



Policy and Resources Committee

14 October 2014

Title	Annual Council 2014 – external investigation
Report of	Andrew Travers – Chief Executive
Wards	All
Status	Public
Enclosures	Appendix 1: First report of Claer Lloyd-Jones Appendix 2: Second report of Claer Lloyd-Jones
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Summary

Following the unsatisfactory nature of the Annual Council meeting on 2 June 2014, and in particular the lack of appropriate legal clearance of the reports presented, Claer Lloyd-Jones was appointed as external investigator. Ms Lloyd-Jones has produced two reports: in the first she examines the events in the run-up to the meeting, and in the second she considers options to improve corporate governance. Ms Lloyd-Jones makes several recommendations for improvement in her first report, and Policy and Resources Committee is invited to endorse these. In terms of the options for future governance, it is recommended that the Council retains its current overall governance arrangements, but that a limited scope of high level corporate legal support is removed from the scope of the services provided by HB Law, and is instead provided 'in-house' and/or through separate external arrangements.

Recommendations

- 1. That the recommendations set out in section 6 of appendix 1 are agreed.**
- 2. That the Council retains its own Monitoring Officer.**
- 3. That a limited scope of high level corporate legal support is removed from the scope of the Inter-Authority Agreement with Harrow Council, and is instead provided 'in-house' and/or through separate external arrangements.**
- 4. That the Council's integrated Assurance Function is retained.**
- 5. That the outcome of negotiation with Harrow Council in respect of these matters is reported to this Committee in due course, along with detailed proposals for amendments to the Shared Legal Service Inter-Authority Agreement.**

1. WHY THIS REPORT IS NEEDED

- 1.1 The Annual Council meeting on 2 June 2014 was notable, both in respect of the organisation of the meeting and the flawed reports presented for decision in respect of Members' Allowances and Political Proportionality.
- 1.2 Following the meeting, Clear Lloyd-Jones was appointed to conduct an external investigation of the matter, and make recommendations for improvements to the Council's governance arrangements.
- 1.3 In Ms Lloyd-Jones first report, the events in the run up to the Annual Council meeting are analysed and conclusions drawn. Ms Lloyd-Jones then makes recommendations for improvement to current processes. These recommendations flow clearly from the analysis and therefore are in turn recommended for the agreement of Policy and Resources Committee. It will be necessary to consider whether human resources or contract management processes (albeit the latter are limited in scope within the Inter-Authority Agreement) should be invoked in the light of Ms Lloyd-Jones' conclusions.
- 1.4 In Ms Lloyd-Jones second report, options for strengthening future governance arrangements are suggested in respect of the role of the Monitoring Officer, governance support, and the Shared Legal Service.
- 1.5 In respect of the Monitoring Officer role, it was a decision of the Council in 2012 not to specify that a legal qualification was required, and the appointment was made on that basis. For the future, the role profile and requirements can be considered when the post next becomes vacant.
- 1.6 In respect of the option to have a shared Monitoring Officer, this would represent a significant shift of approach in respect of the Council's shared services agenda and is not recommended for consideration at this time.

- 1.7 In respect of the other Monitoring Officer options mentioned in Ms Lloyd-Jones report, the suggestion of increased, directly-controlled legal capacity to support the Monitoring Officer is accepted. It is therefore recommended that a limited scope of high level corporate legal support should be provided outside the Shared Legal Service in-house and/or through a panel of external suppliers. This will need to be negotiated with Harrow Council, and in so doing the arrangements for the delivery of a Deputy Monitoring Officer function can be clarified and the potential for a shared Head of the Shared Legal Service considered.
- 1.8 In respect of governance support, the integrated Assurance Function is a key part of the operating model and architecture of the commissioning Council, enabling robust and comprehensive governance and assurance of commissioning and diverse delivery arrangements. It is recommended therefore that the Council's Assurance Function remains as currently structured.
- 1.9 In respect of the Shared Legal Service, the Inter-Authority Agreement provides for oversight of the arrangement by a Strategic Monitoring Board which includes from Barnet Council the Chief Executive, the Assurance Director, and the Contract Manager. Performance reports to that Board have indicated that the Shared Legal Service is providing a good quality of service to both organisations. In respect of the options mentioned in Ms Lloyd-Jones report, the designation of the Monitoring Officer as the client for the Shared Legal Service is a helpful clarification of the existing arrangements. Further, it is recommended above that a limited scope of high level corporate legal support should be provided outside the current agreement with Harrow Council. This arrangement will enable the Monitoring Officer to have increased capacity to manage the Inter-Authority Agreement. The side agreement to the Inter-Authority Agreement and the section 101 delegation will need to be reviewed as necessary through negotiation with Harrow Council.

2. REASONS FOR RECOMMENDATIONS

- 2.1 The recommendations in this report are designed to improve the robustness of the Council's governance arrangements and provision for the delivery of legal services.

3. ALTERNATIVE OPTIONS CONSIDERED AND NOT RECOMMENDED

- 3.1 The report of the external investigator sets out options for improving governance arrangements and provision for the delivery of legal services. The recommended option is considered to best reflect the requirements of the organisation for robust corporate governance.

4. POST DECISION IMPLEMENTATION

- 4.1 Should the recommendation be approved, any necessary human resources and contract management procedures will be followed, and the new

arrangements for corporate and legal governance will be put in place, including through negotiation with Harrow Council.

5. IMPLICATIONS OF DECISION

5.1 Corporate Priorities and Performance

- 5.1.1 The report is concerned with ensuring that the Council's corporate governance arrangements are robust, and that the Inter-Authority Agreement with Harrow Council meets the Council's requirements for legal services and is monitored effectively.

5.2 Resources (Finance & Value for Money, Procurement, Staffing, IT, Property, Sustainability)

- 5.2.1 The proposals set out within this report can be contained within the relevant existing budgets of the Council.
- 5.2.2 Following this report, the Chief Executive will consider whether or not there is a requirement for further formal action against individuals. The report does not consider matters of conduct or competence, and no inference should be drawn regarding individual officers of the Council. Such matters will be addressed in line with the Council's Human Resources policies.

5.3 Legal and Constitutional References

- 5.3.1 The Council needs to make appropriate arrangements for corporate governance, including via the appointment of a Monitoring Officer with resources sufficient to deliver statutory functions.
- 5.3.2 The Inter Authority Agreement for the delivery of legal services delegates the provision of the function from Barnet to Harrow. The proposals recommended in this report will remove an element of legal support from the scope of the Inter Authority Agreement in favour of alternative provision or direct provision by Barnet.

5.4 Risk Management

- 5.4.1 The Council's structure and operating model as a Commissioning Council are novel, as are the arrangements for the delivery of legal services. The Council's risk management arrangements have acknowledged this through the stages of organisational design and implementation.
- 5.4.2 The events described in this report represent the crystallisation of certain of those risks, and it is necessary for the Council to consider the lessons learned and make changes as appropriate.

5.5 Equalities and Diversity

- 5.5.1 The proposals set out in this report are not perceived to have equalities and diversity implications.

5.6 Consultation and Engagement

- 5.6.1 Harrow Council has been consulted in the preparation of this report. Both Councils have reaffirmed their commitment to the continued success of the Shared Legal Service.

6. BACKGROUND PAPERS

- 6.1 None.