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**CORPORATE GOVERNANCE – UPDATE REPORT**

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**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

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	Changes to corporate governance arising from the Equality Act 2010 are expected to lead to a greater understanding and a fuller consideration of the needs of Darlington's diverse communities.
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.
16. In addition, steps have been taken to re-launch learning management software to better record acceptance and understanding by officers and Members of a range of corporate policies/processes with implementation on a phased basis scheduled during 2010.
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 (SCS) 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. SCS outcomes are currently being reviewed with partners to ensure they are focused on Partners' ambitions, with a view to furthering

the roll-out of an Outcomes based methodology across the Council's business planning framework. There has been recent work undertaken to monitor the narrowing of the gap, an ambition highlighted through the One Darlington priority. This work is being extended to encompass the Perfectly Placed priority.

### **Local Area Agreement**

19. Darlington Partnership and full Council signed off Darlington's Local Area Agreement (LAA) in May/June 2008. The LAA consisted of 35 indicators taken from the national list, with three-year targets negotiated between the council and partners and Government Office North East (GONE). Additionally, the LAA originally contained 16 statutory Children and Early Years indicators, however, this number has now been reduced to 10 due to attainment indicators for Key Stage 3 being removed by Government. Furthermore, one indicator, measuring the under-18 conception rate has been withdrawn for LAA purposes by Government. As a result, our final LAA will be measured over the remaining 34 indicators and 10 statutory.
20. 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 2010 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.

### **Social Inclusion and Equalities**

21. The way that the Council approaches the social inclusion agenda is now through the One Darlington priority of the SCS. The last six months has seen particular activity around the financial inclusion agenda in partnership with various local organisations. One important outcome from the externally funded Money Matters programme was 170 new accounts opened at Darlington Credit Union.
22. The Equality Act 2010 is also bringing a change of emphasis to the Council's equalities work, with a focus on the production of a Single Equality Scheme to replace the Council's existing Race, Gender and Disability Schemes, which are published as part of the Corporate Equalities Review and Plan. There are new duties for the public sector and community engagement activity with those who have or are interested in particular 'protected characteristics' listed in the Act has now started. These 'protected characteristics' include familiar strands eg race, gender (or sex), gender reassignment, sexual orientation and religion or belief; as well as new ones eg marriage and civil partnership, pregnancy and maternity. Key implementation dates for the Act range from October 2010 to April 2012. It is envisaged that equalities impact assessment will remain an important tool for ensuring legal compliance.

## **Performance Management**

23. The National Indicator Set has come under national scrutiny recently, with the result being a deletion of 18 indicators from the set. Data quality remains a key matter. This is a Darlington wide issue, with protocols needed across the borough with all Partner agencies. These are to be formulated as part of the wider work of the Strategic Assessment for Darlington, whereby information from various Needs Assessments (including the statutory Joint Strategic Needs Assessment) is brought together to show a wider picture of Darlington that will inform future service provision.

## **Service Planning**

24. Corporate and departmental service plans for the 2010-14 planning cycle have been developed to directly address the outcomes required to deliver the vision of One Darlington: Perfectly Placed (the SCS). The focus on outcomes was sharpened this year by the introduction of a new planning methodology, Outcome Based Accountability (OBA), following adoption of the Council's new Business Model. Whilst introduced initially into the Council's planning framework, it is intended to roll out OBA principles to the wider LSP, to ensure that key partners are engaged in tackling multi-agency issues with regard to delivering shared outcomes. Action planning is in place to bring this to fruition alongside the development of the Strategic Needs Assessment for Darlington.

## **Complaints Process**

25. The Council has embedded the revised complaints process which was introduced on 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.
26. The new process places responsibility for Stage 2 investigations with the Corporate Complaints Unit which provides greater independence and scrutiny. From April 2009 the Unit also took on the liaison with the Local Government Ombudsman and the handling of Member Complaints. This brought 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. The new Unit has taken on Adult Services Complaints (April 2009) and Children's Services Complaints (November 2009). The Unit has implemented a new IT system for the collection and analysis of all complaints data. Data from the first eighteen months of the operation of the new procedure has enabled appropriate action plans to be put in place to tackle areas where complaints are arising.

27. Regular reports are taken to the Council's Senior and Departmental Management Teams. This data enables the Council to analyse the data and take steps to implement change to reduce complaint. The new process has seen a reduction in the number of complaints progressing to stage 2 and in the number of complaints being referred to the Ombudsman. A new Adults Complaints Policy was introduced during this year. Progress has also been made on introducing a system to incorporate complaints made directly to elected members into the Council's Corporate Complaints data.

## **ICT**

28. In April 2009, Cabinet approved an ICT Strategy that focused on five key programmes, namely the delivery of a robust core architecture on which to deliver ICT services; the provision of flexible and efficient mobile and office based technologies; the implementation of robust and secure information management processes and systems; the management of a robust governance framework for ICT projects and investments; and the advancement of standards and procedures within ICT with the aim of delivering excellent services.
29. Implementation of the Strategy is led by the cross-departmental ICT Strategy Group, chaired by the Director of Corporate Services. This Group was tasked to produce six-monthly reports on implementation progress to the Audit Committee.
30. The progress report to the Audit Committee in March 2010 documented positive developments on each of the five key programmes. This included reference to Xentrall ICT Services having retained its certificate of compliance with the International Standard 27001 for Information Security Management in February 2010. In addition, on 15 June 2010 a detailed report was considered by Cabinet to approve and release the funding for the detailed design, procurement and implementation of ICT architecture proposals.

## **Treasury Management**

31. Strengthening of Member-level scrutiny and challenge of officers who manage Council borrowing, investments and cash-flow is a key recommendation in the Audit Commission report 'Risk and Reward' that resulted from public bodies exposure to risk in the Icelandic banks collapse of 2008. Responsibility for Member-level examination of Treasury Management strategies, policies and performance, prior to consideration by Cabinet and approval by Council was transferred to the Audit Committee in November 2009, in line with Audit Commission recommendations. To help support the new arrangement, two training events were organised during November and December 2009 that were attended by all Members of the Audit Committee and a number of other Members. The Director of Corporate Services reported the proposed Treasury Management strategies and policies for 2010/11 to a special meeting of the Audit Committee in January 2010 and subsequently they were considered by Cabinet and approved by Council on 25 February 2010.

## Standards Committee

35. The Standards Committee continues to monitor a set of Ethical Health Indicators designed to provide an indication of any peaks in activity which indicate dissatisfaction with the Council across a range of areas of the Council's activities. The Committee has a work programme and oversees the Council's Confidential Reporting Policy, the Protocol for Member Officer relations, Member training and other key documents. The Committee has links with other Committees across the Tees Valley providing joint training for members and parish councils and has a joint work plans with Tees Valley authorities. The Committee has prepared its second annual return to the Standards Board for England and its Annual Report to the Leader of the Council with recommendations about areas for improvement and the future work programme.
36. During last year the Committee carried out its first public trust survey to test awareness levels of the work of the committee and trust levels of Members and senior officers. Following the survey, the Committee developed a programme of work based on the results. This included a meeting of the Committee in the community that took place on Monday 7th June at Darlington College. The Committee is also to receive a presentation from the Council's Web Manager about the use of social network sites and web based tools, including myDarlington+ to provide opportunities to communicate with young people in Darlington about the work of the Committee.
37. The Committee also established liaison meetings with group leaders and the Chief Executive with a view to integrating the work of the committee more widely into the authority. The Committee agreed a process for hearing appeals in relation to political restrictions which was agreed by the Council's Corporate Management Team and reviewed the Member-Officer Protocol with a new process for resolving disputes between Members and Officers and Members and Members informally. The changes were approved by full Council and incorporated into the Council's Constitution. The Committee continued its awareness raising campaign about its work by adding to the website and by introducing text onto the agenda of Planning and Licensing Committee which help to raise public awareness at the time decisions are being made of the role of Standards Committee.
38. The Committee has reduced the number of complaints from fifteen during its first municipal year to nine in its second. There have been no complaints upheld against a Member of Darlington Borough Council since introduction of the ethical framework. The Committee has a key role in monitoring all Member training and ensuring a training programme designed to meet the needs identified by Performance Development Reviews. The Committee has been given new responsibility for designating courses across the Council as mandatory for Members and for monitoring compliance. Compliance rates have seen a marked improvement against the previous year in relation to both the mandatory and the compulsory five courses per year. The Committee has achieved 100% of mandatory training for Members on the Code of Conduct within a two year period. The Committee monitors attendance at training and reports non-compliance publicly.
39. The Committee has an ongoing work programme and an ambitious programme of work for the coming year.



## **Conclusion**

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

## **Outcome of Consultation**

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