

DARLINGTON BOROUGH COUNCIL

LOCAL CODE OF CORPORATE GOVERNANCE

1. INTRODUCTION

Governance comprises the arrangements put in place by the Council to ensure that the intended outcomes for stakeholders are defined and achieved.

To deliver good governance both the Council and individuals working for it must try to achieve the Council's objectives while acting in the public interest at all times. Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.

The core principles of good governance are: -

- (a) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- (b) Ensuring openness and comprehensive stakeholder engagement.
- (c) Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- (d) Determining the interventions necessary to optimise the achievement of the intended outcomes.
- (e) Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- (f) Managing risks and performance through robust internal control and strong public financial management.
- (g) Implementing good practices in transparency, reporting, and audit, to deliver effective accountability.

The Council supports these principles fully. This Code is a public statement of the commitment to these principles and sets out clearly the way in which the Council will meet that commitment.

The main body of the Code is divided into seven sections, each of which covers a particular core principle together with supporting principles, of good governance. Under each section, the means by which the Council will meet and demonstrate its commitment to good governance in relation to that principle is exemplified.

2. BEHAVING WITH INTEGRITY, DEMONSTRATING STRONG COMMITMENT TO ETHICAL VALUES, AND RESPECTING THE RULE OF LAW

The Council is accountable not only for how much it spends, but also for how it uses the resources under its stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes it has achieved. In addition, it has an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that it can demonstrate the appropriateness of its

actions across all activities and that it has mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

(a) Behaving with integrity

In order to meet this commitment the Council will :-

- (i) Ensure members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation;
- (ii) Ensure members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These will build on the Seven Principles of Public Life (the Nolan Principles);
- (iii) Lead by example and use the above standard operating principles or values as a framework for decision making and other actions;
- (iv) Demonstrate, communicate and embed the standard operating principles or values through appropriate policies and processes which are reviewed on a regular basis to ensure that they are operating effectively.

(b) Demonstrating strong commitment to ethical values

In order to meet this commitment the Council will :-

- (i) Seek to establish, monitor and maintain the organisation's ethical standards and performance;
- (ii) Underpin personal behaviour with ethical values and ensure they permeate all aspects of the organisation's culture and operation;
- (iii) Develop and maintain robust policies and procedures which place emphasis on agreed ethical values;
- (iv) Ensure that external providers of services on behalf of the organisation are required to act with integrity and in compliance with ethical standards expected by the organisation.

(c) Respecting the rule of law

In order to meet this commitment the Council will :-

- (i) Ensure members and staff demonstrate a strong commitment to the rule of law as well as adhering to relevant laws and regulations;
- (ii) Create the conditions to ensure that the statutory officers, other key post holders, and members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements;
- (iii) Strive to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders;

- (iv) Deal with breaches of legal and regulatory provisions effectively;
- (v) Ensure corruption and misuse of power are dealt with effectively.

3. ENSURING OPENNESS AND COMPREHENSIVE STAKEHOLDER ENGAGEMENT

The Council is run for the public good, therefore will ensure openness in its activities. Clear, trusted channels of communication and consultation will be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

(a) Openness

In order to meet this commitment the Council will:-

- (i) Ensure an open culture through demonstrating, documenting and communicating the organisation's commitment to openness;
- (ii) Make decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential will be provided;
- (iii) Provide clear reasoning and evidence for decisions in both public records and explanations to stakeholders and be explicit about the criteria, rationale and considerations used. In due course, ensure that the impact and consequences of those decisions are clear;
- (iv) Use formal and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action.

(b) Engaging comprehensively with institutional stakeholders

Institutional stakeholders are the other organisations that the Council needs to work with to improve services and outcomes (such as commercial partners and suppliers as well as other public or third sector organisations) or organisations to which it is accountable.

In order to meet this commitment the Council will:-

- (i) Effectively engage with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship is clear so that outcomes are achieved successfully and sustainably;
- (ii) Develop formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively;
- (iii) Ensure that partnerships are based on trust, a shared commitment to change and a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit.

(c) Engaging with individual citizens and service users effectively

In order to meet this commitment the Council will:-

- (i) Establish a clear policy on the type of issues that the organisation will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes;
- (ii) Ensure that communication methods are effective and that members and officers are clear about their roles with regard to community engagement;
- (iii) Encourage, collect and evaluate the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs;
- (iv) Implement effective feedback mechanisms in order to demonstrate how views have been taken into account;
- (v) Balance feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity;
- (vi) Take account of the impact of decisions on future generations of tax payers and service users.

4. DEFINING OUTCOMES IN TERMS OF SUSTAINABLE ECONOMIC, SOCIAL, AND ENVIRONMENTAL BENEFITS

The long-term nature and impact of many Council responsibilities mean that it will define and plan outcomes and that these will be sustainable. Decisions will further the organisation's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including

citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

(a) Defining outcomes

In order to meet this commitment the Council will :-

- (i) Have a clear vision, which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation's overall strategy, planning and other decisions;
- (ii) Specify the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer;
- (iii) Deliver defined outcomes on a sustainable basis within the resources available;
- (iv) Identify and manage risks to the achievement of outcomes;
- (v) Manage service users' expectations effectively with regard to determining priorities and making the best use of the resources available.

(b) Sustainable economic, social and environmental benefits

In order to meet this commitment the Council will :-

- (i) Consider and balance the combined economic, social and environmental impact of policies and plans when taking decisions about service provision;
- (ii) Take a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints;
- (iii) Determine the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs;
- (iv) Ensure fair access to services.

5. DETERMINING THE INTERVENTIONS NECESSARY TO OPTIMISE THE ACHIEVEMENT OF THE INTENDED OUTCOMES

The Council achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that the Council has to make to ensure intended outcomes are achieved. It needs robust decision-making mechanisms to ensure defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions need to be reviewed frequently to ensure that achievement of outcomes is optimised.

(a) Determining interventions

In order to meet this commitment the Council will :-

- (i) Ensure decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore ensuring best value is achieved however services are provided;
- (ii) Consider feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts.

(b) Planning interventions

In order to meet this commitment the Council will :-

- (i) Establish and implement robust planning and control cycles that cover strategic and operational plans, priorities and targets;
- (ii) Engage with internal and external stakeholders in determining how services and other courses of action will be planned and delivered;
- (iii) Consider and monitor risks facing each partner when working collaboratively, including shared risks;
- (iv) Ensure arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances;
- (v) Establish appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured;
- (vi) Ensure capacity exists to generate the information required to review service quality regularly;
- (vii) Prepare budgets in accordance with objectives, strategies and the medium term financial plan;

- (viii) Inform medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy.

(c) Optimising achievement of intended outcomes

In order to meet this commitment the Council will :-

- (i) Ensure the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints;
- (ii) Ensure the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term;
- (iii) Ensure the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage;
- (iv) Ensure the achievement of 'social value' through service planning and commissioning.

6. DEVELOPING THE ENTITY'S CAPACITY INCLUDING THE CAPABILITY OF ITS LEADERSHIP AND THE INDIVIDUALS WITHIN IT

The Council needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve intended outcomes within the specified periods. The Council must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. As both individuals and the environment in which the Council operates will change over time, there will be a continuous need to develop capacity as well as the skills and experience of individual staff members. Leadership in the Council is strengthened by the participation of people with many types of backgrounds, reflecting the structure and diversity of communities.

(a) Developing the entity's capacity

In order to meet this commitment the Council will :-

- (i) Review operations, performance and use of assets on a regular basis to ensure their continuing effectiveness;
- (ii) Improve resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently;
- (iii) Recognise the benefits of partnership and collaborative working where added value can be achieved;
- (iv) Develop and maintain an effective workforce plan to enhance the strategic allocation of resources.

(b) Developing the capability of the entity's leadership and other individuals

In order to meet this commitment the Council will :-

- (i) Develop protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained;
- (ii) Publish a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body;
- (iii) Ensure the Leader and the Chief Executive have clearly defined and distinctive leadership roles within a structure whereby the Chief Executive leads in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority;
- (iv) Develop the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by:
 - ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged;
 - ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis;
 - ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external;
- (v) Ensure there are structures in place to encourage public participation;
- (vi) Take steps to consider the leadership's own effectiveness and ensure leaders are open to constructive feedback from peer review and inspections;
- (vii) Hold staff to account through regular performance reviews which take account of training or development needs;
- (viii) Ensure arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.

7. MANAGING RISKS AND PERFORMANCE THROUGH ROBUST INTERNAL CONTROL AND STRONG PUBLIC FINANCIAL MANAGEMENT

Exercising leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships

The Council needs to ensure that the organisation and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities.

A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability.

It is also essential that a culture and structure for scrutiny is in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

(a) Managing risk

In order to meet this commitment the Council will :-

- (i) Recognise that risk management is an integral part of all activities and must be considered in all aspects of decision making;
- (ii) Implement robust and integrated risk management arrangements and ensure that they are working effectively;
- (iii) Ensure that responsibilities for managing individual risks are clearly allocated.

(b) Managing performance

In order to meet this commitment the Council will :-

- (i) Monitor service delivery effectively including planning, specification, execution and independent post implementation review;
- (ii) Make decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook;
- (iii) Ensure an effective scrutiny or oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible;
- (iv) Provide members and senior management with regular reports on service delivery plans and on progress towards outcome achievement;
- (v) Ensure there is consistency between specification stages (such as budgets) and post implementation reporting (eg financial statements).

(c) Robust internal control

In order to meet this commitment the Council will :-

- (i) Align the risk management strategy and policies on internal control with achieving objectives;
- (ii) Evaluate and monitor risk management and internal control on a regular basis;
- (iii) Ensure effective counter fraud and anti-corruption arrangements are in place;
- (iv) Ensure additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor;
- (v) Ensure that an audit committee, which is independent of the executive and accountable to the governing body:
 - Provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment;
 - That its recommendations are listened to and acted upon.

(d) Managing data

In order to meet this commitment the Council will :-

- (i) Ensure effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data;
- (ii) Ensure effective arrangements are in place and operating effectively when sharing data with other bodies;
- (iii) Review and audit regularly the quality and accuracy of data used in decision making and performance monitoring.

(e) Strong public financial management

In order to meet this commitment the Council will:-

- (i) Ensure financial management supports both long-term achievement of outcomes and short-term financial and operational performance;
- (ii) Ensure well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls.

8. IMPLEMENTING GOOD PRACTICES IN TRANSPARENCY, REPORTING, AND AUDIT TO DELIVER EFFECTIVE ACCOUNTABILITY

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

(a) Implementing good practice in transparency

In order to meet this commitment the Council will:-

- (i) Write and communicate reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate;
- (ii) Strike a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand.

(b) Implementing good practices in reporting

In order to meet this commitment the Council will:-

- (i) Report at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way;
- (ii) Ensure members and senior management own the results reported;
- (iii) Ensure robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publish the results of this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement);
- (iv) Ensure that this Framework is applied to jointly managed or shared service organisations as appropriate;
- (v) Ensure the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations.

(c) Assurance and effective accountability

In order to meet this commitment the Council will:-

- (i) Ensure that recommendations for corrective action made by external audit are acted upon;
- (ii) Ensure an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon;
- (iii) Welcome peer challenge, reviews and inspections from regulatory bodies and implement recommendations;
- (iv) Gain assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement;

- (v) Ensure that when working in partnership, arrangements for accountability has been recognised and met.

9. EVIDENCING THE CORE PRINCIPLES

All policies, systems, procedures and structures that determine and control the way in which the Council manages its business for the greater good of the community comprise the Local Code or Governance Framework.

To ensure that this Code is a dynamic process that leads to real outcomes, it has been developed as follows :-

- (a) The key documents and functions that support corporate governance, and in turn shape other processes have been identified. Some of these documents and functions such as the Constitution and the authority's Service Planning and Performance Management Framework contribute towards more than one core principle. These are identified in **Appendix 1** to the Code;
- (b) For each document/function the target population i.e. who should be aware of this document or function has been identified. In all cases there are several target audiences and an approach has been developed that distinguishes between audiences to best service their needs;
- (c) A lead officer for each document/function has also been identified to ensure that the identified duty in respect of corporate governance is clearly assigned to an accountable person;
- (d) A distinctive feature of Darlington's Local Code is that it has been designed as a process not a one-off document. Therefore, three discrete types of actions have been identified and assigned to nominated officers. These types of action are :-
 - (i) **AWARENESS** - making sure that everyone who needs to know about the document/function does know about it;
 - (ii) **MONITORING** - ensuring that the duty is carried out;
 - (iii) **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 Code are reviewed in the light of effectiveness and emerging good practice.

10. ARRANGEMENT FOR ENSURING ONGOING APPLICATION AND EFFECTIVENESS

In order to meet the statutory requirements set out in Regulation 6 (1) (a) of the Accounts and Audit Regulations 2015 an Annual Governance Statement will be signed by the Leader of the Council and Chief Executive and published with the Annual Statement of Accounts to report publicly on the extent to which the Council has complied with its Code. This Statement will include how the effectiveness of the governance arrangements has been monitored and any planned changes in the coming period.

A Corporate Group of officers will be responsible for overseeing the drafting of the annual governance statement after evaluating assurances and supporting evidence. The statement will be subject to independent review and approval by the Audit

Committee.

The Corporate Group of officers will consist of the :-

Chief Executive
Director of Neighbourhood Services and Resources (S151 Officer)
Assistant Director – Law and Governance (Monitoring Officer)
Assistant Director – Finance and HR
Head of Strategy, Performance and Communications

The Group will regularly monitor the Local Code in order to:-

- (a) Consider whether any aspects of the Local Code need to be specifically reviewed or updated.
- (b) Satisfy themselves that the management processes defined in the Local Code are actually being adhered to throughout the organisation.

11. **FURTHER INFORMATION**

If you have any concerns about the way in which the Borough Council, its Members, officers or agents conduct its business, or believe that elements of this Code are not being complied with, please contact one of the following as appropriate. Your enquiry will be treated confidentially and a response made following investigation of the facts in each case.

(a) Chief Executive

Ada Burns
Darlington Borough Council,
Town Hall,
Feethams,
Darlington.
DL1 5QT
Tel. (01325) 405815

(b) Director of Neighbourhood Services and Resources

Paul Wildsmith
Town Hall,
Feethams,
Darlington.
DL1 5QT
Tel. (01325) 405828

(c) External Auditor

Ernst & Young LLP
Citygate,
St James' Boulevard,
Newcastle-upon-Tyne.
NE1 4JD
Tel. (0191) 2694887

Appendix 1

Document/Function	Core Principles of Good Governance						
	Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law	Ensuring openness and comprehensive stakeholder engagement	Defining outcomes in terms of sustainable economic, social and environmental benefits	Determining the interventions necessary to optimise the achievement of the intended outcomes	Developing the entity's capacity, including the capability of its leadership and the individuals within it	Managing risks and performance through robust internal control and strong public financial management	Implementing good practices in transparency, reporting, and audit, to deliver effective accountability
Sustainable Community Strategy		✓	✓	✓			✓
Constitution	✓	✓					✓
Corporate/Service Planning and Performance Management Framework		✓	✓	✓	✓	✓	✓
Communications and Engagement Strategy	✓	✓	✓	✓			✓
ICT Strategy			✓		✓		
Workforce Strategy	✓				✓		
Schedule of Council Meetings		✓					✓
Council Procedure Rules	✓	✓					✓
Record of Decisions		✓	✓	✓			
Partnership Working Toolkit	✓	✓	✓	✓	✓	✓	✓
Code of Conduct for Members	✓	✓					✓

Members Induction and Training Programme	✓	✓			✓	✓	✓
Code of Conduct for Employees	✓	✓					
Officer and Member Protocols	✓				✓		
Confidential Reporting Policy	✓					✓	✓
Code of Corporate Governance	✓	✓	✓	✓	✓	✓	✓
Risk Management Approach				✓		✓	✓
Anti-fraud and Corruption Policies	✓					✓	✓
Capital Projects Methodology		✓	✓			✓	
Information Governance Policies	✓	✓				✓	✓
Procurement Strategy	✓	✓	✓			✓	
Contract and Property Procedure Rules	✓	✓	✓			✓	
Medium Term Financial Plan/Budgets		✓	✓	✓		✓	✓
Treasury Management Framework						✓	
Annual Statement of Accounts		✓				✓	✓
Financial Procedure Rules	✓	✓				✓	✓
Scheme of Delegation		✓			✓		✓
Complaints Process	✓	✓					✓
Equalities Plan		✓	✓	✓			
Business Continuity Plans		✓				✓	

Health and Safety Policy		✓				✓	✓
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