

# Agenda

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Dorset County Council



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Meeting: Audit and Governance Committee  
Time: 10.00 am  
Date: 11 March 2019  
Venue: Committee Room 2 - County Hall, County Hall, Colliton Park, Dorchester,  
Dorset, DT1 1XJ

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David Harris (Chairman)  
Cherry Brooks  
Colin Jamieson  
Vacancy

Clare Sutton  
Ray Bryan  
William Trite

Richard Biggs  
Andrew Cattaway  
Vacancy

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### Notes:

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- **Public Participation**

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### Public Speaking

Members of the public can ask questions and make statements at the meeting. The closing date for us to receive questions is 10.00am on 6 March 2019, and statements by midday the day before the meeting.

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**Mike Harries**  
Chief Executive

Contact: Denise Hunt, Senior Democratic Services  
Officer

Date of Publication:  
Friday, 1 March 2019

County Hall, Dorchester, DT1 1XJ  
01305 224878 - [d.hunt@dorsetcc.gov.uk](mailto:d.hunt@dorsetcc.gov.uk)

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## 1. **Apologies for Absence**

To receive any apologies for absence.

## 2. **Code of Conduct**

Councillors are required to comply with the requirements of the Localism Act 2011 regarding disclosable pecuniary interests.

- Check if there is an item of business on this agenda in which the member or other relevant person has a disclosable pecuniary interest.
- Check that the interest has been notified to the Monitoring Officer (in writing) and entered in the Register (if not this must be done on the form available from the clerk within 28 days).
- Disclose the interest at the meeting (in accordance with the County Council's Code of Conduct) and in the absence of a dispensation to speak and/or vote, withdraw from any consideration of the item.

The Register of Interests is available on Dorsetforyou.com and the list of disclosable pecuniary interests is set out on the reverse of the form.

## 3. **Minutes**

5 - 10

To confirm and sign the minutes of the meeting held on 21 January 2019.

## 4. **Public Participation**

(a) Public Speaking

(b) Petitions

## 5. **Points from the Chairman**

11 - 12

To receive a verbal update by the Chairman of the Committee.

## 6. **Progress on Matters Raised at Previous Meetings**

13 - 16

To consider a report outlining the outstanding actions identified from previous meetings and updates against those actions (attached).

## 7. **Modernising Fostering**

To consider a report by the Joint Director for Children, Adults & Communities (to follow).

## 8. **Financial Management Report**

17 - 28

To consider a report by the Acting Chief Finance Officer (attached).

## 9. **Report of Internal Audit Activity - Plan Progress 2018-19**

29 - 42

To consider a report by the South West Audit Partnership (SWAP) (attached).

## 10. **Draft Annual Governance Statement 2018/19**

43 - 86

To consider a report by the Chief Executive (attached).

**11. Monitoring Corporate Plan Outcomes: Summary of issues being addressed by the Overview and Scrutiny Committees, March 2019**

87 - 92

To consider a report by the Chief Executive (attached).

**12. Questions from County Councillors**

To answer any questions received in writing by the Chief Executive by not later than 10.00am on 6 March 2019.

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### Audit and Governance Committee

Minutes of the meeting held at County Hall, Colliton Park, Dorchester,  
Dorset, DT1 1XJ on Monday, 21 January 2019

**Present:**

David Harris (Chairman)  
Clare Sutton, Cherry Brooks and Ray Bryan.

Members Attending:

Councillor Peter Wharf, Cabinet Member for Workforce  
Councillor Steve Butler, Cabinet Member for Safeguarding

Officers Attending: Rupert Bamberger (Assistant Director - South West Audit Partnership), David Bonner (Intelligence, Insight and Performance Manager), Laura Cornette (Corporate Policy and Performance Officer), Melissa Craven (Communications Lead - Children's Services), Nick Jarman (Joint Director for Children, Adults & Communities), Ian House (Lead Audit Partner - Deloitte), Jennifer Lewis (Strategic Communications and Engagement Manager), Christopher Matthews (Service Manager - HR Operations), Jim McManus (Chief Accountant), Mark Taylor (Group Manager - Governance and Assurance), Sally White (Principal Auditor - South West Audit Partnership), David Wilkes (Senior Finance Manager - Treasury and Investments) and Denise Hunt (Senior Democratic Services Officer).

(Notes: These minutes have been prepared by officers as a record of the meeting and of any decisions reached. They are to be considered and confirmed at the next meeting of the Committee to be held on **Monday, 11 March 2019**.)

**Apologies for Absence**

1 Apologies for absence were received from Councillors Richard Biggs and Bill Trite.

Members highlighted the lack of attendance at meetings and action to be taken on nominations in order to fill the 2 vacant positions on the Committee.

**Code of Conduct**

2 There were no declarations by members of any disclosable pecuniary interests under the Code of Conduct.

**Minutes**

3 The minutes of the meeting held on 25 October 2018 were confirmed and signed.

**Public Participation**

4 Public speaking

A public question was received at the meeting in accordance with Standing Order 21(1). Both the question and response is attached as an annexure to these minutes.

There were no public statements received at the meeting in accordance with Standing Order 21(2).

Petitions

There were no petitions received in accordance with the County Council's petition scheme at this meeting.

**Points from the Chairman**

- 5 The Chairman advised that an Inquiry Day in relation to SEND provision, arranged through the Overview and Scrutiny Management Board (OSMB), had taken place on 15 January 2019. Sessions with school leaders, parents and SEND practitioners had been included in the format of the day and the time spent had been a very effective form of engagement. A report setting out the recommendations arising from the day would be considered by OSMB on 29 January and thereafter by the Shadow Executive.

Councillor Bryan, who had participated as a Panel member on the day, stressed the need to take the needs of the child into account when considered the budget in future.

### **Progress on Matters Raised at Previous Meetings**

- 6 The Committee considered a report containing progress on actions arising from the previous meeting on 25 October 2018.

It was agreed that the outstanding actions in respect of Children's Services would be discussed during other parts of the agenda.

### **Recruitment of Children's Social Workers**

- 7 The Committee considered a report that summarised the activity and outcomes during the past 12 months to recruit children's social workers and the associated issues affecting caseloads, continuity of care and cost pressures.

The report was introduced by the Joint Director for Children, Adults & Communities who explained that an element of safeguarding vulnerable children effectively was to ensure that Social Worker's (SWs) were not overwhelmed by unmanageable caseloads. This helped to reduce the numbers of children coming into care and potentially higher costs in relation to adolescents with complex needs. Since his arrival in October 2017 the average caseload had reduced and was now 1 SW to 16.4 cases. Changes had also been made to how the teams were arranged and the creation of assessment pods within those teams. The service had recruited 26 new SWs and 27.5 SW vacancies were currently being held as part of the children's social care budget would be diverted to the Bournemouth, Christchurch and Poole Council (BCP) in respect of Christchurch.

Members asked about the context of the 27.5 SW vacancies, the £1m investment made for the recruitment of SWs given those vacancies, the number of SWs allocated to the Christchurch area and SW caseload work ratios. It was noted that if the number of vacant SW positions were filled, this would further reduce the caseload ratio when this target had already been met.

The Joint Director confirmed that there was no dedicated team for Christchurch and that no SWs would transfer to BCP under TUPE arrangements. The number of SW vacancies would ensure there were no stranded costs and that the establishment was commensurate with the budget on transfer of the service to Dorset Council. However, it would be important to not lose any SWs during the transition. Part of the investment that had not been used to recruit SWs would contribute towards the overspend in other areas of the service.

The Chairman asked about SW involvement in pre-emptive work with the Family Partnership Zones (FPZs) and was informed that the FPZs included family workers and ex youth workers who brokered services from other agencies. SWs were included in the family support teams to provide support around children who were in danger of coming into care.

The Joint Director stated that it had not been possible to safely reduce the number of children in care from 440 to 390 that had been assumed in the budget. This might be an indication that a minimum level had been reached at the present time. These

pressures had been further exacerbated by a small number of high cost placements since December 2018.

The Chairman stated that this could be an opportune time to reinstate some of the pending South West Audit Partnership (SWAP) internal audits.

The Joint Director advised members that the 18/19 programme of audit work had been agreed with SWAP, based on emerging issues. Upon his arrival he had instigated a programme of independent external audit. Subsequently with the support of the Department of Education's Innovation Fund, the County Council had partnered with Essex County Council under the "Partners in Practice Scheme" to address the issues which arose from the audits. An Improvement Plan had been developed that was overseen by an Improvement Board which included all relevant partner agencies.

The Chairman asked whether the outcomes of the social care audit activity had been reported to the Overview and Scrutiny Committees. The Joint Director stated that it would be a matter for the Overview and Scrutiny committees to determine what was considered as part of the committee workplanning process and that work should continue to maintain the focus and momentum on improving performance during the transition to the Dorset Council.

Members remained concerned that the outputs of the social care activity and subsequent assurances had not fed into the existing systems and sought reassurance that this could be achieved in a more streamlined way, given the existing pressures on the Director and officers.

### **Noted**

#### **External Audit Plan**

- 8 The Committee considered a report by Deloitte, the Council's external auditor, that included the key areas of audit work and significant risks including property valuations, completeness and cut off of demand led expenditure, pensions and management override of controls. The auditors had been impressed by the Council's strong and professional finance team.

Questions were asked in relation to how the key risks had been determined and how external audit work might assist the council in managing the demand led areas such as Children's and Adult Services more effectively.

The Committee was informed that the key risks were derived by looking at plans and reports, however these tended to be similar for councils with more specific areas around value for money. External audit could provide only a limited degree of assurance in terms of the figures for demand led services which remained a huge challenge for all councils, particularly as the funding formula did not take account of rural areas which was particularly relevant for Dorset.

Further concerns were raised in respect of journal entries and pensions and members were informed that good access controls had been found in respect of journal entries with further testing to take place on the authorisation controls. The audit work would also ensure that the assumptions in respect of pensions were reasonable, given the level of cash being paid out and the impact on employer contributions.

The Group Manager - Governance and Assurance stated that this represented the external audit of the final year of Dorset County Council and comments in relation to the finance team would be important in terms of continuity and the transference of good systems to the Dorset Council.

### **Noted**

*Councillor Clare Sutton left the meeting at this juncture.*

### **Report of Internal Audit Activity - Plan Progress 2018/19**

9 The Committee considered a report by the South West Audit Partnership that included a final follow up report in relation to the Disclosure and Barring Service (DBS) Checking. The SWAP Assistant Director advised that the follow-up of this audit had shown that action had been taken against all of the recommendations, with the vast majority of these now complete. The reasonable assurance opinion provided reflected the quick and timely action taken by officers to resolve the issues raised. It would be important not to lose the momentum and good work that had been achieved in this area in transitioning to the Dorset Council, and as such, the area would be included in the audit plan for the new Dorset Council.

The Cabinet Member - Workforce asked the Committee to relay issues in relation to DBS checking to the Shadow Council and, following discussion, it was agreed that this could be included in a report outlining areas of focus in order to inform the new work plans.

The Assistant Director confirmed that all actions had also been completed in respect of the audit of DCC's governance framework for oversight of Tricuro.

Turning to the main report, he advised that the Joint Director had provided some helpful context around the requested removal or delay in starting of audits in Children's Services earlier in the meeting, but that it would be helpful to continue discussions outside of the meeting to ensure that appropriate assurance was sought and provided over these key areas in Children's Services. He noted that without these assurances, this gap in assurance would likely feature in the internal audit annual opinion.

The Assistant Director also highlighted to Members that SWAP could undertake audit reviews relatively remotely if provided with relevant information and assurances coordinated by the Children's Services team. This would reduce the time that Children's Services staff would have to devote to an audit, whilst still providing the Committee with some assurance over these key areas.

Members highlighted that audits in relation to ICT convergence should ensure that there was preparedness of the IT systems to link together between the districts and the county council from 1 April 2019.

#### **Resolved**

That the Chairman, Vice-Chairman, Mark Taylor and Rupert Bamberger discuss how assurance could be sought in relation to the work undertaken and underway in Children's Services social care, that would contribute to, or even negate the need for, the completion of the remaining SWAP Children's Services audits scheduled in 2018-19.

### **Financial Management Report**

10 The Committee considered an update report on budget management and financial performance for 2018-19.

The report confirmed the latest outturn forecast in November 2018, however, the December position was showing signs of concern due to further increases in Education Health Care Plans (EHCPs) from 40 to 70 per month during November and December 2018 and issues arising from the High Needs Block of the Dedicated Schools Grant. There remained some ways of tackling the additional financial pressure that would be dependent on the contingency budget, the vacancy budget and a fundamental review, the results of which were not yet known.



The Chairman reminded members that the Committee had questioned the adverse change in the Children's Services budget between budget setting and May the previous year that had led the Committee to question whether the original budget had been realistic.

Members were assured that the pressures on the Children's and Adult Services budgets were well known and that the Local Government Reorganisation (LGR) process would ensure that savings in corporate support were diverted to where they were needed to support front line services

The Chairman asked about the £1m investment made to recruit SWs that had not been fully realised due to the need to hold SW vacancies.

It was confirmed that £360k that remained of this funding would be used to mitigate areas of overspend in the Children's Services directorate. Further savings were also being identified in respect of SEN transport costs.

Members highlighted the impact of school funding diverted from students in order to write EHCPs, the impact of labelling of students who attracted greater levels of income, the lack of involvement and funding of EHCPs by the health service and resourcing issues in relation to SEN planning co-ordinators.

The need for clear messaging around the numbers was also emphasised as Looked after Children (LACs) and foster care arrangements accounted for a significant amount of the projected overspend.

### **Noted**

#### **Treasury Management Mid Year update**

- 11 The Committee considered a report concerning the mid-year review of actual performance against the Treasury Management Strategy.

Further to questions it was confirmed that the total debts incurred by each local authority would be transferred to the Dorset Council.

It was recognised that although there were differences in the levels of debt across the existing councils, that the debt incurred by Dorset County Council included the costs of building infrastructure such as schools located within the existing district and borough areas.

The Chairman asked about £25m of debt maturing prior to the end of March 2019 and a 2 year forward agreement to borrow £20m in 2019 for a minimum of 23 years.

Members were advised that the council had a mixture of debt maturing at different times and that the forward agreement was required to replace an element of short term borrowing.

Until the recent increase in the bank rate from 0.5% to 0.75%, all borrowing in recent years had been on a short-term basis for up to a year at interest rates of less than 1%.

### **Noted**

#### **External Funding Update**

- 12 The Committee considered an update report following the Committee's consideration at the meeting on 25 October 2018 when questions had been asked regarding funds received to the Dorset area compared to the conurbation and how Brexit would affect

future funding opportunities.

In response to questions, members were advised in relation to how funding for the Bournemouth International Growth Programme had been used. General comments were made about the level of funding by the LEP to the Dorset area when compared to the Conurbation and that the bulk of the Dorset area had received the least amount of resources for its infrastructure.

Members asked what would be put in place nationally to counter balance the disappearance of EU regional funding after Brexit. It was concluded that this was likely to be managed through the LEP in future making it even more important to lobby for equal funding across the County.

**Noted**

**Monitoring Corporate Plan Outcomes: Summary of issues being addressed by the Overview and Scrutiny Committees, December 2018**

13 The report was outlined by the Insight, Intelligence and Performance Manager.

Consideration of the Local Enterprise Partnership (LEP) at a future meeting of the Economic Growth Overview & Scrutiny Committee was highlighted as a suggestion.

**Noted**

**Work Programme**

14 The Committee noted the work programme for the meeting on 11 March 2019.

**Questions from County Councillors**

15 No questions were asked by members under Standing Order 20 (2).

Meeting Duration: 10.00 am - 12.25 pm

## **Points from the Chairman**

To receive a verbal update from the Chairman of the Committee.

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# Audit and Governance Committee

**Dorset County Council**



Date of Meeting	11 March 2019
Officers	<u>Lead Cabinet Member</u> Rebecca Knox – Leader <u>Local Members</u> All Members <u>Lead Director</u> Mike Harries, Chief Executive
<b>Subject of Report</b>	<b>Progress on Matters Raised at Previous Meetings</b>
Executive Summary	This report records outstanding actions identified from previous meetings and provides updates against those actions.
Impact Assessment:	Equalities Impact Assessment: N/A  Use of Evidence: Information used to compile this report is drawn together from the Committee’s recommendations made to the Cabinet and arising from matters raised at previous meetings. Evidence of other decisions made by the Cabinet which have differed from recommendations will also be included in the report.
	Budget: No VAT or other cost implications have been identified arising directly from this programme.  Risk Assessment: Having considered the risks associated with this decision using the County Council’s approved risk management methodology, the level of risk has been identified as: Current Risk: LOW Residual Risk: LOW  Outcomes:  Other Implications: None

## Progress on Matters Raised at Previous Meetings

Recommendation	That Members consider the matters set out in this report.
Reason for Recommendation	To support the Council's corporate aim to provide innovative and value for money services.
Appendices	Appendix 1 – Outstanding Actions Appendix 2 - Areas to be highlighted to the new Dorset Council for consideration in preparation of draft future forward work plans
Background Papers	None
Officer Contact	Name: Denise Hunt, Senior Democratic Services Officer Tel: (01305) 224878 Email: <a href="mailto:d.hunt@dorsetcc.gov.uk">d.hunt@dorsetcc.gov.uk</a>

<b>Date of Meeting</b>	<b>Note Number and subject reference</b>	<b>Action Required</b>	<b>Responsible Officer</b>	<b>Completed (including comments)</b>
25 October 2018	55 - Report of Internal Audit Activity - Plan Progress 2018-19	1. That a report is provided by the Interim Director of Children's Services concerning the removal of audits in relation to Children's Social Care Caseload Management and Readiness for Ofsted Inspection in order that the Committee can decide whether to take the issues further; 2. That the above audits be referred to the Chairman of the Safeguarding Overview and Scrutiny Committee;	Nick Jarman  Action dependent on the (1) above.	A report was provided to the Audit & Governance Committee meeting of 21.01.19 along with a verbal update from the Director of Children's Services.  (see further action from 21.01.19 meeting below)
	56 - Financial Management Report	That an update on the progress made of the impact on the budget through the provision of in house foster carers is considered in January 2019.	Nick Jarman	A report entitled "Modernising Fostering" has been included for consideration as part of this agenda.
21 January 2019	9 - Report of Internal Audit Activity - Plan Progress 2018/19	That the Chairman, Vice-Chairman, Mark Taylor and Rupert Bamberger discuss how assurance could be sought in relation to the work undertaken and underway in Children's Services social care, that would contribute to, or even negate the need for, the completion of the remaining SWAP Children's Services audits scheduled in 2018-19.		The Chairman requested a range of information and assurances from the Director of Children's Services on the 04.02.19 in relation to the Children's Services internal audits that had not progressed.  The Director of Children's Services is due to provide a verbal update to the Audit & Governance Committee on the 11.03.19 to provide answers to these questions/ requested assurances.

Areas to be highlighted to the new Dorset Council for consideration in preparation of draft forward work plans:-

- Children's Services Demand – Budget Pressures
- Children's Services SEND Inquiry Day – Follow-up / Review of progress on recommended actions
- Review of Recruitment of Independent Foster Carers
- Social Work Caseloads & Practice
- Disclosure & Barring Service – Period Assurance Review
- External Funding (*incl. Local Enterprise Partnerships (LEP) Funding Allocations*)
- Items of significance emerging from the Annual Governance Statement



# Audit & Governance Committee

## Dorset County Council



Date of Meeting	11 March 2019
Officer	Jim McManus – Acting Chief Finance Officer
<b>Subject of Report</b>	<b>Financial Management Report</b>
Executive Summary	<p>This report provides members of the Audit &amp; Governance Committee with an update on budget management and financial performance for 2018-19. It also includes performance information for debt management and supplier payments for the year to date.</p> <p>The budget and MTFP for 2019-20 is being led by the Budget Working Group and is therefore no longer reported through sovereign councils.</p>
Impact Assessment:	<p>Equalities Impact Assessment: This high-level update does not involve a change in strategy, an assessment is therefore not required.</p>
	<p>Use of Evidence: This report draws on information from the Authority’s accounting systems and other financial records. It also relies on datasets maintained within the County Council’s services which are used to predict possible future demand for and costs of services.</p>
	<p>Budget: The report provides an update on the County Council’s financial performance and projections for 2018-19. It also considers risks still inherent in the forecast and mitigations in place for any financial consequences arising.</p>

	<p>Risk Assessment:</p> <p>Having considered the risks associated with this decision using the County Council's approved risk management methodology, the level of risk has been identified as:</p> <p>Current Risk: MEDIUM</p> <p>Residual Risk MEDIUM</p> <hr/> <p>Outcomes: The County Council's budget enables the delivery of all four corporate outcomes: safe, healthy, independent and prosperous.</p> <hr/> <p>Other Implications:</p>
<p>Recommendation</p>	<p>The Committee is asked to consider the contents of this report and:</p> <ul style="list-style-type: none"> <li>(i) note the Directors' latest estimates included in the forecast of outturn for 2018-19;</li> <li>(ii) note the risks inherent in the forecast;</li> <li>(iii) note the latest projections for savings from the Forward Together programme;</li> <li>(iv) note the continuing challenges and progress on the debt position since the last report; and</li> <li>(v) note the contents and key statistics in the payment performance section.</li> </ul>
<p>Reason for Recommendation</p>	<p>It is important for Members to monitor and understand the forecast position in any year and consider the action being taken to manage any issues.</p> <p>Delivery of Forward Together savings is critical to the financial performance and position of the County Council especially in the transition to Dorset Council.</p> <p>Members will also wish to be updated on operational performance including debt management and supplier payment performance.</p>
<p>Appendices</p>	<p>None</p>
<p>Background Papers</p>	<p>Previous financial management reports to Audit &amp; Governance Committee</p>
<p>Officer Contact</p>	<p>Name: Richard Ironside, Senior Finance Manager          Tel: 01305 221237          Email: r.c.ironside@dorsetcc.gov.uk</p>

## 1. Background

- 1.1 Audit & Governance Committee is the County Council's principal body for overview and scrutiny of financial arrangements. This paper is coming to the Committee so that Members are made aware of the County Council's latest forecast of outturn for the year and to review various other matters of operational performance.
- 1.2 The County Council approved a balanced budget at its meeting on 15<sup>th</sup> February 2018. This was based on a council tax increase of 5.99% for 2018-19; including 3% as the Social Care Precept, taking this to the 6% that can be levied in the three-year period to 31 March 2020. Notwithstanding this increase in council tax and 1.26% growth in council tax base, demand and cost pressures are such that there is still a requirement for more than £18m in savings to tackle the budget gap and base budget overspends being carried into 2018-19.

## 2. Forecast of outturn for 2018-19

- 2.1 Directors have confirmed the latest forecast of outturn (AP10, January) as set out in the table, below. A verbal update on the February forecast will be provided at the meeting.

Directorate	Net Budget	Forecast Outturn	Forecast (Overspend)/ Underspend	Of which	
				Forward Together	Base budget
	£k	£k	£k	£k	£k
Adult & Community Services	135,179	135,839	(660)	(1,147)	487
Children's Services	67,912	74,423	(6,511)	(4,222)	(2,289)
Environment & Economy	37,729	36,874	854	(90)	944
Partnerships	19,408	19,079	329	0	329
Chief Executive's Dept	12,563	12,512	51	(209)	260
Total Service Budgets	272,790	278,726	(5,936)	(5,668)	(268)
Central/Corporate Budgets	(264,485)	(267,077)	2,592	0	2,592
Whole Authority	8,305	11,649	(3,344)	(5,668)	2,325

There is a further, in-year overspend on the High Needs Block of the Dedicated Schools Grant of £3.9m with an expectation that this may move still higher.

- 2.2 The main reasons for projecting variation from budget at this time are set out in the following paragraphs.
- Children's Services
- 2.3 At the end of January, the Children's Services Directorate budget is forecast to overspend by £6.5m. The main pressures are within the Care & Protection area. The number of children coming into care has stabilised, but it has not been possible to drive the cost pressures down. The biggest risk area is high-cost residential placements (starting at £4k per week) for highly vulnerable adolescents. Alternative placement options for this group of children are limited.
- 2.4 The priority continues to be the reduction in the number of children in high-cost residential and Independent Fostering Agency placements. Recruitment and training of our own in-house foster carers is continuing as reported by the Director at the last meeting of this Committee.
- 2.5 The SEN Transport area is forecast to overspend by £0.72m. This area is affected by the rise in the number of children and young people with an Education, Health and Care Plan (EHCP), see paragraph 2.6. Approximately 50% of children and young people with an EHCP receive transport funded from the SEN Transport budget.

Dedicated Schools Grant (DSG)

- 2.6 In addition to the overspends set out in the table above, the DSG is forecast to overspend by £3.9m, but likely to higher. The main pressures centre around the High Needs Block (HNB), despite additional HNB funding of £0.825m announced in December 2018. The HNB predominantly funds Education Health & Care Plans (EHCPs). Nationally, there has been significant growth in the number of children and young people (CYP) with an EHCP, causing a pressure on many upper tier authorities' budgets. As at the end of December 2018 the number of Dorset funded EHCPs already exceeded the number expected at the end 2023 and is a rise of over 50% from April 2016's total of 1,594.
- 2.7 Funding has not matched growth, thereby producing the overspend. Over £2m of the overspend is predicted to be in the independent sector placements budget where it is looking unlikely any savings will be achieved in this financial year from the project to review placements and bring children into county provision. Additional places that were identified in our special schools and mainstream bases have already been filled by new demand.
- 2.8 One important point to note is that the disapplication request that was submitted to the Secretary of State was subsequently approved. Whilst this eases pressures on the High Needs Block for 2019-20, it does not solve the longer-term disparity of volume growth versus funding and we await the opportunity to feed further into the funding debate and CSR 2019.

Adult & Community Services

- 2.9 The Adult & Community Services Directorate budget totals £135.2m for 2018-19 and is currently forecast to be overspent by £660k (0.5%). The underlying pressure in the Adult Social Care base budget continues to increase. However, the final outturn position has been eased in recent months by the re-purposing of £1.1m (improved Better Care Fund (iBCF) monies originally intended for investment in assistive technologies.
- 2.10 Built into the budget is a savings plan totalling £9.382m. High-risk areas within the plan include £4m savings from Adult Care Operations, an additional £1.3m income generation, £1.5m from the local authority trading company (LATC) contract and £900k from Early Help and Communities. The forecast overspend reflects shortfalls in savings plans for Adult Social Care of £1.0m and in Community Services of £104k (although these have now been covered through savings elsewhere) alongside pressures due to increased demand. Work is continuing to deliver savings.

Environment & Economy

- 2.11 The Environment and Economy Directorate is forecasting a £854k underspend. This is an improvement since the previous forecast and is due to an increase in income in the Dorset Travel Team and an increase in project delivery and capital recovery income for the Building & Construction Service. The forecast also includes estimated expenditure of £200k for the January 2019 snow event. The main risks to the Directorate are still in the Building & Construction Service where there is reliance on fee-earning income, mostly from the Council's capital programme and a further cold weather event during March.

Partnerships

- 2.12 The Dorset Waste Partnership is forecasting an underspend of £127k of which the Dorset County Council share is £82k. The main reasons for the underspend are due to positive variances in waste volumes (£590k) and associated haulage costs (£374k). These are off-set by several overspends due to the unfavourable recycle prices (£643k), fuel costs (£166k), other transport/fleet related budget pressures

(£235k) and funding of capital repayments (£113k). Any underspend (or overspend) at year-end will be taken to the Budget Equalisation reserve.

- 2.13 The Public Health Dorset budget is managed within a ring-fenced grant contributed by the three partner authorities. The budget is currently projected to underspend by £450k. The three partner authorities have requested that their share of the anticipated £450k underspend is returned in year to redistribute by the usual formula for their investment in early years' services and health protection services. The DCC share is £248k.

Chief Executive's

- 2.14 The Chief Executive's Dept is forecasting an underspend of £51k. There is significant underspend in HR (£189k), Legal Services (£34k) and the Chief Executive's Office budget (£22k). These have been partially offset by a overspend of £171k in the WWW Property Savings Budget. There is slippage in the savings programme which will mean some savings will be achieved in 2019/20 rather than 2018/19.

Central/Corporate budgets

- 2.15 A £2.592m favourable performance is being forecast at this stage with an underspend being predicted against the revenue contribution to capital expenditure, and higher interest receivable.

**3 Risks inherent in the budget/current year**

- 3.1 As already noted, £18.8m of savings in the programme means the budget for 2018-19 still has risks. The anticipation that nearly £5.7m of these savings will not be delivered is evidence of how difficult savings have proved after removing over £125m from the revenue budget in recent years.

<b>SAVINGS SUMMARY</b>	<b>2011-12</b>	<b>2012-13</b>	<b>2013-14</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>
- Adult and Community Services	8,104.0	5,179.8	8,628.0	3,900.0	9,050.0	1,602.0	7,110.0	9,382.0
- Children's Services	4,020.9	2,089.1	2,063.2	1,344.0	900.0	3,865.0	4,178.6	6,433.0
- Environment & Economy	6,029.8	2,778.5	2,110.2	722.0	1,664.0	2,346.0	4,473.0	1,639.0
- Chief Executive	2,264.8	971.8	1,498.7	896.0	930.0	1,214.0	1,132.0	964.0
- Public Health (DCC savings only)				500.0	275.0	1,375.0	700.0	
- Dorset Waste Partnership							700.0	455.0
- Overarching	5,169.5	2,125.8	2,231.6	1,050.0	2,450.0	576.0		
<b>Total</b>	<b>25,589.0</b>	<b>13,145.0</b>	<b>16,531.7</b>	<b>8,412.0</b>	<b>15,269.0</b>	<b>10,978.0</b>	<b>18,293.6</b>	<b>18,873.0</b>

**Cumulative total** 25,589.0 38,734.0 55,265.7 63,677.7 78,946.7 89,924.7 108,218.3 127,091.3

- 3.2 Children's Services budgets continue to be under pressure at a national level, not just locally. The Secretary of State for Education recently announced additional funding to support the budget but £100m of capital and £250m revenue over the two years to 2019/20 is simply inadequate given the pressure in the system.
- 3.3 The costs of looking after children in care are a key determinant of financial performance. Not only the absolute numbers of looked-after-children, but also, critically the mix of packages of care and the costs associated with them. Numbers of looked-after children have reduced steadily and remain around the 440 level but despite ambitious plans to reduce this number further, it has not proved possible to do so. The 'mix' has shifted towards more higher cost placements.
- 3.4 The budget for 2019/20 for the new Dorset Council has clearly recognised pressures on Children's Services and additional funding has been made available. The Interim S151 Officer has also made it clear, in his budget paper to the Council, that a full, base budget review will be necessary in order to confirm resource allocation across

the new Council is appropriate and in line with the vision to be set out by new Members following the elections in May 2019.

- 3.5 In Adult Services, cost pressures continue in the form of transitions from Children's Services, self-funders reaching the limit of their own capital and qualifying for County Council funding, and demand for additional packages as our demographics continue to drive increasing demands for care services. Again, these risks do not diminish into 19/20. There is some additional IBCF money (£607k) in 19/20 plus significant on-going work to mitigate these risks as much as possible.

#### 4 Forward Together

- 4.1 The Forward Together programme continues to be monitored by the Organisation Transformation Board and the financial implications of the programme are also reported through CPMI.
- 4.2 The 2018/19 programme included £18.8m of savings which were required to balance the budget. However, as noted elsewhere, £5.7m of these savings are unlikely to be delivered in 19/20.

##### Summary - All FT Savings and 2018/19

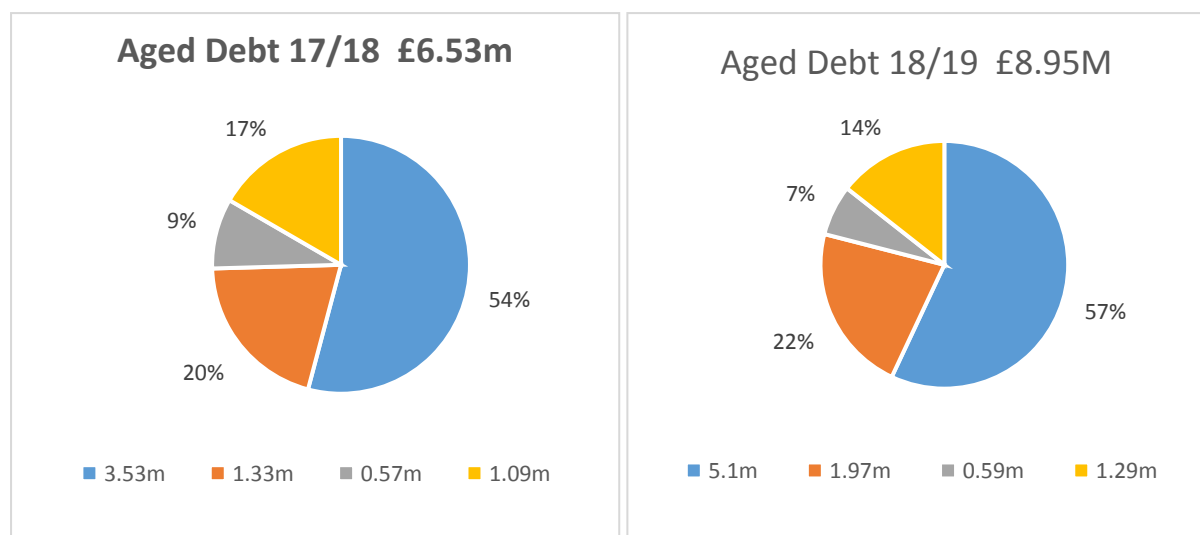
Savings measure	2018/19 £000's	Assessment of Savings achievement			
		Achieved £000's	On course £000's	More Work Needed £000's	Not achievable £000's
Adults	9,382	7,335	900	1,147	-
Childrens	6,433	1,058	1,153	3,980	242
Env & Economy	1,749	1,399	260	-	90
Chief Exec's	854	440	205	209	-
Public Health	-	-	-	-	-
Dorset Waste Partnership	455	-	455	-	-
<b>Summary - All Savings 2018/19</b>	<b>18,873</b>	<b>10,232</b>	<b>2,973</b>	<b>5,336</b>	<b>332</b>

#### 5 Debt information

- 5.1 As at 25th February, the County Council's trade debt was £8.9m; an increase of around £2.4m since March 2018. The increase in debt is due to a number of high value invoices to the CCG being raised in the past 2-3 weeks and around 2,500 A&C social care invoices being issued w/c 18<sup>th</sup> February. The amount of debt over 6 months (180 days) has increased by £218k compared to March 2018, again most of this debt arises from the Adults and Community Services Directorate.

- 5.2 The table, below, shows the age profile of the debt, with comparator figures.

Financial year	< 30 Days £	30 – 180 Days £	181 – 365 Days £	> 1 Year £	Total £000
2016-17	9,392	1,739	606	1,521	13,258
	71%	13%	5%	11%	
2017-18	3,534	1,333	575	1,087	6,529
	54%	20%	9%	17%	
<b>2018-19</b> (as at 25/02/19)	<b>5,108</b>	<b>1,973</b>	<b>591</b>	<b>1,289</b>	<b>8,961</b>
	57%	22%	7%	14%	



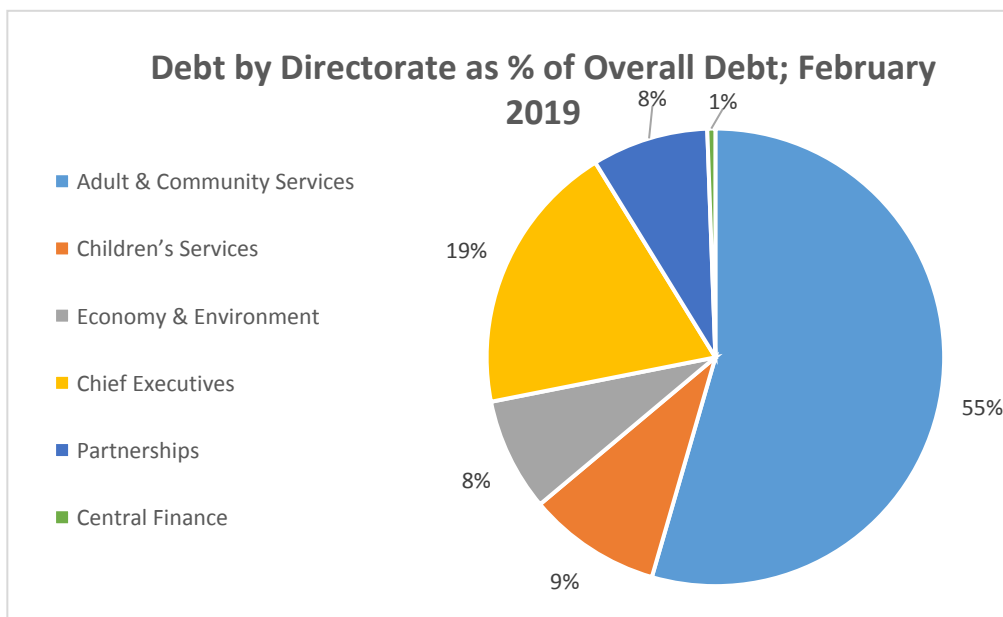
5.3 The table below shows the debt position by directorate. Adult and Community Services debt is currently £4.9m, over £1.8m higher than the previous report in December 2018. However, £2.35m is less than 30 days old. Around 2,500 invoices (£800k) were raised for social care in the past week along with £1.4m worth of invoices raised to the NHS CCG in the past 2 weeks. A further £864k is less than 6 months old. The remaining £1.6m is made up from monies owed by individual Service Users who have been invoiced for their contribution for their social care provision or transport to day-care facilities but have not paid despite several requests for payment. These debts are actively pursued either by our Credit Control team or by Legal Services.

5.4 The Environment and Economy debt has increased due to a series of invoices being raised in the past few weeks but almost all the debt is less than 6 months old. The £70k debt over 1 year relates to several outstanding insurance claim settlements for damage caused to the highway network by individual drivers, this is down from the last report as over £10k has recently been recovered.

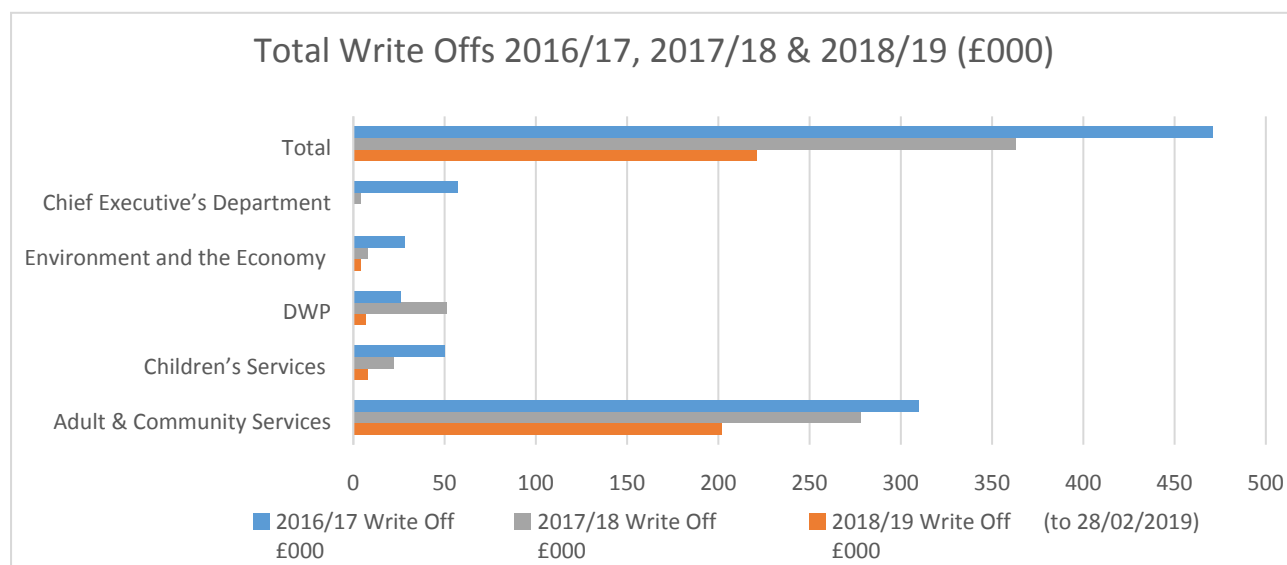
Total Debt by Directorate 25/02/19 (£ 000)							
Directorate	< 30 Days	30 –180 Days	181 – 365 Days	> 1 Year	Total (25/02/19)	Previous Total £k (31/12/18)	Variance (-ve is adverse)
Adult & Community Services	2,353	864	466	1,199	4,882	3,001	-1,881
Children's Services	388	375	63	18	844	945	101
Economy & Environment	400	202	44	70	716	469	-247
Chief Executives	1,244	485	1	1	1,731	1,586	-145
Partnerships	693	41	2	1	737	72	-665
Central Finance	30	6	15	0	51	938	887
<b>Total</b>	<b>5,108</b>	<b>1,973</b>	<b>591</b>	<b>1,289</b>	<b>8,961</b>	<b>7,011</b>	<b>-1,950</b>

5.5 Chief Executive’s Dept debt shows a £145k increase. This again is a result of the timing of the report. A £1.2m invoice was raised to Tricuro for annual support costs in the past 30 days and three invoices, which were raised to North Dorset, West Dorset and Christchurch and East Dorset councils totalling £460k at the end of 2018 for Shaping Dorset Council programme costs.

5.6 The chart below shows that around 55% of ‘trade’ debt relates to Adult and Community Services, an increase of 10% on the previous report. Environment and Economy, Children’s Services and Partnerships account for almost all the remaining debt but almost all of their debt is less than 6 months old and is being actively pursued.

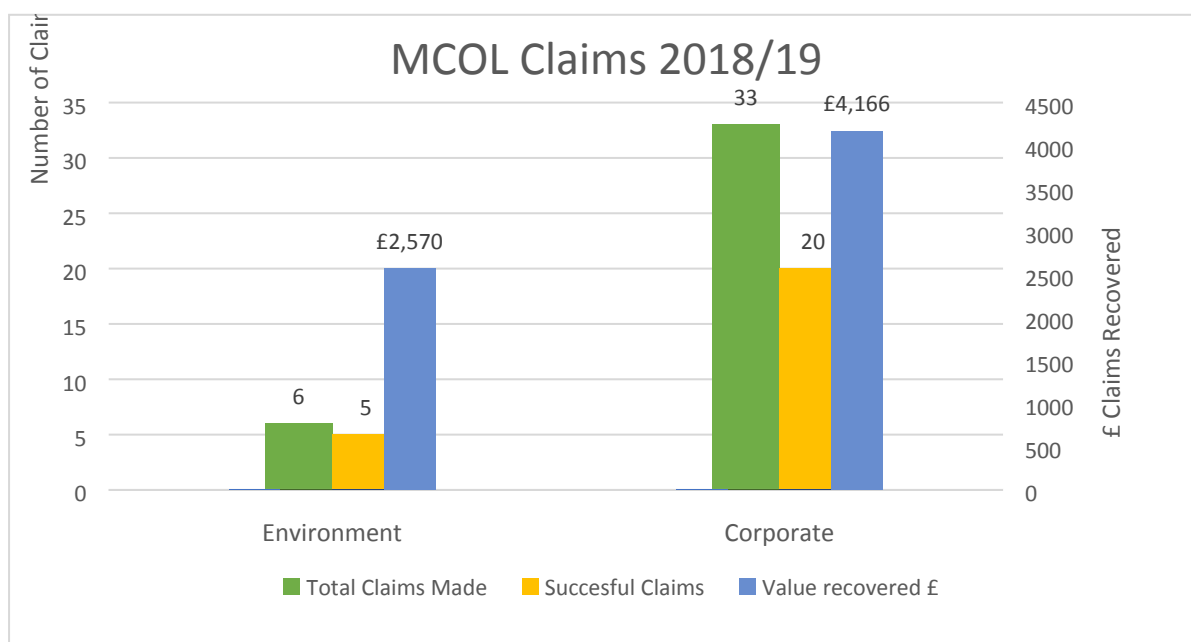


5.7 The total debt written-off in the 11 months to February 2019 was £221k, 91% of which (£202k), is accounted for by Adult and Community Services. Work is ongoing to clear out the most historic debts and to improve the process and the speed at which all debts are recovered, however debts are accruing almost as fast as they can be cleared and so the overall level of debt for this service area is fairly constant.





5.8 Since April 2018, 39 debtors have been pursued through “money claims online” (MCOL) owing debts of £11k. Most of these claims relate to the recovery of staff salary overpayments and charges against utility companies for overrunning works resulting in delays and road closures and outstanding training fees. 25 of these debts have now been recovered which is worth over £6.6k. Three of these debts have now been referred to Legal Services to pursue. A further 10, worth just over £4k have been written off as it will not be economical to pursue further. These companies or individuals have been blocked on our financial system and therefore will not be able to access any other services in future unless these debts are paid.



## 6 Supplier payments

6.1 The principle aim of the Accounts Payable (AP) Team is to ensure that all invoices are paid accurately, within 30 days or earlier where appropriate, in line with Public Contracts Regulations (PCR2015). PCR2015 also require payment data to be published.

6.2 The AP Team manages payments for more than 12,000 live suppliers. A review of payment terms has recently been carried out with the aim of harmonising vendors to the council's 30-day payment terms. This has been largely successful, meaning process savings in terms of vendor management.

6.3 Many process improvements have been implemented over the last three years which have saved time and money, allowing a more efficient service. For example, virtually all vendors are now paid via BACS, generating savings on processing and mailing cheques. The vast majority of remittance advices are also sent via email.

*\*Increase in January 2019 due to Blue Badge Refunds*

Cheque Payments Jan 2019	Count	£
Cheque payments this month*	7	£5,150
Last month	3	£143
Jan 2018	3	£1,264

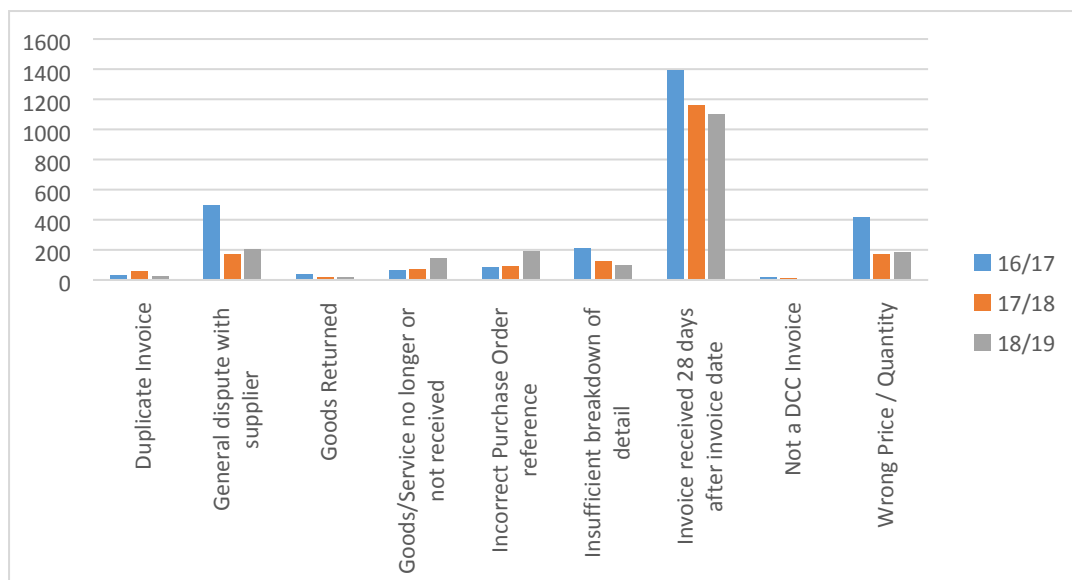
6.4 The latest payment performance figures show an annual improvement over the preceding year. The AP Team works to a target of 85% within 30 days. The decrease

in payment performance over the summer months is due to school summer holidays, meaning payment requests reached the AP Team out of time.

Month	2018-2019	
	Number of invoices paid within 30 days in accordance with regulation 113 (%)	Number of invoices paid within 30 days in accordance with regulation 113
April	93%	17,800
May	90%	16,932
June	90%	15,021
July	89%	18,870
August	88%	17,050
September	87%	18,536
October	89%	20,721
November	88%	16,165
December	89%	16,129
January	89%	15,764

6.5 These figures exclude disputed invoices, which are marked and categorised individually. This allows us to analyse patterns and identify areas for improvement. The biggest area is invoices received 28 days after the invoice date leaving no chance of making payment within 30 days. Over the last year the number of invoices received via email has increased and The AP Team continues to review supplier relationships in an effort to avoid paper/posted invoices.

6.6 Overall the number of disputed invoices has decreased however there are a few areas that have seen an increase from last year. These bear further investigation, the S2P hub have taken on more orders and this has led to increased consideration and categorisation of disputed invoices. Invoices that were previously not being marked as disputed due to lack of understanding outside of the S2P hub are now being treated correctly.



6.7 The AP Team plans to improve these figures further still, by expanding the scope of auto-goods-receipting functionality to a wider section of suppliers. This functionality has been trialled for over a year and is very successful. The table below shows the activity levels around the process and the hours and money saved from the AGR process up to and inclusive of January 2019.

## Financial Management Report

Auto Goods Receipting	Vendors	Transactions	Orders	Hours	Cost
<£100	8	3,620	1,824	69	£750
£101 to £1,000	37	5,146	2,710	172	£1,954
>£1,000	15	23,762	8,444	476	£5247
<b>Total</b>	<b>60</b>	<b>32,528</b>	<b>12,978</b>	<b>717</b>	<b>£7,951</b>

6.8 This year, we are considering further rollout and we are currently evaluating the risks and benefits of extending the functionality to all suppliers for payments up to the value of £1,000. This would deliver further, significant savings.

### **7 Summary**

7.1 As we enter the last quarter of the year, it is important for Directors to highlight concerns where there are continuing areas of variance from budget so that the organisation can understand the risks in the remainder of the year and take remedial action where possible. It is vital that we continue to highlight any ongoing concerns to the Interim S151 Officer. It is also important for Members of this Committee to be comfortable that all the right things are being done to manage within the budget available and to ensure solid foundations are being established for Dorset Council.

7.2 Children's Services continues to be a key area of risk, volatility and spend for the County Council with sudden changes in the looked-after-children cohort often causing significant and sustained cost pressures.

7.3 A verbal update will also be given, at the Committee regarding the February forecast position and work that is still in hand to reduce the overspend and minimise the impact on the general fund being carried into the new Dorset Council.

**Jim McManus**  
**Acting Chief Financial Officer**  
February 2019

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# Dorset County Council

## Report of Internal Audit Activity

### Plan Progress 2018/19 – February 2019

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Agenda Item 9

# Contents Page

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## Executive Summary

The Assistant Director is required to provide an annual opinion to support the Annual Governance Statement.

As part of our plan progress reports, we will provide an ongoing opinion to support the end of year annual opinion.

We will also provide details of any significant risks that we have identified in our work, along with the progress of mitigating previously identified significant risks.



### Audit Opinion and Summary of Significant Risks

#### **Audit Opinion:**

Audit reviews completed to date, highlight that in the majority of areas, risks are reasonably well managed with the systems of internal control working effectively.

#### **Significant Risks:**

Since our last report in January no further significant risks have been identified.

The only previously reported significant risk still remaining on our schedule is that of the High Needs Block (*see page 5 for further details*). Our scheduled follow up of this area has been postponed due to the Ofsted inspection of SEND which is due the week commencing 18<sup>th</sup> February. Ofsted will be reviewing the progress made in addressing the areas for improvement set out in the Written Statement of Action following the previous inspection. Once the inspection has concluded we will aim to re-commence our follow up work.

### Added Value

**'Extra feature(s) of an item of interest that goes beyond the standard expectations and provide something more while adding little or nothing to its cost.'**



### Added Value

SWAP strive to add value wherever possible i.e. going beyond the standard expectations and providing something 'more' while adding little or nothing to the cost.

During this year SWAP have added value through the circulation of industry bulletins and fraud prevention alerts wherever possible. We also share the outcomes of any benchmarking undertaken across our SWAP Partner base and a recent example of this was around a Green Asset Strategy. SWAP also aim to share the results of emerging areas of risk, or findings from relevant audit reviews undertaken at our Partners, to enable the sharing of best practice and comparison of common findings and as a result of this work, we have recently shared a paper on Brexit risks with the Risk Manager.

As part of our work on the Green Assets we have provided the team with a proposed decision-making matrix to ensure that decisions on potential income generation at green spaces are made in a structured and defined manner.

As a result of the sharing of emerging risks across the SWAP Partnership, we have undertaken a fact-finding audit around the controls in place over the use of 'one-time' vendors.

Finally, SWAP has continued to provide support to the Shadow Dorset Council in undertaking reviews of the Shaping Dorset Council (SDC) programme governance, as well as two Gateway reviews. These have been reported to the Shadow Overview and Scrutiny Committee and the Shadow Executive Committee. The following reviews have been completed to date:

- [SDC Programme Audit – Programme Governance Review](#)
- [SDC Programme – Programme Governance Follow up](#)
- [SDC Programme – Further Programme Governance Review](#)
- [SDC Programme – Gateway 1 Review](#)
- [SDC Programme – Gateway 2 Review](#) (*the report will be published as part of the agenda pack for the meeting of Shadow Overview and Scrutiny on 7<sup>th</sup> March 2019*)



# Internal Audit Plan Progress 2018/19

The Executive Director for SWAP reports performance on a regular basis to the SWAP Management and Partnership Boards.



## SWAP Performance

SWAP now provides the Internal Audit service for 26 Partners as well as many subsidiary bodies. SWAP performance is subject to regular review by both the Board and the Member Meetings. The respective outturn performance results for Dorset County Council for the 2018/19 year (as at 21<sup>st</sup> February 2019) are as follows:

Performance Target	Performance
<b><u>Audit Plan – Percentage Progress</u></b>	
Completed	67%
Work at Report Stage	1%
Fieldwork	26%
Scoping	1%
Not yet Started	5%
<b><u>Quality of Audit Work</u></b>	
Overall Client Satisfaction <i>(did our work meet or exceed expectations, when looking at our Communication, Auditor Professionalism and Competence, and Value to the Organisation)</i>	98.8%
Percentage of SWAP staff qualified or working towards a qualification	100%

<b>Outcomes from Follow Up Audit Work</b>	
Percentage of Priority 1&2 recommendations for partial assurance audits, that remain outstanding when the follow up audit is undertaken	28 % (7 of 25)
Value to the Organisation <i>(client view of whether our audit work met or exceeded expectations, in terms of value to their area)</i>	100%

## Changes to the Audit Plan:

We keep our plans under regular review so as to ensure that we are auditing the right things at the right time



## Changes to the Audit Plan

Since the approval of the annual internal audit plan there have been certain changes or requested amendments. The changes have been summarised below together with an explanation of the reasons for the change:

Audits removed (or requested to be removed) from the 2018/19 audit plan since our January update report:

### Children’s Directorate

- Further to our update and discussions at the January meeting of the Audit & Governance Committee, we have not been able to progress any of the four planned Children’s Services reviews. These are **Fostering, Children’s Social Care Caseload Management, Effectiveness of Social Care Practice, and Readiness for Ofsted Inspection.**
- The Director for Children’s Services is due to provide a verbal update to the March meeting of the Audit & Governance Committee to provide further context and answer specific requested questions around each of these areas.
- We have met with the new Executive Director for People - Children to discuss these reviews and will look to undertake these as part of the Dorset Council 2019/20 internal audit plan if possible.

### Environment and Economy

- Dorset Travel – A strategic Transport Review is currently under way and management consider that an audit at this stage will not add value.
- LGR Technology Convergence – The Chief Executive of Dorset County Council has confirmed with the

Shaping Dorset Team and the Chief Executive of the new Dorset Council that there is sufficient understanding of the state of play in terms of disaggregation & convergence of ICT systems and whilst there is still a lot of work to do this has been identified and planned.

### Deferred Audits

Due to the impending creation of the Dorset Council, there are a number of pieces of audit work that officers have indicated would add more value if undertaken post 1<sup>st</sup> April. This is due to the fact that systems and processes are likely to change/ combine with other sovereign councils. Therefore, any such audits have been deferred to the 2019-20 audit plan for Dorset Council (*see audit work programme below for further details*).

# Monitoring of Previously Reported Significant Risks

## Summary of progress in mitigating previously reported Significant Risks

Audit Tittle	Significant Audit Findings	Dates of Implementing Key Actions Agreed by Service	Progress in Implementing Agreed Actions
Use and Management of the High Needs Block	<p>There are issues with the quality of data within Synergy which may impact on the service's ability to accurately track and project future demand on the HNB.</p> <p>If initiatives to reduce reliance on Independent Sector placements are not progressed promptly with estimated savings revisited regularly for feasibility as more detail becomes known, there is a risk that they may not be achievable, resulting in an increase in the cumulative deficit of the High Needs Block budget.</p>	All actions are planned to be completed by the end of July 2018	The follow up review has been postponed due to the Ofsted inspection of the SEND which is due the week commencing 18 <sup>th</sup> February. Ofsted will be reviewing the progress made in addressing the areas for improvement set out in the Written Statement of Action following the previous inspection. We are restarting our work on 7 March, attending a High Needs Block update meeting, to ascertain the progress of recommendations and we aim to have our work completed by the end of March at the latest.

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## Internal Audit Work Programme – 2018-19

At the conclusion of audit assignment work each review is awarded a “Control Assurance”, a summary of the assurance levels is as follows:

- Substantial – Well controlled and risks well managed.
- Reasonable – Adequately controlled and risks reasonably well managed.
- Partial – Systems require control improvements and some key risks are not well managed.
- None – Inadequately controlled and risks are not well managed.
- Advice and Guidance - On occasions, rather than provide opinion work we are asked to offer advice and guidance.

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Major ↔ 3 = Medium		
						Recommendation		
						1	2	3
<b>Completed Work for Dorset County Council</b>								
Governance	Coach tender investigation and advice work	1	Final	Advice and Guidance	N/A	-	-	-
Grant Certification	Growth Hub	1	Final	Advice and Guidance	N/A	-	-	-
Grant Certification	Dorset Families Matter	1	Final	Advice and Guidance	N/A	-	-	-
Operational	Budget Management	1	Final	Advice and Guidance	N/A	-	-	-
Operational	Potential Duplicate payments	1	Final	Advice and Guidance	N/A	-	-	-
Follow up	Learning Disability	1	Final	N/A				
Follow up	General Data Protection Regulations	1	Final	N/A				
Operational	Management of Grants	1	Final	Reasonable	3	-	-	3
Operational	Family Partnership Zones	1	Final	Partial	5	-	2	3
Operational	Contract Management – Construction and Transport	1	Final	Reasonable	4	-	1	3

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## Internal Audit Work Programme – 2018-19

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Major	↔	3 = Medium
						Recommendation		
						1	2	3
Operational	Deferred Payments	1	Final	Partial	5	-	3	2
Follow up	ICT Contract Management	1	Final	N/A				
Operational	Dorset Care Framework	1	Final	Partial	10	-	8	2
Operational	Capital Budget Management	1	Final	Substantial	1	-	-	1
Operational	Mental Health Act	1	Final	Advice and Guidance	N/A	-	-	-
Follow up	Education of Looked After Children	2	Final	N/A				
Operational	Statutory Timescales for Children's Assessments	2	Final	Partial	5	-	3	2
Follow up	Resilience of ICT Infrastructure	2	Final	N/A				
Follow up	Children's Services Budget Management	2	Final	N/A				
Operational	Implementation of Our People Plan	2	Final	Advice and Guidance	N/A	-	-	-
Operational	DBS checking	1	Final	None	8	5	2	1
Operational	Dorset Waste Partnership – Value for Money	1	Final	Advice and Guidance	N/A	-	-	-
Operational	Durlston Country Park	2	Final	Partial	8	2	5	1
Operational	Whistleblowing	1	Final	Partial	8	-	5	3
Operational	Adult and Community Services Debt Management and Debt Recovery	1	Final	Partial	3	-	3	-

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## Internal Audit Work Programme – 2018-19

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Major	↔	3 = Medium
						Recommendation		
						1	2	3
Operational	Budget Assumptions	1	Final	Reasonable	1	-	1	-
Operational	Deprivation of Liberty	2	Final	Reasonable	2	-	-	2
Operational	Wool Primary School	3	Final	Reasonable	13	-	1	12
Follow up	Tricuro Governance Arrangements – Follow up	3	Final	N/A				
Operational	Duplicate Payment Run advice work	2	Final	N/A	4	-	-	4
Follow up	Children’s Services Contract Monitoring Arrangements	3	Final	N/A				
Operational	Achievement of Savings Targets	2	Final	Partial	2	-	-	2
Follow up	DBS checking	3	Final	Reasonable	3	-	-	3
Operational	Cyber Security Firewall Management	2	Final	Reasonable	15	-	5	10
Operational	National Fraud Initiative Governance Arrangements	1	Final	Advice and Guidance	N/A			
Follow up	Committee Structure	3	Final	N/A				
Follow up	Corporate Working Groups	3	Final	N/A				
Operational	Key controls - reconciliations	3	Final	Substantial	1	-	-	1
Operational	Duplicate payment reporting	1-4	Final	Advice and Guidance	N/A			
Operational	Fraud Detection	2	Final	Reasonable	4		2	2

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## Internal Audit Work Programme – 2018-19

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Major	↔	3 = Medium
						Recommendation		
						1	2	3
Operational	Public Health - Livewell Dorset	2	Final	Advice and Guidance	N/A			
Operational	Contract Overspends	3	Final	Advice and Guidance	N/A			
<b>Completed work for Shadow Dorset Council</b>								
Operational	Governance of Shaping Dorset Programme	1	Final	Partial	5	-	5	-
Follow up	Governance of Shaping Dorset Programme	1	Final	N/A				
Operational	Governance of Shaping Dorset Programme	2	Final	Partial	7	-	7	-
Gateway Review	Gateway 1 review	3	Final	N/A	7	-	7	-
Gateway Review	Gateway 2 review	4	Final	N/A	8	-	8	-
<b>Reporting</b>								
Operational	Green Assets Strategy	3	Draft					
<b>In progress</b>								
Operational	Data Quality – Mosaic	3	Fieldwork					
Operational	Mosaic Post Implementation Review	3	Fieldwork					
Follow up	High Needs Block	3	Fieldwork					
Operational	Supplier Resilience	3	Fieldwork					
Operational	Role of the Dorset Manager	3	Fieldwork					

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## Internal Audit Work Programme – 2018-19

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	1 = Major	↔	3 = Medium
						Recommendation		
						1	2	3
Operational	Equality Impact Assessments	3	Fieldwork					
Operational	Pension Fund Investments Transfer	3	Fieldwork					
Operational	Continuing Health Care	3	Fieldwork					
Operational	Public Health Contract Compliance	3	Fieldwork					
Operational	One Time Vendors	4	Fieldwork					
Operational	Safeguarding in Dorset Schools	4	Fieldwork					
Operational	Property Maintenance Framework	4	Fieldwork					
Operational	WAN Management	4	Fieldwork					
Operational	DWP - Enforcement	4	Fieldwork					
Follow up	Durlston Country Park	4	Fieldwork					
Follow up	Adult Community Services Change Programme	4	Fieldwork					
Follow up	Dorset Care Framework	4	Fieldwork					
Follow up	Timescales for Statutory Assessments	4	Fieldwork					
Operational	Risk Management	4	Fieldwork					
Operational	Local Enterprise Partnership	4	Scoping					

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# Internal Audit Work Programme – 2018-19

Audit Type	Audit Area	Quarter	Status	Opinion	No of Rec	Recommendation		
						1 = Major	↔	3 = Medium
						1	2	3
<b>Deferred to be reviewed as part of the Dorset Council Internal Audit Plan</b>								
Operational	ICT Key Controls		Deferred					
Operational	Compliance with IR35		Deferred					
Operational	Portesham Primary School		Deferred					
Operational	Scheme of Delegation		Deferred					
Operational	Staff Performance Management		Deferred					
Operational	GDPR Compliance		Deferred					
Operational	Software Licensing		Deferred					
<b>Yet to Commence</b>								
Operational	Fostering		Pending further details from Director					
Operational	Effectiveness of Social Care Practice		Pending further details from Director					
Operational	Children's Social Care Caseload Management		Pending further details from Director					
Operational	Readiness for Ofsted Inspection		Pending further details from Director					

A copy of the full audit plan, including details of upcoming planned audit reviews, is available to view on ModernGov under the March 2018 Audit & Governance Committee

# Audit and Governance Committee

**Dorset County Council**



Date of Meeting	11 March 2019
Officer	Chief Executive and Chief Financial Officer
<b>Subject of Report</b>	<b>Draft Annual Governance Statement 2018/19</b>
Executive Summary	<p>The Accounts and Audit (England) Regulations 2015 require a body such as the County Council to “approve an annual governance statement, prepared in accordance with proper practices in relation to internal control.”</p> <p>The attached draft Annual Governance Statement (AGS) for 2018/19 sets out key features of the governance framework in place in the Authority and provides a review of its effectiveness. It has been prepared in line with the recommendations published by CIPFA and SOLACE, which were revised in 2016.</p> <p>The “Review of Effectiveness” within the draft AGS is informed by the Council’s Local Code of Corporate Governance Compliance Assessment 2018/19.</p> <p>The AGS also discusses those risks that are contained in the Councils Corporate Risk Register which are classified as ‘high’ and, as such, represent potential significant governance issues that the Council is currently facing and actively seeking to address.</p> <p>Both the Local Code of Corporate Governance and schedule of High risks are included as Appendices to the Annual Governance Statement.</p> <p>Under the 2015 regulations, the accounts are not approved by the</p>

	<p>Council (or the Committee to which the responsibility is delegated) until after the external audit has been carried out. At this stage this draft allows members an early view and an ability to inform the content.</p> <p>Final adoption of the AGS will take place, alongside the accounts, by the new Dorset Council, together with the statements provided by the other sovereign councils. The new unitary authority will consider any areas of improvement identified within these sovereign council statements.</p> <p>The final statement will be signed by the Dorset Council Leader and Chief Executive. However, the current Dorset County Council Leader and Chief Executive will also need to sign off the statement as an accurate reflection of the authority's systems of internal control.</p> <p>As the AGS has to reflect any significant issues that arise prior to its final approval, if necessary, subsequent amendments will be made to the draft document to reflect them and reported to this Committee.</p>
<p>Impact Assessment:</p>	<p>Equalities Impact Assessment:</p> <p>Giving appropriate consideration to equalities issues is a key aspect of good governance, but there are no equalities issues arising directly from this report.</p> <hr/> <p>Use of Evidence:</p> <p>Evidence to inform the governance compliance assessment and then to complete the Annual Governance Statement has been provided by senior officers across the organisation. It includes policies and procedures of the County Council, the Constitution, and reports and minutes of Committees.</p> <hr/> <p>Budget:</p> <p>There are no budget requirements arising directly from this report. The overall financial position of the County Council is one of the significant issues covered in the AGS. Addressing other issues identified in the compliance assessment or the AGS may have budgetary implications, which will be considered in the relevant action plans.</p> <hr/> <p>Risk Assessment:</p> <p>The AGS references risks on the Council's corporate risk register which have been assessed as being HIGH.</p>

	<p>Other Implications:</p> <p>The “Review of Effectiveness” within the draft AGS explains the significant governance issues facing the Council.</p>
Recommendation	The Committee is asked to consider and comment on the draft AGS for 2018/19 at appendix A.
Reason for Recommendation	Approval and publication of an AGS by the County Council is a statutory requirement and provides evidence that the County Council maintains high standards of governance and addresses significant shortcomings and risks.
Appendices	Appendix A: Draft AGS 2018/19 (and its supporting Appendix A and B)
Background Papers	CIPFA / SOLACE publication: Delivering good governance in local government – framework
Report Originator and Contact	<p>Name: Marc Eyre, Risk, Emergency Planning and Resilience Manager            Tel: 01305 224358            Email: <a href="mailto:m.eyre@dorsetcc.gov.uk">m.eyre@dorsetcc.gov.uk</a></p> <p>Name: David Trotter, Senior Assurance Officer            Tel: 01305 228692            Email: <a href="mailto:d.trotter@dorsetcc.gov.uk">d.trotter@dorsetcc.gov.uk</a></p>

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# Annual Governance Statement



## **Introduction and Acknowledgement of Responsibility**

Dorset County Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards. It needs to ensure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Accounts and Audit Regulations (2015) require the Council to conduct a review, at least once a year, on the effectiveness of its system of internal control and include an Annual Governance Statement reporting on the review with the Statement of Accounts.

**March 2019**

**1. The Principles of Good Governance**

The CIPFA/SOLACE Delivering Good Governance publication (2016) defines the various principles of good governance in the public sector. The document sets out seven core principles that underpin the governance framework and these are set out in the table below:



**2. Key Elements of the Council’s Governance Framework**

The governance framework at Dorset County Council comprises the systems and processes, culture and values which the Council has adopted to deliver on the above principles.

The governance framework incorporated into this AGS has been in place for the year ended 31 March 2019 and up to the date of the approval for the statement of accounts.



## Overview of the Councils Governance framework

<p style="text-align: center;"><b>Council, Cabinet and Leader</b></p> <p>Provide leadership, approve the budget, develop and set policy</p> <p>Approve the constitution which sets out how the council operates</p> <p>Agree Council Plan priorities, developed in consultation with residents and stakeholders</p>	<p style="text-align: center;"><b>Decision making</b></p> <p>All decisions made in compliance with law and council constitution</p> <p>All committee meetings are held in public, other than for exempt business</p> <p>Decisions are recorded on the council website</p>
<p style="text-align: center;"><b>Scrutiny and review</b></p> <p>Overview &amp; Scrutiny committees review council policy and can challenge decisions. The Audit &amp; Governance Committee reviews governance and promotes and maintains high standards of conduct by councillors</p>	<p style="text-align: center;"><b>Risk Management</b></p> <p>A risk management policy and strategy set out a clear approach to management of risks</p> <p>Risk registers identify strategic, operational and project risks</p>



### Corporate Leadership Team

Head of Paid Service is the Chief Executive and is responsible for all council staff and leading an effective county organisation

The Chief Financial Officer is the council's Section 151 officer and is responsible for safeguarding the council's financial position and ensuring value for money

The Head of Organisational Development is the council's monitoring officer who is responsible for ensuring legality and promoting high standards of conduct in public life

With Dorset County Council will cease from 1 April 2019 and its functions transfer to the new Dorset Council. The Corporate Leadership Team in this period of change currently comprises of Chief Executive, Director for Children's Services (Dorset Councils' Executive covering role), Interim Director for Adults, Transformation lead for Adult and Community Services, Service Director for Organisational Design and acting Chief Financial Officer. With most members of the team new in role, temporary, or short-term appointments there are additional risks being held and managed across the whole team, alongside LGR related activities and Brexit preparedness.

The council's constitution is updated throughout the year and sets out how the council operates. It states what matters are reserved for decision by the whole council, the responsibilities of the cabinet and the matters reserved for collective and individual decision, and the powers delegated to panels, committees and partners.



Decision-making powers not reserved for councillors are delegated to chief officers and heads of service. The Audit and Governance committee, Overview and Scrutiny committees and its sub-committees scrutinise decisions made by the Cabinet, and those delegated to officers, and review services provided by the council and its partners. The council's overall policy is represented through the outcomes framework and corporate plan, which is developed alongside the budget through consultation with residents and other stakeholders in the county, and which sets out how the vision will be delivered. Performance against the corporate plan is monitored throughout the year. Progress is reviewed quarterly by members and is reported through an annual performance report at the end of each financial year. The council also monitors its performance through feedback from its residents and service users.



The performance management process helps to identify learning and development needs, which are translated into personal development review plans for staff. Members are also offered development opportunities, in line with their own personal development plans. The council provides a complete programme of learning and development to officers and members. Senior officers are also expected to keep abreast of developments in their profession.

# Our behaviours



The council has a whistleblowing policy, which encourages staff and other concerned parties to report any instances of suspected unlawful conduct, financial malpractice, or actions that are dangerous to the public or environment.

The council expects the highest standards of conduct and personal behaviour from members and staff; and promotes and maintains high standards of conduct by both elected and co-opted members of the authority.

These standards are defined and communicated through codes of conduct, protocols and other documents.

The council's financial management arrangements conform with the governance requirements of the CIPFA "Statement on the Role of the Chief Financial Officer in Local Government" (2010) as set out in the "Application Note to Delivering Good Governance in Local Government: Framework". The Chief Financial Officer has statutory responsibility for the proper management of the council's finances and is a key member of the county leadership team.



The council's assurance arrangements conform with the governance requirements of the CIPFA "Statement on the Role of the Head of Internal Audit in Public Service Organisations" (2010). The council's Risk Management Policy and Strategy ensures proper management of the risks to the achievement of the council's priorities and helps decision making.

When risks are identified, an agreement takes place on how they will be managed and mitigated and keep the council's risk profile under review and satisfied that management's systems include appropriate controls, and that it has adequate sources of assurance.



The council recognises the importance for risk management / internal control for the determination of the extent of the risks it is willing to take to achieve its objectives, priorities and outcomes to ensure that an appropriate culture has been embedded. It is also acknowledged that with such systems in place it will not eliminate all risks, but having systems, mitigations and controls will help to provide a robust process that considers any such risks.

The council has appropriate arrangements in place to deal with fraud and corruption risks and is committed to maintaining its vigilance to tackle fraud. Partnership working is governed by agreements, protocols or memoranda of understanding relevant to the type of work or relationship involved. The council's legal services and procurement teams ensure that all are fit for purpose and the council's interests are protected.

### 3. **Review of Effectiveness**

The council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The system of internal control is a significant part of the framework and is designed to ensure risks are managed within the council's appetite. It cannot eliminate all risk of failure to achieve policies and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

Effectiveness is maintained by the work of the senior managers within the council who have responsibility for the development and maintenance of the governance environment. The effectiveness of the framework is monitored and assured through routine performance monitoring and by internal and external audit and other review agencies and inspectorates. The key elements of the review of effectiveness are:

- The council's internal management processes, such as performance monitoring and reporting; the staff performance appraisal framework; internal surveys of awareness of corporate policies; monitoring of policies, such as the corporate complaints and health and safety policies; and the corporate budget challenge process
- The Local Code of Corporate Governance Self Assessment, confirming that the Code of Conduct, Financial Regulations and other corporate governance processes have operated as intended within services throughout the year
- Corporate, Services and Project Risk Registers which identify significant exposures together with action plans intended to bring the level of risk down to an acceptable level.
- The work of the audit and governance committee which includes responsibility for monitoring the development and operation of corporate governance in the council
- Quarterly Audit Improvement monitoring reports, Annual Internal Audit Reports and External Audit (ISA260)

### 4. **Assurance Statement**

Having reviewed the council arrangements the work, as detailed above, provides good overall assurance of the council's system of internal control and that the arrangements are fit for purpose in accordance with the governance framework.

$$\text{Effectiveness} = \frac{\text{Achieved}}{\text{Desired}}$$

**5. Issues, actions and improvements undertaken since previous Annual Governance Statement**

Identified Issue	Action / Improvement	Met
Progress the diversity and inclusion action plan	Cabinet approved a new Dorset Equality Scheme in 2018-19 on 23 May 2018	☀️
Centralise communication consultation and engagement functions	New centralised communication team established, within the business improvement service	☀️
Review of the council operating model	This work was not carried out, due to Local Government Reorganisation	☁️
Better alignment of finances with outcomes framework and centralisation of data, intelligence and performing functions	A centralised intelligence, insight and performance function was established. Value for money continues to be an area for focus and is again recognised in our improvement plan	☀️☁️
Improve frequency and effectiveness of our people and well-being corporate working group	This corporate working group was disbanded, pending review under governance arrangements for Dorset Council	☁️
General Data Protection regulations compliance	Improvement action plan completed and signed off by the Risk and Assurance Group	☀️

**6. How can we improve?**

Specific opportunities for improvement in governance and internal controls identified as part of the assurance processes have been addressed or are included in action plans for the relevant managers.



Focus will be placed on the following issues during 2019-20 as we transition into the new Dorset Council.

1. Ensuring that any significant risks identified by Dorset County Council are recognised and responded to by new Dorset Council.
2. We wish to be better at aligning our finances without outcomes framework. Value for money continues to be an area of focus.

**7. Approval of the Annual Governance Statement 2018-19**

The council is satisfied that this statement provides a substantial level of assurance that good governance is in place in Dorset County Council and that appropriate arrangements are in place to address improvements in our review of compliance.

Progress on these improvements and on addressing any mitigating the risks will be monitored through the year by senior officers and elected members of the new Dorset Council.



Signed:

**Mike Harries**  
Chief Executive, Dorset County Council

The Annual Governance Statement was informed by:

- Appendix 1 – The Local Code of Corporate Governance
- Appendix 2 – High Corporate Risks



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## LOCAL CODE OF CORPORATE GOVERNANCE

### Document Details:

- **Lead Officer:** Dr David Bonner, Intelligence, Insight and Performance Manager
- **E-mail Address:** [David.Bonner@dorsetcc.gov.uk](mailto:David.Bonner@dorsetcc.gov.uk)
- **Created:** March 2019

## LOCAL CODE OF CORPORATE GOVERNANCE

### 1. INTRODUCTION

- 1.1 In 2014, the Chartered Institute of Public Finance and Accountancy (CIPFA) and the International Federation of Accountants (IFAC) collaborated to produce The International Framework: Good Governance in the Public Sector. The International Framework defines governance as comprising the arrangements put in place to ensure that intended outcomes for stakeholders are defined and achieved.
- 1.2 The diagram below (table 1) illustrates the core principles of good governance in the public sector and how they relate to each other: Principles A and B permeates implementation of principles C to G. It illustrates that good governance is dynamic, and that an entity should be committed to improving governance on a continuing basis through a process of positive outcomes for service users and other stakeholders.
- 1.3 In 2016, CIPFA in association with the Society of Local Authority Chief Executives (SOLACE) took the International Framework's core principles (and sub-principles) and interpreted them for a local government context. It revised and reissued its 'Delivering Good Governance in Local Government; Framework' (the Framework).
- 1.4 The Framework sets the standard for local authority governance in the UK. The purpose of the Framework is to assist authorities individually in reviewing and accounting for their own unique approach, with the overall aim to ensure that:
- Resources are directed in accordance with agreed policy and according to priorities
  - There is sound and inclusive decision making
  - There is clear accountability for the use of those resources to achieve desired outcomes for service users and communities

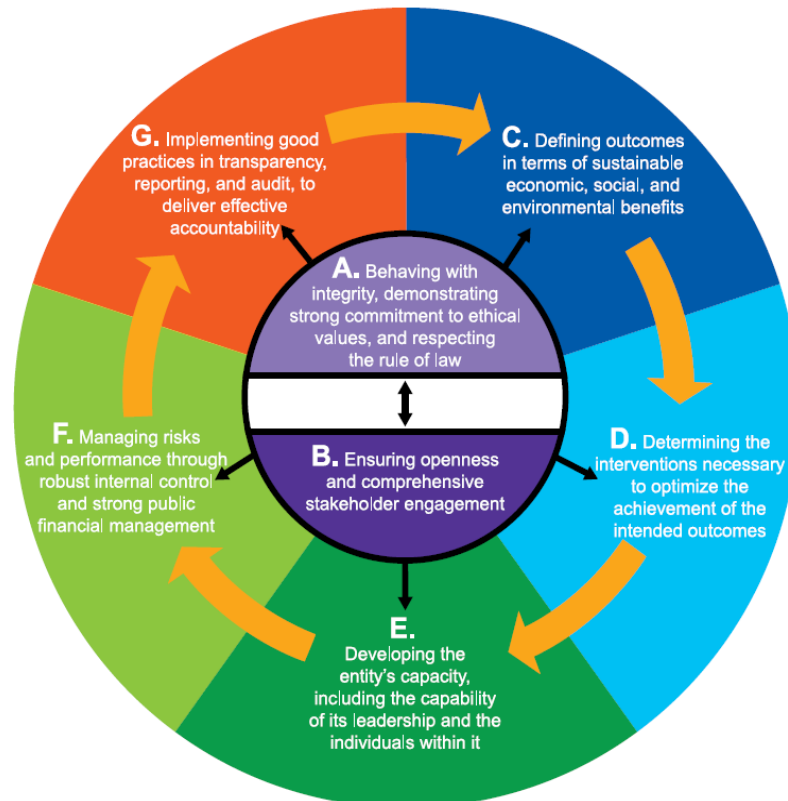
The Framework must be applied to annual governance statements prepared for the financial year 2016-17 onwards.

### 2. OUR APPROACH TO CORPORATE GOVERNANCE

- 2.1 In Dorset, good governance is about how the Council ensures that it is doing the right things, in the right way and for the benefit of the residents it serves. Good governance will invariably lead to high standards of management, strong performance, the effective use of resources and good outcomes which in turn will lead to increased trust. Good governance flows from having shared values and culture. It requires having in place a framework of overarching strategic policies and objectives underpinned by robust systems, processes and structures for delivering these.

Table 1:

**Achieving the Intended Outcomes  
While Acting in the Public Interest at all Times**



- 2.2 We recognise that the delivery of our strategic policies and objectives cannot be done in isolation. We need to engage with other statutory bodies and the voluntary and community sector as well as private companies commissioned to deliver services. As such the County Council has an interest in ensuring that these partners have in place good governance arrangements.
- 2.3 Dorset County Council is committed to the seven core principles of good practice contained in the CIPFA framework and will test its governance arrangements against this framework and report annually. To confirm this, we test our governance arrangements by:
- **Developing and maintaining an up-to-date local code of governance, including arrangements for ensuring ongoing effectiveness.** Our Local Code has been written to reflect the Council's own structure, functions, and the governance arrangements in existence. It's comprised of the policies, procedures, behaviours, actions and values by which the Council is controlled and governed.
  - **Reviewing existing governance arrangements.** The Council will monitor its governance arrangements for their effectiveness in practice and will review them on a continuing basis to ensure that they are up to date. This review will include an assessment of the effectiveness of the processes contained within the Local Code. This includes annual assessments such as:

- Departments' and corporate reviews of assurance arrangements
  - Head of Internal Audit Service (HoIAS) Annual Report including an opinion on the risk, governance and control environment and framework
  - Assurance statements by the Chief Financial Officer, Monitoring Officer and the HoIAS that they are complying with their professional requirements
  - Annual review of the Constitution
  - Overview and Scrutiny Committee Annual Reports
  - External Audit Annual Letter
  - The opinions of other review agencies and inspectorates, including governance issues via ad hoc cases / disciplinary issues, police investigations
- **Reporting publicly on compliance with our own code on an annual basis and on how we have monitored the effectiveness of our governance arrangements in the year and on planned changes.** Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 requires the Council to conduct a review at least once in a year of the effectiveness of our systems of internal control and include a statement reporting on the review with our published statement of Accounts. This is known as the Annual Governance Statement. The Chief Executive and Leader of the Council certify the Annual Governance Statement to accompany the Annual Accounts which will:
    - assess how the Council has complied with our Local Code
    - provide an opinion on the effectiveness of the Council's governance arrangements
    - provide details of how continual improvement in the systems of governance will be achieved.

**Principle A: Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

Grace Evans – Interim Head of Organisational Development



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Rationale: Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies.

It is essential that they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

Our Commitment (Key Principles)	Examples of the Our commitment to achieving good governance in practice is demonstrated below
<p><b>Behaving with Integrity</b></p> <ul style="list-style-type: none"> <li>Ensuring 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.</li> <li>Ensuring 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.</li> <li>Leading by example and using the above standard operating principles or values as a framework for decision making and other actions.</li> </ul> <p>Demonstrating and communicating and embedding 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.</p>	<p>The Council’s <a href="#">Constitution</a> contains <a href="#">Codes of Conduct</a> for both Members and Officers to ensure that high standards of conduct are maintained. Members (new) receive training on the Code of Conduct. There is a separate Members’ Code of Conduct for Planning Matters. Registers of Members’ interests and records of gifts and hospitality are published on the Council’s website. Members’ Declarations of Disclosable Pecuniary Interests and Personal Interests that might lead to bias are recorded in minutes of meetings which are available on the Council’s website. Minutes show declarations of interest were sought, and appropriate declarations made. The Members’ Register of Interests including gifts and hospitality is made available for public inspection and published on the Council’s website.</p> <p>The Council support and promotes the maintenance of high standards of conduct by Members and has agreed criteria for assessing complaints against Members, which is published on the Council’s website. The Employee’s (Officer’s) Code of Conduct sets out <a href="#">standards</a> of behavior and conduct that the Council expects of its employees. This includes confidentiality, <a href="#">data protection</a>, freedom of information, and fraud prevention. These areas are subject to mandatory training via e- learning.</p> <p>An employee policy is in place for acceptance of gifts and hospitality. The <a href="#">Monitoring Officer</a> reviews the registers of interests and gifts and hospitality on an annual basis. Regular items appear on the Council’s intranet reminding all staff of the Register of Interests, Register of Gifts and <a href="#">Hospitality</a> and the <a href="#">Whistleblowing</a> Procedure and arrangements are in place to enable staff to raise issues of concern and report any wrong doing. The Council has a ‘Behaviour in the Workplace’ Policy and Procedure. We have arrangements in place to enable staff to raise issues of concern and report wrong doing. Standard decision-making reporting format is in place to ensure that all those responsible for taking decisions have the necessary information on which to do so.</p> <p>A formal <a href="#">complaints</a> policy which is publicly accessible is in place and an annual report on complaints is produced for all areas and is published. The Council has in place an <a href="#">Anti-Fraud and Corruption Policy</a> Statement and Strategy and has also implemented policies and procedures to mitigate the risks of bribery and corruption and money-laundering to conform with requirements of the CIPFA Code of Practice – ‘Managing the Risk of Fraud and Corruption’ (2014) which are publicised across the organisation. A mandatory Fraud Awareness e-learning module exists to ensure it remains fit-for-purpose. Senior Officers and Elected Members receive regular fraud updates as part of a regular <a href="#">risk</a> management report.</p>

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**Demonstrating strong commitment to ethical values**

- Seeking to establish, monitor and maintain the organisation's ethical standards and performance. Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation. Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values.
- Ensuring that external providers of service on behalf of the organisation are required to act with integrity and in compliance with ethical standards expected by the organisation.

The Member [Code of Conduct](#) includes Principles and rules of behaviour which cover, Integrity; Selflessness; Objectivity; Accountability; Openness; Honesty and Leadership. Members, in signing the Code, agree to comply with these principles. Employees Code of Conduct and [Part 5B](#) of the Constitution refers to the key principles in public life and standards. The promotion of high standards of conduct is one of the key areas of responsibility for the [Audit and Governance](#) Committee. The Council's Constitution sets out delegations of the executive, committees and senior officers, and the decision-making process to be applied. It also emphasises that the Council will act within the law.

When [procuring goods or services](#), the Council uses a selection questionnaire which includes questions on a potential supplier's ethical behaviour.

A [Whistleblowing](#) policy/procedure is published on the Council's website for suppliers and is also included in the Conditions of Contract. The Council also subscribes on a voluntary basis to Public Concern at Work which is the lead organisation for whistleblowing issues.

**Respecting the rule of law**

Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations.

- Creating the conditions to ensure that the statutory officers, other key post holders, and members, and can fulfil their responsibilities in accordance with legislative and regulatory requirements.
- Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders.
- Dealing with breaches of legal and regulatory provisions effectively. Ensuring corruption and misuse of power are dealt with effectively.

The Council's Political Structure and Roles are available on the Council's website and includes membership details and functions of all major [committees](#) as well as roles and responsibilities of Cabinet and other members.

The Council has agreed a Fraud and Anti-Corruption Policy (including Anti-Money Laundering, Anti-Bribery, and Whistleblowing Policies). The Officer [Code of Conduct](#) requires Officers to have due regard the Policy when procuring goods and services.

Appropriate Officers monitor reports to ensure propriety of decision making and that legal advice is included where necessary and appropriate.

All members and Chief Officers are required to complete the 'Related Party Disclosure Form'. The Council maintains records of legal advice provided by officers to ensure it respects the rule of law.

## Principle B: Ensuring openness and comprehensive stakeholder engagement

Jennifer Lowis - Communication and Engagement  
Manager Corporate Development and Lee Gallagher –  
Democratic Services Manager

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Rationale: Local government is run for the public good; Organisations therefore should ensure openness in their activities.

Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.



Our Commitment (Key Principles)	Examples of the Our commitment to achieving good governance in practice is demonstrated below
<p><b>Openness</b></p> <ul style="list-style-type: none"> <li>Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness.</li> <li>Making 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 should be provided.</li> <li>Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear.</li> <li>Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action.</li> </ul> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 65</p>	<p>Adoption of a clear and consistent reporting format in relation to <a href="#">committee reports</a>. <a href="#">Agendas, reports (and minutes)</a> are also published on the council's website in advance. Meetings are open to the public except in relation to exempt items. A <a href="#">'forward plan'</a> of items is in place and dates for submitting, publishing and distributing timely reports are set and adhered to. Records of decisions and supporting materials are available in the Decisions Enquiry System which can be found on the Council's website. Regular meetings are held with relevant Lead Members to brief them on developments in their service area and of issues of concern. Detailed outcomes focused reports showing progress against the <a href="#">Corporate Plan</a> and <a href="#">Outcomes Framework</a> is published and scrutinised. The Scrutiny Committees submit <a href="#">annual reports</a> to the Council on the work undertaken. Reports to and decisions taken by the Council, Cabinet, Scrutiny Bodies and Regulatory Board are available on the Council's website. The Council uses social media to reach a growing number of residents and stakeholders. It also publishes a council newsletter and has an active <a href="#">website</a>. <a href="#">Freedom of Information</a> practices are in place to publish responses to requests. Important data is published in accordance with the Local Government Transparency Code (2015), as are our performance reports and findings. <a href="#">Local Government Transparency Code 2015</a> is issued to meet the Government's desire to place more power into citizens' hands to increase democratic accountability and make it easier for local people to contribute to the local decision-making process and help shape public services. Transparency is the foundation of local accountability and the key that gives people the tools and information they need to enable them to play a bigger role in society. The availability of data can also open new markets for local business, the voluntary and community sectors and social enterprises to run services or manage public assets. The Council has guidance available for applicants wishing to make use of the <a href="#">Community Right to Challenge</a> to express an interest in running local authority services.</p>
<p><b>Engaging comprehensively with institutional stakeholders and Engaging stakeholders effectively, including individual citizens and service users</b></p> <ul style="list-style-type: none"> <li>Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that the outcomes are achieved successfully and sustainably.</li> </ul>	<p>Several partnerships have been identified and are supported to ensure that outcomes are achieved efficiently and effectively. A variety of arrangements are in place to engage with and involve other stakeholders including the business sector, health agencies, the police, district councils, rural communities and voluntary and community sector.</p> <p>Engaging with customers before planning and commissioning services is encouraged by the Council's <a href="#">Communications team</a>. In respect of consultation and engagement, we have in place support on these matters across the Council. A wide range of techniques are used for dialogue with the community including consultation exercises, community-based surveys, customer service feedback arrangements and individual service user groups.</p>

- Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively.
- Ensuring that partnerships are based on i) trust; ii) a shared commitment to change; iii) a culture that promotes and accepts challenge among partners; and that the added value of partnership working is explicit.
- Establishing 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.
- Ensuring that communication methods are effective, and that members and officers are clear about their roles about community engagement. Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds, including reference to future needs.
- Implementing effective feedback mechanisms to demonstrate how views have been considered. Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity.
- Taking account of the impact of decisions on future generations of tax payers and service users.

[Equality and Human Rights Impact Assessment](#) (EHRIA) practices enable the Council to meet its statutory obligations, aid the Council in understanding issues of interest to the public and help the Council to shape service delivery. The Council supports an Equalities Challenge Group to enable engagement with and challenge from a wide range of communities to inform service reviews.

Regular media and web monitoring is in place to pick up informal feedback. The Council has adopted a clear framework for residents, service users and staff about public consultations. We have in house expertise in communication, engagement, research and survey design, equalities issues and legal issues, provides support and guidance and co-ordinates resources to ensure robust public consultations.

Results of major [consultations](#) are published in bespoke reports, which are available via the Council's website.

### Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefit

Jennifer Lowis – Communication and Engagement Manager, David Bonner – Intelligence, insights and Performance Manager and Matthew Piles, Service Director Environment, Infrastructure and Economy

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Rationale: The long-term nature and impact of many of organisation's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the authority'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.

Our Commitment (Key Principles)	Examples of the Our commitment to achieving good governance in practice is demonstrated below
<p><b>Defining Outcomes</b></p> <ul style="list-style-type: none"> <li>• Having 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;</li> <li>• Specifying 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;</li> <li>• Delivering defined outcomes on a sustainable basis within the resources that will be available; Identifying and managing risks to the achievement of outcomes; Managing service users' expectations effectively about determining priorities and making the best use of the resources available</li> </ul>	<p>The Council's overall vision is reflected in the Council's <a href="#">Corporate Plan</a> (to 2019). We also have in place the <a href="#">outcomes framework</a> that incorporates the <a href="#">Medium Term Financial Strategy</a>, Commissioning Strategy, Communities Strategy and Transformation Programme.</p> <p>The Strategies set out defined outcomes with supporting performance metrics. Performance and progress against the outcomes are regularly reported to the councils Overview and Scrutiny Committees for monitoring and to allow for challenge.</p> <p>The Council communicates with and takes account of feedback to review outcomes, so they reflect progress and wider changes.</p> <p>A variety of engagement, consultation and communication channels are in place to ensure that service users are aware of the financial and policy context and to help manage expectations.</p>
<p><b>Sustainable economic, social and environmental benefits</b></p> <ul style="list-style-type: none"> <li>• Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision. Taking a longer-term view about 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.</li> <li>• Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits through consultation where possible, to ensure appropriate trade-offs. Ensuring fair access to services.</li> </ul>	<p>Investment in Land and Buildings is set out in the <a href="#">Corporate Asset Management Plan</a>. Investment in infrastructure is included in the Infrastructure Plan and the <a href="#">Local Transport Plan</a>, which provides the long - term strategy within which the Council manages and maintains its transport network.</p> <p>Environment and Equalities Strategies are in place as well as an Enabling Growth Plan which sets out how the Council will support growth of the <a href="#">environment and economy</a>.</p> <p>All the Council's plans seek to ensure an effective balance of economic, social and environmental benefits. <a href="#">Equality and Human Rights impact assessments</a> and monitoring is in place to ensure an overview of fair access to services.</p> <p>The Council has agreed a Consultation and Engagement Strategy and all reports to member bodies must reflect the outcome of any consultation undertaken.</p>

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**Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes**

David Bonner – Intelligence, insights and Performance Manager and Jim Mcmanus – Chief Accountant

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Rationale: The organisation achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions. Determining the right mix of these courses of action is a critically important strategic choice that the organisation must make to ensure intended outcomes are achieved.

They need robust decision-making mechanisms to ensure that their 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 made need to be reviewed continually to ensure that achievement of outcomes is optimised.

Our Commitment (Key Principles)	Examples of the Our commitment to achieving good governance in practice is demonstrated below
<p><b>Determining and Planning interventions</b></p> <ul style="list-style-type: none"> <li>Ensuring 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.</li> <li>Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required to prioritise competing demands with limited resources available including people, skills, land and assets and bearing in mind future impacts.</li> <li>Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets. Engaging with internal and external stakeholders in determining how services and other courses of action should be planned and delivered.</li> <li>Considering and monitoring risks facing each partner when working collaboratively, including shared risks. Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances.</li> <li>Establishing appropriate key performance indicators (KPIs) as part of the planning process to identify how the performance of services and projects is to be measured. Ensuring capacity exists to generate the information required to review service quality regularly.</li> <li>Preparing budgets in accordance with objectives, strategies and the medium-term financial plan. Inform medium and long-term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy.</li> </ul>	<p>A robust medium-term financial planning and service planning process is in place.</p> <p>Well-established governance of decision-making is in place for making service decisions through the committee process, Directorate Management Teams, Project Boards and the Council’s Transformation and decisions are made based on an evidence and business case basis using defined tools and templates.</p> <p>A new Strategic <a href="#">Commissioning</a> and contracting approach is being embedded into the organisation including commissioning strategies and a clear commissioning cycle involving service review, evidence and consultation.</p> <p>The range of decision-making information provided per option includes service user, staff and other stakeholder impacts, completion of Equality Assessments, consultation output and analysis of resource implications.</p> <p>A new Business Intelligence Service is in place to provide insight, data analysis, forecasting and modelling support. We recognised using business intelligence the need to align our priorities and goals with future outcomes and financial targets. We also acknowledge that care is needed in setting and applying individual and team performance targets. We look to ensure that targets are:</p> <ul style="list-style-type: none"> <li>allocated appropriately across directorates, teams and individuals;</li> <li>based on robust data analysis that takes into consideration more than just previous performance;</li> <li>reviewed and monitored on a regular basis;</li> </ul> <p>There is recognition that over a period, poor quality target setting may adversely affect the performance of individuals and the organisation.</p> <p>There are feedback and complaints mechanisms/reports in place to allow quality issues to be identified.</p>

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**Optimising achievement of intended outcomes**

- Ensuring the medium-term financial strategy integrates and balances service priorities, affordability and other resource constraints.
- Ensuring the budgeting process is all-inclusive, considering the full cost of operations over the medium and longer term.
- Ensuring 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 for outcomes to be achieved while optimising resource usage.
- Ensuring the achievement of 'social value' through service planning and commissioning.

The Council has a good record of developing and [delivering outcomes](#) as well as managing within agreed budget parameters.

The Council's performance management processes ensure comparative benchmarking of [outcomes](#) against similar areas to feed into service planning and budgeting.

The Council's [Contract Procedure Rules](#) requires that when procuring a service due regard is paid as to how the contract will improve the economic, social and environmental well-being of Leicestershire as required by the Public Service (Social Value) Act 2012. Achievement of social value is monitored regularly.

Financial monitoring reports are presented to the Cabinet and Audit and Governance Committee at regular intervals to ensure a clear focus is maintained on the financial position to allow for any necessary adjustments to be discussed and agreed.

## Principle E. Developing the entity's capacity including the capability of its leadership and the individuals within it

Sheralyn Towner – HR Specialist Lead and Lee  
Gallagher – Democratic Services Manager



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Rationale: Local government 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 their intended outcomes within the specified periods.

A local government organisation 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. Because both individuals and the environment in which an authority operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of the leadership of individual staff members. Leadership in local government entities is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.



Our Commitment (Key Principles)	Examples of the Our commitment to achieving good governance in practice is demonstrated below
<p><b>Developing the entity’s capacity</b></p> <ul style="list-style-type: none"> <li>Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness.</li> <li>Improving resource use through appropriate application of techniques such as benchmarking and other options to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently. Recognising the benefits of partnerships and collaborative working where added value can be achieved.</li> <li>Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources.</li> </ul>	<p>The Council’s <a href="#">People Strategy</a> and Delivery Plan is in place.</p> <p>Regular Employee <a href="#">Survey</a> helps identify staff and manager capacity and support needs.</p> <p>The Council monitors a variety of metrics including staff caseloads and customer activity to ensure that it has enough capacity in place at the right time.</p> <p>Support arrangements are in place to allow deployment of interim capacity where required.</p>
<p><b>Developing the capability of the entity’s leadership and other individuals</b></p> <ul style="list-style-type: none"> <li>Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early in the relationship and that a shared understanding of roles and objectives is maintained.</li> <li>Publishing a statement that specifies the type of decisions that are delegated and those that are reserve for the collective decision making of the governing body. Ensuring 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 service and other outputs set by members and each provides a check and balance for each other’s authority.</li> </ul>	<p>The Council provides <a href="#">learning and development</a> opportunities to elected councillors in accordance with its agreed Member Learning and Development Strategy.</p> <p>Compulsory training is provided to relevant members on Planning and Regulatory Matters and on Pensions.</p> <p>Regular briefings are provided to members on the key issues and challenges facing the Council. Council Learning and Development plans are informed by the MTFs; Strategic Vision; Departmental key aims; <a href="#">service plans</a>; and individual <a href="#">Performance and Development Reviews (PDR)</a>.</p> <p><a href="#">Induction training</a> is provided for all new staff appropriate to their role and responsibilities, with access to on-going Learning and Development activities to enhance skills.</p> <p>An established competency framework is in place that yields behaviours to support the direction of the Authority, with all middle and senior managers completing a ‘Leading for High Performance’ programme.</p> <p>There is a corporate Performance and Development Review (PDR) system in place to appraise the performance of all staff and a Learning Management System has been implemented.</p>

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- Developing 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 and changing risks by ensuring officers and members 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 and resources and support to fulfil their roles and responsibilities and ensuring that they can 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.
  - Ensuring that there are structures in place to encourage public participation. Taking steps to consider the leadership's own effectiveness and ensuring leaders are responsive to constructive feedback from peer review and inspections.
  - Holding staff to account through regular performance reviews which take account of learning and development needs. Ensuring arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing.

The Council encourages and supports a diverse workforce and variety of workplace support groups, such that it has been recognised as a sector leader by [Stonewall](#).

The [Council's Equalities Board](#) actively monitors and supports a diverse workforce and recruitment processes have been strengthened to ensure fair representation of different groups.

The Council has run a range of support programmes to ensure effective representation of women in senior management.

**Principle F. Managing risks and performance through robust internal control and strong public financial management**

**David Bonner – Insight, Intelligence and Performance Manager, Marc Eyre – Risk, Emergency Planning and Resilience Manager**



Rationale: Local government needs to ensure that the organisations 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 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 scrutiny and successful delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

Our Commitment (Key Principles)	Examples of the Our commitment to achieving good governance in practice is demonstrated below
<p><b>Managing Risks</b></p> <ul style="list-style-type: none"> <li>Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making.</li> <li>Implementing robust and integrated risk management arrangements and ensuring that they are working effectively. Ensuring that responsibilities for managing individual risks are clearly allocated.</li> </ul>	<p>The Council has a <a href="#">Risk Management</a> Strategy with regular updates and reporting which is reviewed annually. Regular progress reports are provided, Business Continuity and other related matters.</p> <p>All committees actively engage and conducts detailed scrutiny of the Corporate Risk Register and emerging risks. Presentations on specific risks are provided. Departmental Management Teams take full <a href="#">ownership of risks</a> within their area and agree mitigating actions with regular monitoring and reporting processes in place.</p>
<p><b>Managing Performance</b></p>	<p>The Council has corporate <a href="#">performance management</a> and reporting processes in place with quarterly monitoring by Overview and Scrutiny Committees. A regular programme of reporting on progress against outcomes, metrics and trend including <a href="#">benchmarking</a> is in place. Regular meetings between Chief Officers and their Lead members focus on key developments and risks going forward.</p>
<p><b>Robust in Internal Control</b></p>	<p>The adequacy and effectiveness of the Council's internal control environment is tested throughout the year through the approval and implementation of a risk based Internal Audit Annual Plan and by operational audits. The Council participates in a range of external audits, inspections and accreditations to ensure it remains accountable for the quality of services its delivers as well to support continuous improvement of services. An annual report is produced by Internal Audit which provides an opinion on the council's risk, governance and control environment, and a self-assessment of its arrangements against the public sector internal audit standards and CIPFA's guide to the role of the Head of Internal Audit.</p> <p>There is an Anti-Fraud and Corruption Strategy. The Annual Governance Statement (AGS) is subject to review by the Audit and Governance Committee.</p>
<p><b>Managing Data</b></p>	<p>The Council has a Corporate Data Protection Policy and well-established risk assessment processes. Mandatory training for managers has been implemented on data protection and information management. A partnership <a href="#">information sharing protocol</a>, and information sharing agreements are put in place where required. Policies that govern the use of data, and corporate data standards are in place. A variety of groups and monitoring are in place to ensure effective information management practice.</p>

**Strong Public Financial Management**

Financial procedures are documented in the [Financial](#) Regulations. Monthly budget monitoring reports on the [MTFS](#) (capital and revenue) are provided to senior management and committees. Reports provide an overall update, reasons for significant variances, actions being taken and any ongoing impact. The Councils accounts show a strong track record of operating within its resources while allocating investment towards priority areas.

## Principle G. Implementing good practices in transparency reporting and audit to deliver effective accountability

David Bonner – Insight Intelligence and Performance Manager and Marc Eyre – Risk, Emergency planning and Resilience Manager

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Rationale: 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.

Our Commitment (Key Principles)	Examples of the Our commitment to achieving good governance in practice is demonstrated below
<p data-bbox="91 730 136 895">Page 79</p> <p data-bbox="91 284 824 352"><b>Implementing good practices in transparency and reporting; Assurance and effective accountability</b></p> <ul data-bbox="136 395 898 1284" style="list-style-type: none"> <li>• Writing and communicating 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.</li> <li>• Striking 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. Report at least annually on performance, value for money and the stewardship of its resources to stakeholders in a timely and understandable way.</li> <li>• Ensuring members and senior management own the results reported.</li> <li>• Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement quarterly and an evidence to demonstrate good governance (the annual governance statement). Ensuring that this Framework is applied to jointly managed or shared service organisations as appropriate. Ensuring 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.</li> </ul>	<p data-bbox="920 320 1749 352">Agendas, reports and minutes are published on the <a href="#">council's website</a>.</p> <p data-bbox="920 392 1787 424">Committee reports, and debates are made available online to the public.</p> <p data-bbox="920 464 1666 496">Regular <a href="#">press releases</a> and briefings with good press coverage.</p> <p data-bbox="920 536 1464 568">Council <a href="#">newsletter</a> produced for all residents.</p> <p data-bbox="920 608 2181 676">The <a href="#">Annual Financial Statements</a> are compiled, published to timetable and included on the council's <a href="#">website</a>.</p> <p data-bbox="920 716 2181 817">The Annual Government Statement (AGS) sets out the council's governance framework and the results of the annual review of the effectiveness of the council's arrangements. The AGS includes areas for improvement.</p> <p data-bbox="920 857 2181 957">An audit function is resourced and maintained through the South West Audit Partnership. The partnership has direct access to members and provides assurance on governance arrangements via an annual report containing an opinion on the council's internal control arrangements.</p> <p data-bbox="920 997 2181 1139">There is compliance with CIPFA Statements on the Role of the Chief Financial Officer and the Role of the Head of Audit. The Audit Service abides with the principles of the Public Sector Internal Audit Standards, but some development is required before full conformance can be claimed. External Audit provides an annual opinion on the Council's financial statements and arrangements.</p> <p data-bbox="920 1179 2181 1248">The Council engages in peer challenge, reviews and inspections from regulatory bodies and implementing recommendations.</p>

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Risk Category	Ref	What is the Risk/Issue?	Risk and Movement	Accountable Officer
C) Financial	01 a	Gap exists between amount of available resource and demand for statutory responsibilities	High - Unchanged	Helen Coombes;#99
S) Safeguarding	01 d	A lack of sufficiency (placements/residential/foster care) impacts negatively on the demands led budget for children in care	High - Unchanged	Nick Jarman;#1436

C) Financial	01 e	General balances are depleted to a level below operating range	High - Unchanged	Richard M Bates;#36
C) Financial	01 g	Additional savings cannot be identified to bridge the unfunded gap	High - Unchanged	Richard M Bates;#36
C) Financial	01 l	Failure to keep school finances in balance	High - Worsening	Andrew Reid;#1962
C) Financial	01 n	Slippage in achieving savings targets	High - Unchanged	Richard M Bates;#36

C) Financial	01 u	Failure to stabilise the budget for the High Needs Block	High - Unchanged	Andrew Reid;#1962
C) Financial	01 v	Failure to achieve capital and revenue budget / savings targets for the Dorset Waste Partnership Medium Term Financial Plan	High - Worsening	Mike J Harries;#22
F) Physical - Health & Safety	04 a	Health and safety risks associated with occupation of premises	High - Improving	Richard M Bates;#36

U) Resilience      05 j      Loss of ICT service or data through a cyber attack      High - Unchanged      Richard Pascoe;#49

U) Resilience      05 l      Resilience of the property portfolio to enable business continuity      High - Unchanged      Richard M Bates;#36

G) Physical - Assets	09 a	Unable to provide sufficient school places (Basic Need)	High - Unchanged	Andrew Reid;#1962
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F) Physical - Health & Safety	09 b	Inability to maintain the highways infrastructure to an acceptable standard in the face of changing circumstances (eg budget reductions; climate change)	High - Unchanged	Matthew Piles;#65
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G) Physical - Assets	09 i	Inability to maintain and develop infrastructure to meet the needs of the Dorset Waste Partnership	High - Unchanged	Mike J Harries;#22
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D) Staffing	14 b	Inability to attract and retain suitably qualified specialist safeguarding staff within Childrens Services	High - Unchanged	Nick Jarman;#1436
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D) Staffing	14 g	The implications of Brexit (impacts on Dorset businesses and employees)	High - Unchanged	Matthew Piles;#65
R) Service Quality	AD05	Uncertainty of BREXIT outcomes impacts on sustainability and deliverability of Adult Social Care statutory duties	High - New	Helen Coombes;#99

# Audit and Governance Committee

**Dorset County Council**



Date of Meeting	11 March 2019
Officer	<p><u>Local Members</u> All Members <u>Lead Director</u> Mike Harries, Chief Executive Officer</p>
Subject of Report	<p><b>Monitoring Corporate Plan Outcomes: Summary of issues being addressed by the Overview and Scrutiny Committees, March 2019</b></p>
Executive Summary	<p>In January 2019, as requested, the Audit and Governance Committee received a summary of the approaches taken by the Overview &amp; Scrutiny committees (O&amp;SC) to address issues relating to Corporate Plan delivery, so that they could seek assurance that the O&amp;SCs were looking at the right areas and addressing them adequately.</p> <p>The current meeting of the Audit &amp; Governance Committee is being held in advance of the O&amp;SC meetings later in March. Therefore, this report provides a summary of the key issues relating to Corporate Plan delivery expected to be discussed by members at those three meetings.</p>
Impact Assessment:	<p><b>Equalities Impact Assessment:</b> There are no specific equalities implications in this report. However, the prioritisation of resources to challenge inequalities in outcomes for Dorset’s people is fundamental to the Corporate Plan.</p> <p><b>Use of Evidence:</b> The outcome indicator data in this report is drawn from local and national sources, including: Business Demography (ONS); the Adult Social Care Outcomes Framework (ASCOF) and the Public Health Outcomes Framework (PHOF). There is a lead officer for each outcome whose responsibility it is to ensure that data is accurate and timely and supported by relevant commentary.</p>

**Monitoring Corporate Plan Outcomes: Summary of issues being addressed by the Overview and Scrutiny Committees, March 2019**

	<p><b>Budget:</b> None in the context of this specific report. The information herein is intended to facilitate evidence driven scrutiny of the interventions that have the greatest impact on outcomes for communities, as well as activity that has less impact. This can help with the identification of cost efficiencies that are based on the least impact on the wellbeing of customers and communities.</p> <p><b>Risk:</b> Having considered the risks associated with this report using the County Council's approved risk management methodology, the level of risk has been identified as:</p> <p>Current:       Medium Residual:      Low</p> <p><b>Outcomes:</b> The Overview and Scrutiny Committees each have a primary focus on one or more of the outcomes in the County Council's Outcomes Framework: Safe, Healthy, Independent and Prosperous. This report summarises the key issues that are being put before all three committees during the current cycle, and therefore relates to all four of these outcomes.</p> <p><b>Other Implications:</b> None</p>
Recommendation	<p><b>That the committee:</b></p> <ul style="list-style-type: none"> <li>• considers the summaries in this report of the issues to be addressed by the Overview and Scrutiny Committees in the current round, and:</li> <li>• as this meeting is in advance of the Overview and Scrutiny Committee meetings, may wish to recommend that one or more of these Committees focuses attention on an issue or issues requiring investigation and scrutiny.</li> </ul>
Reason for Recommendation	<p>The 2017-19 Corporate Plan provides an overarching strategic framework for monitoring progress towards good outcomes for Dorset. The Overview and Scrutiny Committees provide corporate governance and performance monitoring arrangements so that progress against the corporate plan can be monitored effectively, and the Audit and Governance Committee needs to ensure that this process is effective, and issues of concern are adequately addressed.</p>
Appendices	None
Background Papers	<p>Dorset County Council Corporate Plan 2017-19, Cabinet, 28 June 2017  <a href="https://www.dorsetforyou.gov.uk/corporate-plan-outcomes-framework">https://www.dorsetforyou.gov.uk/corporate-plan-outcomes-framework</a></p>



**Monitoring Corporate Plan Outcomes: Summary of issues being addressed by the  
Overview and Scrutiny Committees, March 2019**

Officer Contact	<p>Dr David Bonner (Strategic Insight, Intelligence and Performance Manager, Insight, Intelligence and Performance)</p> <p>Email <a href="mailto:David.Bonner@dorsetcc.gov.uk">David.Bonner@dorsetcc.gov.uk</a> Tel 01305 225503</p> <p>Anne Gray (Insight, Intelligence and Performance)</p> <p>Email <a href="mailto:a.e.gray@dorsetcc.gov.uk">a.e.gray@dorsetcc.gov.uk</a> Tel 01305 224575</p>
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## **Monitoring Corporate Plan Outcomes: Summary of issues being addressed by the Overview and Scrutiny Committees, March 2019**

### **1. Background**

- 1.1 The corporate plan is based on the four outcomes that we seek to achieve for Dorset, alongside our partners and communities – that people are safe, healthy and independent, with a prosperous economy. For each outcome there is a small set of “population indicators”, selected to measure progress towards the four outcomes. No single agency is accountable for these indicators - accountability is shared between partner organisations and communities themselves. These include, for example: levels of crime in Dorset (Safe); rates of early death from cardiovascular disease (Healthy); Delayed Transfers of Care (Independent); and the productivity of Dorset’s businesses (Prosperous).
- 1.2 The outcome reports that are presented to the Overview and Scrutiny Committees consist of single page summaries for each of these population indicators. Each page shows the latest data, trend, and commentary for the indicator, benchmarking information, and the status of any associated corporate risks.
- 1.3 Each page also includes service performance measures, which measure the County Council’s own specific contribution to, and impact upon, corporate outcomes. For example, one of the outcome indicators for the “Safe” outcome is “The number of people who are killed or seriously injured on Dorset’s roads”. Some of the performance measures for the County Council on this relate to road conditions, since we are accountable for the condition of a large part of the highway network, and this is one factor that contributes to road safety. Performance measures therefore reflect the degree to which we are making the best use of our resources to make a positive difference to the lives of our own customers and service users.

The areas of focus for the three committees will be as follows:

### **2. Safeguarding Committee – 12<sup>th</sup> March 2019 (Outcome: “Safe”)**

#### **2.1 Children**

The number of children on child protection (CP) Plans has reduced slightly this quarter and the rate has also dropped which is positive. The rate remains higher than our statistical neighbours, almost the same as the south west and lower than the national average. This continues to be most likely due to the significant drive to improve practice with audits highlighting on occasion where there has been drift and delay resulting in an increase in the section 47 enquiry rate<sup>1</sup> and subsequent decision to conference. To seek reassurance an independent review of the CP service was undertaken which did not reveal children were subject to a CP plan inappropriately.

The rate of persistent absenteeism has risen among secondary school age children. Responsibility for pupil absence primarily rests with the parent/carer, with schools responsible for monitoring and encouraging attendance where there are problems. The local authority will support this role through the offer of early help where appropriate, a school attendance service (partly traded) which works directly with children and families where there are attendance concerns; and providing an enforcement role regarding parents/carers who fail to ensure that their children attend school regularly.

#### **2.2 Adults**

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<sup>1</sup> A Section 47 enquiry means that Children’s Social Care will carry out an investigation when they have ‘reasonable cause to suspect that a child who lives, or is found, in their area is suffering, or is likely to suffer, significant harm’

## **Monitoring Corporate Plan Outcomes: Summary of issues being addressed by the Overview and Scrutiny Committees, March 2019**

In adult safeguarding, areas for focus continue to include:

- Ensuring decision making is consistent and accurate;
- Ongoing monthly case file audits to highlight areas of development and good practice;
- Focus on Making Safeguarding Personal to ensure robust recording of service users identified outcomes;
- Ensuring S42 enquiries are concluded on MOSAIC and outcome (i.e. risk reduced, risk remains, risk removed) is completed.

### **3. People and Communities Committee – 14<sup>th</sup> March 2019 (Outcome: “Healthy” and “Independent”)**

#### **3.1 Healthy**

As a council we still tend to look at performance as one figure for whole Dorset, rather than thinking through whether there are particular population groups that we may need to focus on more to ensure we are serving the whole population appropriately.

The opportunity of LGR could be used to ensure a greater focus on communities and understanding their specific needs and issues. This would fit with the focus of the NHS through the Dorset Integrated Care System which is developing a population health management approach focusing on localities across Dorset.

#### **3.2 Independent**

**3.2.1** With little change in the children’s key indicators since the previous report, the focus remains the same. Achievement at Key Stage 2 is the biggest challenge facing Dorset. Nationally Middle schools do not perform well at Key Stage 2 – and Dorset has one third of pupils in Middle Schools in year 6. Whilst this has a considerable impact on achievement there is still improvement to be made at Key Stage 2 across all school phases. The newly formed Dorset School Improvement Board is bringing together Academies, MATS, Mainstream Schools and Dorset School Improvement Officers in order to bring together all parties involved in School Improvement – and Key Stage 2 is the clear priority, particularly progress in Maths.

**3.2.2** Regarding delayed transfers from hospital care, the number of delays reduced again, continuing the trend over the year and our ranking is expected to improve a little further when official data for October/November is released. We have been comfortably meeting our Better Care Fund target of 9 delays per day since the end of September.

### **4. Economic Growth Committee – 20<sup>th</sup> March 2019 (Outcome: “Prosperous”)**

**4.1** Key datasets have not been updated since the previous report. Increasing productivity is the very evident message underlying the Government’s Modern Industrial Strategy, and the call to action for industry, commerce, Local Enterprise Partnerships and local authorities. Productivity is typically measured, as here, as GVA (Gross Value Added) per hour worked. The UK lags behind the other G7 nations, including Germany, France, the United States of America and Italy, and the South West of England typically lags behind London and the South East. Thus, Dorset will always lag behind the national average, distorted by London and South East.

## **Monitoring Corporate Plan Outcomes: Summary of issues being addressed by the Overview and Scrutiny Committees, March 2019**

- 4.2** Productivity is a blunt measurement. It is more helpful to consider Dorset's progress and performance against the various factors which actually contribute to productivity, and which we need to improve to achieve the inclusive and sustainable economic growth we are seeking to achieve.
- 4.3** These factors include: -
- Improving the skills of the workforce
  - Investment in digital and physical infrastructure
  - Innovation in the way we provide goods and services
  - Increasing enterprise through business creation, growth and exporting
- 4.4** Whilst we have seen a marginal improvement in productivity for Dorset, we need to look beyond this indicator, and seek to do so with other indicators and outcomes.
- 4.5** Officers have identified the need for a more joined up approach to apprenticeships that addresses all aspects of the council's involvement as a levy payer and employer, as a commissioner of services, in its economic development functions around meeting the skills needs of the area and in its statutory functions to promote all post 16 education and training options to young people. Apprenticeships starts in Dorset saw a significant decline over the year (down by 760).