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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:

### **Constitutional Changes**

17. In July 2014 Council approved changes to the Constitution to reflect new legislation. This concerned the requirement that the Council permit the filming, photographing, recording, broadcasting and blogging of any meeting of the Council which is open to the public; amendments to arrangements in relation to access to information and the recording of delegated decisions made by officers concerning a number of categories of decision making; and amendments needed in respect of decision making concerning pay and severance payments for senior officers.

### **Partnering With Darlington Clinical Commissioning Group**

18. In July 2014 Cabinet agreed the partnering of the Council and the Darlington Clinical Commissioning Group (DCCG) and subsequently approved a Memorandum of Understanding in October 2014.
19. The document sets out the high level principles by which the Council and DCCG will work together to improve the commissioning and delivery of health and social care services for the population of Darlington. It also sets out clearly the principle of two separate and sovereign organisations working in partnership.

### **Annual Statement of Accounts**

20. 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 2014.
21. 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 2014.
22. 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.

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

23. The Council has to date been proactive 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.
24. The 2014/15 to 2019/20 MTFP set out a forward strategy and phased approach to achieving the significant savings required over the period, focusing planning and resources in three key areas that offer the best prospects of continuing to serve the public well into the long term, namely building strong communities, spending wisely by maximising every public service pound spent, and growing the economy.
25. The Council developed a staged approach to meeting the challenges and agreed a two year budget within a six year planning horizon. This strategy allowed new approaches to be tested to see what could be possible for future years. Also given the clear size of change required over the period to 2020 a staged approach was needed given the Council's and public's capacity to engage and understand the change required in the Borough.
26. In December 2014 Cabinet agreed an MTFP for 2015/16 to 2019/20 for consultation. The report acknowledged that the Council was making progress towards achieving the financial targets set within its strategy but recognised that whilst the savings previously agreed along with the use of additional balances and a proposed 1.99% increase in Council Tax will deliver a balanced budget for 2015/16, beyond this period further significant cost reductions will be needed. Significant budget savings will need to be developed for consultation in autumn 2015.

## **Complaints Process**

27. The Council has robust procedures in place for the handling and recording of all corporate, adult and children's social care, housing and public health complaints, compliments and comments. Examples of organisational learning resulting from complaints received were referred to in the Complaints Annual Report for 2013/14 reported to Cabinet in October 2014.
28. Overall the Council saw a significant increase in the number of representations made under its complaints procedures during 2013/14 compared to 2012/13. The number of complaints increased to 845 from 466, attributable to the high volume of complaints received following the introduction of wheeled bins; the number of compliments increased to 278 from 254; and the number of comments decreased to 209 from 255.
29. The Local Government Ombudsman reached a decision on 12 complaints during 2013/14 previously considered under the Council's complaints procedures. The Council received one maladministration decision in relation to wheeled bin collections and the removal of fly-tipping that was reported to Cabinet on 1 July 2014.

30. Included in the Annual Report were certain amendments to the complaints procedures that were noted by Cabinet. These concerned the Assistant Director of Adult Social Care acting as the adjudicating officer in certain cases and amendments to ensure complaints alleging discrimination on the grounds of race are handled effectively and in a manner consistent with complaints alleging discrimination on the grounds of other protected characteristics.

## **ICT**

31. The Council's ICT Strategy has been re-written for the 2014-16 period and continues to focus on five strategic priorities, namely ICT Service Development; ICT Governance; ICT Strategic Architecture; Business Development; and an ICT Competent Workforce.
32. Implementation of the Strategy 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.
33. The progress report to the Audit Committee in September 2014 documented positive progress on each of the five key priorities. This included reference that the ICT Service had migrated to the new version of the Information Security Standard (ISO27001:2013) and was successfully audited by BSI in July 2014; the Council's Public Services Network certification had passed an external health check audit; the Desktop Replacement project had been completed and, although large-scale and complex, had been a major success; and a comprehensive programme of professional and technical training exists for the ICT Team.

## **Information Governance**

34. 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; and Information Sharing.
35. Implementation of the Programme is led by the Chief Officers Board which is tasked to produce six-monthly progress reports to the Audit Committee.
36. The update report to the Audit Committee in September 2014 noted gradual progress on delivery of the Programme. Implementation of action plans was ongoing across services, supported by the Information Governance Team, and monitored by Assistant Directors for evidence of effective delivery. It was also reported that there had been a shift in focus from evidencing compliance with the Council's information governance programme to compliance with the Department of Health IG Toolkit, a key enabler of the effective information sharing and collaborative working requirements of the Better Care Fund and the Care Act 2014.

## **Transparency Agenda**

37. The Council has sound procedures in place for the handling and recording of all Freedom of Information (FOI), Environmental Information (EIR) and Subject Access (SA) requests. An Annual Report for 2013/14 covering these matters was reported to Cabinet on 4 November 2014.
38. The report stated that 1,220 requests for information had been received, an increase of some 37% compared to the previous year and this increase was reflected over all request types; detailed information to be published routinely in future following requests received; and outlined amendments required to the FOI and EIR request procedure as a result of the Protection of Freedoms Act 2012.

## **Conclusion**

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

## **Outcome of Consultation**

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