/56270-breaking-independent-panel-finds-no-evidence-of-corruption-at-teesworks-joint-venture-but-criticises-governance-and-transparency>
- [https://assets.publishing.service.gov.uk/media/65ba58ec3be8ad0010a081a9/Tees\\_Valley\\_Review\\_Report.pdf](https://assets.publishing.service.gov.uk/media/65ba58ec3be8ad0010a081a9/Tees_Valley_Review_Report.pdf)
- <https://www.bbc.co.uk/news/uk-67707156>
- <https://lgiu.org/briefing/state-of-independence-the-growing-significance-of-independent-councillors-in-local-government/>
- <https://www.bbc.co.uk/news/uk-england-dorset-67948008>

### **Other useful documents**

None.

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## **Appendix 1: Implications**

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### **Legal Implications**

The Council has a duty under section 27 of the Localism Act 2011 to promote and maintain high standards of conduct by its Members and to adopt a code of conduct that is consistent with the Nolan Principles. Ensuring that the Standards Committee is kept up to date with national Standards issues is expected to facilitate compliance with this duty.

### **Finance**

None.

### **Consultation**

None.

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

None.

### **Climate Change**

None.

### **Human Rights**

None.

### **Crime and Disorder**

None.

### **Staffing**

None.

### **Accommodation**

None.

### **Risk**

None.

### **Procurement**

None.



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## **Appendix 2: Independent review report: South Tees Development Corporation and Teesworks Joint Venture**

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[https://assets.publishing.service.gov.uk/media/65ba58ec3be8ad0010a081a9/Tees\\_Valley\\_Review\\_Report.pdf](https://assets.publishing.service.gov.uk/media/65ba58ec3be8ad0010a081a9/Tees_Valley_Review_Report.pdf)