



Annual Governance Statement 2019-2020

DRAFT



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1. Introduction and Acknowledgement of Responsibility

Dorset 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.

2. 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 opposite.

3. Key Elements of the Council's Governance Framework

Dorset Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to decide to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions. The Governance Framework is comprised of the systems and processes, and culture and values, by which the Council is directed, and its activities through which it is accountable to, engages with and leads the community. The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

The process of review and monitoring of governance arrangements across Dorset Council is an ongoing process with updates provided throughout the year to stakeholders. The outputs from this process have also been a primary source of information for the preparation of the Annual Governance Statement (AGS). This Statement explains how the Council has complied with The Code and meets the requirements of Accounts and Audit (England) Regulations 2015 regulation 6, in relation to conducting a review of the effectiveness of the system of internal control and the publication of an annual governance statement.

4. Overview of Dorset Councils Governance framework

<p>Council, Cabinet and Leader 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>Decision making 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>Scrutiny and review Overview & Scrutiny committees review council policy and can challenge decisions. The Audit & Governance Committee reviews governance and promotes and maintains high standards of conduct by councillors</p>	<p>Risk Management 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>

5. Leadership

Senior Leadership Team - Head of Paid Service is the Chief Executive and is responsible for all council employees and leading an effective county organisation. Executive Director for Corporate Development is the council's Section 151 officer and is responsible for safeguarding the council's financial position and ensuring value for money. The Corporate Director (Legal & Democratic Services Monitoring Officer) who is responsible for ensuring legality and promoting high standards of conduct in public life. 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. Elected members 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 council plan, which is developed alongside the budget through consultation with residents and other stakeholders in the county, and which sets out how Dorset Council priorities will be delivered.

Performance against the council plan is monitored throughout the year. The performance development process helps to identify learning and development needs, manage and progress goals and objectives employees which will be monitored through monthly check-ins. Members are also offered development opportunities, in line with their own personal development. The council has recently approved a five-year people strategy which sets out our ambitions to become an employer of choice, develop and support our people to be the best they can be at work.



Responsibility • Respect • Recognition • Collaboration

6. Our behaviours

There are four behaviours we expect every employee to demonstrate, regardless of who they are and what they do for the council. In how we work and communicate, whether internally or externally, we should be leading by example to encourage and inspire each other through these behaviours. By embodying these behaviours, we can work collaboratively together as One Team. The examples given against each behaviour describe the type of things that individuals might demonstrate. This framework has been designed to aid discussions across Dorset Council, to help us work towards a positive workplace culture.

Responsibility We act with integrity. We are honest and we don't attribute blame when something goes wrong. We are all part of the solution.

When responsibility is being demonstrated We...

- give constructive feedback and seek out feedback on our own performance and behaviours
- deliver what we promise
- are open and transparent
- learn from mistakes
- take ownership
- standby and support difficult decisions

When responsibility is not being demonstrated We...

- blame others
- defer decision making without a good reason
- don't respect other people's work or deadlines
- avoid difficult conversations with colleagues, partners or customers

Respect We are aware of our impact on others. We treat people fairly and have high expectations of ourselves and others, and value differences in approaches and opinions. We instigate and lead through positive behaviour.

When respect is being demonstrated We...

- are welcoming and friendly
- adapt our approach to help build good working relationships
- recognise and value the differences between people, placing a positive value on those differences
- manage our reactions professionally and calmly
- keep promises
- demonstrate empathy and recognise alternative perspectives

When respect is not being demonstrated We...

- treat people differently based on their role / position
- are insensitive or unhelpful
- exclude people
- instigate or take part in gossip
- make excuses for poor behaviour or protect others' poor behaviour
- work on other tasks during meetings, instead of being responsive and contributing to the discussion

Recognition We appreciate and value the contribution of individuals and teams for work well done. We lead by taking time to provide feedback and share lessons learned and achievements to support the organisation's development. We celebrate commitment and success.

When recognition is being demonstrated We...

- give positive feedback
- acknowledge good behaviour and respectfully challenge poor behaviour
- value every contribution in success
- create a positive team spirit

When recognition is not being demonstrated We...

- take credit for another people's work
- instigate or encourage a blame culture
- undermine or act negatively when someone receives recognition
- use recognition for self-promotion

One Team: Collaboration We work with colleagues, residents and partners to achieve the best possible outcomes. We feel confident to share ideas, we listen and respect other points of view and set this example to each other. We value the power in combining our personal qualities, skills and experience to achieve a shared goal.

When collaboration is being demonstrated We...

- spend time building positive relationships
- are flexible in our attitude and approach
- share information and expertise without being asked to
- invite and support others to try new possibilities
- work through conflict to create conditions for successful working
- work to find the simplest way to do things
- work together, not in competition

When collaboration is not being demonstrated We...

- don't share information or are reluctant to contribute
- don't value or respect contributions from others
- avoid working across departments or teams
- are not flexible in our attitude and approach
- take credit for another people's work

The council has a whistleblowing policy, which encourages employees 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 councillors and employees. These standards are defined and communicated through codes of conduct, protocols and other documents.

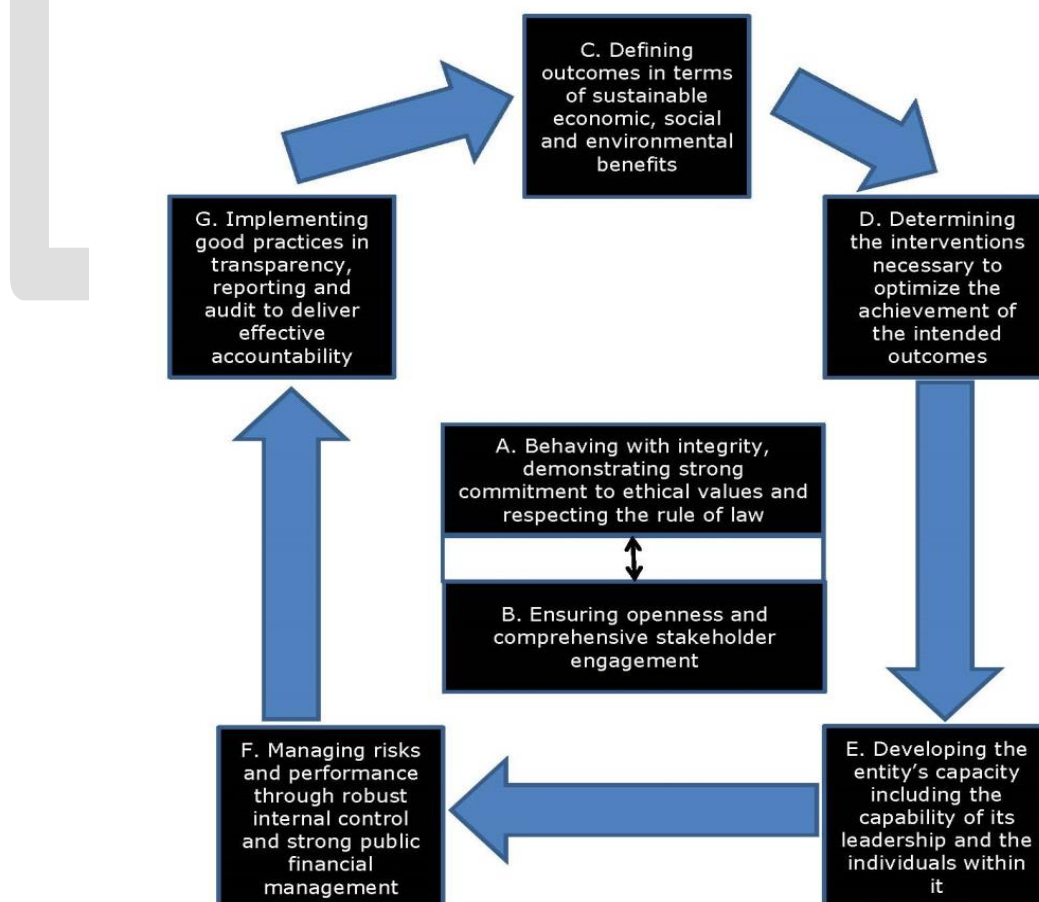
The council's financial management arrangements conform with the governance requirements of the CIPFA "Statement on the Role of the Chief Financial Officer in Local Government" (2010) as set out in the "Application Note to Delivering Good Governance in Local Government: Framework". The Chief Financial Officer (performed by the Executive Director for Corporate Services) has statutory responsibility for the proper management of the council's finances and is a key member of the 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). 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. It is 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. The council's legal services and procurement teams ensure that all are fit for purpose and the council's interests are protected.

7. Review of Effectiveness

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money is safeguarded, properly accounted for, and used economically and efficiently. It must ensure it has arrangements for the proper governance of its affairs the effective exercise of its functions. The governance framework comprises the rules, procedures, systems and processes by which the Council is controlled. The quality of governance arrangements underpins the levels of trust in public services and is fundamental to the Council's statutory and democratic obligations.

A framework of good governance allows the Council to be clear about how it discharges its responsibilities and to show this for members, partners, stakeholders and residents. As mentioned above 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. We cannot eliminate all risk of failure to achieve policies and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.



The effectiveness of the framework is monitored and assured through routine performance monitoring and by internal and external audit. The key elements of the review of effectiveness are:

- The council's internal management processes, such as performance monitoring and reporting; the employees 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, Service 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), reviews by external inspection regimes (such as Ofsted and optional peer challenges).

8. 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.

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

9. What actions have been taken in response to 2018-19 Annual Governance Statement

As Dorset Council is a new unitary authority, it did not produce an Annual Governance Statement for 2018/19, however the predecessor Councils were required to do so. Commitments made within these were:

- **We will continue to ensure that any significant risks identified by Dorset Council are recognised and responded to by the Leadership Team and Elected Councillors.** *RESPONSE* – A new Dorset Council risk register has been developed, including service level risks. This process is still maturing and therefore remains an action within the 2019/20 statement.
- **We aim to be better at aligning our finances to the Council Plan and performance framework.** *RESPONSE* - A new Dorset Council Plan has been approved.

10. 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 2020-21 as we continue the journey following the transition into Dorset Council.

<p>A - Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of the law</p>	<p>The mandatory e-learning module for General Data Protection Regulations needs to be promoted and completion rates monitored. Action – Service manager for Assurance</p> <p>Work is underway to ensure that there is greater visibility and promotion of whistleblowing arrangements. Action – Service Manager for Assurance.</p> <p>The Council is establishing a policy and supporting training framework for Corporate Criminal Offence - Action – Service Manager for (Finance) Policy and Compliance.</p>
<p>F - Managing risks and performance through robust internal control and strong public financial management</p>	<p>Improve maturity of the Dorset Council risk management arrangements, including reporting to officers and members.</p> <p>Action - Service Manager for Assurance</p>
<p>G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability</p>	<p>Monitoring of the Peer Review implementation plan.</p> <p>Action – Service Manager for Business Intelligence and Performance</p>

10. Approval of the Annual Governance Statement 2019-20

The council is satisfied that this statement provides a substantial level of assurance that good governance is in place in Dorset 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 councillors of Dorset Council.



Matt Prosser
Chief Executive, Dorset Council



Councillor Spencer Flower
Leader of Dorset Council

The Annual Governance Statement was informed by:

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