

# Chief Executive's Report

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Author name and job title:	<b>Glenys Stacey</b> <b>Chief Executive</b>	Paper reference:	10/36
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## 1. Issue

1.1.1 This report presents an overview of progress against delivery of the business plan and a review of operational performance, and introduces other open papers for the board's attention at this board meeting.

## 2. Recommendation

2.1.1 The board is asked:

- To receive the report and to note progress
- To review corporate risks, and to select a risk for specific review at its next meeting
- To note and review operational performance

## 3. Consideration

3.1.1 This report brings members up to date on progress since the meeting on 26 January 2010. It is mapped against the key aims in the 2009/10 Business Plan. Where appropriate, there are cross references to other papers on the agenda. Our Business Plan commitments for the year 2009 -10 have generally been met, and we have adopted an exception reporting approach – except where explained otherwise our plans have been delivered. The updated risk graphic and performance dashboard are attached at Appendices One and Two, and they are used here to inform comment on the organisation's current risk profile and operational performance.

### 3.1.2 Delivering the business plan

3.1.3 Be a respected strategic regulator adding value to local governance

- Ensure there is an effective standards framework across all local governance arrangements.

- 3.1.4 CLG confirmed in February that anticipated amendments to the member Code of Conduct have been delayed due to other Government (fiscal) priorities, with no prospect now of change prior to the 2010 national election. The anticipated amendments were generally minor in nature, but also included provisions to engage the code in cases of criminal activity attracting a court conviction. The delay is regrettable, particularly as Government has not yet published its response to its 2009 consultation exercise on whether or not to introduce an officer code. Recognising the clear interest and commitment demonstrated by those Standards Committees who responded constructively to the Government's consultation exercises on both issues, and the board's own views, we continue to press Government for progress on these matters.
- 3.1.5 The delay in introducing the anticipated amendments to the Code of Conduct for members does present a dilemma: the board intends to advise Government more fundamentally on the simplification and development of the member code, on public/private capacity (and criminal and other activity) in practice and on other relevant issues in the business year 2010-11. Now that our review of the local standards framework is complete, we expect to make good progress in the review of the Code of Conduct in the first half of the business year and to be in a position to advise Government in a timely way, post election. The issue for Government will be whether to implement the anticipated (outstanding) amendments to the Code or else to wait and then evaluate recommendations from Standards for England.
- 3.1.6 The annual monitoring exercise is now underway, with our monitoring requirements modified to ensure that so far as possible we collect meaningful data and information (to check compliance and to inform our understanding of how things work) without adding to the administrative burden. This year we notified local authorities early of the requirements, as the timetable has been moved forward slightly to assist the Audit Commission in its collation of information to support CAA assessments and most especially the 'Use of Resources' assessment and score. We are developing our liaison arrangements with the Audit Commission at a regional level, to good effect.
- 3.1.7 We are progressing our work on standards and partnerships. Our research with Manchester City Council is now complete and the partnership protocol has been developed. We are continuing to work with Manchester, embedding the protocol in the authority's procedures and ways of working, and we intend to publish the protocol alongside guidance designed to assist in implementing the protocol where partnerships already exist. With the Centre for Public Scrutiny and other partners we are developing checklists and guidance for ensuring appropriate ethical scrutiny of partnership arrangements, for joint publication.
- 3.1.8 Meanwhile and as previously reported, we are taking the opportunity with the New Local Government Network to host workshops with selected invitees to work through standards and governance issues in wider joint working arrangements in local government, particularly in the 'Total Place' initiative.
- Make a demonstrable difference to local democracy
- 3.1.9 At its awayday (22 March) the board has been presented with our refined proposals for the organisation's local authority engagement strategy. These proposals are based on our practical experience to date in engaging with almost 200 local authorities over standards and compliance issues. The proposals are risk-based – that is, they present a risk-based (Hampton compliant) approach to determining the levels of engagement

the organisation should undertake. Subject to the awayday debate the board will be asked (at Item 10/40) to endorse the proposals and the consultation plan.

- 3.1.10 Subject to board approval we anticipate entering the formal proof of concept stage for engagement on 1 April, with consultation with the wider standards community planned for June-August 2010.
- 3.1.11 Our work on the review of the local standards framework is now complete. The review and recommendations have been submitted to CLG for ministerial consideration and are available to the regulated and standards communities via our website. Stakeholder reactions have been favourable. We present the recommendations as a collective package, and look forward to discussions with CLG in relation to their evaluation and progression. Pending those discussions we do not advocate progressing those recommendations that do not require statutory or regulatory change (recommendations 9, 13 and 14) alone.
- 3.1.12 We are committed to a review of our Memoranda of Understanding and working protocols with key partners this year. We intend to begin with our memoranda with the Audit Commission and with the Local Government Ombudsman, where changes are needed to reflect our new (regional) working arrangements.
- 3.1.13 We plan to consider in more detail (in 2010 -11) the testing issues underlying the first of the organisation's regulatory outcomes - that there are high standards of conduct among members of local authorities. As one would expect, our early work priorities as a strategic regulator have been driven by our second regulatory outcome – that there is an effective and proportionate standards framework operating well. Our engagements with individual authorities for example have generally been because of compliance issues, and the need to establish and support the local standards framework. There will always be work to do to support and maintain the framework, but compliance is improving in some respects (see the performance dashboard, chart 8A) and the time is right to consider now and in a purposeful fashion the work needed to deliver our first regulatory outcome (starting with the definition, or dimensions of 'high' standards) in tandem with development of the maturity model concept.
- 3.1.14 Finally in this section we report that we have deferred the development of an indicator for standards committee performance (a business plan commitment). The board's developing thinking and consideration of the maturity model concept leads us to suggest that a simple indicator would be both difficult to develop and ineffective in encouraging maturity.
- Be a recognised centre of expertise in the field of ethics and governance
- 3.1.15 We have reviewed and agreed our research priorities for the year ahead, ready for board review and endorsement of our research strategy. We expect total research expenditure for 2010-11 to equate broadly with the 2009 -10 research budget. We have continuing commitments to ongoing research, where we advise confirmation of the established work programme. We have identified other business-driven research needs (for example, specific research to support the organisation's planned review of the Code of Conduct). A final draft of the research strategy will be with the board for consideration in July: other priorities (in particular the review of the framework and preparing the CSPL response (see below) and the need to consider emerging research requirements driven by business needs have delayed completion of the draft.

3.1.16 We have responded at short notice to a request from the Committee on Standards in Public Life for evidence on the efficacy of standards frameworks. The Committee consider it right to review the impact of standards frameworks given that the seven principles of public life were first enunciated in 1995. The Committee already conducts and publishes attitudinal research on a regular basis (see CSPL website), and this exercise should complement that research with available evidence of impact. We have been able to draw on the outcomes from our longstanding research programme to evidence the clear and positive impact of the local standards framework.

3.1.17 Standards for England's Prospectus and Regulatory Statement are now published. Both documents are available on the internet and from us in hard copy.

3.1.18 Our draft Corporate Plan is with CLG for consideration, and we are finalising the Business Plan and Directorate Plans for 2010-11.

3.1.19 Ensure that the local standards framework is a success

- ensure the framework is felt to be fair and proportionate and that complainants/those complained about should feel they have been treated fairly

3.1.20 Much of the work planned in this area is complete. Project Excellence (a project to improve SfE investigations performance) is in its final phase, with system enhancements now imminent. In the period June-December 2009, 41% of SfE investigations were completed in less than three months, and 88% in less than six months – a significant improvement in time taken. We continue to look actively for improvements, although we recognise that there are limits. So for example we have recently developed management information reporting in investigations so as to (as far as possible) predict performance, measure and report on interim milestones in cases and to show future benchmarks.

3.1.21 Our proposition on how best to evaluate the quality of what we do in investigations and elsewhere in the organisation is being developed. Here we recognise the need for qualitative measures and for a relatively sophisticated approach.

- identify failings in the local system and respond accordingly

3.1.22 We are continuing to monitor compliance through our quarterly and annual reporting, to good effect. The annual return has been redesigned (using new design software) so as to differentiate more clearly between information requests and compliance monitoring requests, and is due for return by authorities shortly. From monitoring data so far this year we can see improvement in some of the elements needed for core compliance. We are now increasing our efforts to ensure case decision notices are submitted to us from authorities in every case, so that we can evaluate trends and support the standards community.

3.1.23 Our monitoring data shows a rising number of investigations being undertaken locally that are over nine months old (see performance dashboard chart 8b). The trend – with more cases taking longer – is concerning. We engage regularly with those individual authorities showing relatively high numbers of older investigations, and support those authorities with our own investigations expertise. However, in anticipation of the trend continuing we are considering what steps we can take (pending consideration of our

review recommendations, which would help) to assist local authorities to bring investigations to conclusion in good time.

3.1.24 Actual engagement work remains broadly constant. We are engaging with a good number of authorities on an individual basis on standards issues, and working jointly with delivery partners in relation to others with standards and wider governance concerns.

3.1.25 To coincide with the anticipated receipt of annual monitoring data in April, we intend to review and test our expectations of local authorities. So for example in our current guidance we advise that the initial consideration of whether or not a complaint relates to behaviour captured by the Code of Conduct should be completed within twenty days of receipt of the complaint. In practice, many local authorities are taking longer than twenty days and some significantly longer. We wish to test and affirm (or else revise) our stated expectations of local performance in this and other respects, and to agree the actions we will take in relation to recognised shortfalls in performance locally. This review of expectations will involve further consultation with local government – for example, to confirm our understanding of the reasons why initial considerations can routinely take much longer than 20 days in some authorities.

- support standards committees in promoting high standards, enhancing the reputation of local government.

3.1.26 Here our only outstanding commitment relates to the publication of guidance on the amended Code of Conduct – where we are unavoidably delayed.

3.1.27 We have prepared a draft parish strategy (the board's first sectoral strategy) setting out the background and rationale to Standards for England's work with the parish and town council sector on ethical standards issues. The parish sector is changing, with greater responsibilities. Standards for England is one of the few regulators that can accept complaints about the parish and town council sector. Our 2009 perceptions study indicated that a significant proportion of parish and town councils would like more information. The draft strategy sets out desired outcomes and our approach to working with the sector, and ways in which our support for the sector could be developed and strengthened. Subject to board views we expect to launch the strategy in April 2011.

3.1.28 Planning for the Annual Assembly is on track, and early bookings have started.

3.1.29 Continue to improve our business capability and effectiveness

- Understand and be responsive to the needs of those we work with

3.1.30 Here our main effort has been working with key stakeholders to review the local framework and to develop recommendations to simplify and improve it. We continue to develop our website, with the online forum now attracting over 1,000 subscribers. However, as reported when the board last met, we have more to do to develop our customer programme and our approach to engaging the wider public. We have developed outline proposals for our customer programme and commissioned more work for the first quarter of 2010-11.

3.1.31 We have sent out some 25 customer feedback questionnaires in individual investigations on completion, and have 9 returns so far, with feedback generally good.

3.1.32 We are reviewing the consistency of our decision making on referrals – those cases referred to us by standards committees to consider for SfE investigation. We know that we accept the majority of referrals and that in practice we rarely disagree with the wishes of the relevant monitoring officer, but nevertheless we wish to be sure that our performance is consistent and moreover that our approach is broadly right.

- Have the right skills and apply our resources to meet these needs

3.1.33 Our people strategies are being implemented to plan, and the board is updated on the detail in paper 10/42. The job evaluation exercise is now concluded and we await CLG approval of our new and simplified pay structure so as to enable us to implement the proposals at the start of the business year. Implementation will involve limited pay protection for a minority of staff. The arrangements have been considered and approved by the Remuneration Committee.

3.1.34 Organisation Design Phase Two is also progressing to plan. Relationships with the union side remain good, and ultimately the required staffing reductions have been realised without recourse to compulsory redundancy. Following an abortive tender exercise for financial transactions not already outsourced, we are developing our financial systems and arrangements in-house so as to increase efficiency. The number of front line to support staff is changing significantly with the full implementation of OD phase two at end March 2010. The final ratio (as at 1 April 2010) is still expected to be 63:19.

3.1.35 Our plans for the April Staff Conference Day have been developed with the Staff Engagement Group. We are particularly aware of the number of new starters in the organisation and aim to encourage the sharing of information and knowledge across the organisation at the event. The conference is in effect in three parts: a first session on our strategy and plans for the year ahead, a second 'market place' session on our programmes and projects and key lines of activity, and a third (afternoon) session on the development and application of our values.

3.1.36 SMT has agreed arrangements for the development of case policy in the organisation. The Director of Regulation will lead an Internal Guidance Working Group, with established policy set out in a recognised manual available to the regulated and standards communities. Good progress is being made in reviewing and updating existing material.

3.1.37 The small refurbishment exercise needed to support the new organisation design and to increase flexibility is almost complete. At the time of writing the exercise is both ahead of time and below budget. Board members will see changes to the desk layouts, with staff and teams in the new Directorates now located together.

3.1.38 Finally in this section, we report some delay in our knowledge management project. The project was deferred earlier in the business year because of other business priorities. The definition work has now been revisited and work is underway to finalise scope, governance and priorities in the project. Hard-edged knowledge management issues (data structures, electronic records management, systems configurations) are likely to feature as early priorities.

- Make sure we operate in line with modern regulatory good practice

- 3.1.39 The board reviewed our internal Hampton assessment in September 2009. We propose a second review in September 2010, allowing a year between assessments (the board had previously considered informal assessment at six monthly intervals).
- 3.1.40 The IT strategy has been reviewed, and is now ready for board consideration (see paper 10/38). The draft strategy had been underpinned by appropriate business analysis and SMT is confident that it is a well-targeted and affordable strategy for the organisation. Priorities remain the upgrading of our case management systems (a version change) and a move to Microsoft office 2007, both of which support the Project Excellence enhancements, but also add functionality for the wider business.
- 3.1.41 Our scheme of delegation is under review, a necessary piece of work following the changes introduced in Organisation Design. We anticipate proposals to the board in May 2010. Meanwhile, we have not yet agreed with the department the required revisions to the organisation's Management Statement and Financial Memorandum and to assist CLG we have mapped out the required changes using the new Management Statement template.

## **4. Corporate Risk**

- 4.1.1 The risk graphic is attached at Appendix One. The position is slightly more volatile than usual (reflecting the political climate) but with no significant movements. It is suggested that the board nominate risk 14 – loss of information – for specific review at its next meeting.

## **5. Performance**

- 5.1.1 The Performance Dashboard as at 1 March 2010 is attached at Appendix Two.

## **6. Operational performance**

- 6.1.1 Organisational measures
- 6.1.2 Staff turnover remains higher than normal, at 21% over twelve months. This is due to changes in senior management and changes to the organisation's design as well as to more routine reasons for turnover. SMT has evaluated the individual stated reasons for individual members of staff leaving and there are no specific reasons for concern. As reported in the dashboard, the majority of those leaving are doing so as the organisation planned, as a consequence of the rebalancing of staff resources in Organisation Design. If these leavers are excluded, the turnover rate drops to below the national average. The rolling year absence rate – one indicator of staff engagement – remains remarkably positive, at just 1.8%.
- 6.1.3 We have completed our equality impact assessment in the Organisation Design project and we continue to take legitimate steps to encourage and increase diversity in our staff, following the impact of recent staff losses on our diversity profile.
- 6.1.4 Performance against KPIs for 2009-10 is generally good, with exception reports shown in the dashboard.

- 6.1.5 Our financial position is reported at closed paper 10/45 (Strategic Finance Report), but in short expenditure is close to plan and is being managed closely as the financial year draws to an end.

## **7. Framework performance**

- 7.1.1 Reporting on local authority performance here is based as last time on management information from the analysis of quarter three monitoring returns from authorities. It will be updated for the board following receipt and analysis of annual returns in April 2010.
- 7.1.2 The management information on case investigations conducted by SfE continues to show positive trends: average time taken (see chart 5D) continues to reduce with the current average some 18 weeks. There has been a recent rise in cases accepted for investigation, due in the main to two groups of linked cases. Chart 5B shows anticipated performance against interim case milestones (see 3.1.20 above).
- 7.1.3 Conversely, chart 8B shows a lengthening trend in time taken in those cases being handled by authorities under local arrangements. As previously reported, we are engaging with those authorities with the most problematic profile, usually to good effect, but we recognise the need to understand more the reasons for seeming delay. This is being taken forward in our programme of work to manage the risk of poor quality casework at a local level and in addition we are considering now what actions (in addition to engagement with individual authorities) could positively influence the trend line in future.

## **8. Other (open) board papers**

- 8.1.1 The board is updated on progress in developing the international standards conference proposition at paper 10/37 (International Standards Conference) and is asked to make the necessary commitment so as to enable us to firm up arrangements with other contributors.
- 8.1.2 The board is asked to endorse our ICT strategy at paper 10/38. The strategy is comparatively modest and features tried and tested products. It is costed and it is judged affordable. We believe the improvements that we can make to our systems will substantially upgrade our day-to-day management and exchange of the regulatory information we have in our possession.
- 8.1.3 In paper 10/39 the board is asked to note and endorse minor changes to the financial business case in Organisation Design. The paper updates the financial case section of the business case with real time figures. The financial case remains positive and the project affordable.
- 8.1.4 At item 10/40 the board will be asked to agree actions following the spring Board awayday. Here we anticipate seeking board endorsement to the proposed authority engagement strategy, together with the proof of concept proposal and the consultation proposal. Other business may be relevant here also – depending on the detail of awayday discussions.
- 8.1.5 At 10/41 the board receives the organisation's Single Equality Scheme (the board specifically asked for the scheme to be brought back to the March meeting for receipt).

- 8.1.6 At 10/42 the board receives a periodic report on our management of human resources and our delivery of the organisation's people strategies, for information and review. It has been a significant year (job evaluation, pay structure, organisation design). The paper summarises progress and outlines the work to be done in the year ahead. It includes the latest HR Dashboard report.
9. For further information on this paper, please contact **Glenys Stacey** on 0161 817 5300 or email [glenys.stacey@standardsboard.gov.uk](mailto:glenys.stacey@standardsboard.gov.uk).

Appendix 1 – Risk Graphic

Appendix 2 – Performance dashboard