

APPENDIX A

Introduction - 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.

Good Governance in the Public Sector - 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 diagram (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. 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

Our Approach to Corporate Governance - 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. 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 Dorset Council has an interest in ensuring that these partners have in place good governance arrangements.

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

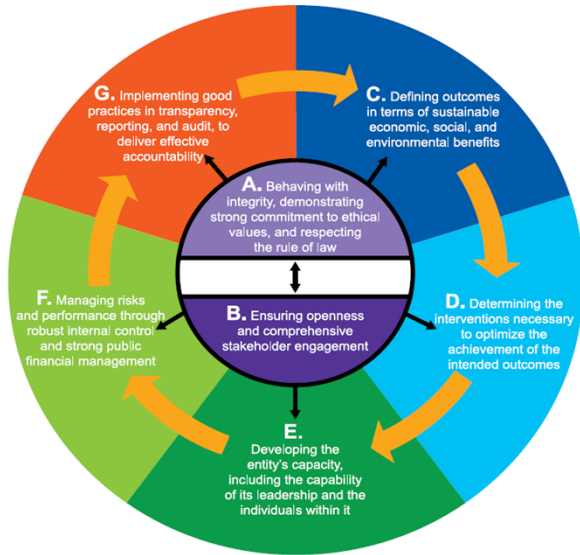


Table 1 - Dorset Council is committed to the seven core principles of good practice contained in the CIPFA framework and will test its governance arrangements against this framework and report annually. To confirm this, we test our governance arrangements by:

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 - Internal Audit Annual Report including an opinion on the risk, governance and control environment and framework
- 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 and 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.



Dorset Council's Local Code is based on the following principles which we are always working towards with the overall aim of 'Achieving the intended outcomes while acting in the public interest'

Principles	Sub-principles	Dorset Council's commitment to achieving good governance in practice includes:
<p>A. Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of the law</p>	<p>Behaving with integrity</p> <p>Demonstrating strong commitment to ethical values</p> <p>Respecting the rule of law</p>	<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. Leading by example and using the above standard operating principles or values as a framework for decision making and other actions.</p> <p>Dorset Council's Constitution contains Codes of Conduct for both Councillors and Officers to ensure that high standards of conduct are maintained. The Constitution was reviewed in this financial year and approved by Full Council at its meeting on 18 February 2020. This included a revision of the committee framework, separating out overview and scrutiny functions.</p> <p>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. The Members' Register of Interests including gifts and hospitality is made available for public inspection and published on the Council's website.</p> <p>Dorset 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.</p> <p>The Employee's (Officer's) Code of Conduct sets out standards of behaviour and conduct that the Council expects of its employees. This includes confidentiality, data protection <u>(which is subject to mandatory annual training via e-learning)</u>, freedom of information, and fraud prevention. An employee policy is in place for acceptance of gifts and hospitality. The Monitoring Officer reviews the registers of interests and gifts and hospitality on an annual basis.</p> <p>An Information Governance Board has been established, chaired by the Senior Information Risk Officer.</p> <p>Regular items appear on the Council's intranet reminding all employees of the Register of Interests, Register of Gifts and Hospitality and the Whistleblowing Procedure and arrangements are in place to enable employees to raise issues of concern and report any wrongdoing.</p>

Principles	Sub-principles	Dorset Council's commitment to achieving good governance in practice includes:
		<p>A formal complaints 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 Anti-Fraud and Corruption Policy 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.</p> <p>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.</p> <p>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.</p> <p>When procuring goods or services, the Council uses a selection questionnaire which includes questions on a potential supplier's ethical behaviour.</p> <p>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 is establishing a policy and supporting training framework for Corporate Criminal Offence - Responsible Officer – Service Manager for (Finance) Policy and Compliance.</p> <p>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. 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.</p>

Principles	Sub-principles	Dorset Council's commitment to achieving good governance in practice includes:
<p>B. Ensuring openness and comprehensive stakeholder engagement</p>	<p>Openness</p> <p>Engaging comprehensively with institutional stakeholders</p> <p>Engaging with individual citizens and service users effectively</p>	<p>Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness. 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.</p> <p>Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/courses of action.</p> <p>Adoption of a clear and consistent reporting format in relation to committee reports. Agendas, reports (and minutes) are also published on the council's website in advance. Meetings are open to the public except in relation to exempt items.</p> <p>A 'forward plan' 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 which can be found on the Council's website.</p> <p>Regular meetings are held with relevant Lead Members to brief them on developments in their service area and of issues of concern. Reports showing progress against the Council Plan is published and scrutinised.</p> <p>The induction and member development programme were designed to ensure that members were equipped with the relevant knowledge and skills they require to perform their role to the benefit of the council and local communities.</p> <p>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 magazine and has an active website. Freedom of Information 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. Local Government Transparency Code 2015 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.</p>

Principles	Sub-principles	Dorset Council's commitment to achieving good governance in practice includes:
		<p>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. 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 in:</p> <ul style="list-style-type: none"> • 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 taxpayers and service users. • There was a significant level of engagement, consultation and preparation formulating the induction and training plan for the elected members of Dorset Council (DC) due to the volume of information needing to be communicated. The induction was then devised from this feedback and from conversations with a large range of officers. Approval for the plan was sought from both officers and outgoing councillors. Internal audit of the induction plan provided a “substantial” assurance that the council has robust arrangements in place for the induction and training of elected Members <p>A variety of arrangements are in place to engage with and involve other stakeholders including the business sector, health agencies, the Police, town & parish councils, rural communities and the voluntary and community sector. Engaging with customers before planning and commissioning services is encouraged by the Council's Communications team. Regular media and web monitoring are in place to pick up informal feedback. The Council has adopted a clear framework for residents, service users and employees 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.</p> <p>Results of major consultations are published in bespoke reports, which are available HERE</p>

Principles	Sub-principles	Dorset Council's commitment to achieving good governance in practice includes:
C. Defining outcomes in terms of sustainable economic, social, and environmental benefits	Defining outcomes	<p>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; Specifying the intended impact on, or changes for, stakeholders including citizens and service users. Managing service users' expectations effectively about determining priorities and making the best use of the resources available.</p> <p>The Council's overall vision is reflected in the Council Plan. We also have in place the Medium-Term Financial Strategy. The Council communicates with and takes account of feedback to review outcomes, so they reflect progress and wider changes. 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. 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. Our transformation programme includes management of our property and assets as a key theme. The Plan provides the long - term strategy within which the Council manages and maintains its transport network.</p>

Principles	Sub-principles	Dorset Council's commitment to achieving good governance in practice includes:
D. Determining the interventions necessary to optimise the achievement of the intended outcomes	<p>Determining interventions</p> <p>Planning interventions</p> <p>Optimising achievement of intended outcomes</p>	<p>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 achievement of 'social value' through service planning and commissioning. 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. 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:</p> <ul style="list-style-type: none"> • 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. • 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. • 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.

Principles	Sub-principles	Dorset Council's commitment to achieving good governance in practice includes:
		<p>A Strategic Commissioning and contracting approach is being embedded into the organisation including commissioning strategies and a clear commissioning cycle involving service review, evidence and consultation. Using business intelligence, the need to align our priorities and goals with future outcomes and financial targets. Work is in progress to develop targets that are:</p> <ul style="list-style-type: none"> • allocated appropriately across directorates, teams and individuals; • based on robust data analysis that takes into consideration more than just previous performance; • reviewed and monitored on a regular basis; <p>There is recognition that over a period, poor quality target setting may adversely affect the performance of individuals and the organisation. There are feedback and complaints mechanisms/reports in place to allow quality issues to be identified. The Council's performance management is undergoing review and transformation. 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 Dorset as required by the Public Service (Social Value) Act 2012. Achievement of social value is monitored regularly.</p>

Principles	Sub-principles	Dorset Council's commitment to achieving good governance in practice includes:
<p>E. Developing the entity's capacity, including the capability of its leadership and the individuals within it</p>	<p>Developing the entity's capacity</p> <p>Developing the capability of the entity's leadership and other individuals</p>	<p>Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness. Recognizing the benefits of partnerships and collaborative working where added value can be achieved. Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources.</p> <p>The Council's People Strategy and Delivery Plan is in place. As with all the goals, there are commitments we are all making to ensure we achieve them. Some of the commitments for engaging our people are:</p> <ul style="list-style-type: none"> • facilitate meaningful 'big conversations' through our employee forum, which is open to all employees • establish a leadership forum, to bring together our people leaders on a regular basis • undertake regular, valuable, two-way engagement, through a range of internal communications channel <p>Success - We're already doing lots of things to engage with employees, and more is planned - the Employee Forum has been going strong since November 2018, it's a great way for us to gain your feedback and get employees collaborating on different pieces of work</p>

Principles	Sub-principles	Dorset Council's commitment to achieving good governance in practice includes:
		<ul style="list-style-type: none"> • we have started running our Leadership Forum, bringing together our people leaders to cover a range of different topics • the introduction of Hive as a staff survey tool- The first survey of Hive has been launched. You can find out more about Hive here. <p>We recognise that the more employees can see on how their feedback is used positively, the more engaged they will be – leading us to be more motivated and more productive.</p> <p>The Council provides learning and development opportunities to elected councillors in accordance with its agreed Member Learning and Development Strategy. Compulsory training is provided to relevant members on Planning and Regulatory Matters and on Pensions. 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; service plans.</p> <p>Induction training is provided for all new employees appropriate to their role and responsibilities, with access to on-going Learning and Development activities to enhance skills. 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. In addition, the Council goes about:</p> <ul style="list-style-type: none"> • 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 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. • 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. • Members have received the same information about behavioural standards and the "One Team" initiative as officers. • Mentoring is taking place within political groups and additional mentoring is available for councillors with specific portfolios or roles.

Principles	Sub-principles	Dorset Council's commitment to achieving good governance in practice includes:
		<ul style="list-style-type: none"> • We have a written Member and Officer protocol in the Constitution that sets out the formal basis of member-officer relationships. • Opportunities for all members (including non-executive) to inform/influence decision-making and policy development - The constitution sets out the opportunities for Members to formally participate in the democratic process. <p>Our commitment to good governance will continue to demonstrate our Code of Corporate Governance that sets out the standards that Dorset Council will meet to ensure it is doing the right things in the right way for the right people in an inclusive, open, honest and accountable manner. As highlighted the Code of Corporate Governance is a long and complex document but the commitments described in it can be broadly summarised by the ten commitments to good governance set out below.</p> <ol style="list-style-type: none"> 1. We will clearly set out our objectives and what we're trying to achieve. 2. We will measure how effective our services are and take action to improve them. We will publish information showing how we are progressing towards our objectives. 3. We will work with other public services, such as the Police and NHS, to improve services for Dorset residents. 4. We will ensure we make the best use of taxpayers' money by taking prudent financial decisions and measuring the level of value for money we achieve. 5. We will set out in our Constitution who can take which decisions. 6. We will behave in ways that reflect our values and high standards of conduct. 7. We will ensure people in the Council making decisions have access to accurate information to help them take decisions in the best interests of Dorset. 8. We will record and publish the decisions we take and the reasons for them. Wherever possible, we'll take the most important decisions in public. 9. We will carry out scrutiny of our services to make sure they meet our residents' needs. 10. We will be sensitive about how we collect and record information and safeguard it from misuse.

Principles	Sub-principles	Dorset Council's commitment to achieving good governance in practice includes:
<p>F. Managing risks and performance through robust internal control and strong public financial management</p>	<p>Managing risk</p> <p>Managing performance</p> <p>Robust internal control</p> <p>Managing data</p> <p>Strong public financial management</p>	<p>Dorset Council continues to develop its risk aware culture and seek to implement indicators that help to identify, assess and report risks. Risks constantly change, so it is necessary to monitor and regularly report on the progress being made in managing risks and opportunities in line with the council plan and directorate service objectives. We recognise the importance that risk registers are kept up to date with accurate and robust analysis which enables meaningful review and focus will be to:</p> <ul style="list-style-type: none"> • Implement a robust and integrated risk management process • Monitor and review that the process works effectively • Responsibilities for managing individual risks are clearly allocated <p>As Dorset Council is within its infancy, the risk register framework is still maturing. Risks have been identified at both a corporate and service level and are reported on a quarterly basis to Audit and Governance Committee. A business continuity framework has been developed, and a review undertaken during 2020 to ensure effective for critical services. These have also been subject to an external challenge by risk consultants as part of a risk support facility contained within the insurance contract. Several exercises were undertaken during 2019 to ensure that they are fit for purpose. The Command and Control structure has been effective to-date throughout the Covid-19 response, but the opportunity will be taken to debrief and understand lessons learnt, at both an authority and multi-agency (Local Resilience Forum) perspective and to update emergency response plans accordingly.</p> <p>A new set of performance scorecards have been developed which cascade down the organisation providing relevant performance management information to different management levels in the structure. A new interim scorecard solution has been designed and approved by the senior management team operating around 4 quadrants covering:</p> <ul style="list-style-type: none"> • Finance – a sustainable organisation (Core financial performance information) • HR – an employer of choice (HR information) • Operational – an effective modern organisation (Key operational performance metrics for each Council service) • Customer – a customer focused organisation (Key customer metrics) <p>The top-level Senior Leadership Team scorecard provides a council wide view of the key performance being driven by the lower level directorate feeds. As such, the drillable SLT dashboard flags council wide exceptions for performance tolerance, but then provides the ability to drill into which directorate(s) are contributing to the issue. 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</p>

		<p>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.</p> <p>Mandatory training for managers has been implemented on data protection and information management. A partnership information sharing protocol, and information sharing agreements are put in place where required. Policies that govern the use of data, and corporate data standards are in place. That encouraging effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making that helps to</p> <ul style="list-style-type: none">• Provide members and senior management with regular reports on service delivery plans and on progress towards outcome achievement• Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting, for example, financial statements• Aligning the risk management strategy and policies on internal control with achieving objectives• That its recommendations are listened to and acted ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data <p>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.</p>
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Principles	Sub-principles	Dorset Council's commitment to achieving good governance in practice includes:
<p>G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability</p>	<p>Implementing good practice in transparency</p> <p>Implementing good practices in reporting</p> <p>Assurance and effective accountability</p>	<p>Implementing good practices in transparency and reporting; Assurance and effective accountability</p> <ul style="list-style-type: none"> • 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. • 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. • Ensuring members and senior management own the results reported. <p>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.</p> <p>Agendas, reports and minutes are published on the council's website. Committee reports, and debates are made available online to the public. Regular press releases and briefings with good press coverage. Council newsletter produced for all residents. During the Covid-19 response, essential Committee meetings have been maintained and carried out virtually. These remain transparent and available for viewing by the public.</p> <p>The Annual Financial Statements are compiled, published to timetable and included on the council's website. 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.</p> <p>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>The Council engages in peer challenge, reviews and inspections from regulatory bodies and implementing recommendations. A peer challenge was carried out during 2019 and an improvement action plan has been developed.</p>