

BRIGHTON AND HOVE CITY COUNCIL

ORGANISATIONAL

LEARNING REVIEW

June 2015

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PURPOSE OF ORGANISATIONAL LEARNING REVIEW

- ❖ To carry out an independent review of the organisational governance and culture at Brighton and Hove City Council during the period 2002 to date in the context of identified breaches of council policy by the Head of Housing Services.

- ❖ To identify the lessons for the organisation, how they can be acted upon and what can be expected to change as a result.

- ❖ To ensure that there are systems in place which support and enable all staff to report issues when an individual is not working within the values of the organisation.

BACKGROUND TO THE REVIEW

In November 2014 the head of Housing Services was dismissed from his post on the grounds of gross misconduct. This decision was upheld at a later Appeal Hearing in January 2015. The initial issues were reported to Brighton and Hove City Council via the council's whistleblowing policy in August 2013.

The allegations that were made during the subsequent investigation that took place highlighted questions, including matters relating to procedure, governance and accountability and working environment and culture.

The dismissal of a senior member of staff is a serious matter for any organisation, and the council were keen to understand the circumstances involved and what lessons needed to be learnt.

The Chief Executive asked me to undertake a formal organisational learning review, that would identify areas that the council could have done better, to make sure normal checks and balances are in place and to get to grips with organisational culture and practice to better understand how this contributed. I was supported by an internal reference group and staff from the Chief Executive's office.

The review took place during March and April 2015, this was later than we had hoped but there was some delay as a result of having to wait until the council's disciplinary process had been completed. An investigation by Sussex Police is still ongoing.

In undertaking the review I have read a number of the council's policies, procedures and reports that myself and the internal reference group considered relevant.

In addition I interviewed 33 people including staff still employed by the council, some who had left, councillors and Trade Union representatives.

People were invited to speak to me and I am extremely grateful to them for their time, their openness and their willingness to share what were sometimes difficult personal experiences. The majority of people I spoke to had worked or were still working in Housing Services, although I also spoke to staff and managers from corporate services and other council departments.

It is important to note that I was asked to cover the period from 2002 to the present day which meant that people were talking about their observations of the council and their experiences going back over a number of years. A significant part of the

process of the review was to be a listening exercise for staff who felt they had not been listened to when they had raised complaints. It would not be appropriate to go into a lot of detail in this report however there were a number of common themes running throughout the interviews many of which were consistent with the messages from the most recent staff survey and the areas for development identified in the Investors in People report (March 2015).

There have been a lot of significant changes since 2002 in terms of governance, structures and organisational culture. These include changes in political control, extensive restructuring of senior management, and changes in key personnel including four different Chief Executives.

Of particular relevance to this review is the introduction of the Living Our Values programme in 2014 which is designed to drive forward culture change and performance improvement based upon a set of values developed by the staff of the council. Although only in its second year it is already starting to have a positive impact, all the staff I spoke to were aware of the values and believed in them.

The recent Investors in People report confirms that there has been a “step change” in how the council operates in comparison with three years ago. They identified many areas of good practice including how the Living Our Values programme is helping to embed the values across the council, supporting the development of networks and going some way towards breaking down silos. The report also highlights areas for development that are relevant to this review and I shall make reference to them later in the report.

I have not re investigated the disciplinary investigation or completed a forensic analysis of compliance with policies and procedures. Action has already been taken by the council in a number of these areas including addressing the weaknesses that were identified in following up Internal Audit recommendations, improving the procedures for declarations of interest and improving arrangements for procurement and contract management.

My conclusions are grouped under the following three headings,

- ❖ Policies and Procedures
- ❖ Governance and Accountability
- ❖ Working Environment and Organisational Culture

They are based on what I have read and what people have told me, the recommendations at the end of the report are focused on identifying the lessons that can be learnt by the council and looking forwards towards the future.

Policies and Procedures

A number of managers and staff I interviewed had worked for the council for a long time and were in a good position to reflect on how the organisation had changed over the years and their perceptions on the council's strengths and areas where it could improve. Many people described the council as being a creative place to work where innovation was actively encouraged.

However in some areas of council activity there was an acceptance of non-compliance and a lack of consequences if procedures were not followed, together with a silo culture that assumed that they did not apply to their service, or would get in the way of what members or managers wanted to achieve. Until recently professional services were not always highly regarded or well resourced.

Senior managers I spoke to admitted that with the benefit of hindsight they realised that there was a lack of challenge and holding to account. Some senior managers acknowledged that they had been uneasy about the operation of the Service but they were not able to find anything concrete or substantial on which to take any formal action.

I reviewed a number of Internal Audit reports of Housing functions between 2004 and 2012 many of which gave limited assurance. It was unclear whether the recommendations had been acted upon or who was responsible for follow up.

However from the conversations I had with senior Audit staff and the documents they have shown me I am confident that they have recognised this weakness, and have put appropriate measures in place and that the Internal Audit function has raised its profile and is taken more seriously. Later this year managers will have online access to recommendations to enable them to take greater ownership and to track progress being made throughout the year.

The latest Internal Audit Annual Report gives limited assurance on the effectiveness of the council's arrangements for procurement and contract management and recognises that this is a substantial risk. However a number of positive steps have been taken to address this risk including expanding the central procurement team to provide training, advice and support to managers together with establishing a procurement board.

The policies and procedures I have read appear comprehensive and up to date although a number of staff commented that some were overly bureaucratic and not presented in the most user friendly way. However I do not believe it was a lack of

understanding in the Housing Service in relation to procurement procedures and other key controls that led to the breaches of council policy.

The requirements regarding declarations of interest are described in the code of conduct for employees. The majority of managers I interviewed were aware of the need to declare an interest although they were not always clear how the current system worked in practice or where information was kept.

I understand a new system has been launched which will ensure declarations are recorded centrally and that all declarations must be signed off by a manager

The council has a comprehensive whistleblowing policy and as the initial issues were reported via the policy this can be viewed as a positive assurance of this process to deal with concerns.

However I was made aware of a number of staff who had tried to raise concerns through this route in previous years and had been unsuccessful.

Based on their previous experience not everybody I spoke to had confidence in the whistleblowing policy and some believed that senior managers did not want to hear bad news or they would not be taken seriously. There is evidence that whistleblowing is now happening and being responded to so a greater transparency about how the policy has been used and what has happened as a result would help build confidence in its effectiveness. The council should continue to actively encourage feedback and constructive challenge from staff in the same way it seeks feedback from residents and service users, and then demonstrate what has happened as a consequence.

Governance and Accountability

The Audit Commission completed a Good Governance Audit of the council in 2009 and concluded that

“Governance arrangements within BHCC are generally sound. There is good formal governance arrangements in place but frameworks and protocols are not are not always fully understood or consistently applied”

Based upon much of what I have heard during this review this statement is still largely relevant today and it would be a worthwhile exercise to revisit the recommendations to ensure they have been incorporated into the induction programme with the new council that has recently been put in place.

Many people I spoke to described the local political landscape in the city of Brighton and Hove as complex and challenging and for some this was one of the reasons they had chosen to work for the council

Some staff described officer and member relations as being too informal with unclear boundaries, and at times a lack of trust from senior members and a belief that officers were not supporting all members of the council.

There was a perception that member relationships were used as an advantage, with the resulting perception of an element of protection, so this could not be effectively challenged.

There is a comprehensive code of conduct for member/officer relations and a separate code of conduct for employees, it would be helpful to ensure they are properly understood and applied in practice by including them in all relevant training and induction materials.

I have already referred to the lack of accountability for following up Internal Audit recommendations which has already been recognised and acted upon. The accountability for resolving complaints and grievances from staff over a number of years was also unclear and was not helped by changes in management structures and line management responsibilities.

I have read the transcripts of interviews that took place between 2003 and 2010 with staff who raised concerns about poor management behaviour, allegations of bullying and inappropriate leadership behaviour. I have also spoken to staff and managers who witnessed some of the above behaviour or who were themselves at the receiving end (I will say more about this in the next section on working environment and culture)

There is evidence of efforts being made to resolve issues informally, moving staff to other posts or individuals leaving the council.

Grievance issues that were raised formally were processed in isolation and there were delays and changes in key personnel with a subsequent loss of focus. Issues were separated out which made it difficult to see patterns or similarity over a period of time.

Information about these management issues was not collated and passed on to line managers and nobody seemed to have the full picture. In some instances records were incomplete and it was uncertain if any action was taken or by whom.

The accountability for managing poor performance or behaviour rests with line managers with the support of HR. In order to do this they need access to good quality information and advice including details of previous complaints or allegations.

Systems should be put in place that provide an “organisational memory” so that information about sensitive HR issues can be appropriately collated and passed on to new line managers.

The council now has a robust performance management system in place with links to the Business Plan and operational targets and is planning to include measurement against leadership behavioural competencies linked to the councils values.

This together with extending 360 degree feedback beyond the senior team and emphasising the importance of regular feedback should help embed and reinforce the values and the openness of approach in the council through the PDP process, this point is also emphasised in the Investors in People report.

Working Environment and Culture

Organisational culture is a strong force that guides decisions and actions, and has a powerful effect on an organisation`s well-being and effectiveness. Leaders and senior managers play a large part in defining organisational culture by what they say and what they do, and should model good behaviour and set the tone for the working environment in order to deliver the best possible services.

Phase one of the council`s Living our Values programme was implemented in 2014. All the staff I spoke to were aware of the programme, many had undergone training, and some had taken on the role of buddies. It was widely acknowledged that the organisational culture was changing for the better as a result of this but there was also a degree of cynicism from more junior members of staff that nothing would change as there were no real consequences if people did not display the required behaviours. They also spoke about a lack of openness and trust and were not confident that their feedback would be acted upon.

This is supported by the results of the 2014 staff survey where two of the five lowest scoring questions were “I believe meaningful action has been taken in my team as a result of the last survey” and “I am confident that the council will act on issues raised by this survey”

The recent Investors in People report refers to suggestions that there is an issue around bullying in the council and this is also highlighted in the staff survey. The report suggests that this could be about the way people are speaking to each other and a perceived lack of respect. During their interviews staff told me about incidents involving poor management behaviour and unprofessional language being used during meetings, often in front of more junior staff or external partners.

During the course of my review I spoke to people who had experiences they wished to share about unsupportive management and poor leadership behaviour.

The allegations were spread out over several years and because each complaint was dealt with separately through the grievance process and each one on its own did not reach the required threshold, the impression was given to staff that there was nothing that could be done and that the best way of coping was to “keep their head down” and get on with their individual area of work.

I was told that there was something of a grievance culture in the council and that because complaints were not quickly being resolved by their managers staff were being advised to go down a formal route. A similar point is made in the Investors in People report with an example where a manager did not step in to prevent a problem escalating between two people in order to avoid conflict.

It was suggested to me that a number of managers had been promoted on their technical abilities and that they needed more support and development to fully understand their role as a manager, to learn how to give feedback and deal with poor performance or difficult situations, together with understanding the leadership behaviours they were expected to demonstrate.

More use could be made of coaching and mentoring from more experienced managers and to provide some sort of mediation to avoid the need for staff to immediately resort to a formal grievance.

In an organisation the size of and complexity of Brighton and Hove City Council it is challenging to embed value based behaviours across the whole of the organisation .In order to demonstrate how important the Living our Values programme is to the council serious consideration should be given to how best to engage members in the leadership of the programme.

The staff I spoke to when asked what would make a difference to them said they wanted to see more visibility from their managers, to have open and honest conversations, and to feel valued and respected.

They would appreciate more face to face communication with senior managers which would also support the flow of information and feedback up and down the organisation. The Investors in People report suggests there should be more walking the floor and less back to back meetings. Staff did however acknowledge that communication within the council has improved over the last few years, and that they were encouraged by the management behaviour of the Chief Executive and her Executive team who demonstrated an open and collaborative leadership style.

Recommendations for Improvement

There is considerable evidence from national enquiries that under certain conditions it is more likely that individual wrongdoing or breaches in policy will be undetected by the usual checks and balances. Many of these conditions existed in the council during the period of the review such as changes in line management structures and accountabilities, a lack of holding to account and challenge from senior managers, silo based working where collaboration was actively discouraged, and a controlling management culture that suppressed challenge. This appears to have been an isolated rogue individual and whilst the healthier organisational culture and the application of proper process should mitigate against a further occurrence nothing can be guaranteed. Lessons have been learnt and the council is very different now in comparison to 2002 in the way it goes about its business.

The Living Our Values programme is designed to drive forward culture change, performance improvement and the modernisation programme, year one of the programme was focused on improving performance by embedding the values and clarifying the expectations for performance management.

I understand that year two activities will be focused on embedding performance with consequence into all the council's operational activity. The majority of the following recommendations for improvement reinforce much of the work that is already underway and could be incorporated into year two of the programme.

1. The recently revised Audit Protocol, Implementation and Follow-Up Actions, should be put into practice and managers reminded of their responsibilities if recommendations are not actioned via the reporting and escalation process.
2. All staff should be made aware of their responsibility for declarations of interest and the new system for sign off by a manager. Regular reports should be produced so that any obvious omissions can be identified and acted upon.
3. Regular training and support should be provided for service managers in procurement and contract management focusing on areas of high risk identified by the Internal Audit team and the newly established procurement board.
4. All staff and members should be made aware of the code of conduct for member/officer relations and the code of conduct for employees and to

understand how they are applied in practice by including them in all relevant training and induction materials.

5. Managing poor performance or dealing with complaints is the responsibility of line managers with support and advice from HR. Records should be kept of any complaints or grievances about individual staff so that even if the threshold for formal action is not met patterns of behaviour can be identified. These records should be made available to line managers to contribute towards the PDP process together with support to help them have what was described to me as having difficult conversations.
- 6 The PDP is being reviewed during phase two of the culture change programme, it should incorporate measures of performance against desired behaviours, and greater use made of 360 degree feedback beyond the senior team alongside other regular feedback mechanisms.
- 7 As part of their ongoing training and development managers should be trained in performance management skills including setting SMART objectives, measuring outcomes, giving feedback and following through the consequences of both good and poor performance.
- 8 Staff should be encouraged to make use of early resolution or mediation to avoid the need to immediately resort to a formal grievance. Coaching and mentoring should be made available to support newly appointed managers in developing their people management skills.
- 9 There are systems in place to support and enable staff to report issues when an individual is not working within the values of the council, but more needs to be done to ensure that staff have confidence in them, and that they can see evidence that their concerns are being taken seriously and acted upon and that they are properly embedded throughout the council. This should be one of the key priorities for year two of the culture change programme.
- 10 All managers should continue to be more visible throughout the organisation, to encourage more face-to-face communication through team meetings and staff briefings, roadshows etc. and use every opportunity to model good leadership behaviour, reinforce the values and set the tone for the working environment.

Appendix

List of documents used for this review:

Records of whistleblowing interviews and complaints 2003-2010

Internal Audit reports 2004-2012

Audit protocol

Internal Audit Annual Report and Opinion 2014-15

Audit Commission Good Governance review 2009

Peer Review and Action Plan 2012

Lessons from Tower Hamlets Inspection report 2014

Corporate Modernisation Governance arrangements 2014

Modernisation Programme overview 2014

Corporate Plan 2015-19

Whistleblowing policy 2014

Dignity and respect at work policy 2013

Code of conduct for employees 2013

Code of conduct for member/officer relations 2013

Staff Survey 2014

Investors in People Report 2015

Living our Values Programme phase two proposals 2015

