

Report of Grant Thornton Lessons from Public Interest Reports and other Interventions

1. AIM

- 1.1 To consider the report of Grant Thornton in relation to lessons that can be learnt from public interest reports and statutory recommendations, along with other interventions such as section 114 notices which impact upon the financial management and governance arrangements of local authorities.

2. Summary

- 2.1 Grant Thornton produced a report in March 2021 regarding lessons learned from a number of cases where there had been intervention in local authorities resulting in the publication of public interest reports and statutory recommendations. Since then there have been a number of further interventions such as s114 notices. These have brought into sharp focus the financial management and governance arrangements of local councils.
- 2.2 Previous lessons learned reports summarised the key issues into five main areas. Many of these areas remain a focus of the latest auditor and government interventions. This report considers the key themes from the latest set of interventions as: Lessons from Public Interest Reports and other interventions; Cultural and governance issues; Failure to address and resolve relationship difficulties between senior officers and members; Failure to understand and manage the risks associated with external companies; Financial capability and capacity Audit committee effectiveness.

3. Recommendations

- 3.1 That the committee note the report
- 3.2 That the Director of Governance circulate a copy of the Grant Thornton report to all Elected Members

4. Report Detail - Know

- 4.1 The report has made recommendations in relation to each sub heading. The recommendations made in relation to elected members and standards under each heading are as follows:

Cultural and Governance Issues:

General Comment:

- 4.2 There have also been cases where both members and officers had a limited understanding of declarations of interest and of gift and hospitality registers. These were not monitored, were often incorrect and rarely updated. We have also seen a lack of appreciation of the Nolan principles and the requirements of the Members Code of Conduct. Linked to this there has been a lack of understanding in how complaints against Members should be handled. Complaints were either not validated or considered appropriate for further formal action by the Monitoring Officer. And a subset of this culture issue is denial. In cases there has been poor decision making and poor governance, but there has also been evidence of denial. Both a denial that there is a problem and a denial of responsibility for that problem.
- 4.3 The governance around significant decisions is not always adhering to the key starting point of the Nolan Principles – the importance of “selflessness in public office”.

Recommendations:

- Cultivate an open and transparent culture
- Embed an active review of all complaints and a zero tolerance approach to inappropriate behaviours
- Undertake regular training to ensure members and officers are aware of the code of conduct and ensure that members understand their roles
- Ensure members listen to challenge and take action to tackle long standing issues

Failure to manage relationship difficulties:

General Comment:

There is a need to understand the unique and distinct roles of both officers and members. There is also a need to ensure appropriate communication between officers and members in order to ensure matters are dealt with appropriately. It is important all elected members are familiar with the Officer/Member Protocol as set out in the council constitution.

Recommendations:

- Senior leadership, both officers and members, must demonstrate that they can continue to work together effectively, that they operate in line with their council's

values, codes, policies and procedures, and that there is a zero tolerance approach to inappropriate behaviours

- This might include a review of the organisational culture in relation to complaints, and training for officers and members on their roles and responsibilities in relation to these parts of their council's constitution.

4.4 The council has carried out a number of self-assessments against findings of significant public interest reports to benchmark the efficacy of our own governance.

5. Financial information

5.1 None contained within this report

6. Legal implications

6.1 None arising from this report

7. Decide

7.1 The committee is asked to approve the recommendations as set out in Paragraph 3.

8. Respond

8.1. The Committee are asked to recommend that the grant Thornton report be disseminated to all Elected Members.

9. Review

9.1 The council reviews its systems of governance on a regular basis. The council also completes an Annual Governance Statement on an annual basis in conjunction with its auditors.

Background papers

Appendix 1 – [Lessons from recent Public Interest Reports | Grant Thornton](#)

Tony Cox - Director of Governance

Email: Anthony.Cox@walsall.gov.uk