
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 Resources

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.
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, PricewaterhouseCoopers (PwC) have 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/corgov/documents/> Progress made includes the following.

Constitution

17. A report was considered by Council in May 2012 on its response to some elements of the Localism Act 2011 that related to constitutional arrangements.
18. The Localism Act 2011 allowed the Council the option to implement the Committee System of governance and the report outlined the steps that would be required before a return to such a system could be considered. The report also highlighted that the Localism Act repealed the requirement for Council's to have a Petition Scheme.
19. Council resolved not to move towards a Committee System but agreed to retain a Petition Scheme amended to make it less onerous and more practical.

Standards Committee

20. Nationally, also as a result of the Localism Act 2011, there have been some significant changes in member standards that resonate locally. The strategic regulator in this area, the Standards Board for England, has been abolished and closed down in April 2012. The national model Code of Conduct for Members is being scrapped and local authorities can adopt their own local Code subject to certain constraints relating to the 'Nolan' principles of public life and pecuniary interests. Local authorities will no longer be required to have a Standards Committee but will still have a complaints handling role.
21. The Standards Committee was involved in considering the new arrangements that needed to be in place when the Localism Act provisions relating to standards came into effect in July 2012. Council resolved in May 2012 to retain the Standards Committee, appointed to the new 'independent person' post, approved a revised Localism Act compliant Code of Conduct for Members and agreed a revised procedure for complaints against members.
22. One of the consequences of the Localism Act and the abolition of the Standards Board for England will be that locally the role of the Standards Committee will take on new prominence in an amended 'stand alone' role without the former strategic oversight and guidance that came from the Standards Board. The Standards Committee will be keeping under review the revised arrangements and will continue their role in promoting high standards of conduct by members.

Communications Strategy

23. The Council has developed a new strategy to Communications. This includes a new media partnership with the Northern Echo to deliver the Council's newspaper. The Code on Local Authority Publicity was amended in March 2011 so that Councils could no longer produce a monthly newspaper which was in competition with a local newspaper. The Council responded to this challenge by joining forces with the local newspaper to jointly produce a magazine which provides information and stories for residents. Darlington Together is delivered monthly to every home in the Borough and contains 16 pages of material from the Council and 32 pages which are produced by the local newspaper.
24. The Communications Strategy also includes a changed approach to aligning spend on design, print, marketing and advertising and on wider campaigns. The Council has developed five key Campaign Strategies which are designed to communicate key messages to the public or Darlington, wider partners and nationally. The Council's communications resources, whilst recognising the on-going commercial and service needs, are designed to direct resources to these key campaign themes and maximise the impact by aligning communications activity as between the themes. The overarching theme is Darlington Together designed to encourage everyone to become involved in helping the Council to maximise the use of its resources. This approach encourages public ownership of the delivery of public services.
25. The Communications Strategy also includes developing use of social media and electronic media sources both to reflect a changed communications environment and to reduce costs and a more streamlined approach to media enquiries again to reflect a changed communications environment. The communications strategy has led to the centralisation of budgets relating to communications such as Design and Print and Marketing and

Advertising to maximise the use of the resources involved. Future work under the strategy includes the internal communications strategy and further development of blogs and social media.

Partnership Working

26. A report was presented to Cabinet in March 2012 to ensure Members were aware of changes in partnership arrangements in Darlington. Darlington Partnership began the review in January 2011 following significant policy changes from central government. Locally, partners were keen to continue with the vision and priorities for the Darlington Partnership, as outlined in One Darlington: Perfectly Placed.
27. As a result of the review, over the coming year there will be many changes in arrangements to enable the Council to rationalise and better coordinate its partnership working. Existing Local Strategic Partnership Theme Groups are to be phased out; officer group arrangements developed to support Cabinet decision making; and a shadow Health and Well Being Board established.
28. The priority for Council officers will be to ensure that the changed arrangements, including the effective development of Darlington's Health and Well Being Board, are implemented and have a strong impact on outcomes affecting local people.
29. Throughout implementation of the changes outlined, the Council's Partnership Toolkit will continue to be used to ensure that the partnerships the Council is involved in continue to meet appropriate governance standards.

Procurement/Commissioning

30. A new Commissioning and Procurement Framework has been developed to embed a consistent integrated approach to commissioning and procurement across the Council. It supports the Council business case to become a commissioning authority by 2015.
31. The Framework provides guidance to employees and was produced by a Project Team drawn from the Business Transformation Programme, Commissioners, Procurement, Contract Management and Policy staff. The integrated process provides transparency and 'gateways' along the route enable the Chief Officers Executive to challenge and control Council expenditure.
32. Training on the new process has been delivered. Awareness raising sessions were held for Members, Chief Officers Executive, Chief Officers Board and officers who are not regularly involved in commissioning and procurement. For those officers whose jobs involve regular commissioning and procurement activity a much more detailed training session was held. The Commissioning and Procurement Framework is available on the intranet together with the supporting documentation to enable officers to comply with the new process.

Social Inclusion and Equalities

33. The Council has published an Equality Analysis and Equality Objectives within the timescales imposed by the Equality Act 2010. A Single Equality Scheme is to be developed as a new policy framework by the end of September 2012.

ICT

34. The ICT Strategy focuses on five strategic priorities, namely ICT Service Development; ICT Governance; ICT Strategic Architecture; Business Change Programme; and an ICT Competent Workforce and Members.
35. Implementation of the Strategy is led by the Chief Officers Board who are tasked to produce six-monthly reports on implementation progress to the Audit Committee.
36. The progress report to the Audit Committee in March 2012 documented positive progress on each of the five key programmes. This included reference that ICT Services had successfully retained certification under the ISO 27001 Information Security Management and ISO 9001 Quality Management Standards; the Council's firewall security and protection systems are being upgraded; the ICT Service has representation on the Council's Transformation programme to enable appropriate input to be given at source; and a comprehensive programme of professional and technical training exists for the ICT Team.

Information Governance

37. The Council has an Information Governance Work Programme that has been developed to address the need for appropriate controls to be embedded and consistently applied across all services. The Programme has a number of strands including Information Security Policy; Information Risk assessment; Information Governance Training and awareness; and Information Sharing. It also addresses particular issues such as the transfer of Public Health responsibilities to the Council.
38. Implementation of the Programme is led by the Chief Officers Board which is tasked to produce six-monthly reports on implementation progress to the Audit Committee.
39. The progress report to the Audit Committee in March 2012 documented advances in all areas of the Programme. However, it was acknowledged that the Council was delivering the Programme against a background of reorganisation and financial constraint and that progress was gradual. Consequently the information risk management programme that was underway was critical to identifying and prioritising information risks to ensure that available resources were used to best effect.
40. Progress documented included that Information Governance training and awareness had been delivered in a variety of ways utilising on-line training courses, corporate communication channels, the intranet and face-to-face courses and workshops; a best practice information sharing template was circulated to all Heads of Service who were to use it to review existing arrangements with partners for service delivery purposes and draft new ones; and the local transition plan developed to manage the transfer of public health responsibilities to the Council by April 2013 contained an information governance work stream on which the Council's Information Management Team were represented.

Medium Term Financial Plan

41. The Council is facing a significant financial challenge following the losing of an estimated 24.4% of government funding. The 2011/15 MTFP identified savings of £11.8m with a

further £7.7m to follow. However, due to the deferment of a number of savings, increases in service demand and inflationary pressures this further figure has risen to £15.8m. The Council's grant figure is only certain until March 2013 as the Government plan to implement a fundamental review of local government funding from April 2013. There is, therefore, uncertainty in the projected resource levels beyond the next year, with significant risk that grants could be less than assumed in the current MTFP.

42. The Council's business model is based around three fundamental questions WHAT services will the Council provide, HOW will they be delivered and WHO will provide them. The HOW and WHO strands are about providing the same services for less and in the 2012/16 MTFP approved by Cabinet in March 2012 the budget savings in these areas totalled £6.368m when fully implemented. A zero based Council approach has been taken to address the WHAT question, where all services have been considered systematically alongside the outcomes the Council wants for the Borough and the evidence base of what works. Following this process savings when fully implemented of £2.102m were included in the approved 2012/16 MTFP.

Conclusion

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

Outcome of Consultation

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