

---

**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**

- (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/corgov/documents/> Progress made includes the following.

### **Medium Term Financial Plan (MTFP)**

17. The Council has to date been proactive and successful in adapting to an environment of significant service pressure and resource reductions. The majority of spending reductions to date have been achieved without direct impact on the public, although it is regrettable that a significant number of jobs have been lost in the process. The approach was commended within the recent Corporate Peer Challenge and credit paid to the Council and its workforce for their response to an extremely difficult environment. As available resources continue to decline and following the Budget Advisory Panel process in the summer, Cabinet, in November 2013, considered a report on a forward strategy for the Council, including resource plans and approved a MTFP for consultation.
18. The Council is to focus its planning and resources in three key areas that offer the best prospects of being in a position to continue to serve the public well in the long term; Building strong communities, Spending every public service pound well, and Growing our economy. These themes and the financial implications around them were detailed in the report as well as proposed plans to reduce spending by £13.802m and these rely on input from key partners and the public. The proposals, use of revenue balances and a proposed 2% Council Tax increase will deliver balanced budgets for 2014/15 and 2015/16 but beyond this period further cost reductions will be needed.

### **Annual Statement of Accounts**

19. The Council's external auditors, PwC, audited the Council's Annual Accounts in line with approved Auditing Standards and issued an unqualified audit opinion on 30 September, 2013.
20. 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 30 September, 2013.
21. PwC reviewed the Council's Annual Governance Statement (AGS) to consider whether it complied with the CIPFA/SOLACE framework 'Delivering Good Governance in Local Government' and whether it was misleading or inconsistent with other information known to them from their audit work. PwC found no areas of concern to report in this context.

## **Complaints Process**

22. 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 2012/13 reported to Cabinet in October 2013.
23. Overall the Council saw a slight decrease in the number of representations made under its complaints procedures during 2012/13 compared to 2011/12. The number of complaints decreased to 466 from 517; the number of compliments decreased to 254 from 320; and the number of comments increased to 255 from 205 as a result of people's dissatisfaction with changes to policy in light of the current financial challenges faced by the Council.
24. The Local Government Ombudsman determined 20 complaints previously considered under the Council's complaints procedures during 2012/13 and the Council received no maladministration decisions.
25. Since the period covered by the Complaints Annual Report Cabinet have approved, in March 2013, a Housing Complaints, Compliments and Comments Procedure to handle complaints about social housing in accordance with the Localism Act 2011 and, in October 2013, approved a Public Health Complaints, Compliments and Comments Procedure to enable the Council to consider complaints effectively in accordance with the NHS Bodies and Local Authorities (Partnership Arrangements, Care Trusts, Public Health and Local Healthwatch) Regulations 2012.

## **ICT**

26. 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.
27. 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.
28. The progress report to the Audit Committee in September 2013 documented positive progress on each of the five key programmes. This included reference that ICT Services was certified to ISO27001 the Information Security Management Standard; a Desktop Optimisation Strategy had been agreed by the Chief Officer's Board; an ICT Work Plan had been produced to support delivery of the Council's Information and Systems Strategy; and a comprehensive programme of professional and technical training exists for the ICT Team.

## **Information Governance**

29. 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.

30. 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.
31. The progress report to the Audit Committee in September 2013 documented advances in all areas of the Programme. However, it was acknowledged that progress was steady against a background of reorganisation and financial constraint. Critical to the effective implementation of the Programme was information risk management, as it evaluates risks to enable available resources to be used to best effect.
32. Progress documented included that a risk actions toolkit had been developed and rolled out to Heads of Service to support the consistent application of controls identified by the information risk assessment process across services.

### **Annual Procurement Plan**

33. In September 2013 Cabinet considered an update on the Annual Procurement Plan that had been presented in April 2013 and determined those contracts designated strategic in accordance with a previously agreed criteria.
34. 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.
35. 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.

### **Officer Scheme of Delegation on Planning Matters**

36. In November 2013 Council approved a number of relatively minor amendments to the Scheme of Officer Delegation for Planning Matters in the interests of effective service delivery and efficiency.
37. The amendments were that Parish Council representations be afforded the same status as householder representations in terms of the Chair or Vice Chair of Planning Committee deciding whether a planning application should be reported to Committee; all decisions on prior approval applications be taken by officers in order to ensure that statutory time limits are complied with and the risk of developments being able to proceed by default is avoided; and where Members request a planning application is brought to the Planning Applications Committee a planning reason be given for this in writing and the decision on this to rest with the Chair or Vice Chair of Planning Committee.

### **Conclusion**

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

## **Outcome of Consultation**

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