



# **Corporate Governance Local Code**

Revised: May 2017

# Contents

|  | <u>Page No</u> |
|--|----------------|
| 1. Introduction                          | 2              |
| 2. Background                            | 4              |
| 3. Governance Principles                 | 7              |
| 4. Annual Governance Process             | 20             |
| 5. Example Directors Assurance Statement | 24             |
| 6. Risk Management                       | 29             |
| 7. Risk Management Strategy              | 32             |
| 8. Performance Management                | 34             |

# Introduction

## What Do We Mean By Governance?

Governance is about how we ensure that we are doing the right things, in an open, honest and accountable manner.

The International Framework: Good Governance in the Public Sector defines governance as:

*Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.*

*To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entity's objectives while acting in the public interest at all times.*

*Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.*

For Dover District Council, good governance comprises the systems, processes, cultures and values we follow so that we can pursue our vision and objectives effectively, delivering intended outcomes for our communities, whilst minimising the risks involved. We aim to meet the standards of the best and ensure that our governance arrangements are sound.

Good Governance runs through every level of the Council, it is owned by all stakeholders, including senior management and members. It forms the essential core values of the Council and should remain embedded in the culture of the Council.

## Purpose of This Corporate Governance Local Code

Our Corporate Governance Local Code brings together legislative requirements, governance principles and management processes, providing a governance framework for the proper conduct of our business in a transparent and accountable way.

## Delivering Good Governance

Good governance is important to all officers and members of this council. It is a key responsibility of our Leader, our Chief Executive, the Cabinet, the Corporate Management Team and the full Council, in particular the Governance Committee who are responsible for monitoring and providing assurance on our governance arrangements.

The Council has in place a process of continual review of its internal control arrangements. Rules are embedded into the Constitution of the Council, under the term Corporate Governance. Good Corporate Governance underpins credibility and confidence in the Council and this Code of Corporate Governance promotes accountability, effectiveness, openness, integrity and inclusivity in all of our business.

This statement, the systems that support it and the overall Corporate Governance arrangements are all subjected to an annual audit inspection by the Councils external auditors.

This Local Code also provides a mechanism for the continued development of Corporate Governance arrangements, summarising the principles and how this Council will comply with

the Corporate Governance Framework, with Risk Management and with Performance Management.

### **Testing our Arrangements**

We test our arrangements by:

- Maintaining an up-to-date and effective local code of governance.
- Regular review of our existing governance arrangements against this code.
- Preparing an annual governance statement in order to report publicly on compliance with this code, over the past year.
- Reporting any planned changes in the coming period.

In order to review our current arrangements, we:

- Collect evidence of systems, processes and documentation that provide evidence of compliance;
- Collect evidence of the individuals and committees responsible for monitoring and reviewing systems, processes and documentation.
- Ensure management and reporting arrangements are in place to monitor governance effectiveness.
- Identify the issues that have not been addressed adequately and consider how they should be addressed.
- Prepare an action plan to address issues with responsibilities listed
- Prepare an action plan for the forthcoming year's evidence collection.
- Ensure appropriate risk and performance management arrangements are in place and are operating effectively.
- Ensure systems of control are working effectively.

### **Key elements of our Governance Arrangements**

#### Compliance

- With relevant laws, regulations, policies and procedures
- Financial management requirements, including the role of the Chief Financial Officer (section 151 Officer)
- Effective arrangements to discharge the roles of Head of Paid Service, Monitoring Officer and Section 151 Officer
- Effective counter fraud and anti-corruption arrangements
- Governance/audit committee

#### Performance

- Clear channels of communication
- Commitment to openness and transparency
- Effective decision making, including the scheme of officer delegations
- Performance management and reporting
- Clear roles and responsibilities for officers and members
- Effective Overview and Scrutiny function
- Induction and development of members and officers

# Background

## The Principles of Conduct

The Committee for Standards in Public Life, the seven "Nolan" Principles form an important part of the Governance Framework for Members, Officers and partners.

The principles are:

- **Selflessness:** Holders of public office should take decisions solely in terms of the public interest. They should not do so in order to gain financial or other material benefits for themselves, their family, or their friends.
- **Integrity:** Holders of public office should not place themselves under any financial or other obligation to outside individuals or organisations that might influence them in the performance of their official duties.
- **Objectivity:** In carrying out public business, including making public appointments, awarding contracts, or recommending individuals for rewards and benefits, holders of public office should make choices on merit.
- **Accountability:** Holders of public office are accountable for their decisions and actions to the public and must submit themselves to whatever scrutiny is appropriate to their office.
- **Openness:** Holders of public office should be as open as possible about all the decisions and actions that they take. They should give reasons for their decisions and actions and restrict information only when the wider public interest clearly demands.
- **Honesty:** Holders of public office have a duty to declare any private interests relating to their public duties and to take steps to resolve any conflicts arising in a way that protects the public interest.
- **Leadership:** Holders of public office should promote and support these principles by leadership and example.

## Dover District Council's Member Code of Conduct

This Council's Code of Conduct incorporates the principles outlined above and also covers:

- General principles in relation to behaviour and equal treatment of people.
- Confidentiality and openness – the treatment of confidential information and access to information
- Criminal offences and bringing the authority into serious disrepute.
- The use of the authority's resources – the prohibition of members from using their office/position to obtain advantage or from using local authority resources for the benefit of political parties
- Decision making – the requirement for members to act reasonably
- Disclosable Pecuniary Interest– restrictions on participation in meetings by members with an interest in matters under consideration
- The registration of members' interest – and gifts and/or hospitality received.
- Other significant interest

## Code of Conduct for Officers

The Council's Code of Conduct for employees provides staff with an effective ethical framework within which to work and aims to give the Council's communities confidence that the staff are working on their behalf in an appropriate manner. The Council's Conditions of

Service require all officers to abide with the Code of Conduct for employees. Officers should be aware and comply with all policies of the Council.

The public is entitled to expect the highest standards of conduct from all local government employees. The role of employees is to serve the Council in providing advice, implementing its policies and delivering services to the local community. In performing their duties, they must act with integrity, honesty, impartiality and objectivity, complying with the Seven Principles of Public Life.

# Governance Principles

## Development of the Principles of Governance

In 2007 the CIPFA/SOLACE joint working group issued a framework called *Delivering Good Governance in Local Government* together with an accompanying guidance note. This was aimed at helping Local Authorities develop and maintain their own codes of governance.

The guidance was updated in 2011 and 2012 to reflect the latest Accounts and Audit regulations. The Framework was further reviewed in 2016 and a revised edition published in April 2017.

The Framework positions the attainment of sustainable economic, societal and environmental outcomes as a key focus of governance processes and structures. The framework defines the principles that underpin the governance of this local authority.

## Core and Supporting Principles

The seven core principles are taken from the International Framework: *Good Governance in the Public Sector* and help local authorities demonstrate good governance through their local codes.

Each of these principles translates into a range of specific requirements and they are reflected in this Corporate Governance Local Code in the following pages.

- A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- B. Ensuring openness and comprehensive stakeholder engagement

Principles A and B permeate implementation of principles C to G.

- C. Defining outcomes in terms of sustainable economic, social, and environmental benefits
- D. Determining the interventions necessary to optimise the achievement of the intended outcomes
- E. Developing the entity's capacity, including the capability of its leadership and the individuals within it
- F. Managing risks and performance through robust internal control and strong public financial management
- G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Good governance is dynamic, and Dover District Council is committed to improving governance on a continuing basis through a process of evaluation and review.

| Core Principle  | Sub Principles  |
|---|---|
| <p><b>A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law</b></p> <p>Local government organisations are accountable not only for how much they spend, but also for how they use the resources under their stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes they have achieved. In addition, they have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies. It is essential that, as a whole, they can demonstrate the appropriateness of all their actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.</p> | <p><b>Behaving with Integrity</b></p> <ul style="list-style-type: none"> <li>• Ensuring members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the organisation</li> <li>• Ensuring members take the lead in establishing specific standard operating principles or values for the organisation and its staff and that they are communicated and understood. These should build on the seven Principles of Public Life</li> <li>• Leading by example and using the standard operating principles or values as a framework for decision making and other actions</li> <li>• Demonstrating, 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</li> </ul> <p><b>Demonstrating strong commitment to ethical values</b></p> <ul style="list-style-type: none"> <li>• Seeking to establish, monitor and maintain the organisation's ethical standards and performance</li> <li>• Underpinning personal behaviour with ethical values and ensuring they permeate all aspects of the organisation's culture and operation</li> <li>• Developing and maintaining robust policies and procedures which place emphasis on agreed ethical values</li> <li>• Ensuring that external providers of services on behalf of the organisation are required to act with integrity and in compliance with ethical standards expected by the organisation</li> </ul> <p><b>Respecting the rule of law</b></p> <ul style="list-style-type: none"> <li>• Ensuring members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations</li> <li>• Creating the conditions to ensure that the statutory officers, other key post holders, and members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements</li> <li>• Striving to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders</li> <li>• Dealing with breaches of legal and regulatory provisions effectively</li> <li>• Ensuring corruption and misuse of power are dealt with effectively</li> </ul> |



| Core Principle  | Sub Principles   |
|---|--|
| <p><b>B. Ensuring openness and comprehensive stakeholder engagement</b></p> <p>Local government is run for the public good, organisations therefore should ensure openness in their activities. Clear, trusted channels of communication and consultation should be used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.</p> | <p><b>Openness</b></p> <ul style="list-style-type: none"> <li>• Ensuring an open culture through demonstrating, documenting and communicating the organisation's commitment to openness</li> <li>• Making decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, a justification for the reasoning for keeping a decision confidential should be provided</li> <li>• Providing clear reasoning and evidence for decisions in both public records and explanations to stakeholders and being explicit about the criteria, rationale and considerations used. In due course, ensuring that the impact and consequences of those decisions are clear</li> <li>• Using formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action</li> </ul> <p><b>Engaging comprehensively with institutional stakeholders</b></p> <ul style="list-style-type: none"> <li>• Effectively engaging with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably</li> <li>• Developing formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively</li> <li>• Ensuring that partnerships are based on: trust, a shared commitment to change, a culture that promotes and accepts challenge among partners and that the added value of partnership working is explicit</li> </ul> <p><b>Engaging with individual citizens and service users effectively</b></p> <ul style="list-style-type: none"> <li>• 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</li> <li>• Ensuring that communication methods are effective and that members and officers are clear about their roles with regard to community engagement</li> <li>• Encouraging, collecting and evaluating the views and experiences of communities, citizens, service users and organisations of different backgrounds</li> </ul> |

| Core Principle | Sub Principles  |
|----------------|---|
|                | <p>including reference to future needs</p> <ul style="list-style-type: none"> <li>• Implementing effective feedback mechanisms in order to demonstrate how views have been taken into account</li> <li>• Balancing feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity</li> <li>• Taking account of the impact of decisions on future generations of tax payers and service users</li> </ul> |

| Core Principle  | Sub Principles  |
|---|---|
| <p><b>C. Defining outcomes in terms of sustainable economic, social, and environmental benefits</b></p> <p>The long-term nature and impact of many of local government's responsibilities mean that it should define and plan outcomes and that these should be sustainable. Decisions should further the organisation's purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.</p> | <p><b>Defining Outcomes</b></p> <ul style="list-style-type: none"> <li>• Having a clear vision, which is an agreed formal statement of the organisation's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the organisation's overall strategy, planning and other decisions</li> <li>• Specifying the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer</li> <li>• Delivering defined outcomes on a sustainable basis within the resources that will be available</li> <li>• Identifying and managing risks to the achievement of outcomes</li> <li>• Managing service users' expectations effectively with regard to determining priorities and making the best use of the resources available</li> </ul> <p><b>Sustainable economic, social and environmental benefits</b></p> <ul style="list-style-type: none"> <li>• Considering and balancing the combined economic, social and environmental impact of policies and plans when taking decisions about service provision</li> <li>• Taking a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the organisation's intended outcomes and short-term factors such as the political cycle or financial constraints</li> <li>• Determining the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs</li> <li>• Ensuring fair access to services</li> </ul> |

| Core Principle  | Sub Principles   |
|---|--|
| <p><b>D. Determining the interventions necessary to optimise the achievement of the intended outcomes</b></p> <p>Local government achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that local government has to make to ensure intended outcomes are achieved. They need robust decision-making mechanisms to ensure that their defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.</p> | <p><b>Determining the interventions</b></p> <ul style="list-style-type: none"> <li>• Ensuring decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore ensuring best value is achieved however services are provided</li> <li>• Considering feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts</li> </ul> <p><b>Planning interventions</b></p> <ul style="list-style-type: none"> <li>• Establishing and implementing robust planning and control cycles that cover strategic and operational plans, priorities and targets</li> <li>• Engaging with internal &amp; external stakeholders in determining how services and other courses of action should be planned and delivered</li> <li>• Considering and monitoring risks facing each partner when working collaboratively, including shared risks</li> <li>• Ensuring arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances</li> <li>• Establishing appropriate key performance indicators as part of the planning process in order to identify how the performance of services and projects is to be measured</li> <li>• Ensuring capacity exists to generate the information required to review service quality regularly</li> <li>• Preparing budgets in accordance with objectives, strategies and the medium term financial plan</li> <li>• Informing medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy</li> </ul> <p><b>Optimising achievement of intended outcomes</b></p> <ul style="list-style-type: none"> <li>• Ensuring the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints</li> <li>• Ensuring the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage</li> </ul> |

| Core Principle | Sub Principles  |
|----------------|---|
|                | <ul style="list-style-type: none"><li data-bbox="662 257 1364 353">• Ensuring the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term</li><li data-bbox="662 360 1364 418">• Ensuring the achievement of 'social value' through service planning and commissioning.</li></ul> |

| Core Principle   | Sub Principles   |
|--|--|
| <p><b>E. Developing the entity's capacity, including the capability of its leadership and the individuals within it</b></p> <p>Local government needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mind-set, to operate efficiently and effectively and achieve intended outcomes within the specified periods. A local government organisation must ensure that it has both the capacity to fulfil its own mandate and to make certain that there are policies in place to guarantee that its management has the operational capacity for the organisation as a whole. Because both individuals and the environment in which an organisation operates will change over time, there will be a continuous need to develop its capacity as well as the skills and experience of individual staff members. Leadership in local government is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.</p> | <p><b>Developing the entity's capacity</b></p> <ul style="list-style-type: none"> <li>• Reviewing operations, performance and use of assets on a regular basis to ensure their continuing effectiveness</li> <li>• Improving resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently</li> <li>• Recognising the benefits of partnerships and collaborative working where added value can be achieved</li> <li>• Developing and maintaining an effective workforce plan to enhance the strategic allocation of resources</li> </ul> <p><b>Developing the capability of the entity's leadership and other individuals</b></p> <ul style="list-style-type: none"> <li>• Developing protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained</li> <li>• Publishing a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of the governing body</li> <li>• Ensuring the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority</li> <li>• Developing the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by: <ul style="list-style-type: none"> <li>○ ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged</li> <li>○ ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis</li> </ul> </li> </ul> |

| Core Principle | Sub Principles   |
|----------------|--|
|                | <ul style="list-style-type: none"> <li>○ ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external</li> <li>• Ensuring that there are structures in place to encourage public participation</li> <li>• Taking steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections</li> <li>• Holding staff to account through regular performance reviews which take account of training or development needs</li> <li>• 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</li> </ul> |

| Core Principle   | Sub Principles  |
|--|---|
| <p><b>F. Managing risks and performance through robust internal control and strong public financial management</b></p> <p>Local government needs to ensure that the organisations and governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services.</p> <p>Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability. It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.</p> | <p><b>Managing risk</b></p> <ul style="list-style-type: none"> <li>• Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making</li> <li>• Implementing robust and integrated risk management arrangements and ensuring that they are working effectively</li> <li>• Ensuring that responsibilities for managing individual risks are clearly allocated</li> </ul> <p><b>Managing performance</b></p> <ul style="list-style-type: none"> <li>• Monitoring service delivery effectively including planning, specification, execution and independent post implementation review</li> <li>• Making decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook</li> <li>• Ensuring an effective scrutiny or oversight function is in place which provides constructive challenge and debate on policies and objectives before, during and after decisions are made thereby enhancing the organisation's performance and that of any organisation for which it is responsible</li> <li>• Providing members and senior management with regular reports on service delivery plans and on progress towards outcome achievement</li> <li>• Ensuring there is consistency between specification stages (such as budgets) and post implementation reporting (eg financial statements)</li> </ul> <p><b>Robust internal control</b></p> <ul style="list-style-type: none"> <li>• Aligning the risk management strategy and policies on internal control with achieving objectives</li> <li>• Evaluating and monitoring risk management and internal control on a regular basis</li> <li>• Ensuring effective counter fraud and anti-corruption arrangements are in place</li> <li>• Ensuring additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor</li> <li>• Ensuring an audit committee or equivalent group/ function, which is independent of the executive and accountable to the governing body: <ul style="list-style-type: none"> <li>○ provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment</li> </ul> </li> </ul> |



| Core Principle | Sub Principles   |
|----------------|--|
|                | <ul style="list-style-type: none"> <li>○ that its recommendations are listened to and acted upon</li> </ul> <p><b>Managing data</b></p> <ul style="list-style-type: none"> <li>• Ensuring effective arrangements are in place for the safe collection, storage, use and sharing of data, including processes to safeguard personal data</li> <li>• Ensuring effective arrangements are in place and operating effectively when sharing data with other bodies</li> <li>• Reviewing and auditing regularly the quality and accuracy of data used in decision making and performance monitoring</li> </ul> <p><b>Strong public financial management</b></p> <ul style="list-style-type: none"> <li>• Ensuring financial management supports both long term achievement of outcomes and short-term financial and operational performance</li> <li>• Ensuring well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls</li> </ul> |

| Core Principle  | Sub Principles   |
|---|--|
| <p><b>G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability</b></p> <p>Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.</p> | <p><b>Implementing good practice in transparency</b></p> <ul style="list-style-type: none"> <li>• Writing and communicating reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate</li> <li>• Striking a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand</li> </ul> <p><b>Implementing good practices in reporting</b></p> <ul style="list-style-type: none"> <li>• Reporting at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way</li> <li>• Ensuring members and senior management own the results reported</li> <li>• Ensuring robust arrangements for assessing the extent to which the principles contained in this Framework have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement)</li> <li>• Ensuring that this Framework is applied to jointly managed or shared service organisations as appropriate</li> <li>• Ensuring the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations</li> </ul> <p><b>Assurance and effective accountability</b></p> <ul style="list-style-type: none"> <li>• Ensuring that recommendations for corrective action made by external audit are acted upon</li> <li>• Ensuring an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon</li> <li>• Welcoming peer challenge, reviews and inspections from regulatory bodies and implementing recommendations</li> <li>• Gaining assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement</li> </ul> |

| Core Principle | Sub Principles   |
|----------------|--|
|                | <ul style="list-style-type: none"><li data-bbox="683 257 1374 383">• Ensuring that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met</li></ul> |

# The Annual Governance Process

To be effective a governance framework needs to demonstrate that the Core and Supporting Principles are underpinned by evidence. This local code demonstrates how we will collect our evidence as part of an on-going process. Evidence is collected and held on the council's performance monitoring system throughout the year. This includes a detailed assessment against the core and sub principles identified in this code.

Annually, there is a review of the effectiveness of the Council's system of internal control and this informs the Annual Governance Statement. Dover District Council is required to prepare its annual governance statement to report publicly on the extent to which we comply with this local code of corporate governance.

This includes how we have monitored and evaluated the effectiveness of our governance arrangements in the year, and on any planned changes in the coming period. The annual governance statement is a valuable means of communication. It enables the Council to explain to the community, service users, tax payers and other stakeholders its governance arrangements and how the controls it has in place manage risks of failure in delivering its outcomes

The Director of Governance and Monitoring Officer provides an opinion on the level of assurance that the governance arrangements can provide and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework

The Leader and Chief Executive sign the statement on behalf of the Council.

The outcome of the annual review is reported internally to Cabinet and Governance Committee, and externally in the Annual Report with the published accounts.

## Completing the Assurance Statement

The annual governance assurance statement will include the following information:

- An acknowledgement of our responsibility for ensuring there is a sound system of governance
- A description of the key elements of our governance framework.
- A description of the key elements of the review of effectiveness
- What the current year's review involved including a description of the processes that were applied.
- Significant governance issues, including an agreed action plan to deal with any issues.
- Improvements made during the year and how issues identified in the previous year's action plan have been addressed and resolved.
- An opinion by the Director of Governance and Monitoring Officer on the level of assurance that the systems and processes that comprise our governance arrangements provide.
- Statement of approval of the Leader and Chief Executive of the Council, including a commitment to monitor implementation as part of the next year's review.

The Completion Process provides the detailed stages of the Annual Assessment. The Chief Executive, Statutory Officers, other Directors, Internal Audit and managers across the authority all have a role to play in this assessment. The overall assurance given is not a

pass or fail. It is a narrative statement pointing to the Council's strengths and weaknesses and any areas for improvement.

### Principles Adopted

Completion of the statement should flow from the normal business planning, review and reporting processes of the Council, its Governance Committee and the planned work of Internal Audit.

The Business Plan is one of the central mechanisms for each Head of Service managing their own area of activity and therefore sits at the centre of the Corporate Governance process.

Corporate Governance uses existing documents, procedures and frameworks. It also links to performance and risk reporting as poor service performance can reflect a failure of governance.

Effective internal controls are an important part of the Corporate Governance process. Through their audit assurance work, internal audit will provide an opinion on the effectiveness of the systems of internal control.

### **Preparation of the Annual Governance Statement**

Data is collected throughout the year, including where relevant supporting documents. The action plan is prepared and monitored.

The opinion provided by the Director of Governance on the level of assurance that the governance arrangements provide and the Statement that the Leader and Chief Executive sign will be compiled from the evidence held:

### Internal Control Opinion

- An Assurance Statement from the Head of the Audit Partnership. This is compiled from the Internal Audit review of this Council's Corporate Governance arrangements.
- The Director of Governance and Monitoring Officer and the Director of Finance, Housing and Community (S151 Officer) will review the internal control opinion and framework evidence, including service assurance statements, the audit review of Corporate Governance, the Constitutional review, Performance reporting, Risk management arrangements and the individual audit and risk management assessments.

### Governance and Internal Control

- Comment and recommendations from the Director of Governance and Monitoring Officer, Director of Finance, Housing and Community (Section 151 Officer) and Solicitor to the Council, who have responsibility for overseeing the operation of the Governance Framework and the Corporate Governance Local Code.
- The Director of Governance's (Monitoring Officer) review of the Council's performance against the Governance Framework.
- The Director of Governance (Monitoring Officer) and Director of Finance, Housing and Community's (Section 151 Officer) review of the Effectiveness of Internal Audit.

- Confirmation from other Directors via a Service Assurance Statement that:
  - Risks have been identified. They are recorded and monitored in accordance with the Councils Risk Management Strategy.
  - Staff are fully aware of the requirements of their job, and have access to the appropriate Council rules and policies to assist them.
  - Internal and External Audit reports and recommendations have been acted on.
  - Reports from other review agencies have been acted on.
  - Business arrangements are conducted in accordance with the law and proper standards.
  - Public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
  - The service has in place appropriate management and reporting arrangements to enable it to satisfy itself that its approach to Corporate Governance is both adequate and effective.
  - A statement of assurance that improvement plans exist to rectify any acknowledged deficiency.
  
- The Annual Report of the Chairman of the Standards Committee (to May 2017) on the ethical conduct of the Council.
  
- The Director of Governance (Monitoring Officer) and Solicitor to the Council's annual review of the Constitution.
  
- The Solicitor to the Council's annual statement giving his opinion on the Council's compliance with relevant laws and regulations, and its legal obligations and requirements.
  
- The Head of Paid Service annual statement giving his opinion on officers' compliance with the seven general principles of good conduct.
  
- The Head of Corporate Services annual statement giving his opinion on compliance with the Council's Risk Management Strategy.
  
- The Director of Shared Services annual statement giving his opinion of the Robustness of IT Systems.

#### Other processes and reviews

- Confirmation that Council policies are fully implemented.
  
- The annual Constitutional review has been undertaken.
  
- Checking that Council values and ethical standards are met.
  
- Ensuring Laws and regulations are complied with
  
- Publishing financial statements and performance information accurately and reliably.
  
- Confirmation that resources are managed efficiently and effectively.

- The External Auditor's Annual Audit and Inspection Letter, service assessments and other associated reviews.
- Confirmation that internal reviews are undertaken and findings are acted upon.
- Performance Reporting being seen to drive improvement.
- The Director of Governance and Monitoring Officer and the Director of Finance, Housing and Community (Section 151 Officer) will prepare a Draft Annual Governance Statement which will be considered by CMT and Cabinet who will provide the final review, evaluation and approval.
- The Governance Committee, acting as the Audit Committee will monitor the overall governance process and ensure that the process is robust and agreed actions identified are properly implemented.
- The final statements will then be signed before the end of June by the Leader and Chief Executive based on a clear evidence trail.

On-going monitoring and review is co-ordinated by the Director of Governance

- The contents of this code will be reviewed annually alongside the Annual Governance Assurance Statement and will be kept up to date in the light of changing circumstances. The Director of Governance (Monitoring Officer) will maintain the documentation but Members and Officers must own the whole process.
- In addition, review and monitoring will be undertaken during the course of the year. This will be co-ordinated by the Director of Governance (Monitoring Officer) and includes:
  - Monitoring the Corporate Governance arrangements and recommended courses of action by the Section 151 Officer, Monitoring Officer and Solicitor to the Council.
  - Internal Audit review of Corporate Governance arrangements and auditable activities identified through risk based audit plans.
  - Ensuring management ownership for the delivery of agreed objectives, within a Corporate Governance Framework, whilst managing effectively their identified opportunities and risks.
  - Performance measurement of governance arrangements through the collection of Governance data on the Performance Management System.
  - Performance measurement of key objectives and associated risks using agreed key and local performance indicators.
  - On-going review of Risk Management arrangements and recommended courses of action by the Head of Corporate Services, Section 151 Officer and Head of the Audit Partnership.
  - On-going monitoring and review of compliance with the Seven Principles of Conduct by the Monitoring Officer, Head of EK Human Resources, Solicitor to the Council, Head of Democratic Services and the Standards Committee.

- Ad hoc reviews initiated by the Chief Executive and/or Service Directors.
- Planned service reviews through a rolling programme of review.
- External Audit review of Corporate Governance arrangements and other auditable activities.
- The External Auditors will inspect the Annual Governance Assurance Statement, the evidence and position statements that support the statement, the risk management process and this Council's overall Corporate Governance arrangements.
- Mid-year updates are given to Governance Committee on progress in implementing actions identified in the annual statement.

The Director of Governance and Monitoring Officer, Director of Finance, Housing and Community (Section 151 Officer) and Solicitor to the Council have responsibility for overseeing the implementation and monitoring of the operation of the Local Code. The Head of the Audit Partnership has been given the responsibility for periodically reviewing the arrangements. Each of these officers also contributes to the annual assessment process and a clear separation of duties is required for these complementing but distinct roles.

Disagreements and differing opinions on the areas of non-compliance will be included within the assurance statement. They will be discussed and wherever possible agreement will be reached between signatories. An important part of the process is to develop an Action Plan to address any significant internal control issues disclosed in the statement. If agreement is not reached the Chief Executive and Leader will ultimately determine what is included, after taking advice as appropriate from the Monitoring Officer, Section 151 Officer, Solicitor to the Council and Head of the Audit Partnership.



## **EXAMPLE DIRECTOR'S STATEMENT - Dover District Council – Annual Governance Process**

### **Director's Assurance Statement**

The Council is required by law to include with the final accounts an Annual Governance Assurance Statement (AGAS). This statement also forms part of the Annual Governance Process.

The statement is intended to demonstrate to the public that the Council has sound governance arrangements in place including a sound system of internal control, designed to help manage and control business risk. It is considered to be an important way to demonstrate that the Council has good business practices in place, high standards of conduct and sound governance. It links to all the principles of good governance.

In support of the AGAS all Directors are required to complete, certify and return a statement of corporate responsibility. It is acknowledged that your divisions and their systems and processes can provide only reasonable and not absolute assurance that all risks have been identified, all assets safeguarded, all transactions properly authorised and recorded, and all material errors or irregularities either prevented or detected within a timely period.

The statement attached should therefore be completed 'to the best of your knowledge' and formally agreed with your Portfolio Holder.

Please return the certified statements, preferably in electronic format

Please ensure that the form is also signed by the relevant Portfolio Holder.

It is advised that you also keep securely a copy of 'the statement' made, together with a file of documentary evidence where possible. It is likely that the External Auditors will make further enquiries in connection with how the statement can be supported.

Thank you for your assistance.

David Randall  
Director of Governance (and Monitoring Officer)

Mike Davis  
Director of Finance, Housing and Community (and S151 Officer)

| Question   | Agreement<br>Yes/No | Examples and Exceptions |
|--|---------------------|-------------------------|
| In my department risks have been identified. They are recorded and monitored in accordance with the Councils Risk Management Strategy. |                     |                         |
| Staff are fully aware of the requirements of their job, and have access to the appropriate Council rules and policies to assist them.  |                     |                         |
| The department has appropriate management and staff to enable objectives to be delivered. Performance is reviewed regularly.           |                     |                         |
| Resources at my disposal are used to achieve the Council's objectives. The level of resource is reviewed regularly.                    |                     |                         |
| Suitable controls are in place to protect the Council's assets.  |                     |                         |
| Internal and External Audit reports and recommendations have been acted on. Reports from other review agencies have been acted on.     |                     |                         |
| Business arrangements are conducted in accordance with the law and proper standards  |                     |                         |
| The service has in place appropriate management and reporting arrangements to ensure effective Governance.                             |                     |                         |
| Improvement plans exist to rectify deficiencies.   |                     |                         |
| Key performance targets and indicators are linked to the Corporate Plan.   |                     |                         |

## **FINANCIAL STATEMENT**

This statement is given in respect of the Council's (insert year) final accounts and refers to the state of my Division's operations up to the date of signature.

The information provided is given to the best of my knowledge in connection with the service areas for which I have responsibility. I have made appropriate enquiries with other officials of the Council and of information systems and records maintained and can confirm the following statements as detailed in the column below headed 'Accounts – Financial and Legal Implications'. However, where I am aware of such circumstances, I am able to provide further relevant information in the column headed 'Details and Action Plan':

| <b>Accounts - Financial and Legal Implications</b>  | <b>Confirmation (Yes /No) and Evidence</b> | <b>Details and Any Actions Planned</b> |
|---|--|--|
| In my division there are no contingent liabilities (see footnote 1 below) that are likely to have a significant effect on the finances or operations of the Council.                        |  |  |
| In my division, there are no instances of non-compliance with laws or regulations that are likely to have a significant effect on the finances or operations of the Council.                |  |  |
| In my division, there are no post balance sheet events (see footnote 2 below) that have occurred that are likely to have a significant effect on the finances or operations of the Council. |  |  |
| In my division, there are no pending claims, proceedings or litigation that are likely to have a significant effect on the finances or operations of the Council.                           |  |  |
| In my division, there are no other significant transactions with related parties other than those already disclosed.  |  |  |
| In my division, there are no instances of known error, irregularity, including fraud, which are likely to have a significant effect on the finances or operations of the Council.           |  |  |

Footnotes:

1. A contingent liability is in effect a possible obligation at the balance sheet date arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events which may not be within the Council's control
2. A post-balance sheet event is an event, both favourable and unfavourable, which occurs between the balance sheet date and the date on which the financial statements are approved by the Council.

|                          |  |
|--------------------------|--|
| Certified by, Signature: |  |
| Name:                    |  |
| Designation:             |  |
| Date:                    |  |

# Risk Management

## Introduction

Risk is the threat that an event or action will adversely affect the Council's ability to achieve its objectives successfully and/or affect the reputation of the Council, which may in turn affect the ability of the Council to function effectively. Although risk is generally associated with the possibility of suffering harm, loss or liability, in some situations confrontation of risk might also enable us to capitalise on opportunities.

Risk management is the process by which risks are identified, evaluated and controlled and is a key element of the framework of governance. It is about identifying, analysing, evaluating, responding and monitoring threats and opportunities with a view to minimising the chances of failure and maximising the chances of success. Risk management is about being risk aware and not risk averse.

Following the Priority Service Review during 2010, it was agreed that this Council would apply its Risk Management Strategy to monitoring risks at Corporate and Project levels. Corporate priorities will continue to be risk assessed as a fundamental part of the Governance process. Service/Day to Day risks are monitored as appropriate by individual departments.

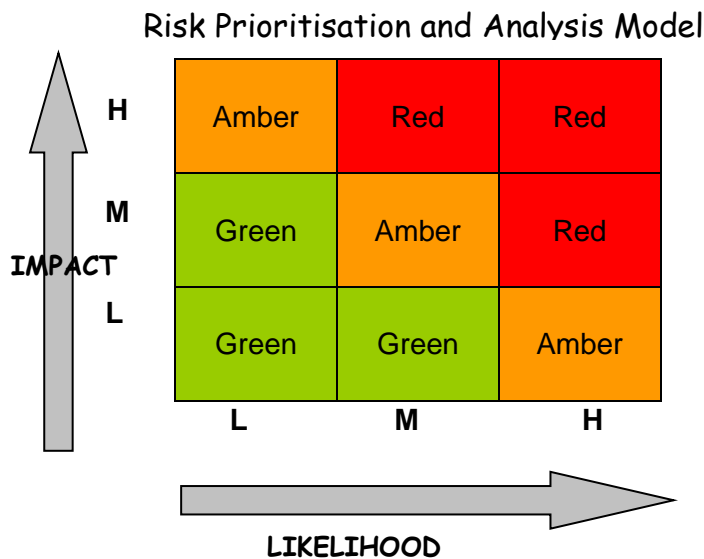
## Risk Strategy and Approach

- Project Managers identify risks linked to the project objectives
- Heads of Service and Directors identify risks associated with corporate priorities within their service.
- Heads of Service and Directors identify risks arising from and within partnerships and other joint working arrangements.
- The Corporate Risk Register will comprise of Corporate and project risks.
- Ownership and responsibility is assigned to each risk identified.
- Each risk is recorded as an **inherent risk**, the management action necessary or already taken to mitigate the risk are recorded together with the subsequent **residual risk**.
- It is recognised that the risks will change over time as projects and Corporate Priorities develop, evolve and change. Through regular review of risk management arrangements it enables us to respond to these changes. The process is not a one-off exercise, but an ongoing task.
- Effective risk management helps us to deliver an appropriate balance between risk and control, ensure effective decision making, the better use of limited resources, greater innovation and consideration of positive risks (opportunities) as well as negative risks (threats) to the project.

## Risk Management in Practice

- Risk Management is a five stage on-going process as follows:-
  - Identification
  - Analysis
  - Evaluation
  - Mitigation and control
  - Monitoring

- As part of risk analysis, an assessment should be undertaken of the impact and likelihood of risks occurring. Risks can then be plotted onto the following evaluation model:



- The following scoring guidance is provided to simplify the assessment process, provide consistency and assist in determining where on the grid various risks should be plotted:

| <b>IMPACT</b>               |   |  |   |
|-----------------------------|---|--|---|
| <b>Key Risk Areas</b>       | <b>High</b>   | <b>Medium</b>  | <b>Low</b>  |
| Reputational                | <ul style="list-style-type: none"> <li>Council unable to function effectively as public and partners have lost trust and/or respect</li> </ul>  | <ul style="list-style-type: none"> <li>Loss of confidence in the Council</li> </ul>  | <ul style="list-style-type: none"> <li>Loss of confidence in individual services</li> </ul> |
| Communication and publicity | <ul style="list-style-type: none"> <li>Remembered long term.</li> <li>Adverse national publicity</li> </ul>   | <ul style="list-style-type: none"> <li>Adverse headlines in social and local media</li> </ul>  | <ul style="list-style-type: none"> <li>Letters of complaint</li> </ul>                      |
| Corporate Governance        | <ul style="list-style-type: none"> <li>Project will fail to be implemented.</li> <li>Governance Committee identify significant governance failings.</li> <li>Significant levels of fraud</li> </ul> | <ul style="list-style-type: none"> <li>Project will be delayed.</li> <li>Adverse governance findings by the Cabinet/Scrutiny and Governance Committee.</li> <li>Extraordinary Review by External Auditors</li> </ul> | <ul style="list-style-type: none"> <li>Limited Assurance following Audit</li> </ul>         |

| <b>IMPACT</b>          |   |  |  |
|------------------------|---|--|--|
| <b>Key Risk Areas</b>  | <b>High</b>   | <b>Medium</b>  | <b>Low</b>   |
| Efficiency and Savings | <ul style="list-style-type: none"> <li>• Failure to meet all anticipated efficiency targets</li> <li>• Inability to recover shortfall on budget overspend</li> </ul>  | <ul style="list-style-type: none"> <li>• Failure to exploit benefits of partnership working</li> <li>• Budget pressures with poor performance</li> </ul>   | <ul style="list-style-type: none"> <li>• Budget managed but performance is below that originally planned</li> </ul>      |
| Financial/Funding      | <ul style="list-style-type: none"> <li>• Budget Overspend &gt; £10k or 10%</li> <li>• Property loss or damage &gt; £50k.</li> <li>• Lack of external funding due to concerns over service delivery or project management</li> <li>• Substantial loss or failure of investments</li> </ul> | <ul style="list-style-type: none"> <li>• Budget Overspend up to £10k or 10%</li> <li>• Unaccountable short falls in stock/inventories or other assets.</li> <li>• Property loss/damage in excess of £50k.</li> <li>• Lack of provision when funding stream ends</li> </ul> | <ul style="list-style-type: none"> <li>• Budget Overspend up to £10k</li> </ul>  |
| Health & Safety        | <ul style="list-style-type: none"> <li>• Potential for loss of life</li> <li>• Large scale major illness</li> <li>• Forced closure of offices/leisure facilities/block of flats due to H&amp;S legislation</li> <li>• HSE Investigation with Fine</li> </ul>                              | <ul style="list-style-type: none"> <li>• Major illness</li> <li>• Serious injury - including disablement</li> <li>• Forced close of smaller office/facility due to failure to comply with H&amp;S legislation</li> </ul>   | <ul style="list-style-type: none"> <li>• Broken bones/illness</li> <li>• Partial closure of offices/facility</li> </ul>  |
| IT                     | <ul style="list-style-type: none"> <li>• Complete failure of IT system.</li> <li>• Breach of licence.</li> </ul>  | <ul style="list-style-type: none"> <li>• Temporary failure of IT system.</li> <li>• Software problems.</li> </ul>  | <ul style="list-style-type: none"> <li>• Minor problems with new software.</li> </ul>                                    |
| Project aims           | <ul style="list-style-type: none"> <li>• Objectives of project not achieved.</li> <li>• Time/costs greatly exceeded.</li> </ul>   | <ul style="list-style-type: none"> <li>• Key Milestone missed.</li> </ul>  | <ul style="list-style-type: none"> <li>• Minor delays/problems.</li> </ul>   |
| Personnel resourcing   | <ul style="list-style-type: none"> <li>• Critical staff resignations.</li> <li>• Inability to attract new staff</li> </ul>  | <ul style="list-style-type: none"> <li>• Industrial action</li> </ul>  | <ul style="list-style-type: none"> <li>• Some hostile relationships, minor non-co-operation</li> </ul>                   |
| Service delivery       | <ul style="list-style-type: none"> <li>• Long-term suspension of service.</li> <li>• Failure of service.</li> <li>• High level of public dissatisfaction.</li> </ul>  | <ul style="list-style-type: none"> <li>• Short term reduction in service provision.</li> <li>• Pockets of dissatisfaction.</li> </ul>  | <ul style="list-style-type: none"> <li>• Low standard of service provision evidenced by messages of complaint</li> </ul> |

| <b>IMPACT</b>              |   |  |  |
|----------------------------|---|--|--|
| <b>Key Risk Areas</b>      | <b>High</b>   | <b>Medium</b>  | <b>Low</b>   |
| Statutory Responsibilities | <ul style="list-style-type: none"> <li>• Failure to enforce regulatory powers.</li> <li>• Major fraud.</li> <li>• Criminal Proceedings against the Council.</li> <li>• Public Inquiry to review substantial failure of a Council Service.</li> </ul> Adverse findings of Standards Committee.<br>No contingency planning. | <ul style="list-style-type: none"> <li>• Adverse finding by the Local Authority Ombudsman.</li> </ul> Failure to test emergency plans. | <ul style="list-style-type: none"> <li>• Minor breach</li> </ul> |

| <b>LIKELIHOOD</b> |             |                |                 |
|-------------------|-------------|----------------|-----------------|
|                   | <b>High</b> | <b>Medium</b>  | <b>Low</b>      |
| Timing            | Imminent    | Next 12 months | After 12 months |
| Probability       | <75%        | 25-75%         | >25%            |

### **Risk Methodology**

- Project and corporate risks are identified in line with the project and corporate priorities and objectives. Associated risks, threats and opportunities are determined for each objective and priority.
- Risks are evaluated in terms of likelihood and impact, which will determine where the axes or parameters on the model will be drawn. This will determine the categories each risk falls into.
- Each significant risk will be considered in context. The potential impact will be measured against the possible benefits and it will then be assessed as to whether it is worthwhile to continue with a particular objective if the risk outweighs the reward.
- Risk mitigation is the stage of the process when action can be taken to minimise the likelihood of risks occurring, or to reduce the severity of the consequences should it occur.
- The final stage of the risk management process will be the effective monitoring and review of the identified risks to ensure the successful delivery of the project or corporate priority. This process will also assess whether the nature of risk has changed over time.



# Risk Management Strategy

The risk management policy of Dover District Council is to adopt cost-effective practices in the assessment of risks to ensure that they are eliminated or reduced to an acceptable level. This will help safeguard assets, employees, customers and the delivery of services to the local community.

The Council pursues a forward-looking and dynamic approach to delivering services to the local community and will not be averse to taking a degree of commercial risk. However, it will always exercise a prudent approach to risk taking and decisions will be made within the parameters of the Council's internal control arrangements. Of particular importance are the Financial and Contract Procedure Rules which ensure that the Council does not expose itself to risks above an acceptable level.

The risk management objectives of the Council are to:

- Help ensure that the Council's key corporate priorities are delivered
- Manage and mitigate project risk
- Be responsive to changing social, environmental and legislative requirements whilst being aware of the related risks and opportunities
- Take reasonable steps to prevent injury, damage and loss and reduce the cost of risk

These objectives will be achieved by:

- Defining roles and responsibilities of Officers and Members within the organisation in relation to risk management.
- Providing relevant training on risk management to relevant officers and Members of the authority
- Encouraging officers participating in other professional discipline groups to consider risk management.
- Making sure officers are made aware of risk management information received from insurers and other related sources.
- Maintaining a risk management framework to provide for:-
  - A useful and meaningful Corporate risk register
  - Appropriate incident recording to enable the analysis of risk data
  - The annual review of the risk management framework

## Roles and Responsibilities

### Members

- The Governance Committee has specific responsibility included in its terms of reference for providing independent assurance on the adequacy of the control and risk management framework and the associated control environment.
- The Governance Committee also has responsibility for the independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk and weakens the control environment.

### Executive and Corporate Management Team

- Corporate Management Team is responsible for identifying key risks as part of their strategic responsibilities.
- The Director of Governance will undertake an annual strategic risk review
- The Director of Governance, supported by the Head of Corporate Services has overall responsibility for ensuring the minimum agreed level of risk management is undertaken.

### Directors/Head of Service

- Directors and Heads of Service in conjunction with members of their teams and other parties/partners (where applicable), will review and monitor project and corporate risks relating to their services.

### Employees Generally

- Employees will be expected in the first instance, to refer risk management concerns to their line managers. Should such concerns remain outstanding, then employees can refer their concerns elsewhere as prescribed in the Council's Whistleblowing Guide.

### Insurance

- The Director of Governance in consultation with the Corporate Services (Insurance Team) will:
  - Regularly review and advise upon the Council's insurance requirements and arrangements, and arrange insurance cover as necessary
  - Annually review the adequacy of the Council's internal Insurance Provisions and Reserves, and advise on action to be taken
  - Advise Officers and Members on insurance covers available and/or in place and advise Officers on claims procedures, and process claims arising
  - Assist in the development and provision of claims data to aid future risk control

# Performance Management

## Introduction

Dover District Council recognises that to achieve its corporate objectives and to deliver efficient services for the community, there is the need for effective performance management, supporting Council priorities and informing decision making, with links to the service planning and budget setting processes.

## Performance Management Framework

### Performance Planning

- Translates corporate objectives into targets for financial and Business plans.
- Drives performance by developing the most efficient working practices and sharing them across the Council.
- Preparation of plans and targets should engage all staff.

### Performance Monitoring

- Links strategies, plans, people and performance and assess how well and efficiently we are performing.
- Helps us be transparent.
- Monitoring enables employees to see how their actions impact on the corporate plan, strategic objectives, Business plans and individual objectives by linking these all together.
- Converts plans into measurable goals and shows where we are providing good value.

### Performance Reporting

- Reports on outcomes and gives early warning of potential failures
- Provides an opportunity to capture and share information and ideas
- Increases operational efficiency.
- Helps manage services effectively.
- Increases accountability to the community.
- Increases cross service awareness
- Recognises individuals' roles in the process and their contribution.

The steps involved in the performance planning process are:

| <b>Timescale</b> | <b>Activity</b>   |
|------------------|---|
| Continuous       | The Corporate Plan is a continuously evolving document which includes the latest high level strategic priorities and priority actions for the Council.  |
| September        | Each September, Directors and Heads of Service identify their objectives for the next financial year. These will be closely aligned to those shown in the Corporate Plan.<br>Interim Personal Performance Reviews held. Objectives and targets are adjusted if necessary. |
| October          | Revenue Budget estimates are prepared for the coming year.  |

| <b>Timescale</b>  | <b>Activity</b>   |
|-------------------|---|
| November/December | Draft Business plans and service budgets are reviewed/finalised making sure that they align with the Corporate Plan and the budget.<br>Business plans include service objectives; these can be measured by performance indicators where necessary.<br>Shared services develop plans and targets ready for agreement by the respective Directors, DDC Client Officers and the relevant Portfolio Holder. |
| December          | Business Plans and Budgets are agreed.  |
| April             | Personal Performance Reviews are also undertaken, reviewing individual performance against objectives. New personal targets are agreed.<br>Corporate and Business Plans become live documents   |

## **The Corporate Plan**

The Corporate Plan is a continuously evolving document which includes the latest high level strategic priorities and actions for the Council. It covers a 3 – 5 year span.

Top level, objectives and targets emanate from the corporate plan, cascading down to service divisions as a starting point for the preparation of service plans.

## **Service Strategies**

The Council is responsible for a number of service strategies and plans. These are not annual documents but have a longer lifespan. Any targets and objectives resulting from these strategies are incorporated into the relevant Business Plan.

## **Business Plans**

The Business Plan is one of the central mechanisms for each Director and Head of Service managing their own area of activity and therefore sits at the centre of the Corporate Governance process. It links corporate objectives, business objectives and personal objectives.

The Business Plan is the document that translates the strategic aims of the Council into service objectives and an annual programme of appropriately resourced activities. These are managed and monitored by the relevant Director and Heads of Service.

Each year Directors and Heads of Service are required to identify and review their key service objectives; these should also support and reflect corporate priorities. In developing objectives directors should consult with all their team members as well as portfolio holders. Service objectives need to be measurable using milestones or performance indicators.

Completed Business plans are forwarded to the corporate services team where targets are collated, ready for monitoring and publishing in the quarterly performance report. Corporate management team identify key service objectives and indicators for the Council, for Cabinet/Council consideration and endorsement.

## **Shared Services**

Shared services also develop plans and targets which are agreed by their respective Directors, DDC Client Officers and the relevant Portfolio Holder. These are agreed by

Cabinet and in case of dispute the East Kent Services Board (Chief Executives Group) will mediate.

### **Performance Monitoring**

Performance results are collated by Corporate Services into the Performance Report and reported quarterly to CMT and Cabinet. The report is then available for full scrutiny by the Scrutiny (Policy and Performance) Committee. It provides an up to date picture of the Council's current performance with commentary from the relevant Director.

### **Partnership Evaluation Criteria**

The Council has adopted partnership evaluation criteria as part of this framework. The objective of the evaluation is to measure the effectiveness of partnerships from the Council's perspective. It is used to evaluate new partnerships, and as an annual review of high risk/profile partnerships.

### **The Performance Report**

On a quarterly basis the following key areas of performance are monitored and reported via the performance report:

#### Service Delivery

This section reviews performance against key service targets. These are the indicators that are considered as key to the achievement of Corporate and Service objectives. If any are showing weakness or failure, details of the proposed recovery action will be provided.

#### Director's comments

A short summary by the Director of each division and from the Directors of shared services.

#### Performance Comments

A short explanation of any underperforming areas or performance indicators.

#### Key initiatives and Outcomes

Comments on specific projects/events which the director needs to bring to Members and public attention, especially those that will bring changes to the service delivery or have an impact on the current ways of working.

#### Concerns/Risks

A short description of anything which may affect performance, service delivery or output.

#### Financial Performance

This section provides a summary of budget and actual.

The Performance Report is published on the Council's website.

#### Quarterly Focus

A detailed analysis of a business area or specific topic.

### The Quarterly Review Process

The Performance report is reviewed firstly by CMT who take an active interest in overall performance. They look to take action to address weaknesses, and highlight success. Action plans enable the process to concentrate on the action being taken to address weaknesses, rather than becoming involved in identification of the weaknesses themselves.

The report is then considered by the Cabinet Member with responsibility for Governance and then by Cabinet and Scrutiny, with recommendations from Scrutiny being made back to the Cabinet.

### The On-going Review Process

Service Directors feedback performance information to the staff in their divisions. They discuss with their divisions and/or teams performance against service objectives, budget profile, and performance indicators.

Cabinet formally reviews key performance issues and CMT comments. This is scrutinised by the Scrutiny (Policy and Performance) Committee.

### **Performance Indicators**

Performance indicators help to measure service objectives and targets and are one of the ways that the public can judge how well the Council is performing.

- All Services must provide their performance results to the Corporate Services Team at the end of each quarter. The results are then input into a data collection system ready for producing the Performance Report. An accuracy check is done on any indicators that do not look consistent or represent a significant variation from the target or previous reporting.
- Directors and Heads of Service are responsible for ensuring the accuracy of their published figures.
- If an outside body has set indicators Directors are responsible for ensuring the published results are calculated in accordance with those bodies' definitions.

### Timing for Submitting Indicator Results

- Quarterly Results must be prepared for the quarters ending 30 June, 30 September, 31 December and 31 March for inclusion in the quarterly Performance Report. The results should be sent to Corporate Services as soon as possible after the quarter end. In case of difficulty, the Corporate Services officer needs to be informed.

### Standards for Target Setting

- Targets are discussed and agreed by the Directors and Portfolio Holder(s) prior to inclusion in Business Plans. Corporate Management Team will review all targets to ensure that a realistic, but challenging level of performance improvement is being sought. Targets are then taken to Cabinet for approval. Arrangements for achieving targets should be built into Business Plans.

### Acting on Performance Information

- All Directors and Heads of Service should be able to demonstrate that they have used their performance information in the management and improvement of their service. In particular to ensure that poor performance is acted on immediately and that good performance is developed to become excellent performance.
- Regular feedback should be given via weekly or monthly team meetings, 1:1 sessions, information on the Performance Information notice boards (as appropriate), and publication on the intranet.

### **Financial Performance**

The Council's financial monitoring and reporting arrangements are an important part of performance management. Revenue and capital budgets are assigned to individual managers to enable them to deliver objectives and priorities of the Council and it is therefore vitally important that these are carefully managed.

Expenditure and income is monitored at budget manager level. There is an electronic budget monitoring system which the budget manager is expected to update. Members of accountancy staff keep a watching brief on expenditure and liaise with Managers where necessary.

The Accountancy team will look at the expenditure from a strategic viewpoint to ensure that the Council has the necessary financial resource to deliver its priorities. This will include the examination of budget pressures and commitments from a corporate viewpoint. Budget reports are then prepared for Management and Members.

### **Individual Performance Appraisal Review**

The Council has an individual Performance Review process for employees that is designed to ensure everyone:

- Knows what they have to do and the standards expected of them in their job
- Knows how what they do fits in with the aims of the Council and their own particular service
- Has the skills to help them deliver excellent services
- Receives feedback on how they are performing in their job and identifies any training and development needs
- Knows how their personal objectives link to wider service and corporate objectives

The Performance Review process involves twice yearly interviews between an employee and their manager. These take place in September and April each year. The first meeting enables the results to be considered as part of Business Planning, Corporate Planning, budget setting and development of training plans. The second meeting is a mid year review that examines outturn performance for the financial year and reviews the objectives and targets set.

Alongside the formal Performance Review system is the need for regular dialogue with all team members, either on a 1:1 basis or in small groups to discuss performance issues. In

particular it will be important to celebrate performance successes and identify weaknesses. For poor or failing performance it is important to identify with team members the reasons why, and identify what action is necessary and any resource or procedural implications.

### **Quality Assurance, Audit & Risk Management**

The Council has a number of systems and processes to check and monitor the way it carries out its activities. These include:

#### Audit and Performance Teams

The Council's Corporate Services Team and East Kent Audit Partnership provide an internal checking and monitoring role in relation to a number of key areas of work. One of their roles is ensuring that the Council is delivering its corporate objectives with the minimal level of risk. The Audit team assesses whether management has identified and acted on key business risks and that the internal control system is operating effectively. This work includes reviewing systems and processes.

External auditors annually review our financial statements and examine our governance arrangements. Their findings are reported in the Annual Audit Letter.