
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.

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 5408

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:

Contract Procedure Rules

17. In March 2015 Council approved changes to the Contract Procedure Rules (CPRs) to ensure that they help to support wider Council objectives; good practice; the delivery of budget reductions; and legal compliance.
18. The revised CPRs, in particular, incorporate the requirements of the Social Value Act 2012; give effect to the regulations which introduce the new European Procurement Directive into UK law; introduce rules in relation to agreeing the evaluation price/quality split and setting the contract term; formalise the role of the Procurement Board; change the levels at which quotes and tenders must be sought; and amend the rules in relation to waivers and strategic procurement decisions.

Partnering With Darlington Clinical Commissioning Group

19. A Section 75 Agreement under the National Health Services Act 2006, between the Council and Darlington Clinical Commissioning Group (DCCG), was approved by the Health and Well Being Board in April 2015 following prior consideration by Cabinet and the Executive of DCCG.
20. The Agreement establishes pooled budgets between the two organisations and allows for delegating the functions of one to the other in relation to the Better Care Fund (BCF).
21. The Council and DCCG have agreed to establish more than one pooled budget within a single Section 75 Agreement to ensure the financial benefits to Darlington's residents are maximised by the benefits associated with each of the partners' financial and contracting arrangements.
22. The Agreement covers pooled fund management, dispute resolution and provisions for dealing with termination and default both for individual schemes and generally.

Xentrall Shared Services

23. Cabinet considered a report in April 2015 concerning the ongoing success of the partnership in achieving savings as well as sustaining service performance and confirmed the role of Stockton Borough Council as host authority for the operational period of the agreement.
24. A variation to the original ten year partnership agreement was approved to make it a continuing agreement with no defined end date, but retaining the existing twelve

month notice termination clause. This was to enable the agreement to continue beyond the expiry of the current term; to give clarity on the ongoing commitment of the Council to the shared service delivery model; and to enable the continued delivery of financial efficiencies.

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

25. 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.
26. 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.
27. 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.
28. In February 2015 Council approved an MTFP for 2015/16 to 2019/20. The report acknowledged that the Council continues to face significant financial challenges. Steady progress had been made in achieving the financial targets set out in the 2014/15 – 2019/20 MTFP which significantly reduced the budget gap in future years, however, it is clear at this early stage some savings are not achievable and additional pressures have been identified. The use of balances can address the 2015/16 and 2016/17 funding gap but beyond that financial projections show the Council will need to deliver either more income or further expenditure reduction by 2017/18. Following the elections in May 2015 the new administration will need to take immediate action to address the future year funding gap.

ICT

29. The Council's ICT Strategy for the 2014-16 period focuses on five strategic priorities, namely ICT Service Development; ICT Governance; ICT Strategic Architecture; Business Development; and an ICT Competent Workforce.
30. 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.
31. The progress report to the Audit Committee in March 2015 documented positive progress on each of the five key priorities. This included reference that the Council has been awarded Public Service Network (PSN) certification; implemented architecture projects comprised e mail and file archiving systems to release high

performance disk space, a server logging tool for security and audit purposes and a new corporate anti-spam/anti-virus management tool to protect the Council from external threats; and a comprehensive programme of professional and technical training exists for the ICT Team.

Information Governance

32. The Council has an Information Governance Work Programme. The Programme is shaped by a number of external assurance requirements that all represent good practice and have common objectives, namely compliance with information related legislation, approval to use essential external party systems and services, and improvement in service delivery.
33. Implementation of the Programme 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.
34. The update report to the Audit Committee in March 2015 noted recent work that included a revised information security governance framework, revised information governance policies, refreshed Caldicott Guardian role and associated confidentiality work programme, and attainment of a 'satisfactory' assurance level for Public Health under the Health and Social Care Information Centre (HSCIC) Information Governance (IG) Toolkit. The Information Security Manager also reported at the meeting that the Council, for social care services, was able to evidence compliance with the HSCIC IG Toolkit to a 'satisfactory' assurance level.
35. The report did note that the timely delivery of the Programme remains an issue of concern given the competing demands on limited resources.

Conclusion

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

Outcome of Consultation

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