



**Dorset**  
Council

# Annual Governance Statement 2023/24

**Supported by:**

**Appendix A – Local Code of Corporate Governance**

## WELCOME TO DORSET COUNCIL'S ANNUAL GOVERNANCE STATEMENT FOR FINANCIAL YEAR 2023/24

Governance arrangements in the public services are keenly observed and sometimes criticised. 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. Dorset 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, efficiently, and effectively. This statutory document explains the processes and procedures in place to enable the council to conduct its functions effectively, whilst seeking continuous improvement with a commitment to transformation and as a learning organisation.

The Chartered Institute of Public Finance and the Society of Local Authority Chief Executives (CIPFA/SOLACE) “Delivering Good Governance” publication (2016) describes principles of good governance to be applied in the public sector, and this document measures the arrangements that Dorset Council has established against the seven core principles that underpin that framework.

The Council is satisfied that this Annual Governance Statement provides a substantial level of assurance that good governance is in place in Dorset Council, but also recognising areas where the Council can improve further. Progress on these improvements and on mitigating our most significant risks will be monitored through the year by senior officers and elected councillors of Dorset Council.



**Matt Prosser, Chief Executive**



**Cllr Spencer Flower, Leader**

# The Governance Framework

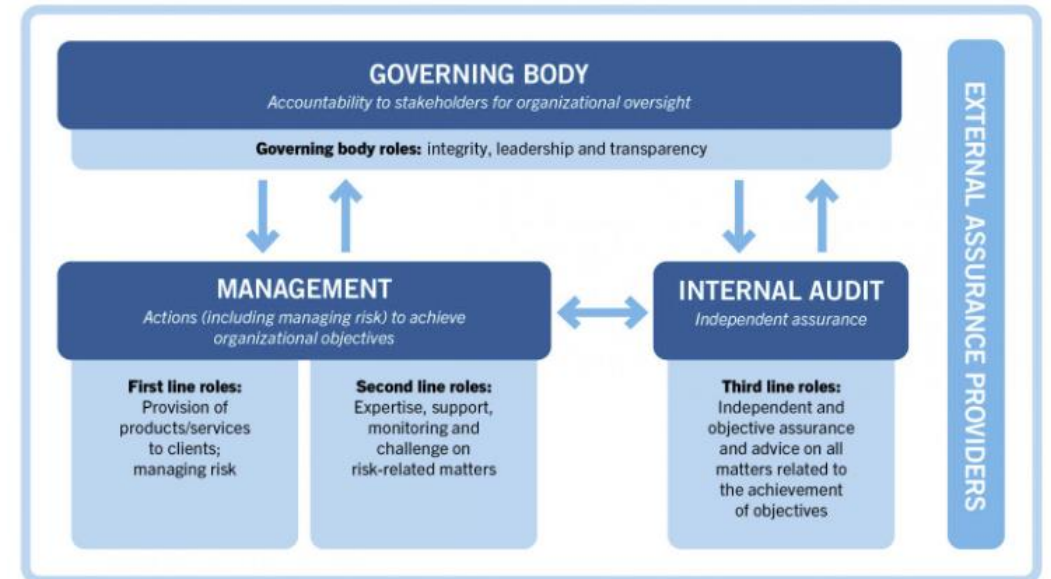
The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled, together with the activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

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 meet the targets in our policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Dorset Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place at Dorset Council for the year ended 31 March 2024 and up to the date of approval of the annual statement of accounts.



## The IIA's Three Lines Model (2020)



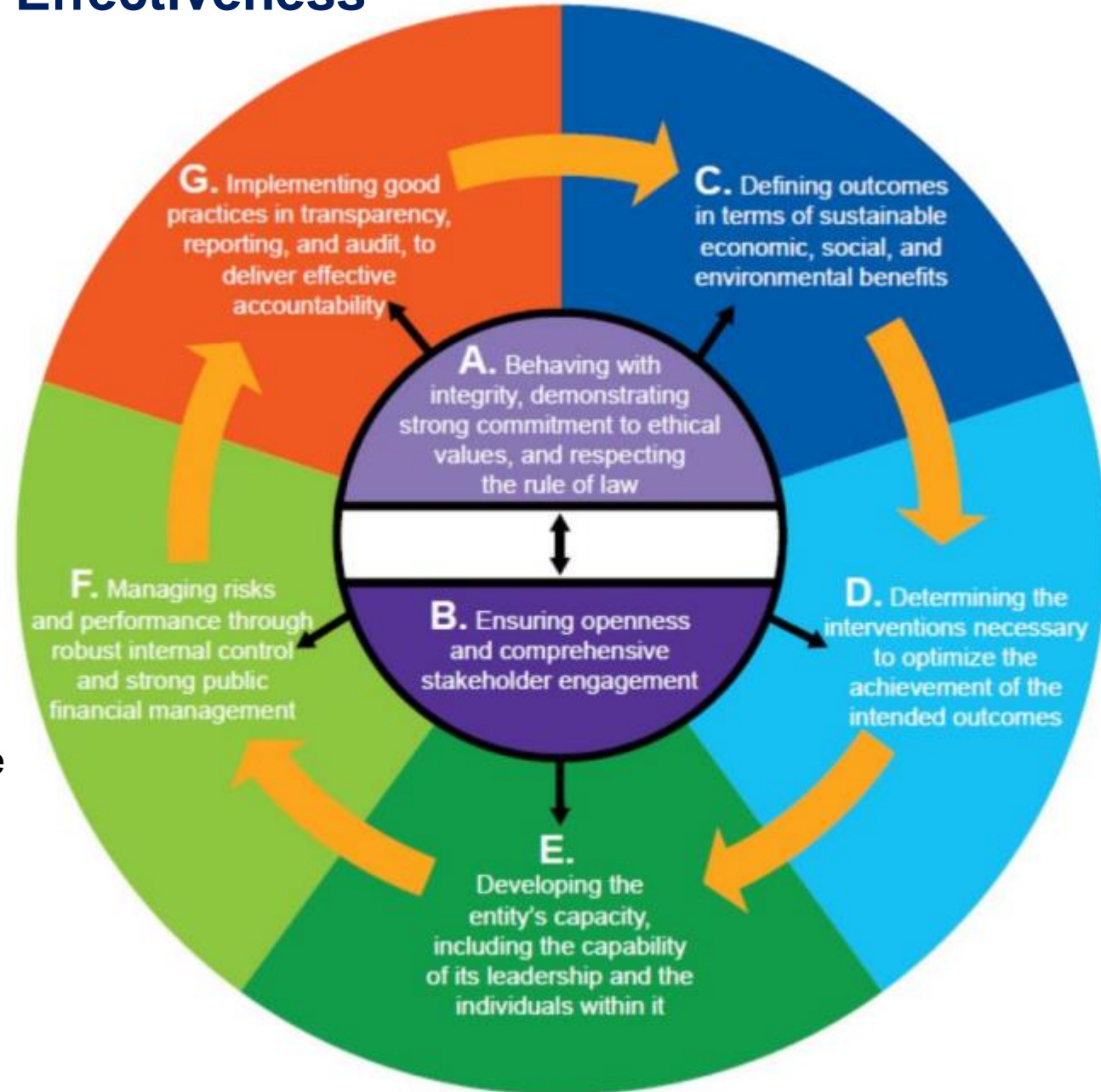
KEY: ↑ Accountability, reporting ↓ Delegation, direction, resources, oversight ↔ Alignment, communication coordination, collaboration



# Review of Effectiveness

Review and monitoring of governance arrangements across the Council is an ongoing process. This Statement explains how the Council has complied with its Local Code of Corporate Governance 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.

Dorset Council is committed to the seven core principles of good practice contained in CIPFA/SOLACE Governance Framework. A more detailed assessment can be found in the Council's Local Code of Corporate Governance that supports this Annual Governance Statement.



## A) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Our [Constitution](#) establishes the roles and responsibilities for members of the executive (the Cabinet), Overview, Scrutiny, Audit and Governance and Regulatory Committees, together with officer functions. It includes details of delegation arrangements, codes of conduct and protocols for member/officer relations. The Constitution is kept under review to ensure that it continues to be fit for purpose, with any proposed changes being considered by the Audit and Governance Committee.

The [Constitution](#) also contains procedure rules, standing orders and financial regulations that define clearly how decisions are taken and where authority lies for decisions. The statutory roles of Head of Paid Service, Monitoring Officer, and Chief Financial Officer (S151) are described together with their respective roles and contributions to provide for robust assurance on governance and to ensure that expenditure is lawful and in line with approved budgets and procedures.

The [Head of Paid Service](#) is the Chief Executive and is responsible for all Council employees. The Executive Director for Corporate Development is the Council's [Chief Financial Officer](#) and is responsible for safeguarding the Council's financial position and ensuring value for money. The Director for Legal and Democratic is the [Monitoring Officer](#) and is responsible for ensuring legality and promoting exacting standards of conduct in public life. Under Section 18(2) of the Children Act 2004, Local Authorities in England have a duty to appoint a Director of Children's Services. Local Authorities in England are also required to appoint a Director of Adult Services. Dorset Council have in place both Executive Directors for People ([Adults & Children](#)). Alongside these officers, the Executive Director of [Place](#) and the [Director of Public Health](#) comprise the Council's senior leadership team.

The Council's [Constitution](#) 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 (Chief Officer is defined as: Chief Executive; Executive Director; Director or Corporate Director). Each chief officer has a scheme of nomination setting out the powers that others may exercise on their behalf.

## A) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

The [Members' Code of Conduct](#) advises an elected member (or co-opted member) what conduct is expected of them and whether their conduct constitutes a criminal offence. A Code of Conduct also exists for staff which sets out the standards of conduct expected of all council employees and prevents employees from being in a situation where they may be vulnerable to an accusation of favouritism or bias or other improper motives, whether this is real or perceived. Arrangements are in place for dealing with any [Code of Conduct complaints](#) made against councillors.

The Council operates under an Executive ([Cabinet](#)) model, which oversees the formulation of all major policies, strategies, and plans. The Cabinet also lead on the preparation of the Council's budget. The primary counterbalance to our Cabinet is through the two Overview Committees ([People & Health](#) and [Place & Resources](#)), the two Scrutiny Committees ([People & Health](#) and [Place & Resources](#)), and the [Audit and Governance Committee](#). These Committees are in place to provide support and a robust level of challenge to the Executive.

We are committed to promoting equality of opportunity, valuing diversity, and eliminating discrimination. An **Equality, Diversity and Inclusion** Strategic Board oversees equality, diversity, and inclusion within our organisation and in our external work. It also supports the implementation of the council's [Equality, Diversity, and Inclusion Strategy](#) by prioritising activity within its action plan and monitoring progress.

### What improvements will we make in 2024/25?

Induction of new councillors following elections in May 2024 will include code of conduct

## B) Ensuring openness and comprehensive stakeholder engagement

### What improvements have we made in 2023/24?

Improvements to Subject Access Requests processes with improved performance

Members of the public are now able to attend Committee meeting virtually or in person to ask questions during the public participation sections of meetings.

A [complaints](#) procedure and a [whistle-blowing policy](#) and procedure are maintained and kept under review, providing the opportunity for members of the public and staff to raise issues when they believe that appropriate standards have not been met. An annual report analysing complaints received and their resolution is presented to the Scrutiny Committees. The Audit and Governance Committee has responsibility for overseeing the investigation of complaints against members.

[Committee meetings](#) are open to the public, and agenda papers and minutes are transparently available on the internet. Meetings are streamed on Youtube and members of the public can attend virtually or in-person

**Public consultation** plays a key part in the decision making process, across the full range of the Councils services

Our **Communications** team provides a wide range of support for the whole council including using social media, internal communications, marketing and promotions advice, media relations

Minutes for the two **Stakeholder committees**, [Care Dorset Holdings Ltd](#) and [Dorset Centre of Excellence](#), are available on the Council's website.

A [disclosure log](#) has been added to the Council's website, transparently including responses to Freedom of Information requests received.

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.

### What improvements will we make in 2024/25?

The complaints policy will be reviewed following issue of the Local Government and Social Care Ombudsman's revised code



## C) Defining outcomes in terms of sustainable economic, social, and environmental benefits

### What improvements have we made in 2023/24?

New climate decision-wheel embedded into all committee papers, ensuring that environmental and climate considerations are taken into account when making decisions. The wheel also takes into consideration the economic and social implications of decisions, in-line with the council plan priorities

Our [council plan](#) sets out the contribution we will make to enabling communities in working together for a successful Dorset. Delivery of this plan is supported by service plans, team plans and individual performance development reviews. These all include targets and, where appropriate, service standards against which service quality and improvement can be judged.

A **performance** management framework is operated to underpin and monitor the council plan, with supporting dashboards. Committees receive quarterly monitoring reports to assess the performance of the Council and inform scrutiny.

Our [data strategy](#) provides strategic direction to the council's next steps in our ambitions to place the use of data and intelligence at the core of decision making and policy development.

Committee reports are assessed for their impact of the **climate and environment**, via a new "Climate Decision Wheel"

### What improvements will we make in 2024/25?

The strategic performance and risk framework will be updated, incorporating a risk strategy

The Council plan and associated metrics will be updated



## D) Determining the interventions necessary to optimize the achievement of the intended outcomes

### What improvements have we made in 2023/24?

The Our Future Council programme was commenced, aimed at delivering our council vision and priority to become a more responsive, customer focused council.

The OFC programme puts customers first and explores new ways of working so that we can continue to deliver impactful change, whilst doing so in a financially sustainable way. Making us more resilient and ready for 2030 and beyond

A **value for money** framework sets out how to develop value for money service benchmarking across the council. Local Government bodies, auditors are required to give a conclusion on whether the council has proper arrangements in place to secure value for money and guidance identifies one single criterion for auditors to evaluate 'In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.'

Each Cabinet member has been assigned as a specific **Portfolio Holder** with roles and responsibility for different themes: Adult Social Care, Health and Housing; Children, Education, Skills and Early Help; Corporate Development and Transformation; Culture and Communities; Assets and Property; Finance, Commercial and Capital Strategy; Highways, Travel and Environment; and Planning. Support is provided by **Lead Members**.

The **Leader of the Council** is the portfolio holder for Governance, Performance and Communications, business insight and performance, policy, democratic services and elections, legal services, and assurance.

### What improvements will we make in 2024/25?

Embedding a new strategic performance framework and reporting tool, to include enhanced 'customer voice/feedback' monitoring/KPIs and risk dashboarding.

Implement the corporate performance framework that links financial planning and assumptions to service performance and emerging risks



Committee reports identify the **impacts** of decisions

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

What improvements have we made in 2023/24?

Improved compliance rates for mandatory training

**Appraisal and review** processes (including "My Roadmap") are the general means of identifying the training needs of members and officers. Appropriate training is made available to staff to ensure that individuals are able to undertake their present role effectively and that they have the opportunity to develop to meet their and the Council's needs.

The **Employee Wellbeing** team provide support to all employees and can offer links to a wide range of external sources of support for employees to look after both their physical and mental wellbeing.

The **Staffing Committee** determines staff terms and conditions; appoints and manages performances issues relating to senior officers.

An extensive **member induction** programme is put in place after the County Council elections to ensure that newly elected members can quickly make an effective contribution to the work of the authority. This is supported by regular member briefing sessions to ensure that members are kept up to date on key issues.

The **behaviours** we demonstrate and the approaches we take at work are key to the success of Dorset Council and our vision to be an employer of choice. Our **behaviours framework** has been developed in partnership with members of our Employee Forum.

What improvements will we make in 2024/25?

Induction of new councillors, post May elections

Complete governance review.

Work with Our Future Council programme on enhanced partnership working

Further improve mandatory training compliance rates

## F) Managing risks and performance through robust internal control and strong financial management

### What improvements have we made in 2023/24?

Approval of the Council's data strategy

Embedded the new Strategic Information Governance Board and its supporting working groups

Rollout of the Information Asset Register

**Risk Registers** are maintained at a corporate (theme), service and project level to ensure that the authority is able to make risk informed decisions, with reporting to Audit and Governance and the two Scrutiny Committees

The Council is committed to achieving high standards of integrity and accountability. Our [Anti-fraud, Bribery and Corruption Strategy](#) sets out our zero policy approach to such acts and records a clear commitment to deal with any cases robustly.

The Council's monetary **management arrangements** conform with the governance requirements of the CIPFA (Chartered Institute of Public Finance and Accountancy) "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 (a role performed by the Executive Director for Corporate Development) has statutory responsibility for the proper management of the Council's finances and is a key member of the senior 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).

### What improvements will we make in 2024/25?

Respond to internal audit actions on embedding risk management, including reassessment of Council's risk appetite

Embed an enhanced corporate performance framework linking financial planning and assumptions to service performance and emerging risks

## F) Managing risks and performance through robust internal control and strong financial management

The Council's approach to [information governance](#) is led by a Strategic Information Governance Board, chaired by the Senior Information Risk Owner (the Director for Legal and Democratic). The work of the Board is supported by four working groups: i) Operational Information Governance Group; ii) Cyber Security Technical Group; iii) Digital Applications Governance Group; and iv) an Organisational Compliance and Risk Learning Group

The Council's **Emergency Planning** function sits within the Assurance Service and works in conjunction with Local Resilience Forum partners to plan, respond and learn from civil emergencies.



Dorset Council continues to experience **funding pressures** through central government annual settlements, limited increases in its council tax and under funding from the current business rates distribution methodology and the collateral ongoing impact surrounding Covid 19 Pandemic. Since the UK left the European Union in December 2020 the UK has been adjusting to the changing trade arrangements, reacting to the wider global economic impacts and Covid restrictions. The global economic challenges, and Ukraine conflict is placing cost of living pressure on households and businesses.

Dorset Council is supporting Ukrainian refugees and is offering support to the Ukrainian families living and working in Dorset. We also recognise the impact that the conflict in Ukraine is having on our wider EU communities, many of whom have links to neighbouring countries who are also affected. As a result of the conflict, energy and fuel prices are surging.

### What improvements will we make in 2024/25?

Develop and roll out the action plan to support the Council's data and business intelligence strategy

Embed an enhanced corporate performance framework linking financial planning and assumptions to service performance and emerging risks.

Evolve the Scrutiny Committee interactive performance and risk dashboarding/reporting



## G) Implementing good practice in transparency, reporting, and audit, to deliver effective accountability

Our operational **internal audit** work has been carried out under contract by [SWAP Internal Audit Services](#). This includes an annual independent and objective opinion to the Authority on its risk management, governance and control environment. Their work aligns with the **aims and objectives** of the council, considering key risks, operations, and changes. The plan is flexible in adapting audit plans to manage changing risks, priorities, and challenges.

**External Audit** are required to audit the annual financial statements and undertake a Value for Money Audit as per the code of practice of on Local Authority Accounting. As with many other local authorities, there remain delays in the external auditor completing their work on the 21/22 and 22/23 annual statements. This delay is primarily due to capacity shortfalls in the external audit sector. To clear the backlog of historical accounts and 'reset' the system, the Department for Levelling Up, Housing and Communities (DLUHC) proposes putting a date in law (the “backstop date”) – 30 September 2024 – by which point local bodies would publish audited accounts for all outstanding years up to and including 2022/23. The implications of this are currently being explored.

We aim to provide an open environment whereby employees and those working for the Council can raise issues that they believe to be in the public interest. Our [Whistleblowing](#) Policy provides protection from any harassment, victimisation, or other detriment to any whistleblowing on serious wrongdoing.

**What improvements will we make in 2024/25?**

Audit action tracking built into new strategic reporting tools/dashboards as part of the wider corporate performance framework

Respond to recommendations from external inspections and peer reviews

Work with Deloitte to finalise outstanding financial statements



Dorset Council learns from external inspection and peer reviews. During 2023/24 this included [Care Leavers](#); Ofsted SEND and an [LGA peer review](#)

# Our Most Significant Risks Moving in to 2024/25

Failure to stabilise the budget for the High Needs Block

**What are we doing?** Failure to stabilise the pressures in the High Needs Block budget will result in a further increase in the deficit in the Dedicated Schools Grant and could potentially affect the Council's financial position. Work is being undertaken to move to early intervention and support for families across Dorset; to identify pupil needs earlier so that remedial support can be put in place quickly and thus try to stop expensive support later; to create specialist support in all schools and highly specialist support in local schools to reduce the need for pupils to be placed in the independent sector. This work will be wrapped up in the Dedicated Schools Grant recovery plan.

There is a business continuity risk from delayed ICT recovery after a disruption such as a power failure

**What are we doing?** Scoping for the first exercise since LGR is being undertaken. Controlled power down is no longer required so this exercise will test core infrastructure services. Core services are the foundation of the recovery process and the recovery procedure will be tested as part of the exercise to ensure it is fit for purpose.

Loss of ICT service or data through a cyber-attack

**What are we doing?** The implementation of vulnerability management technologies has reduced by 82% since the introduction of vulnerability management technology.

The council's identity management (multifactor, conditional access and account permission) has been reviewed with the support of specialist technology. A considerable number of vulnerabilities have been removed from the council identity management technologies. An external review of this technology is also being scoped.