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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.

**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 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:

### **Sustainable Community Strategy (SCS) and Associated Performance Management Framework (PMF)**

17. The original SCS for Darlington 'One Darlington: Perfectly Placed' was approved in 2008. Since that time the Council's financial position and much in the wider world has changed significantly. In response the Local Strategic Partnership has revisited the original vision and the Council has re-examined its outcomes and developed a set of conditions in response.
18. As a result a refreshed document has been developed which re-asserts the original vision and this was approved by Council in May 2014 together with an associated PMF that provides a clear articulation of outcomes and allows for the management of their delivery in a 'real time' manner.
19. The SCS has been developed in a way that enables all partners to focus on the same vision, outcomes and conditions whilst developing a statement about their own roles and the steps they need to take within their own organisations.

### **Medium Term Financial Plan (MTFP) 2014/15 to 2019/20**

20. The Council has 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 extremely difficult circumstances. As available resources continue to decline and following the Budget Advisory Panel process last summer the MTFP report for 2014/15 to 2019/20 was considered by Council in February 2014.
21. Council agreed 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 to 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 together with proposed plans to reduce spending by £13.752m that relied on input from key partners and the public. The proposals to use revenue balances and a 1.94% increase in Council Tax will deliver balanced budgets for 2014/14, 2015/16 and 2016/17 but beyond this period further cost reductions will be required.

## **Member Standards**

22. A review has been carried out that comprised the Code of Conduct for Members, the process for the assessment of Member complaints and the role of the Standards Committee.
23. The outcome of the review was reported to Council in March 2014 where consideration was given to changes to the Member Code, to simplify matters and to pick up on some issues identified from the codes drafted by other authorities, and to proposals on the complaint handling process that would result in savings and efficiencies while retaining an appropriate degree of external input and transparency.
24. Council approved a new Code of Conduct to take effect from 14 May 2014; the initial assessment of a Member complaint by the Monitoring Officer with input from the Independent Person; the creation of a Member Standards Hearing Committee to deal with Member complaints referred for investigation; the Audit Committee be given additional responsibility for ethical values as part of its remit; that a review of Member conduct be reported to Cabinet annually; and the discontinuation of the Standards Committee from 30 April 2014.

## **ICT**

25. 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. 2013/14 marks the final year of the Strategy and work is underway to develop a replacement.
26. Implementation of the Strategy, and the complementary Systems and Information Strategy produced to ensure that investment in service-based ICT systems is correctly targeted to meet the objectives of the Council, 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.
27. The progress report to the Audit Committee in March 2014 documented positive progress on each of the five key programmes. This included reference that ICT Services was certified to the ISO27001 Information Security Management and ISO 9001 Quality Management Standards and a comprehensive programme of professional and technical training exists for the ICT Team.

## **Information Governance**

28. The Council has an Information Governance Work Programme 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; Information Sharing; Data Quality; and the Transparency Agenda.

29. 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.
30. The progress report to the Audit Committee in March 2014 noted steady progress with implementation of the Programme but recognised that there was still a significant amount of work to be done to reach a position where the information risk is effectively managed. Clear risk treatment plans are in place which will reduce the risk to an acceptable level once delivered. The report also highlighted that timely delivery of information governance improvement plans is becoming increasingly important as compliance with external standards, such as the Department of Health IG Toolkit, are pre-requisites for sharing vital information with partner service providers.

### **Annual Procurement Plan**

31. In accordance with Contract Procedure Rules, Cabinet in April 2014 considered the Annual Procurement Plan and determined those contracts designated strategic in accordance with a previously agreed criteria.
32. 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.
33. 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**

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

### **Outcome of Consultation**

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