
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/corpgov/documents/> Progress made includes the following.

Corporate Planning and Performance Management Framework

17. Corporate and service planning form critical components in the prioritisation, planning and delivery of services. It is therefore, important that they play a prominent role in directing and shaping services and maintaining a focus on outcomes and customer needs given the pace and scale of change driven at both national and local level.
18. In July 2012 Cabinet considered proposals for a new Corporate Plan that detailed how it linked to wider partnership and planning processes as well as a proposed

supporting Performance Management Framework to measure impact against outcomes and the needs of our customers.

19. Following consideration, Cabinet approved a new Corporate Plan for 2012/13, a suite of Service Plans for all Service Groups and revised performance management arrangements.

Equalities

20. In September 2012 Cabinet agreed an Equality Scheme for 2012-16 and an associated Equality Impact Assessment Tool as a framework for meeting the Public Sector Equality Duty as set out in the Equality Act 2010. Cabinet also agreed to implement the engagement arrangements set out in the Scheme and to involve staff from across the Council to support embedding equality within the resources available.
21. The Scheme has a four year review cycle but has a number of components within it that need to be reviewed on an annual basis. The Equality Analysis and Equality Objectives, roles and responsibilities, equalities training, performance management and action plan will also link and feed into the Single Needs Assessment and broader service planning cycle.
22. Consultation and engagement had taken place with a range of stakeholders on the Scheme. There was broad agreement from those who engaged in the consultation that the Scheme was a positive approach that showed real commitment to the equalities agenda.

Complaints Process

23. The Council has robust procedures in place for the handling and recording of all corporate, adult and children's social care complaints, compliments and comments. Examples of organisational learning resulting from complaints received were referred to in the Complaints Annual Report for 2011/12 reported to Cabinet in September 2012.
24. Although there was an increase in the number of complaints received during 2011/12 the Annual Report of the Ombudsman showed a reduction in the number of complaints that proceeded to their office which suggests that the handling of complaints is resolving more issues than before.
25. Given that the Council's complaints procedures are now easily accessible and there is a positive culture towards complaints within the Council, this suggests that the Council has been able to meet the challenges posed by the overall reduction in its budget whilst maintaining good quality services.

Public Health

26. Cabinet considered a report in November 2012 on the process of transferring public health functions to the Council from NHS County Durham and Darlington. The report outlined the elements of governance in place for the smooth transfer of responsibilities during the transitional period, April 2012 to March 2013; outlined

alternative operating models for public health within the Council after 1st April, 2013; and proposed that Darlington join a collaboration of Tees Valley local authorities to ensure that it had access to the range of specialist skills to deliver the full range of public health responsibilities within the resources available.

27. Cabinet noted the transitional governance arrangements in place; approved a public health operating model post April 2013 of a distinct Public Health Team aligned to the People Group and where the Director of Public Health will report to and have direct accountability to the Chief Executive for the exercise of the Council's public health functions; and approved Darlington as a partner in the Tees Valley Public Health Shared Service arrangement to be hosted by Redcar and Cleveland Borough Council and where a Tees Valley Public Health Board will ensure efficiency and effectiveness of the shared service.

ICT

28. 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.
29. 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.
30. The progress report to the Audit Committee in September 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 had implemented a new firewall infrastructure to improve performance and resilience; 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

31. 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.
32. 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.
33. The progress report to the Audit Committee in September 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 strand of the Programme was critical to identify and prioritise information risks to ensure that available resources were used to best effect.

34. Progress documented included that mandatory Information Governance awareness training had been undertaken by Heads of Service at which their key responsibilities were outlined; enhancements had been made to the advice and guidance provided on the intranet to support the Information Management Framework; in response to the Government's Open Data agenda a wealth of information about Darlington in a variety of formats has been published on Darlington LIS, a local information system developed by the Council and its partners; 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.

Members Code of Conduct

35. The Localism Act 2011 required local authorities to adopt a new Code of Conduct for Members and a revised Code was adopted by Council in May 2012. Information about the adoption of the revised Code was published in the July edition of 'Darlington Together' and the Council's website has been updated to include the document. In addition, all Members have been circulated by e mail a link to 'Openness and Transparency on Personal Interests – A Guide for Councillors' that was produced by the Department for Communities and Local Government in August 2012.

Annual Statement of Accounts

36. The Council's external auditors, PwC, audited the Council's Annual Accounts in line with approved Auditing Standards and issued an unqualified audit report on 28 September, 2012.
37. The auditors are also required to issue a conclusion on the adequacy of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. PwC issued an unqualified conclusion on the Council's arrangements on 28 September, 2012.
38. The auditors recognised that it was the responsibility of the Council to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. PwC reviewed the arrangements for the purpose of their audit of the financial statements and review of the Annual Governance Statement and commented that there were no significant matters that they wished to bring to the attention of those charged with governance.

Medium Term Financial Plan

39. The current economic climate and outlook specifically for the public sector mean that financial management is of paramount importance.
40. As reported to Cabinet in November 2012, overall the Council's projected General Fund reserves position at 31 March 2013 is £2.969m better than planned in the 2012-16 MTFP. Corporately managed resources are forecast to be £5.030m better than the MTFP, however, group managed net expenditure is forecast to be £2.061m higher than the MTFP.

Conclusion

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

Outcome of Consultation

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