
CORPORATE GOVERNANCE – UPDATE REPORT

SUMMARY REPORT

Purpose of the Report

1. To report progress on the application of Corporate Governance within the authority.

Summary

2. Darlington's current Local Code of Corporate Governance was approved by Council in January 2008 and the Code requires a half yearly report to the Audit Committee to enable Members to consider whether the management processes defined in the Code are actually being adhered to throughout the organisation.
3. The report outlines that the key documents/functions that comprise the governance framework have been updated on the intranet with hyperlinks created within them to relevant supporting documentation, chronicles examples of advances made and concludes that, overall, positive progress is being made on the application of Corporate Governance within the Authority.

Recommendation

4. It is recommended that the report be noted.

Reasons

5. The recommendation is supported to provide the Audit Committee with evidence to reflect on the Council's governance arrangements.

Paul Wildsmith
Director of Corporate Services

Lorraine O'Donnell
Assistant Chief Executive

Background Papers

1. Report to Council: Corporate Governance 31.01.08
2. Previous Update reports to the Audit Committee
3. CIPFA/SOLACE Publication – 'Delivering Good Governance in Local Government: Framework'

Brian James: Extension 2140
Andy Robinson: Extension 2014

S17 Crime and Disorder	There are no specific issues which relate to crime and disorder.
Health and Well Being	There is no specific health and well being impact.
Sustainability	There is no specific sustainability impact.
Diversity	There is no specific diversity impact.
Wards Affected	All wards are affected equally.
Groups Affected	All groups are affected equally.
Budget and Policy Framework	This report does not affect the budget or policy framework.
Key Decision	This is not a key decision.
Urgent Decision	This is not an urgent decision.
One Darlington: Perfectly Placed	There is no specific relevance to the strategy beyond a reflection on the Council's governance arrangements.

MAIN REPORT

Overview

5. In 2002, Darlington adopted a Local Code of Corporate Governance based upon the CIPFA/SOLACE publication issued in 2001 entitled 'Corporate Governance in Local Government – A Keystone for Community Governance: Framework'.
6. CIPFA/SOLACE reviewed their original publication in 2007 to reflect the fact that local government has been subject to continued reform to improve local accountability and engagement. Their revised publication entitled 'Delivering Good Governance in Local Government: Framework' is the basis of Darlington's current Local Code that was approved by Council in January 2008 following endorsement by this Committee.
7. The Local Code requires a half yearly report to the Audit Committee to consider the following: -
 - (a) whether any aspects of the Local Code need to be specifically reviewed or updated; and
 - (b) to ensure that Members are satisfied that the management processes defined in the Local Code are actually being adhered to throughout the organisation.

Background Information

8. Governance is about how the Council ensures that it is doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and cultures and values, by which the Council is directed and controlled and through which it accounts to, engages with and, where appropriate, leads its communities.
9. The core principles of good governance are: -
 - (a) focusing on the purpose of the Authority and on outcomes for the community and creating and implementing a vision for the local area;
 - (b) Members and officers working together to achieve a common purpose with clearly defined functions and roles;
 - (c) promoting values for the Council and demonstrating the values of good governance through upholding high standards of conduct and behaviour;
 - (d) taking informed and transparent decisions which are subject to effective scrutiny and managing risk;
 - (e) developing the capacity and capability of Members and officers to be effective; and
 - (f) engaging with local people and other stakeholders to ensure robust public accountability.

10. The Council supports these principles fully and its Local Code is a public statement of commitment to them and sets out how that commitment will be met.
11. In order to show good practice in relation to Corporate Governance, the authority must assess itself against the six core principles listed in paragraph 9. To do this, the key documents and functions and their contribution to each core principle have been detailed in the Local Code and published on the Council's intranet: <http://intranet/Corporate+Services/corporateassurance/corpgov/>. The documents themselves are process driven and are continually updated as the Local Code is in itself not a one-off piece of work, but a fluid document.
12. To reflect the process driven approach to Corporate Governance, three distinct types of actions have been identified: -
 - (a) awareness – making sure that everyone who needs to know about the document/function does know about it;
 - (b) monitoring – ensuring that the duty is carried out; and
 - (c) review – parts of the Local Code will continue to evolve and develop as local government modernisation continues and legislation changes. Review actions ensure that all parts of the Local Code are reviewed in the light of effectiveness and emerging good practice.

Information and Analysis

13. The Council's external auditors, PricewaterhouseCoopers (PwC) have recognised the Local Code as a key management tool for strengthening and improving the Council's corporate governance arrangements.
14. Specific Member training on the key documents and functions within the Local Code is included periodically within the Members Training and Development Programme and a presentation on corporate governance was delivered by the Borough Solicitor to the Senior Managers Network in February 2008.
15. In addition, work continues upon the implementation of learning management software to better record acceptance and understanding by officers and Members of a range of corporate policies / processes.
16. The key documents / functions of the governance framework have been updated on the intranet with hyperlinks created within them to relevant supporting information. Progress made includes the following.

Sustainable Community Strategy

17. Cabinet, Council and Darlington Partnership collectively approved a new long term Sustainable Community Strategy for the borough 'One Darlington : Perfectly Placed' in March 2008. Adoption followed an extensive and inclusive development period with phased engagement, prioritisation, drafting and consultation. As a result the new SCS is widely owned with good awareness among members, employees and partners. Since adoption, long term targets have been developed, and performance management

arrangements initiated to monitor progress. Action planning to deliver the vision is by way of the Local Area Agreement delivery plan (see below). Work is ongoing to effectively measure progress against the two priorities, One Darlington and Perfectly Placed.

Local Area Agreement

18. Darlington Partnership and full Council signed off Darlington's Local Area Agreement (LAA) in May/June 2008. The LAA consists of 35 indicators taken from the national list, with three-year targets negotiated between the council and partners and Government Office North East (GONE). The LAA acts as the short term delivery plan for Darlington's new long term vision 'One Darlington : Perfectly Placed'. The Partnership has been restructured, ensuring it is fit for purpose, with the establishment of an Executive and five theme groups, each responsible for one theme of the new vision. Each theme group has been developing multi-agency action plans in order to ensure the LAA is achieved. GONE have a continued role in that they review and refresh the LAA each year, assessing how robust partnership plans are, and assessing future capacity for improvement.

Capital Projects Methodology

19. A Project Management Handbook has now been developed along with a Project Position Statement that is actively being used to inform Resources Scrutiny Committee on project progress across the authority. A formal roll out of the approach and training has been arranged for December 2008 and January 2009.

Procurement Strategy

20. The Procurement Strategy (2008-2012) is currently out to consultation; however along with the attendant action plan is to be reviewed to take into account of emerging economic issues.

Performance Management

21. The introduction of the new national indicator set, replacing 'best value performance indicators' has meant substantial changes to the council's performance management framework. The new indicator set is focused more on outcomes, with a significant number of indicators being managed by partner organisations. Therefore, new data sharing protocols are being created under the auspices of the LSP, through a newly created multi-agency group. Reporting arrangements are in place, although there is a lack of data available mid year due to a number of the indicators being new, and additionally much information will be generated through the Place Survey, a new national survey conducted every two years.

Contract Procedure Rules

22. New Contract Procedure Rules came into force on 1 May 2008 after consultation with key stakeholders. The Corporate Procurement Unit is in place and has recently been strengthened to reflect the priority allocated by the local authority to this function. Training sessions for Members, officers and partners on procurement practices are in place with monitoring and review arrangements built in.

Complaints Process

23. The corporate Complaints Unit has been in operation since August 2008, with implementation of a new two-stage process projected to go live from April 1st 2009. Key drivers behind changes to the complaints process within the council include increasing customer satisfaction by ensuring that complaints are dealt with quickly and effectively, improving access to the procedure and improving performance management and learning. The implementation plan includes improvements across a range of activities including enhanced access via the website, dedicated complaints handling by the complaints unit at stage 2, computerised recording of all complaints, and a uniform approach to complaints handling, reporting and learning. Training on complaints handling is due to be rolled out early in the New Year.

Information Governance Policy

24. Cabinet approved a Corporate Information Governance Policy in February 2008 in order to formally establish a strategic framework addressing the requirements that the law, ethics and policy place upon information and records management. The policy is designed to ensure the systematic adoption of information management principles to underpin the Councils operations and service delivery. Monitoring implementation of the Policy includes a six-monthly report to the Audit Committee and the second such report is included on the agenda for this meeting.

Treasury Management

25. The Treasury Management Investment Strategy has recently been reviewed, in the light of the global economic situation, aimed at reducing further risk to loss of investments in the current worldwide financial/banking crisis. The outcome from this review was reported to Cabinet and Council in November 2008. In addition, to mitigate the effects of the current financial and economic downturn by achieving savings in the Council's capital financing costs, Cabinet in December 2008 approved the early repayment of a number of loans funded by replacement loans at lower interest or reduced investments. An internal audit of the Treasury Management function conducted in November 2008 concluded that full assurance was achieved on 8 out of 14 assessed risks and substantial assurance on the other 6 risks.

Employee Code of Conduct

26. The Standards Committee developed a new Code of Conduct for Employees. Following consultation with the Unions through the Joint Consultative Committee the Council adopted the new Code in January 2008. The revised Code of Conduct reflects the draft model Code which was issued under the Local Government Act 2000, and was subject to consultation but has never been implemented. The new Code was strengthened and simplified in a range of areas. It is intended to extend the revised Code of Conduct for Employees to Schools and work is underway to achieve that. The Standards Committee has recently considered the new consultation on the proposed national Employee Code of Conduct, and work will take place once that is finalised to ensure that the revised code is consistent with the national code.

Members' Code of Conduct

27. The Local Government and Public Involvement in Health Act 2007 transferred responsibility for receiving and assessing complaints against Members to individual local authorities from the Standards Board for England. The Council has therefore expanded the Standards Committee to accommodate the changes and established a local procedure for receipt and assessment of complaints, together with a range of publicity to promote the new role and systems for dealing with complaints locally. All members have received training on the new initial assessment responsibilities and local determination and a Tees Valley wide training event was organised with speakers from the Standards Board for England, the IDEa and Aces to provide a wider perspective for members on the changes. The committee has dealt with a number of initial assessment cases under the new procedure. The Standards Committee has also responded to the consultation on the proposed revisions to the Member Code of Conduct.
28. In addition, the Tees Valley authorities have established a work programme for the Standards Committees across their area to include further events and promotion of an independent member forum in the region. Moreover, the Darlington Standards Committee has carried out publicity to promote its role through an article in the Council's own newspaper.

Conclusion

29. It is concluded that, overall, positive progress is being made on the application of Corporate Governance within the Authority

Outcome of Consultation

30. No formal consultation was undertaken in production of this report.