

---

**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:

### **Constitutional Changes**

17. The Council's constitution sets out the framework for the governance and decision making of the Council. It needs to be kept up to date to ensure that it complies with new legislation and also reflects locally changes that are considered necessary.
18. In July 2015 Council approved changes to the constitution to reflect new legislation in respect of the disciplinary process applying to certain statutory officers; interim arrangements to ensure the Monitoring Officer, Borough Solicitor functions and the Proper Officer functions of the Assistant Chief Executive are discharged following the departure of the Assistant Chief Executive; and structural changes previously agreed by Council in June 2015 to create the new post of Director of Adults and Children's Services.

### **Community Safety Plan**

19. Local authorities have a responsibility to work with statutory partners on crime and disorder issues and to produce a joint plan covering an agreed number of years with an annual refresh. The Plan should outline the priorities for the local area in relation to crime and disorder and must have been consulted upon with the public and key stakeholders. Darlington Community Safety Partnership takes on the responsibility for production of this Plan.
20. The Plan for 2015-20 was agreed by Council in July 2015 and is part of the Council's policy framework. The Plan is built around five priorities namely reducing the harmful effects of drugs, alcohol and tobacco; tackling anti-social behaviour; reducing offending and re-offending; working with families with multiple problems; and supporting vulnerable people. It explains the achievements, context, issues and actions in relation to each priority to demonstrate an evidence-based approach. In the context of huge pressures on public finances, the Plan is a summary of partners' aspirations but it is recognised that constraints during the next five years may impact upon capacity to deliver the entire Plan.

### **Complaints Process**

21. 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 2014/15 reported to Cabinet in July 2015.

22. Overall the Council saw an increase in the number of representations made under its complaints procedures during 2014/15 compared to 2013/14 attributable to the high volume of complaints received following the introduction of alternate weekly refuse and recycling collections.. The number of complaints increased to 947 from 845; the number of compliments increased to 284 from 278; and the number of comments increased to 273 from 209.
23. In considering the Annual Report Cabinet endorsed extensions to the response timescales in the Corporate, Housing, Adult Social Care and Public Health Complaints Procedures to enable the Council to continue providing responses to complaints in a timely manner, while better managing customers' expectations and improving customer satisfaction with complaints handling.
24. The Local Government Ombudsman reached a decision on 22 complaints during 2014/15 previously considered under the Council's complaints procedures. The Council received 3 maladministration decisions that were reported to Cabinet in December 2014. Two cases related to the refuse collection service and the other concerned the Council's failure to complete actions agreed following a previous complaint concerning Council land rental.

### **Medium Term Financial Plan**

25. The Council has faced unprecedented financial challenges since 2010/11 following the Government's response to the worldwide economic downturn. This has meant an overall real terms decrease in government funding of £33.8m which resulted in the Council agreeing reductions to planned expenditure of £35.3m.
26. Whilst the economy overall appears to be improving there is no sign the austerity measures facing the Council will improve and further funding cuts will follow. The resource position will become clearer once the Local Government Finance settlement is received in late December.
27. In December 2015 Cabinet agreed no significant decision on service levels and spending reductions until after the full implications of the settlement are understood. Cabinet agreed a two stage approach to revising the MTFP. The first stage was approval of a 2016/17 budget for consultation to set the council tax along with fees and charges, with the second stage a review of the 2016/17-2019/20 MTFP scheduled for February 2016. In order to undertake this two stage approach revenue balances of £1.613m needed to be utilised to fund the projected budget gap in 2016/17.

### **Procurement Board**

28. Under the Council's Contract Procedure Rules, if the contracted level of spend over the term of the contract is over £100,000, ordinarily a tender exercise must be used (or a pre-tendered framework). However, there will be occasions when there are particular reasons why this is not possible.
29. Contract Procedure Rules make provision for the Procurement Board to waive the Rules in appropriate cases but no waiver can be granted if the level of aggregated

planned contracted spend is above the European Union threshold for the particular procurement category.

30. The decisions taken by the Procurement Board to waive the Rules were reported to Cabinet in July 2015.

### **Annual Statement of Accounts**

31. 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 2015.
32. 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. On the basis of their work PwC were satisfied that, in all significant respects the Council had put in place proper arrangements, with the exception of the matters raised in the Ofsted report of September 2015 that implied the delivery of Children's services were not efficient or effective. In this regard an update on the Council's Ofsted Improvement Plan is reported to the Committee under a separate agenda item for this meeting.
33. 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.

### **Tees Valley Devolution Deal**

34. In July 2015 the five Leaders/Elected Mayor that comprise the Shadow Tees Valley Combined Authority, working with business through the Local Enterprise Partnership (Tees Valley Unlimited), were invited by Government to submit proposals for a Devolution Deal for the Tees Valley, given the strength of the existing partnerships within the region and the clarity of existing economic ambitions.
35. The proposals, 'Tees Valley Powerhouse Plan', were submitted to Government in September and were built upon the ambitions and opportunities set out within agreed economic strategies and the Tees Valley Statement of Ambition.
36. Subsequent detailed negotiations with Government departments and Ministers concluded in a Deal worth £450m in investment in the region over 30 years. It comprised a package of resources and powers, to be devolved down from Government to the Tees Valley Combined Authority, which on the current timetable is to be established from 1 April 2016. This is in return for developing a new governance model in the form of an elected Mayor for the Tees Valley which will follow subject to legislation currently going through Parliament. The Mayor would work with the Combined Authority currently going through the establishment processes.

37. If agreed by each of the five councils, the next step will be the development of detailed implementation plans, including a Constitution for the Combined Authority and Mayoral governance arrangements.
38. Darlington's Cabinet approved the Devolution Deal on 3 November 2015 and Council voted in favour of the proposals on 19 November 2015.

### **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.