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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 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 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 planning and delivery of Council services and given the pace and scale of change driven by both national and internally generated imperatives it is important that they play a prominent role in directing and shaping services and maintaining a focus on outcomes and customer needs.
18. Cabinet adopted a new streamlined Corporate Plan in July 2012 which set out key actions for delivery aligned to the wider partnership priorities One Darlington:

Perfectly Placed and the four core functions of the Council outlined within its Business Model together with a fifth relating to good governance and the use of resources.

19. Positive progress against the actions outlined in the Corporate Plan 2012-15 was reported to Cabinet in May 2013 who also approved the Corporate Plan 2013-14 priorities.
20. In addition, Cabinet also received a report in April 2013 on the Council's performance in the first nine months of 2012-13 against key performance measures targets and outcomes identified within the agreed performance management framework. Of the 205 agreed KPIs and PIs reviewed regularly at Performance Clinics with Assistant Directors, Directors and the Chief Executive 80% were at or above target. The remaining 20% below target had remedial actions in place to address under performance and improve outcomes for customers.
21. Service areas performing well and operating above agreed targets included Services for Looked-after Children, Safeguarding Children and Young People, Adult Social Care and Revenues and Benefits. Service areas performing less well and operating below agreed targets included Special Educational Needs and Housing Repairs and Maintenance.

### **Medium Term Financial Plan**

22. The Council anticipated and started preparing for reductions in public spending from 2009-10 when it agreed the Business Model. In the intervening period income to the Council from the Government will have fallen by 26% or £18.2m by 2014-15. During the same period there have been significant pressures on other sources of income and on demand for services, in Children's Services in particular. The focus of effort has been to reshape how the Council operates so that impacts on operational service delivery are minimised. However, 'efficiencies' are not inexhaustible and the Council has now reached a point where it must take stock of what can be delivered to the people of Darlington in planning for the 2014-15 MTFP.
23. An approach to the first steps on this journey through Budget Advisory Panels was agreed by Cabinet in March 2013 i.e. estimate the minimum service provision as set out in legislation and the minimum cost; identify where there is a business case to continue services; identify enhancements to the quality or impact of services where there is financial scope; and identify discretionary services to continue where there is financial scope. Given the importance of the decisions Cabinet agreed that the deliberations would be in public, open to public input and involve all Members regardless of political affiliation.
24. On conclusion of this work the Council will need to examine available resources, including its strategy for Council Tax and income generation, before developing an MTFP for formal public consultation.

## **Complaints Process**

25. The Localism Act 2011 has introduced two key changes which have affected the way in which the Council is required to handle complaints about social housing and Cabinet in March 2013 approved a Housing Complaints, Compliments and Comments Procedure to ensure compliance with the Act.
26. The two key changes are that any complaints against the Council as a social landlord will, in future, be considered by the Housing Ombudsman following investigation under the Council's own complaints procedure; and the appointment of a 'designated person/democratic filter' who will become involved prior to the involvement of the Housing Ombudsman if a tenant is not satisfied with the Council's response to their complaint.

## **Public Health**

27. In March 2013 Cabinet considered and approved necessary changes to the Council's governance arrangements and Constitution to enable the Council to carry out its new responsibilities in relation to Public Health set out in the Health and Social Care Act 2012.
28. The Act creates a duty on local authorities to take such steps as considered appropriate for improving the health of the people in its area including providing information and advice; services or facilities designed to promote healthy living; services or facilities for the prevention, diagnosis or treatment of illness; and financial incentives to encourage individuals to adopt healthier lifestyles.
29. These responsibilities transferred to the local authority with effect from 1<sup>st</sup> April, 2013. In order to make decisions in relation to these matters and to ensure that there is a responsible Cabinet portfolio and an appropriate Scrutiny small changes were agreed to the Cabinet Portfolios, the Scrutiny remits, the Scheme of Delegation for Officers and the Proper Officer list within the Constitution.

## **ICT**

30. 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.
31. Implementation of the Strategy is led by the Chief Officers Board which is tasked to produce six-monthly reports on implementation progress to the Audit Committee.
32. The progress report to the Audit Committee in March 2013 documented positive progress on each of the five key programmes. This included reference that ICT Services operates a business continuity management system that is compliant with ISO 22301; ongoing work on the domain upgrade and Desktop Optimisation Strategy; the development of a Systems and Information Strategy to ensure that investment in service based ICT systems is correctly targeted; and a comprehensive programme of professional and technical training exists for the ICT Team.

## **Information Governance**

33. The Council has an Information Governance Work Programme that has a number of strands including Information Security Policy; Information Risk assessment; Information Governance Training and Awareness; and Information Sharing.
34. 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.
35. The progress report to the Audit Committee in March 2013 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.
36. Progress documented included that a risk actions toolkit had been developed for Heads of Service to support the consistent application of controls identified by the information risk assessment process across services that was to be rolled out shortly.

## **Annual Procurement Plan**

37. In accordance with Contract Procedure Rules, Cabinet in April 2013 considered the Annual Procurement Plan and determined those contracts designated strategic in accordance with a previously agreed criteria.
38. A procurement strategy must be produced and presented to Cabinet for strategic contracts and Cabinet will make the final award decision. Contract award decisions for those contracts not considered strategic will be through delegation to officers.
39. Any contracts not included on the Annual Procurement Plan must be the subject of a separate report to Cabinet who will determine whether it is deemed strategic or non-strategic.

## **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.