
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

Ada Burns
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.
Efficiency	There is no specific efficiency impact.

MAIN REPORT

Overview

6. 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'.
7. 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.
8. 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

9. 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.
10. 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.

11. 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.
12. In order to show good practice in relation to Corporate Governance, the authority must assess itself against the six core principles listed in paragraph 10. 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.
13. 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

14. 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.
15. 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.
16. 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.
17. 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

18. 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

19. 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 developed and is implementing 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. The LAA was reviewed and refreshed in early 2009 with some targets around the local economy being amended to reflect the economic downturn, whilst retaining the ambition set out in the Sustainable Community Strategy.

Capital Projects Methodology

20. More than fifty members of staff have now been trained on the new Capital Project Management approach, all of whom received a controlled copy of the Project Management Handbook. The training also took the opportunity to refresh understanding on the Financial Procedure Rules, Contract Procedure Rules, Health and Safety, Delegated Powers and reporting requirements. A Capital Programme Review Board has been established to oversee the strategic position of the Council on capital projects. The Project Position Statement is now being actively used by all departments on a monthly basis with reporting produced for use in the Capital Programme Review Board and Resources Scrutiny. The Control Point documentation has been introduced on many projects and is expected to be developed for all remaining projects over the course of the year.

Procurement Strategy

21. The Procurement Strategy (2008-2012) has been out to consultation. However, due to the recent economic downturn; emerging national, regional and local drivers; and revised more stringent Use of Resources key lines of enquiry the Strategy and attendant action plan are to be revisited with the aim of adoption by Council in October 2009.

Performance Management

22. 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. This group is now established and has met twice. Reporting arrangements are in place, with end of year reporting arrangements being conducted, including reporting of the biennial Place Survey results.

Contract Procedure Rules

23. 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.
24. The revised Contract Procedure Rules have been in place for a year and through their application it came to light that a number of small changes were needed to further enhance the Rules and make them clearer for officers to understand. Such amendments were agreed by Council on 14th May, 2009. Further training is to be arranged for officers on the revised Rules as part of a wider procurement training exercise.

Complaints Process

25. The Council has now implemented a revised complaints process with effect from 1st April 2009. The process is a stage 2 process which focuses on customer contact and resolution rather than process. The implementation plan included 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 was rolled out across the Council with a comprehensive range of events for officers and Members across the Council. The new process places responsibility for Stage 2 investigations with the Corporate Complaints Unit which provides greater independence and scrutiny. The new Unit has recently taken on Adult Services Complaints and will shortly be taking on Children's Services Complaints. From April 2009 the Unit also took on the liaison with the Local Government Ombudsman and the handling of Member Complaints. This brings together all complaints in one Unit, and the Unit itself is placed within the responsibility of the Monitoring Officer who has statutory responsibility in relation to maladministration and member complaints. The Monitoring Officer also has responsibility for Customer Services which enables data from the customer complaints and customer contact to be combined in one service area, to provide information to the Council's management about areas causing concern for customers to help learning and improvement from Complaints.

Information Governance Policy

26. 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 Council's operations and service delivery. Monitoring implementation of the Policy includes a six-monthly report to the Audit Committee and the third such report is included on the agenda for this meeting.

ICT Strategy

27. The ICT Strategy has been reviewed and refreshed to reflect the wide ranging programme of improvements being delivered by Xentrall ICT Services. The revised Strategy outlines aims, identifies key delivery programmes and provides an overview of the delivery schedule

associated with each element of the programme. The Strategy was approved by Cabinet in April 2009 and implementation progress will be monitored by the ICT Strategy Group.

Anti-Fraud and Corruption Arrangements

28. The Council's Anti-Fraud and Corruption arrangements have been reviewed in the light of the revised Use of Resources methodology and good practice guidance. The outcome of the review was considered by the Audit Committee in March 2009. The review concluded that generally arrangements were sound but certain enhancements were outlined, whose implementation is to be monitored by the Audit Committee, and a Fraud – Roles and Responsibilities Matrix was approved as an addition to the Council's Anti-Fraud and Corruption Strategy.

Treasury Management

29. The Treasury Management Investment Strategy was reviewed in November 2008, in the light of the global economic situation, to further reduce risk of losses in the current worldwide financial/banking situation. The outcome of the 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. Arrangements have since been confirmed to take loans with a period of low fixed interest that also mitigate risks of future interest rate rises. Further action was taken in May 2009 to reduce costs and reduce risk. Loans totalling £24m with interest rates of around 4% have been repaid and investments that were achieving lower interest rates have been correspondingly reduced.

Employee Code of Conduct

30. 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. The revised Code of Conduct for Employees has now been rolled out to Schools. The Standards Committee has 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. A summary guide of the revised employee code was produced and sent out to all staff with their payslips.

Members' Code of Conduct

31. The new Member Code of Conduct was introduced nationally in May 2007. Existing Members received training on the new code. New members following the local elections that year received training on the old and new Code to enable them to fully understand the new code, and operate pending approval of the code in May 2007. The new Code was publicised by notices.

Local Assessment Framework

32. The Local Assessment Framework was introduced in May 2008. A new procedure was produced for the Local Assessment, Investigation and Determination of Complaints to enable implementation in very short timescale. The Procedure was subsequently reviewed during the year following the first period of complaints, to improve it and it was retitled The Procedure for Handling Complainants against Members.
33. 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 Acses 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.
34. 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.
35. Leaflets explaining how to complain about the conduct of Councillors were produced and circulated to all public buildings in the Darlington area, including council buildings, libraries, schools, village halls and other community buildings. An advert was also placed in the Town Crier. The Website was reviewed and refreshed to include more information and details of how to complain against Councillors including a downloadable complaints form. The website also provides information about the members and work of the Committee. Further publicity about the work of the Committee was included in the Council's A to Z document which is sent out to all households with the Council Tax letters in April. The Committee is developing a public trust survey in conjunction with Tees Valley colleagues to evaluate the effectiveness of publicity and the work of the Committee

Conclusion

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

Outcome of Consultation

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