
CORPORATE GOVERNANCE – UPDATE REPORT

Purpose of Report

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

Overview

2. On 10th December 2002, a report was presented to Cabinet outlining the principles of Corporate Governance. The purpose of the report was three-fold:-
 - (a) to update Cabinet on the application of Corporate Governance within Local Government;
 - (b) to present a draft Local Code of Corporate Governance;
 - (c) to propose an ongoing process by which the Local Code may be updated and monitored.
3. At that meeting, Cabinet agreed that monitoring should be reported six monthly to consider the following:
 - (a) Whether any aspects of the Local Code need to be specifically reviewed;
 - (b) To ensure that members are satisfied that the management processes defined in the Local Code are actually being adhered to throughout the organisation.
4. The previous monitoring report was presented to the 11th October, 2006 Audit Committee as part of its specific responsibility to monitor the effective development and operation of corporate governance in the Council (Minute A12/Oct/06 refers).
5. Cipfa/SOLACE are currently reviewing their original Framework on which the Council's Local Code is based to build upon recent governance work in both the public and private sectors and, in particular 'The Good Governance Standard for Public Services' drawn up by the Independent Commission on Good Governance in Public Services established by Cipfa and the Office for Public Management in partnership with the Joseph Rowntree Foundation. The outcome from this review is imminent and this Committee will consider, in due course, any required changes to the Local Code and refer such changes to Cabinet for approval.

Background information

6. The term Corporate Governance refers to the system by which the Council directs and controls its functions and relates to the community it serves. The basic principles of good corporate governance require the Council to:

- (a) Carry out its functions in a way that is completely open and inclusive of all sectors of the community.
 - (b) Demonstrate the utmost integrity in all its dealings.
 - (c) Be fully accountable to the public it serves.
7. The Council supports these principles fully and its Local Code of Corporate Governance is a public statement of commitment to them. The Code is split into five sections, each of which covers a particular dimension for the Council's responsibilities in terms of Corporate Governance. These sections are:
- (a) Community Focus;
 - (b) Service Delivery;
 - (c) Management Structure and Processes;
 - (d) Risk Management and Internal Control;
 - (e) Standards of Conduct.
8. In order to show good practice in relation to Corporate Governance, the authority must assess itself against the five 'dimensions' listed above. To do this, the main documents and functions that support Corporate Governance have been identified. These documents and their contribution to each dimension have been detailed and published on the Council's Intranet: [Corporate Governance Home Page](#). The documents themselves are process driven and are continually updated as the Local Code of Corporate Governance is in itself not a one-off piece of work, but a fluid document. Previously, new documents have been added to the Local Code to justify this claim, including social inclusion, neighbourhood renewal, etc.
9. 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 awareness raising actually happens;
 - (c) Review - parts of the corporate governance code will continue to evolve and develop as local government modernisation continues and legislation changes. Review actions ensure that all parts of the code are reviewed in the light of effectiveness and emerging good practice.

Information and Analysis

10. 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.
11. The last specific Member training on Corporate Governance and the Local Code was carried out in June 2005. However, a session upon 'Corporate Governance and the Council's Ethical Framework' was delivered as part of the Members Training and Development Programme on 27th September, 2006.

12. In addition, work continues upon the implementation of learning management software to better record acceptance and understanding by employees and members of a range of corporate policies/processes.
13. An analysis of 'hits' on the Corporate Governance documents on the Intranet has identified that they are viewed by a significant number of users, i.e.:
 - (a) April '06 – June '06 = 7103 hits
 - (b) July '06 – September '06 = 6968 hits
 - (c) October '06 - November '06 = 4332 hits (two months figures only as problems experienced in accessing statistics for December '06)
14. Since the previous update report was presented to this Committee in October 2006, the documents have been refreshed and progress continues to be made on creating hyperlinks within the documents to key supporting information. A self-assessment of the five dimensions reveals the following:

Community Focus

15. The Council places great value on the views and opinions of the general public and its other stakeholders, both in helping to determine service priorities and in seeking joint working arrangements with other organisations to meet common goals.

Progress since February 2006 Resources Scrutiny

- (a) Clear ambitions for Darlington are being identified and fed into our own corporate planning process;
- (b) A Disability Equality Scheme was published by December 2006 with the involvement of all stakeholders;
- (c) A draft project initiation document has been prepared in order to consolidate the authority's level 3 attainment of the Equality Standard for Local Government, and to work towards attaining level 4.

Service Delivery

16. The Council is committed to securing continuous improvement in the delivery of its services and to ensuring that its agreed policies, priorities and decisions are implemented on time, in a manner consistent with the needs of its users and in the most efficient and effective way.

Progress since February 2006 Resources Scrutiny

- (a) The second phase of the Procurement project has now been completed. The contract management phase has been reviewed and an implementation plan is being finalised. Corporate procurement has been successful in exceeding saving targets of £100,000 by 50%;
- (b) A number of new regional contracts have been put in place for commencement in early 2007 which target further savings. For example the Corporate Procurement team have worked successfully with the Occupational Therapy team and other procurement officers across Tees Valley to procure a regional contract for the supply and installation of stair lifts, resulting in reduced cost and improved customer service.

- (c) To ensure clear linkages between service plans, the corporate planning process is currently being reviewed.

Management Structures and Processes

- 17. The Council is committed to establishing appropriate structures and procedures to govern its decision making process which ensure the strategic management of the Council, the appropriate balance of power, the clarity of member and officer roles and responsibilities and the proper scrutiny of all aspects of performance and effectiveness.

Progress since February 2006 Resources Scrutiny

- (a) Combined reporting of both service and financial information is now in place. Our performance management arrangements are currently being reviewed as part of the council's planning for the next Corporate Assessment.
- (b) The Council is conducting a complete review of the Constitution. The review includes proposed changes to the structure and format of the Constitution, the responsibility for functions and delegations and a review of the Procedure Rules. The accessibility of the Constitution is also being reviewed and the revised document will be available in A5 folder format.

Risk Management and Internal Control

- 18. The Council is committed to the highest standards of care and control over the assets and resources at its disposal and to ensuring that these are protected from the risk of loss, damage or misuse. By identifying, analysing and managing any risk or threat to the organisation or its resources, the Council can ensure that they are used in the most efficient, effective and economic way and deliver services in a way that represents the best value for money achievable.

Progress since February 2006 Resources Scrutiny

- (a) The establishment of the Audit Committee from the start of the 2006/07 Municipal Year has helped raise the profile of internal control, risk management and financial reporting issues and provided a forum for discussion of issues raised by internal and external auditors. This undoubtedly contributed to the positive scores received under the CPA Use of Resources auditor scored judgements in 2006.
- (b) A draft partnership toolkit has been developed as a means to ensure that with regard to partnerships, the Council's resources are effectively employed, the performance of each partnership is monitored and adequate governance arrangements are in place. Cabinet are to consider formal adoption of the toolkit at their meeting on 20th March, 2007.

Standard of Conduct

- 19. The reputation of the Council depends entirely on the personal conduct of its Members, officers and agents. The Council believes that good corporate governance is based around the highest levels of professionalism and integrity being applied to conducting the affairs of the authority in an open and accountable manner. The Council is committed to ensuring

that these high standards are maintained and that all those associated with the Council demonstrate a high level of leadership and public service commitment.

Progress since February 2006 Resources Scrutiny

- (a) The Standards Committee under the independent Chairmanship of Mike Airey, continue to have a statutory function for promoting high standards of conduct. Work of that committee has included considering guidelines on good decision making, review decisions and advice nationally in relation to the conduct of Council Members, advising on the Members Training and Development Programme, monitoring Members attendance at Committees, preparation and distribution of a newsletter for all Members on Standards of Conduct, revisions to the Protocol for Officers and Members, a new procedure for Members to request dispensations, a review of the Members register of interests and placing the register of interests on the website for greater public accessibility. The Committee has established a set of ethical indicators which will enable it to gain an overview of the ethical health of the organisation as a whole. These will be reviewed bi-annually. The Committee has considered and commented upon the draft revised Code of Conduct which is due to be in force in May 2007.
- (b) The Committee has been increased to give a greater proportion of independent and Parish Members on the Committee in readiness for proposed changes to legislation.
- (c) The Corporate Complaints process is due to complete by Summer 2007. A Project Initiation Document has been produced. The review will ensure that corporate learning from complaints is fed into the council's service planning arrangements, to further inform service delivery.

Legal Implications

- 20. This report has been considered by the Borough Solicitor for legal implications in accordance with the Council's approved procedures. There are no issues which the Borough Solicitor considers need to be brought to the specific attention of Members, other than those highlighted in the report.

Section 17 of the Crime and Disorder Act 1998

- 21. The contents of this report have been considered in the context of the requirements placed on the Council by Section 17 of the Crime and Disorder Act 1998, namely, the duty on the Council to exercise its functions with due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent, crime and disorder in its area. It is not considered that the contents of this report have any such effect.

Recommendation

- 22. It is recommended that Members note the progress on the application of Corporate Governance within the Authority.

Paul Wildsmith
Director of Corporate Services

Lorraine O'Donnell
Assistant Chief Executive

Background Papers

- (i) Report to Cabinet: Corporate Governance 10.12.02
- (ii) Previous Update reports to this Audit Committee and to Resources Scrutiny
- (iii) Consultation report – Good governance in Local Government:

Andy Robinson: Extension 2014