
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.

Reason

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

Paul Wildsmith
Director of Neighbourhood Services and Resources

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'

Brian James: Extension 5408

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.
Carbon Impact	There is no specific carbon 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. 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 have previously recognised the Local Code as a key management tool for strengthening and improving the Council's corporate governance arrangements.

15. Specific training on the key documents and functions within the Local Code is included periodically within both officers and Members Training and Development Programmes.
16. The key documents/functions of the governance framework have been updated on the intranet with hyperlinks created within them to relevant supporting information. <http://intranet/Resources/Finance/corpgov/documents/> Progress made includes the following:

MTFP

17. Council agreed the MTFP Phase 1 at its meeting on 25 February 2016 in the knowledge that it would be revised by the MTFP Phase 2 report proposed by Cabinet on 11 February 2016 for consultation. The Phase 2 report adopted a methodology of proposing a core budget offer (COB) based on services that must be provided and then the application of a £2.5m Futures Fund available to finance non COB services of which the current cost is £12.7m. The consequence of the application of the Fund was the need to cease/reduce £10.2m of services.
18. Following extensive consultation that ended on 31 May 2016 a report was considered by Cabinet on 22 June 2016 to finalise the MTFP 2016/17 to 2019/20. After consideration, that included the responses to consultation, equality considerations, staff implications and the advice of the Council's Statutory Chief Financial Officer, Cabinet recommended to Council the approval of a revised MTFP. This contained an indicative annual Council Tax increase of 3.99% including the Government's 2% social care levy and the MTFP was to form the basis of the Council's four year efficiency plan to be submitted to Government.
19. The Council faces a very challenging future and the decisions taken by Cabinet on 22 June 2016 ensure the Council will be able to meet its duties in full and deliver some additional services beyond the core.

Member Training and Development

20. In January 2016, Council, as part of the Members Training and Development Programme, considered the importance of the safeguarding of children and adults in the Borough and whether there was sufficient knowledge, challenge and understanding in place for those Members on the Children and Young People and Adults and Housing Scrutiny Committees to give the Council the assurance it needs in these areas.
21. Council approved additional mandatory training for all Members of the Children and Young People and the Adults and Housing Scrutiny Committees to ensure effective challenges are in place for safeguarding children and adults in Darlington.

Constitutional Changes

22. In January 2016 Council approved a delegation to the General Licensing Committee to enable them to have the power to set fees and charges in respect of Licensing.

23. The change allowed greater flexibility for the setting of fees and charges in these areas and better enabled in depth consideration to be given by Members in a specialist committee when the need arises. This would be of particular benefit if there were objectors to any proposal or complex issues to be considered as it would enable a forum to both consider the objections and issues in detail and also to arrive at a determination of the fees and charges after doing so.

Monitoring Officer Role

24. Following the redundancy of the Assistant Chief Executive (ACE) in the latter half of 2015 Council agreed that the Head of Legal Services should in the interim become the Monitoring Officer, the Council's chief legal advisor and take on the Proper Officer functions that were previously discharged by the ACE.
25. In February 2016, following a period of transition, Council approved that arrangements were formalised. The Head of Legal Services became Assistant Director, Law and Governance and the Head of Democratic and Customer Services reports to him. The reasoning for such a reporting line was that the new Assistant Director was now responsible for the Proper Officer functions relating to Democratic and Electoral Services and it was therefore appropriate that he directs the resource to fulfil his statutory duties as was the case when the ACE held such duties.

Procurement

26. Under the Council's Contract Procedure Rules one of the responsibilities of Cabinet is to agree the Procurement Plan. This involves consideration of whether contracts are classified as strategic. For those contracts that are strategic details of the proposed route that contracts will take will be set out and Cabinet will receive further reports on progress. The latest Procurement Plan was approved by Cabinet in April 2016.
27. Also under Contract Procedure Rules, if the contracted level of spend over the term of the contract is over £100,000, ordinarily a tender exercise must be used (or a pre-tendered framework). However, there will be occasions when there are particular reasons why this is not possible and Contract Procedure Rules make provision for the Procurement Board to waive the Rules in appropriate cases. No waiver can be granted if the level of aggregated planned contracted spend is above the European Union threshold for the particular procurement category. The decisions taken by the Procurement Board to waive the Rules for the period 9 September 2015 to 7 March 2016 were reported to Cabinet in April 2016.

Darlington Local Development Scheme (LDS) 2016-2019

28. The Council is required to produce an LDS by Section 15 of the Planning and Compulsory Purchase Act 2004, as amended by Section 111 of the Localism Act 2011. It sets out the planning policy documents that the Council will prepare over the next three years, when the key stages of preparation for each will be, the scope of each document, the resources available for, and the risks to, their preparation.
29. The LDS 2016-2019 which replaced that for 2014-2017 was endorsed by Cabinet in April 2016 and was approved by Council in May 2016.

ICT

30. The Council's ICT Strategy focuses on five strategic priorities, namely ICT Service Development; ICT Governance; ICT Strategic Architecture; Business Development; and an ICT Competent Workforce.
31. Implementation of the Strategy is led by the Chief Officers Board chaired by the Director of Neighbourhood Services and Resources acting as the Systems and Information Group. The Group is tasked to produce six-monthly reports on implementation progress to the Audit Committee.
32. The progress report to the Audit Committee in March 2016 documented positive progress on each of the five key priorities. This included reference to successfully retaining PSN certification, that allowed the Council to connect to the Government's national secure Public Service Network; implemented architecture projects comprised a new more flexible and secure means of connecting mobile laptops and tablets to the Council's IT systems, a new web filtering system and new email encryption tool; and a pilot End User Computing service to assist ICT users with the overall aim to help deliver a 'smarter office' across the Council.

Conclusion

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

Outcome of Consultation

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