
CORPORATE GOVERNANCE – UPDATE REPORT

Purpose of Report

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

Overview

2. 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’.
3. 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.
4. 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

5. 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.
6. 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.
7. 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.
8. In order to show good practice in relation to Corporate Governance, the authority must assess itself against the six core principles listed in paragraph 6. 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.
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
 - (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

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. 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.
12. 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.

13. 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

14. 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. Monitoring and review will be achieved through the service planning processes, Local Area Agreement and new LSP arrangements.

Local Area Agreement

15. A Local Area Agreement acts as a delivery plan for the SCS. The core set of 35 performance indicators are aligned to show outcome improvements against the SCS themes. The LSP understands and owns the LAA, with the local authority acting as accountable body. Cabinet and Council adopted the three-year LAA (2008-2011) in June 2008 ready for sign off by the Secretary of State. A range of partners (including those with a duty to co-operate) are aware of the LAA and its purpose and content. Monitoring will be via the LSP Performance Management Framework. The LAA is subject to an annual review (refresh) with Government Office North East.

Capital Projects Methodology

16. The Capital Project Review is now nearing completion of its development phase and a position statement is planned to be reported to Resources Scrutiny and then Cabinet in July 2008. Implementation of the process, once approved, is to be complete by the end of October 2008.

Procurement Strategy

17. New training sessions for Members, officers and partners on procurement practices commenced in March 2008. A new Procurement Strategy (2008-2012) is currently out to consultation. The Procurement Code of Practice is to be reviewed in line with the new Procurement Strategy and new Contract Procedure Rules. A programme to raise awareness is in preparation. Directors and management teams are responsible for monitoring procedures and processes and ensure that appropriate controls are in place to prevent non-compliance.

Contract Procedure Rules

18. 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

19. A fundamental review of the complaints process was initiated in 2007/08. Cabinet approved new arrangements in December 2007 after wide involvement of stakeholders in redesigning policies and procedures. Key outcomes have been the establishment of a new Corporate Complaints Unit. A Corporate Complaints Manager has been appointed and is due in post early July 2008. The Council has adopted a revised Complaints policy with the addition of a specific policy in relation to unreasonably persistent and unreasonable complainants. Processes will be streamlined from three to two stages. Early priorities for the new manager will be to update guidance manuals and roll out a programme of training and raise awareness with Members, staff and the public, as well as ensuring effective monitoring arrangements are in place. Monitoring is within departments for management information and review, as well as corporate summary reporting alongside the quarterly performance and financial report to Cabinet.

Information Governance Policy

20. 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 first such report is included on the agenda for this meeting.

Anti-Fraud and Corruption Policy

21. In December 2007 this Committee approved the introduction of a Fraud Response Plan. It covers the operational elements of fraud response providing direction and assistance for officers in dealing with suspected fraud and corruption and supplements the existing Anti-Fraud and Corruption Policy Statement and Strategy. In addition, the Councils zero tolerance approach to fraud and corruption was publicised in the 2008/09 council tax wall planner sent to every home and business in Darlington. The publicity referred to the establishment of a dedicated 24-hour fraud hotline to allow the public and staff to report suspected fraud and corruption.

Employee Code of Conduct

22. 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.

Members' Code of Conduct

23. 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 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.

Scheme of Delegation

24. The Council approved a restructure in October 2007 and as a result the Council's scheme of delegation was reviewed and changed to reflect the changing responsibilities of the new Director roles. A number of changes were also made to bring the scheme of delegation up to date.

Conclusion

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

Recommendation

26. It is recommended that the report be noted.

Paul Wildsmith
Director of Corporate Services

Lorraine O'Donnell
Assistant Chief Executive

Brian James: Extension 2140
Andy Robinson: Extension 2014

Background Papers

- (i) Report to Council: Corporate Governance 31.01.08
- (ii) Previous Update reports to the Audit Committee
- (iii) CIPFA/SOLACE Publication – 'Delivering Good Governance in Local Government: Framework'