Draft Annual Governance Statement 2025/26

(Supported by 2025/26 Local Code of Corporate Governance)

SECTION ONE - Introduction

Governance in public services is closely watched and sometimes criticised. The Accounts and Audit Regulations (2015) require the Council to review its internal control system's effectiveness at least once a year. This review is reported in this Annual Governance Statement, which is included with the Statement of Accounts. Dorset Council must ensure its operations comply with laws and standards, safeguard public money, and use resources efficiently and effectively. This document outlines the processes and procedures that help the council function effectively and continuously improve.

The Chartered Institute of Public Finance and the Society of Local Authority Chief Executives (CIPFA/SOLACE) published "Delivering Good Governance" in 2016. This document measures Dorset Council's arrangements against seven core principles of good governance. An addendum was released in May 2025 which set updated expectations for Annual Governance Statements preparation from 2025/26 onwards. In particular to:

i) Provide a meaningful, high-level, outcome-focused account of governance arrangements;
ii) Summarise how governance effectiveness was monitored and evaluated during the year;
iii) Report planned changes for the coming period; and
iv) Include a forward look and identification of significant governance issues, with an action plan

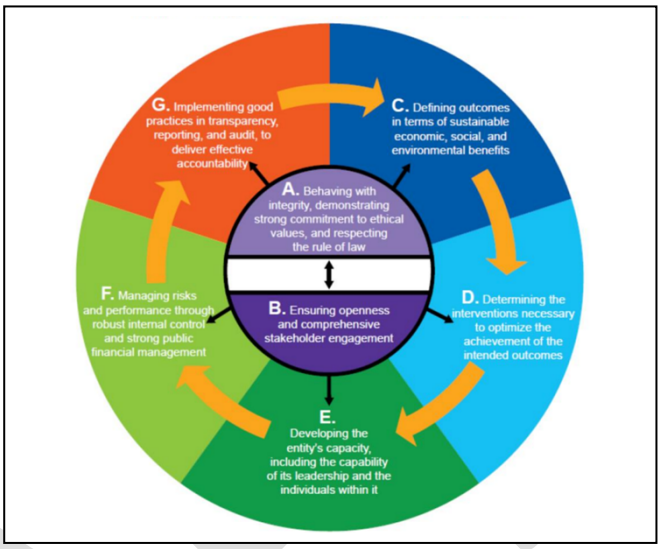
Our Annual Governance Statement is supported by a Local Code of Corporate Governance. The purpose of this document is to translate the national CIPFA/SOLACE Delivering Good Governance in Local Government Framework into a localised, council-specific document. It sets out the principles, behaviours and governance arrangements that we commit to follow in demonstrating that we act with integrity, transparency and accountability. Dorset Council has refreshed its Local Code ahead of the preparation of this statement, to provide a mechanism for self-assessment of the various controls, processes and practices in place, to support the requirements of the May 2025 addendum (adopting a raking of i) no assurance; ii) limited assurance; iii) reasonable assurance; and iv) substantial assurance, aligned to our audit partners ranking). Each principle within the Annual Governance Statement provides a summary of this assurance ranking, highlighting levels aligned to each item of evidence supporting the frameworks sub principle:

	None	Limited	Reasonable	Substantial

Sub Principle	Number of evidence, aligned to assurance ranking

Both the Local Code and this Statement have been aligned to the seven CIPFA/SOLACE principles:

A. Behaving with integrity
B. Openness and stakeholder engagement
C. Defining sustainable outcomes
D. Determining interventions
E. Developing capacity
F. Managing risk, internal control and financial management
G. Transparency, reporting and accountability



Each Principle has nominated officer leads, and each item of supporting evidence has a nominated owner. These have each made judgements on the level of assurance allocated, and supported the development of the improvement action plan. Both the Statement and the Local Code are presented to the Statutory Officers Group (Chief Executive; Section 151 and Monitoring Officer for challenge), and to other officers and councillors, including Senior Leadership Team, as part of report clearance processes. It is shared with internal audit providers, SWAP Internal Audit, for additional challenge. The Statement is then subject to scrutiny by the Council's Audit and Governance Committee. Alongside this self assessment, the statement also references internal and external audit opinion, alongside cross reference with the Council's risk register.

The Council's governance arrangements are continuously reviewed and updated, including through internal audit, inspections, learning processes, and corporate planning cycles. This is summarised within this statement, but with detail set out in the Local Code.

The conclusion of this document sets out an assurance opinion based on this self assessment, and guided by the internal audit opinion, and signed by the Leader of the Council and the Chief Executive. The Statement will be updated where necessary to reflect any significant governance matters that may arise or be identified in between the closure of the financial year, and the signing and publication of this statement alongside the annual accounts.

SECTION TWO - Summary of Assurance for 2025/26

The self assessment set out in the Local Code demonstrates that the Council's overall governance environment remains generally sound, with many areas demonstrating Reasonable or Substantial levels of assurance. Strengths include:

- a robust Council Plan and performance framework
- strong risk management arrangements following the 2025 review and implementation of the risk appetite
- active scrutiny arrangements
- effective strategic asset management (supported by a Substantial assurance audit)
- strong external inspection outcomes, including Ofsted "Outstanding" for Children's Services (2025) and CQC "Good" for Adults Social Care (2026)

A number of actions have been taken since the publication of last years statement to enhance the Council's governance arrangements. Principally, an extensive action plan was developed in response to the investigations commissioned by the Council into Health and Safety Compliance, and assurance work on Contract and Expenditure Compliance with the Council's Constitution and Scheme of Delegation. This has improved governance around spend and contract management, and actions are now largely complete, and subject to a positive internal audit review. The outcomes of this work have also influenced an improved scrutiny. As an example, owners of internal audit actions are now required to attend Audit and Governance Committee to report on mitigation and progress, where timescales are missed, to provide assurance that risk exposures are not left unmanaged. The new Chief Executive initiated a range of staff discussions ("Conversations with Catherine") to ensure that the voices of staff are heard, and supporting direction of strategic work and transformation.

There are however areas that are identified as requiring improvement or ongoing work, which includes:

- elements of our information governance framework (including our response to our data maturity audit)
- mandatory training compliance
- improving alignment of our whistleblowing and fraud arrangements to the requirements set out in the Economic Crime and Corporate Transparency Act
- embedding the revised Risk Appetite across all services
- updated policy and governance frameworks following organisational change
- additional governance around the recruitment of interim staff

These are set out more clearly under the assessment for each of the Principles in the next pages.

Principle A — Behaving with integrity, demonstrating commitment to ethical values and respecting the law

	None	Limited	Reasonable	Substantial
1) Arrangements to ensure ethical conduct for both members and officers, including codes of conduct, management of conflicts of interest, declarations of gift and hospitality, training and evaluation.		3	11	
2) Arrangements covering the ethical behaviour of external service providers			2	
3) Arrangements to support whistleblowing		1	5	
4) How compliance with laws and regulations and internal policies and procedures is ensured and arrangements to ensure expenditure is lawful			6	
5) How breaches of ethical arrangements, laws, regulations and procedures are addressed and learning adopted			2	
6) How all those in governance roles and senior managers demonstrate their leadership of an ethical culture.			2	

Summary

The Council operates within a strong ethical and constitutional environment supported by:

- Dorset Council Constitution, Scheme of Delegation, Contract Procedure Rules
- Member and Officer Codes of Conduct
- Whistleblowing Policy and Counter Fraud arrangements
- Corporate Complaints frameworks
- Caldicott Guardian and statutory officer roles

Detail

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.

The 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.

It also contains procedural 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.

During 2025/26 the Head of Paid Service is the Chief Executive and is responsible for all Council employees. The Executive Director for Corporate Development was the Council's Chief Financial Officer until August 2025, with the role now undertaken by the Director for Finance (previously known as Corporate Director for Finance and Commercial). The Chief Financial Officer is responsible for safeguarding the Council's financial position and ensuring value for money. The Director for Assurance (formerly known as 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. Alongside these officers, the Executive Director for Economy and Environment and the Executive Director for Housing, Communities and Prevention comprise the Council's senior leadership team, alongside the Assistant Chief Executive and Executive Director for Modernisation and Customer (currently filled by an interim officer, pending completion of a recruitment process). This new Senior Leadership Team took effect 17 April, following approval by Full Council. The purpose of this revised structure is to bring services together around communities, make it easier to work across boundaries, strengthen accountability, and support prevention and financial sustainability. This design is purposeful and based on working together, not creating new silos.

Senior officer appointments are overseen by the Staffing Committee.

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, including

review by independent persons who support determining the need for investigation and escalation to the Audit and Governance Committee to determine any sanctions. The process was reviewed by Audit and Governance Committee during 2024 and a revised process approved by Full Council in February 2025. Changes may be required during 2026/27 to reflect legislative change.

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. Elected member oversight is provided by a Cabinet Lead.

The final quarter of 2025/26 has seen work commence on a review of governance in relation to decision making groups, with the aim of providing consistency, removing duplication and ensuring that governance is clear, led by the Head of Strategy. This Group will evolve into a Governance Group, led by the Director of Assurance & Governance, that will challenge effectiveness of the Strategic Delivery Boards alongside having a responsibility for future development and review of both the Local Code of Corporate Governance and Annual Governance Statement processes.

Behaviours and cultural direction has been challenged via the commencement of the new Chief Executive, including reinforcing stronger budget controls and dialogue between budget holders and finance team. New design principles are being established moving forward, to enable delivery of Council priorities during a time of ongoing financial pressures and uncertainty:

- Co-design with communities;
- Shared approaches to prevention;
- Agency and skills to lead change; and
- Modern ways of working

The self-assessment undertaken in the Local Code of Corporate Governance notes most evidence as providing Reasonable assurance. The following areas are noted with limited assurance:

- Mandatory training compliance;
- Policy library and management of policies by owners;

- Improving alignment of our whistleblowing and fraud arrangements to the requirements set out in the Economic Crime and Corporate Transparency Act with appropriate targeted training.

Actions Taken in Response to 2024/25 Annual Governance Statement

- A new Counter Fraud and Financial Crime policy was developed and approved (replacing previous fraud and money laundering policy frameworks);
- Protected disclosure (whistleblowing) policy was updated and approved;
- An action plan was developed, with councillor oversight, to respond to the findings of the internal audit on Contract and Expenditure compliance with Council constitution and scheme of delegation and wider SWAP investigation. This is largely complete.

Key improvements identified for 2026/27:

Ref	Summary	Local Code Link	By Whom
A1	Roll out the new financial section of the Officer Scheme of Delegation with guidance	1b (Reasonable)	Head of Legal Services
A2	Review of Contract Procedural Rules to reflect changes to the financial section of the Scheme of Delegation	1c (Reasonable)	Service Manager for Commercial and Procurement
A3	Review impacts of Mazur case recommendations on constitution, and professional support from legal services	1a (Reasonable)	Director of Legal & Democratic / Head of Legal Services
A4	Review Councillor Code of Conduct complaints policy to reflect legislative change	5b (Reasonable)	Head of Legal Services
A5	Refresh of Counter Fraud and Financial Crime policy to reflect legislative change	3b (Reasonable)	Service Manager for Assurance
A6	Develop training matrix for improved targeting of fraud and whistleblowing training	3c (Reasonable)	Service Manager for Assurance
A7	Evolve the Governance Design Group into a permanent Governance Group	1l (Reasonable)	Director for Legal and Democratic
A8	A structured induction and training program will be established for interim staff to promote corporate integration and oversight.	1n (Limited)	Head of People and Workforce
A9	Corporate policies and procedures for conflict of interest checks during the recruitment and management of interim staff will be enforced	1n (Limited)	Head of People and Workforce

Principle B — Ensuring openness and comprehensive stakeholder engagement

	None	Limited	Reasonable	Substantial
1) How the authority ensures that decisions are made in the public interest and the rationale for decisions is recorded			4	
2) How the authority achieves expected standards of openness and transparency, including a culture of internal challenge and self-assessment			6	
3) The arrangements for consultation and engagement with citizens, service users and stakeholders and how these inform decision-making.			4	
4) The ways in which the authority communicates with the community and stakeholders			5	

Summary

The Council has strong arrangements for transparency and public engagement, including:

- committee meetings live-streamed on YouTube
- publicly available decisions, minutes and impact assessments
- open data publications, FOI and SAR compliance monitoring
- the Citizenspace consultation platform
- State of Dorset data reporting
- performance dashboards and regular scrutiny reviews

Detail

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.

Minutes for the two Stakeholder committees, Care Dorset Holdings Ltd and Dorset Centre of Excellence, are available on the Council's website.

A customer strategy was approved by Place and Resources Overview Committee during 2025. This has been supported by the rollout of the Council's Customer Hub in January 2026.

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. A review and restructure of the communications function was completed in March 2026.

Public consultation plays a key part in the decision making process, across the full range of the Councils services, utilising the Citizens Space platform.

Annual updates will be provided to the State of Dorset report. A performance dashboard is available transparently for members of the public.

A complaints procedure and whistleblowing procedures 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.

The Local Government and Social Care Ombudsman's 2025/26 report noted that 82% of complaints escalated to them and investigated were upheld, compared to an average of 85% in similar authorities. In 11% of cases they found that the Council had provided a satisfactory remedy before the complaint reached the Ombudsman, compared to an average of 13% in similar authorities.

The Council has a Protected Disclosure (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.

A disclosure log is available on the Council' website, transparently including responses to Freedom of Information requests received.

Assurance across this principle is Reasonable.

Actions Taken in Response to 2024/25 Annual Governance Statement

None Identified

Key improvements identified for 2026/27:

Ref	Summary	Local Code Link	By Whom
B1	Annual update to the State of Dorset report (first published by February 2026). With additional ad hoc data briefings aligned to release of national data sets.	3d (Reasonable)	Head of Strategy
B2	Review and update Subject Access Request policy, replicating good practice within the corporate SARs team to wider Dorset Council responses	2e and 2f (Reasonable)	Service Manager of Assurance

B3	Seek to improve Directorate's performance in providing satisfactory remedies to complainants ahead of LGSCO escalation	4d (Reasonable)	Service Manager for Assurance

Principle C — Defining outcomes in terms of sustainable economic, social and environmental benefits

	None	Limited	Reasonable	Substantial
1) How the authority establishes its vision, target outcomes, and associated long-term plans to deliver sustainable outcomes.		1	5	1
2) Its decision-making arrangements and how it ensures consideration and demonstration of value for money and best value.			3	
3) Arrangements to achieve fair access to services			1	
4) The authority's strategic approach to commissioning across the entity and its partnerships and collaborations.			1	

Summary

The Council has clear long-term plans and defined strategic outcomes through:

- the Council Plan 2024–2029
- strategic frameworks (Climate & Ecological Emergency Strategy, EDI Strategy)
- performance dashboards and the Strategic Performance Framework
- commissioning and commercial strategies
- Statement of Accounts and Budget processes

Detail

Our council plan reflects the administrations priorities:

- Provide affordable and high-quality housing
- Grow our economy
- Communities for all
- Respond to the climate and nature crisis

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. Progress is monitored via public performance dashboards, quarterly reviews by the two Scrutiny Committees and twice yearly progress reports to Cabinet, alongside monitoring by the Senior Leadership Team. Those indicators

showing as Red are noted in Section Five. The risk management framework is closely aligned to performance monitoring, with all risks linked back to a council priority. Those risks noted as Very High are shown in Section Four.

The self-assessment undertaken in the Local Code of Corporate Governance notes most evidence as providing Reasonable or Substantial assurance. The following area is noted with limited assurance:

- The Data and Business Intelligence Strategy is outdated and will be replaced by a new Data and Technology Strategy.

Actions Taken in Response to 2024/25 Annual Governance Statement

None Identified

Key improvements identified for 2026/27:

Ref	Summary	Local Code Link	By Whom
C1	Complete whole council service planning exercise	1b (Reasonable)	Head of Strategy
C2	Replace the outdated Data and Business Intelligence strategy with a new Data and Technology Strategy	1d (Limited)	Head of ICT Operations
C3	Publish end year progress report in July 2026 as part of the twice a year update to Cabinet on Council Plan delivery/ progress	1g (Reasonable)	Head of Strategy

Principle D — Determining the interventions necessary to achieve intended outcomes

	None	Limited	Reasonable	Substantial
1) The arrangements for medium and short-term service planning, supported by projects and programmes, to ensure alignment to the vision and objectives.			12	1
2) How budgets and resource strategies align to the delivery of objectives.			5	1
3) How the authority uses self-assessment and continuous improvement to achieve value for money			10	2
4) The authority's performance management arrangements to ensure continued alignment to its objectives.			2	
5) Arrangements for the achievement of social value in commissioning, procurement and contracting.			1	

Summary

The Council demonstrates structured planning and delivery through:

- service planning aligned to the Council Plan
- the Our Future Council programme
- the Design Authority (change governance)
- robust use of impact assessments (EIA, DPIA)
- transformation plan 2025–2029
- scrutiny arrangements

Detail

A value for money framework sets out how to develop value for money service benchmarking across the council. For Local Government bodies, the National Audit Office issued its guidance for auditors in April 2020. The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under the three specified reporting criteria. Improving economy, efficiency and effectiveness, Financial Sustainability & Governance.

Each Cabinet member has been assigned as a specific Cabinet Lead with roles and responsibility for different themes:

i) Regeneration, Economic Growth and Strategic Assets;

ii) Resources and Finance;

iii) Transformation, Customer and Workforce;

iv) Children, Families and Education;

v) Adult Social Care and Health;

vi) Housing and Homelessness;

vii) Place Services (including highways, waste and transport);

viii) Public Health, Prevention and Communities; and

ix) Planning

The Leader of the Council is the portfolio holder for Climate, Performance, communications and Safeguarding.

Our Future Council is a whole council transformation plan, that aims to change the way we work, to not only make sure our services are financially sustainable for the future, but are also achieving the best outcomes for our residents, families, communities and businesses across the county. Our Future Council reports to a Design Authority, chaired by the Chief Executive and with cross-Directorate representation. Looking forward, a proposal is being worked through to establish a number of strategic boards that will replace existing corporate working group structures. This allows for a one council approach to governance of the programme and wider decision making. A cross party members transformation steering group monitors strategic organisational performance and holds officers accountable for delivery. Public facing scrutiny is delivered via Audit and Governance Committee and both Scrutiny Committees.

The self-assessment undertaken in the Local Code of Corporate Governance notes most evidence as providing Reasonable or Substantial assurance. The following areas are noted with limited assurance:

- Link commissioning and wider use of resources into a more transparent process that challenges whether best value is being secured

Actions Taken in Response to 2024/25 Annual Governance Statement

- Embedded a new strategic performance framework and reporting tool

Key improvements identified for 2026/27:

Ref	Summary	Local Code Link	By Whom
D1	Whole council service planning exercise to be undertaken for 26/27 - 2029 to align with the multiyear financial settlement	1c (Reasonable)	Head of Strategy
D2	Review outstanding actions in ICT change management audit (ITIL v4 training actions are currently being tolerated)	1i (Reasonable)	Head of ICT Operations
D3	Community Conversations throughout 2026	1m (Reasonable)	Head of Strategic Comms and Engagement
D4	Ensure that wider transformation work reflects and embeds the cultural and behavioural improvements identified in the Investigation Action Plan	3c (Reasonable)	Senior Leadership Team

Principle E — Developing capacity and capability of leadership and individuals

	None	Limited	Reasonable	Substantial
1) Member and officer protocols and clarity over roles and responsibilities, including schemes of delegation.			3	
2) Application of the Code of Practice on Good Governance for Local Authority Statutory Officers.			2	
3) How financial management roles align with: – CIPFA Financial Management Code (FM Code) – CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015)			2	
4) The arrangements in place for the discharge of the monitoring officer function.			1	
5) The arrangements in place for the discharge of the head of paid service function.			1	
6) Induction and development programmes to meet the needs of members and senior officers in relation to their strategic roles			4	
7) Workforce planning and organisational development.			10	
8) Arrangements for learning and development, and health and wellbeing.		1	5	

Summary

The Council continues to invest in leadership and workforce capability through:

- statutory officer governance
- member and staff induction programmes
- Management Academy and Leadership Forum
- People and Culture Strategy
- My Roadmap appraisal system for officers
- comprehensive HR policy framework
- internal audit of establishment control (Reasonable assurance)

Detail

The Council has developed a People and Culture strategy.

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.

An extensive member induction programme is put in place after the 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.

Our values act as guiding principles, defining what we believe is important in the ways we work together. Our values are Respect, Together, Accountability, Openness and Curiosity.

The self-assessment undertaken in the Local Code of Corporate Governance notes most evidence as providing Reasonable or Substantial assurance. The following areas are noted with limited assurance:

- Mandatory training compliance

Actions Taken in Response to 2024/25 Annual Governance Statement

- Launch of new Employee Assistance Programme providing employees with access to a broader wellbeing support offer;
- Manage the transfer of staff into the new operating model
- Develop officer register of interests portal

Key improvements identified for 2026/27:

Ref	Summary	Local Code Link	By Whom
E1	Implement compliance regime for information governance mandatory training	8e (Limited)	Service Manager for Assurance
E2	Improve compliance levels of wider mandatory training	8e (Limited)	Head of People and Wellbeing

Principle F — Managing risks and performance through robust internal control and strong financial management

	None	Limited	Reasonable	Substantial
1) Risk management policy, strategy and arrangements for review.			3	2
2) How financial management arrangements align with the Financial Management Code.			9	3
3) Internal control arrangements including: – Cyber, AI and information security arrangements – information governance – asset management – procurement and contract management.		6	23	2
4) Assurance frameworks across the three lines. The framework should set out how the leadership team obtains its assurance, including from management, risk and compliance arrangements, and internal audit.			4	
5) Internal audit arrangements in conformance with the Global Internal Audit Standards in the UK public sector(GIAS and the Application Note) and the CIPFA Code of Practice on the Governance of Internal Audit			2	
6) Arrangements for formal overview and scrutiny (as applicable)			2	
7) Facilitation of internal and external challenge.			5	
8) Undertaking the core functions of an audit committee, as identified in Audit Committees: Practical Guidance for Local Authorities and Police (CIPFA, 2022).			2	
9) Counter fraud and anti-corruption developed and maintained in accordance with the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014).		1	4	
10) Governance, risk and control arrangements across companies, partnerships, collaborations and arm's length bodies.			2	

Summary

This principle shows a mix of **Substantial**, **Reasonable**, and **Limited** assurances. Strengths include:

- updated Risk Management Strategy
- new Risk Register and Dashboard
- Risk Appetite adoption

- treasury management
- robust main accounting, revenues and benefits, capital strategy support
- strong asset management with Substantial assurance via the Assets & Property Improvement Plan audit
- business continuity and emergency planning frameworks
- a broad suite of internal control policies and professional advice routes

Detail:

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).

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.

Global issues present challenges and uncertainty around energy and fuel prices.

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. Internal audit is mapped to the risk themes set out in the register, with reporting highlighting a spread of audit opinion across these themes. Risk maturity continues to improve, with compliance rates high on risk register review, development of the risk appetite and councillor challenge embracing this risk appetite as part of scrutiny and challenge. Work will continue during the next financial year to further embed how the risk framework is utilised for decision making.

The Council is committed to achieving high standards of integrity and accountability. Our Counter Fraud and Financial Crime policy sets out our zero tolerance approach to such acts and records a clear commitment to deal with any cases robustly.

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 three working groups: i) Operational Information Governance Group; ii) Cyber Security Technical Group; and iii) an Organisational Compliance and Risk Learning Group. The Board works to

an action plan, based on the Information Commissioners Accountability Framework, and reported annually to the Audit and Governance Committee. This board structure is subject to change during 2026/27, as part of the review of strategic boards.

The Business Continuity Framework includes a Business Impact Analysis setting out the criticality of services, supported by service level action cards. An action plan has been developed to improve business continuity across the Council.

The 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.

The previous two Annual Governance Statements reported that the Council identified potential non-compliance with contract procedure rules, Council's constitution and the scheme of delegation. SWAP Internal Audit was commissioned to conduct a thorough and independent investigation. The findings identified a number of weaknesses, and initiated an improvement action plan, which have been subject to regular reporting and oversight by the Audit and Governance Committee. Financial and contract control has been improved following these actions, but work remains outstanding to review Contract Review Procedures in the context of changes to the financial section of the Scheme of Delegation, and to deliver a number of more cultural and behavioural actions.

The self-assessment undertaken in the Local Code of Corporate Governance notes most evidence as providing Reasonable or Substantial assurance. The following areas are noted with limited assurance:

- Internal audit findings on data maturity, including information asset owner compliance
- Internal audit findings on cyber security assurance mapping
- Outstanding organisation-wide learning from SWAP investigations, focussed primarily on culture and behaviour
- Review and update of information governance policy framework
- Cyber training compliance (training below 90%; need for more capacity and proactive defence)
- Fraud and whistleblowing action plan and training matrix, including extending to embrace arms length companies
- Contract management culture and earlier procurement involvement

Actions Taken in Response to 2024/25 Annual Governance Statement

- Responded to remaining actions on the risk management action plan, including development of risk appetite statement;
- Completed outstanding priority actions following business continuity audit

Key improvements identified for 2026/27:

Ref	Summary	Local Code Link	By Whom
F1	Propose internal audit on risk function in 2027 to guide further work.	1a (Reasonable)	Head of Strategy
F2	Embedding risk appetite statement, supported by the development of additional metrics that provide clearer insight and operational guidance aligned to the high-level appetite and the mechanism for informing internal audit planning	1b (Reasonable)	Head of Strategy
F3	Revision of the risk matrix / scoring, including how reflected within committee reports	1c / 1d (Substantial / Reasonable)	Head of Strategy
F4	Develop revised risk learning module	1e (Reasonable)	Head of Strategy
F5	Respond to outstanding actions from health and safety compliance report, which are largely associated with culture and behaviour	3e (Limited)	Director of Public Health and Prevention
F6	Replace Data and BI strategy with Data and Technology strategy	3f (Limited)	Head of ICT Operations
F7	Respond to actions identified within the Data Maturity audit, including Information Assets	3g (Limited)	Head of ICT Operations; Service Manager for Archives and Records
F8	Analysis of systems and processes across information compliance and complaints teams	3h (Reasonable)	Service Manager for Assurance
F9	Enable compliance regime for non compliance of information governance training mechanisms (data protection / cyber)	3o / 3p (Reasonable / Limited)	Service Manager for Assurance
F10	Build capacity into the new IT structure post restructure to give more time for proactive work to strengthen defences, monitor network activity and build organisational awareness and vigilance to potential cyber attack	3q (Reasonable)	Head of ICT Operations
F11	Respond to actions identified during ICT Assurance mapping audit, and following assessment work undertaken by Public Digital	3s (Limited)	Head of ICT Operations
F12	Develop a risk overview as part of the end of year performance report to Cabinet.	3k (Limited)	Head of Strategy

F13	Develop a whole authority exercise on business continuity	3a (Reasonable)	Service Manager for Assurance
F14	Consider development of Service Assurance statements, in line with Head of Audit Annual Governance Statement Effectiveness Checklist	3c (Reasonable)	Service Manager for Assurance
F15	Strengthening assurance reporting across cyber risk, audit activity, compliance requirements and improvement actions	3n (Limited)	Executive Director for Modernisation & Customer
F16	Embedding Responsible AI governance and continuing to evaluate AI opportunities, risks and learning through a controlled test-and-learn approach	3n (Limited)	Executive Director for Modernisation & Customer

Principle G — Implementing good practices in transparency, reporting and audit to deliver accountability

	None	Limited	Reasonable	Substantial
1) Arrangements for the timely response and support to the work of external audit, internal audit and other inspection or regulatory action.		1	13	3
2) Approach to welcoming external challenge and implementing recommendations.			3	2
3) How learning and improvement are actioned.			3	
4) How transparency and accountability are maintained across collaborations and arm's length bodies, such as trading companies and joint ventures.			2	
5) Accountability to the public and stakeholders is supported by clear assurance and ensures core areas are covered to enable better accountability in practice.	0		6	

Summary

Assurance is generally **Reasonable**, supported by:

- regular internal audit reporting and follow-up
- Audit and Governance Committee oversight
- external audit engagement and action planning
- performance reporting to Cabinet and Scrutiny
- organisational learning arrangements
- strong outcomes from Ofsted and other regulators
- transparency via FOI, publication schemes and open meetings

Detail

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. A dashboard is available for senior managers and councillors. Audits that have provided a "limited" assurance ranking have been referenced within the Local Code of Corporate Governance. Where actions remain outstanding, this is reflected within the improvement action plans that support this statement.

An advisory ICT assurance mapping audit report issued in January 2026 notes a High operational risk. Management has commenced immediate action to address the report. Public Digital were engaged to support this review work during March 2026.

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 Protected Disclosure (Whistleblowing) Policy provides protection from any harassment, victimisation, or other detriment to any whistleblowing on serious wrongdoing.

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.

The interim 2024/25 external auditors report identified three significant weaknesses:

- Not satisfied that there are proper arrangements re value for money work for securing economy, efficiency and effectiveness in the use of resources;
- Arrangements for Dedicated Schools Grant (ongoing from 23/24);
- Governance and securing economy, efficiency and effectiveness in the use of resources due to the significant findings identified through the Building Health and Safety investigations (ongoing from 23/24). It was noted that police investigations are ongoing.
- Due to the backstop legislation, areas on which auditors are unable to conclude are the closing balance of property, plant and equipment, the net defined benefit liability and reserve balances.

The following risks have been identified:

- Management override of controls (significant)
- Valuation of land and buildings (significant)
- Valuation of the defined benefit pension liability (Significant)
- Implementation of IFRS 16

Dorset Council learns from external inspection and peer reviews, with improvement action plans.

The self-assessment undertaken in the Local Code of Corporate Governance notes most evidence as providing Reasonable or Substantial assurance. The following areas are noted with limited assurance:

- Annual Audit opinion report;
- Audit findings on temporary accommodation;
- Audit findings on Children with Disability service (CWAD)

Improvements addressed since 2024/25 Annual Governance Statement

None Identified

Key improvements identified for 2026/27:

Ref	Summary	Local Code Link	By Whom
G1	Respond to outstanding actions for internal audit on temporary accommodation	1l (Limited)	Action Owners
G2	Respond to remaining actions on internal audits	1h; 1i; 1j; 1m; 1n (All Reasonable or Substantial)	Action Owners
G3	Respond to actions identified in the external auditors reports	1q (Reasonable)	Director for Resources
G4	Deliver on most recent Ofsted inspection recommendations	2b (Substantial)	Executive Director for Childrens
G5	Deliver on most recent CQC inspection recommendations	2c (Substantial)	Director for Adult Social Services
G6	Corporate Peer Challenge	2a (Reasonable)	Chief Executive

SECTION FOUR – Corporate Risks Identified as "Very High" Moving in to 2026/27

Risk : As a result of a successful cyber attack Dorset Council IT systems may be compromised leading to a loss of service or data.

What are we doing : The council is working to build on E5 baseline capabilities to increase the organisations ability to detect and respond to threats within our infrastructure. In tandem with Our Future Council the staffing requirements to fulfil the organisations cyber security capabilities are being reviewed as part of the wider ICT structure. Additional capacity would significantly improve our ability to use the cyber monitoring data to identify actions to strengthen our technical defences. Third party monitoring would also be funded by these additional funds to provide a managed service providing out of hours monitoring service and response to cyber threats.

Risk : As a result of health service reform, Dorset Council may incur additional unprovisioned responsibilities, leading to increased resourcing and budgetary pressures, unmet health needs and potential harm to individuals.

What are we doing : Drafting of lobbying for elected members to influence how funding arrangements are to be met in the future. Maintaining dialogue on developments with the integrated care system. Publication of the new ICB structure is expected and will support greater clarity on roles, responsibilities, and continuity of existing agreements.

SECTION FIVE – Performance Indicators noting "Red" Performance

The following measures are reported as red to Place & Resources Scrutiny Committee in July 2026 and People & Wellbeing Scrutiny Committee in April 2026:

Type	Indicator
Council Plan	Reduce our emissions from staff travelling for business by at least 25% by 2029
Council Plan	Ensure our services are resilient to climate change by having climate adaptation plans for each service by March 2026
Council Plan	Improve 300 miles of the Rights of Way network, making it more accessible to connect people's access to nature by 2030 (30 miles in last 10 years)
People & Workforce	Average number of working days lost to sickness per FTE (12-month rolling data) – DC Overall
People & Workforce	Average number of working days lost to long term sickness per FTE (12-month rolling data) – DC Overall
People & Workforce	Percentage of staff who have been DBS checked in job roles which require DBS clearance – DC Overall
People & Workforce	Number of staff RIDDOR reportable accidents – incl. schools (DC Overall)
ICT Operations	Percentage of employees that are current with their mandatory cyber security training
Waste & Operations	Number of waste collections missed per 100,000 collections of household waste
Housing	Net number of single households in B&B at the end of the month (taking in to account households newly placed in B&B and those moving out into alternative accommodation)
Housing	Number of pregnant women / families in B&B exceeding 6 week stay
Children's Services	Number of Independent Special School places taken up by children and young people
Children's Services	Percentage of 16 and 17 year olds not in education, employment or training
Children's Services	Percentage of Education, Health & Care Plans (EHCPs) issued within 20 weeks
Children's Services	Rate of Early Help open cases at month end
Children's Services	Rate of permanent exclusions from schools (all schools) (%)
Public Health & Prevention	Percentage of deaths registered within 5 calendar days

SECTION SIX - Significant Governance Issues Identified for 2026/27

Based on the 2025/26 assurance map, the following are considered significant themes requiring continued governance attention, as set out in the improvement action plans contained within each theme:

1. **Information Governance capability, compliance and maturity**, including:
    - Data Maturity audit recommendations
    - Information Asset Register completeness and ownership
    - Information Governance policy framework refresh
    - Data Protection Impact Assessment compliance
    - NHS Data Security and Protection Toolkit compliance
2. **Cyber security resilience**, with actions to:
    - increase training compliance
    - build additional cyber capacity post-ICT restructure
    - complete internal audit actions related to governance and assurance
3. **Mandatory training compliance** across the organisation, with targeted intervention and clearer consequence frameworks.
4. **Whistleblowing and counter-fraud improvements**, specifically:
    - aligning policies to the Economic Crime and Corporate Transparency Act
    - updating the fraud action plan
    - risk based training
    - embedding fraud arrangements across arm's-length companies
5. **Embedding the new Risk Appetite Statement** across all services and enhancing reporting insights.
6. **Culture and behaviour improvements** being coordinated through the Organisational Learning Group.
7. **Updating key corporate strategies**, including the new Data and Technology Strategy and the internal policy library tool.

SECTION SEVEN – Conclusions and Signatories

This Annual Governance Statement (AGS) describes how the Council has complied with its Local Code of Corporate Governance during 2025/26 and identifies areas for further development. It draws on assurance from management, internal audit (SWAP), external inspection, the Monitoring Officer, the Section 151 Officer, and the Council's risk, performance and scrutiny arrangements. The Council will however look to improve these assurance mechanisms further during 2026/27 by establishing a Governance Group, that will include a role in developing and challenging the Annual Governance Statement and supporting Local Code, alongside effectiveness of our Strategic Delivery Boards.

The Council is satisfied that this Annual Governance Statement demonstrates that generally adequate internal control, governance and risk management is in place.

The 2023/24 and 2024/25 statements referenced the investigation commissioned by the Council into Health and Safety Compliance, and assurance work on Contract and Expenditure Compliance with the Council's Constitution and Scheme of Delegation which indicated that a series of corporate procurement and finance controls were either circumvented or absent which led to significant governance and control failings. As a result, both the Statement and annual internal audit opinions offered a limited assurance. A significant amount of work has been undertaken to respond to these findings, which are broadly complete and have been subject to positive review by SWAP Internal Audit . It is however recognised that some cultural change takes time to embed.

The Council strives for continual improvement and this statement identifies a number of areas where the Council can improve further. The improvement action plan forms part of this statement, and identified improvements will be monitored through the year by senior officers (via the proposed Governance Group) and Audit and Governance Committee. In addition, and recognising the financial challenges that local authorities face, the Council will move to new operating principles, to support delivery of our Council priorities.

Noting the positive assurance from the majority of items noted in the Local Code of Corporate Governance, and the internal auditors annual opinion, the overall assessment within this Annual Governance Statement is consider "reasonable", whilst recognising that further improvement measures have been identified as we strive to become a modern sustainable unitary council.

Signed: Councillor Nick Ireland, Leader of the Council

Signed: Catherine Howe, Chief Executive