

Public Document Pack



Democratic Services
White Cliffs Business Park
Dover
Kent
CT16 3PJ

Telephone: (01304) 821199
Website: www.dover.gov.uk
e-mail: democraticservices@dover.gov.uk

20 September 2023

Dear Councillor

NOTICE IS HEREBY GIVEN THAT a meeting of the **GOVERNANCE COMMITTEE** will be held in the Council Chamber at these Offices on Thursday 28 September 2023 at 6.00 pm when the following business will be transacted.

Members of the public who require further information are asked to contact Democratic Services on (01304) 872305 or by e-mail at democraticservices@dover.gov.uk.

Yours sincerely

A handwritten signature in black ink, appearing to read "N. Williams", written over a white background.

Chief Executive

Governance Committee Membership:

H M Williams (Chairman)
S H Beer (Vice-Chairman)
M Bates
R M Knight
J P Loffman
S C Manion
L M Wright

AGENDA

1 **APOLOGIES**

To receive any apologies for absence.

2 **APPOINTMENT OF SUBSTITUTE MEMBERS**

To note appointments of Substitute Members.

3 **DECLARATIONS OF INTEREST** (Page 5)

To receive any declarations of interest from Members in respect of business to be transacted on the agenda.

4 **MINUTES** (Pages 6 - 9)

To confirm the attached Minutes of the meeting of the Committee held on 29 June 2023.

5 **REVISION TO CONTRACT STANDING ORDERS** (Pages 10 - 25)

To consider the attached report of the Head of Finance & Investment and Monitoring Officer.

6 **ANNUAL DEBT COLLECTION REPORT FOR EAST KENT SERVICES (MANAGED BY CIVICA UK LTD)** (Pages 26 - 37)

To consider the attached report of the Strategic Director (Finance and Housing).

7 **ANNUAL REPORT FOR DOVER DISTRICT COUNCIL HOUSING SERVICES WRITE OFFS OF FORMER TENANT ARREARS** (Pages 38 - 41)

To consider the attached report of the Strategic Director (Finance and Housing).

8 **ANNUAL WRITE OFF REPORT FOR PARKING SERVICES** (Pages 42 - 45)

To consider the attached report of the Strategic Director (Finance & Housing).

9 **AUDIT PROGRESS REPORT AND SECTOR UPDATE** (Pages 46 - 58)

To consider the attached report of Grant Thornton (external auditors).

10 **QUARTERLY INTERNAL AUDIT UPDATE REPORT** (Pages 59 - 85)

To consider the attached report of the Head of Audit Partnership (East Kent Audit Partnership).

11 **REQUEST FOR DISPENSATIONS UNDER THE CODE OF CONDUCT**

To consider the report of the Monitoring Officer (to follow).

12 **2022/23 ANNUAL GOVERNANCE ASSURANCE STATEMENT** (Pages 86 - 104)

To consider the attached report of the Strategic Director (Corporate and Regulatory).

13 **CORPORATE GOVERNANCE LOCAL CODE REVIEW**

To consider the report of the Head of Corporate Services and Democracy (to follow).

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Declarations of Interest

Disclosable Pecuniary Interest (DPI)

Where a Member has a new or registered DPI in a matter under consideration they must disclose that they have an interest and, unless the Monitoring Officer has agreed in advance that the DPI is a 'Sensitive Interest', explain the nature of that interest at the meeting. The Member must withdraw from the meeting at the commencement of the consideration of any matter in which they have declared a DPI and must not participate in any discussion of, or vote taken on, the matter unless they have been granted a dispensation permitting them to do so. If during the consideration of any item a Member becomes aware that they have a DPI in the matter they should declare the interest immediately and, subject to any dispensations, withdraw from the meeting.

Other Significant Interest (OSI)

Where a Member is declaring an OSI they must also disclose the interest and explain the nature of the interest at the meeting. The Member must withdraw from the meeting at the commencement of the consideration of any matter in which they have declared a OSI and must not participate in any discussion of, or vote taken on, the matter unless they have been granted a dispensation to do so or the meeting is one at which members of the public are permitted to speak for the purpose of making representations, answering questions or giving evidence relating to the matter. In the latter case, the Member may only participate on the same basis as a member of the public and cannot participate in any discussion of, or vote taken on, the matter and must withdraw from the meeting in accordance with the Council's procedure rules.

Voluntary Announcement of Other Interests (VAOI)

Where a Member does not have either a DPI or OSI but is of the opinion that for transparency reasons alone s/he should make an announcement in respect of a matter under consideration, they can make a VAOI. A Member declaring a VAOI may still remain at the meeting and vote on the matter under consideration.

Note to the Code:

Situations in which a Member may wish to make a VAOI include membership of outside bodies that have made representations on agenda items; where a Member knows a person involved, but does not have a close association with that person; or where an item would affect the well-being of a Member, relative, close associate, employer, etc. but not his/her financial position. It should be emphasised that an effect on the financial position of a Member, relative, close associate, employer, etc OR an application made by a Member, relative, close associate, employer, etc would both probably constitute either an OSI or in some cases a DPI.

Minutes of the meeting of the **GOVERNANCE COMMITTEE** held at the Council Offices, Whitfield on Thursday, 29 June 2023 at 6.00 pm.

Present:

Chairman: Councillor H M Williams

Councillors: T J Bartlett (as substitute for Councillor R M Knight)
S H Beer
P M Brivio (as substitute for Councillor L M Wright)
J P Loffman
C A Vinson (as substitute for Councillor M Bates)

Officers: Strategic Director (Corporate and Regulatory)
Strategic Director (Finance and Housing)
Head of Audit Partnership (East Kent Audit Partnership)
Head of Finance and Investment
Deputy Head of Audit Partnership (East Kent Audit Partnership)
Community Services Manager
Transport and Parking Services Manager
Democratic and Corporate Services Manager
Democratic Services Officer

1 APOLOGIES

Apologies for absence were received from Councillors M Bates, R M Knight, S C Manion and L M Wright.

2 APPOINTMENT OF SUBSTITUTE MEMBERS

It was noted that, in accordance with Council Procedure Rule 4, Councillors C A Vinson, T J Bartlett and P M Brivio had been appointed as substitute members for Councillors M Bates, R M Knight and L M Wright respectively.

3 DECLARATIONS OF INTEREST

There were no declarations of interest made by Members.

4 MINUTES

The Minutes of the meetings held on 27 February 2023 and 16 March 2023 were approved as a correct record for signing by the Chairman.

5 QUARTERLY INTERNAL AUDIT UPDATE REPORT

The Deputy Head of Audit Partnership presented the Quarterly Internal Audit Update report. The report included a summary of the work completed by the East Kent Audit Partnership since the last meeting of the Governance Committee.

The Deputy Head of Audit Partnership drew Members' attention to the following:

- The audits completed and concluded, which were: Substantial Assurance (EKS – Debtors); Reasonable Assurance (Homelessness, Housing Repairs)

& Maintenance & Void Property and Employee Health & Safety); Reasonable/Limited Assurance (Commercial Let Properties & Concessions); Limited Assurance (GDPR Compliance with Housing); No Assurance (Car Parking & Enforcement) and an audit of Climate Change where an assurance opinion was not applicable.

- The five follow-up reviews completed and that after follow-up, Garden Waste & Recycling Income's revised assurance level remained Limited and Phones, Mobiles and Utilities remained Reasonable/Limited. Management had provided a response within the report and at the time of follow-up, the recommendations remained outstanding.
- The number of audit days completed and that as of 31 May 2023, 20% of the audit plan was completed and they were ahead of schedule.

The Community Services Manager was present to provide an update on the actions already undertaken to address the primary findings that gave rise to the No Assurance opinion for Car Parking & Enforcement which included:

- Purchase of new mobile phones for Civil Enforcement Officers (CEOs) for use issuing Penalty Charge Notices - these were more robust being weather-proof and having longer life, replaceable batteries.
- New rest centres for staff, utilising DDC assets.
- New electric vehicles due for delivery in September for CEOs use around the district.
- New uniforms and design following consultation with staff.
- Ongoing car park audits. Regular monitoring of car parks to ensure maintenance issues were dealt with at the earliest opportunity.
- Removal of pay and display machines from car parks that had more than one machine where the machines were not taking the cash to cover the maintenance fees. Eight had been removed.
- As per the contract with Flowbird (contractor), there would be replacements of faulty, damaged, or obsolete parts of pay and display machines.
- The introduction of regular staff meetings, including welfare checks.
- The Annual Parking Report for 2021/22 had been published with the 2022/23 report due to be published imminently.
- More detailed data was being captured and analysed and included:
 - the daily performance management of CEOs – reports being emailed directly to management showing number of PCNs issued allowing performance issues to be dealt with at the earliest opportunity.
 - Monthly performance statistics reported to management and the portfolio holder.
 - Detailed PCN data – whether paid, appealed or cancelled after appeal.

Future actions included:

- Bi-weekly budget monitoring
- A review of cash collection delivery and processing
- An increase in performance management
- A review of staff shift patterns driven by data
- Future service capacity review
- The implementation of digital visitor permits
- To explore the possibilities for digital applications

- Consistent sickness monitoring.

Members spoke to the range of issues highlighted by the parking audit and the implications of these. They were concerned that processes had not been in place to comply with GDPR requirements in respect of the retention of data. The Strategic Director (Corporate and Regulatory) explained that retention schedules were drawn up within individual teams and in conjunction with the Data Protection Officer. It was the responsibility of the management and Heads of Service to ensure these were complied with and not the Data Protection Officer. In addition, recognising failings with non-compliance, staff would be advised of their responsibilities to ensure compliance with legislation was adhered to.

The Head of Finance and Investment provided an update on the identified failings to reconcile income from car parking machines. Staff pressures within the finance team resulted in the cash flow reconciliation being missed in the monthly workload. This issue was now resolved and an annual write-off report would be provided in future to bring the service in line with the constitution.

Members credited the new leadership of parking services for bringing the audit of the service earlier in process and the work carried out to date to address the issues.

The Committee discussed the process by which audit actions were publicised and to who, and received assurances from the Head of East Kent Audit Partnership that management and Members were provided with the appropriate level of information. The individual action plans were not in the public domain at this point in the process. However, Members were able to speak to officers if they required more detailed information about an audit and it was expected that these matters would be discussed at Portfolio and Shadow Portfolio briefings.

In respect of the Employee Health and Safety Audit it was noted that the asbestos register needed updating with recent survey information. Members were advised this would be done.

RESOLVED: That the report be noted.

6 ANNUAL INTERNAL AUDIT REPORT

The Head of Audit Partnership introduced the Annual Internal Audit report to the Committee which provided a summary of the work undertaken by the East Kent Audit Partnership during 2022/23 to support the annual opinion.

Members' attention was drawn to the Overall Opinion within the report. The majority of reviews had received a substantial or reasonable assurance and there were no major areas of concern that gave rise to a qualified opinion. Having delivered 99.61% of the agreed audit plan days, sufficient work had been undertaken to support the opinion.

The Head of Audit Partnership was satisfied the Council had complied with Corporate Governance guidance throughout the year. An assurance was placed on the aspects of the systems of control tested and in operation during 2022/23. Having a duty to make Members aware where good practice was not complied with, it was noted that a review of the Council's Risk Management arrangements, having previously been reviewed in March 2020 and resulted with a Reasonable Assurance, was due for review as part of the 2023/24 audit plan.

Assurances were provided by the Head of Finance and Investment that work was being carried out to bring VAT claims up to date. External staff had been employed and the £3m repayment due to the Council did not affect the financial position of the Council due to this being a debtor on the accounts – a payment owed to the Council.

Members thanked East Kent Audit Partnership for their consistent high-quality work.

- RESOLVED: (a) That Members noted the Opinion of the Head of Audit Partnership.
- (b) That Members noted the Annual Report detailing the work of the East Kent Audit Partnership and its performance to underpin the 2022/23 opinion.

The meeting ended at 7.33 pm.

Subject:	REVISION TO CONTRACT STANDING ORDERS
Meeting and Date:	Governance Committee – 28 September 2023 Council – 18 October 2023
Report of:	Head of Finance & Investment and Monitoring Officer
Decision Type:	Non- Executive
Classification:	Unrestricted

Purpose of the report: The purpose of this report is to propose revisions to Contract Standing Orders to the Council for adoption.

Recommendation: Governance Committee: -

That the Governance Committee recommends to Council that the revised Contract Standing Orders appended to this report are adopted.

Council: -

That the Council, acting on the recommendation of the Governance Committee and the Monitoring Officer, adopts the revised Contract Standing Orders appended to this report.

1. Summary

1.1 A requirement of the existing Contract Standing Orders (CSO's) is that they are reviewed and updated on a regular basis with any such recommendations made by the Monitoring Officer being agreed and adopted by the Council (after consideration by the Governance Committee).

2. Introduction and Background

2.1 Contract Standing Orders were last updated by Council on the 25th January 2023. Following their agreement, it has come to notice that there was a typographical error in the version adopted and in addition, there are two further amendments proposed for clarity in respect of the Council's obligations under the Local Government Transparency Code.

2.2 This report sets out the amendments proposed, and the revised Council's Contract Standing Orders (attached at Appendix A). The amendments are summarised below.

2.3 **Publishing Contracts on the Councils Contract Register** - It is proposed to amend this to read: -

5.4.7 that all contracts of a value of £5,000 or more are included on the Councils Contract Register (This includes purchase orders that meet the £5000 threshold).

2.5 The proposed amendment ensures full compliance with the Local Government Transparency Code and provides clarity that contracts shall also deem to include all purchase orders that also meet the £5,000 threshold (currently only Contracts over £15,000 are included on the Council's Contract Register).

2.6 **Financial Thresholds and Procedures** - In accordance with Part 4 of the Public Contracts Regulations 2015 and guidance issued by the Cabinet Office, it is proposed to amend to read:

*7.4.1 All contract opportunities with a value of £30,000 **inclusive of VAT** and above must be published on 'Contracts Finder' where the Council has advertised such opportunity in the form of a notice or advertisement as set out in 7.3 above.*

2.7 The proposed amendment (adding the wording 'inclusive of VAT') clarifies the position regarding the inclusion of VAT.

2.8 **Extensions and Other Variations to Existing Contracts** - In order to rectify the typographical error in the version adopted by Council on the January 23, it is proposed to re-instate the wording highlighted in bold below that was omitted error from the previous version: -

*14.2.2 Subject to a written report in an approved format to be submitted to the Monitoring Officer (or his nominee) and Section 151 Officer (or his nominee); which shall include reasons for the extension or other variation which demonstrate that the need for the extension or other significant variation is genuinely exceptional **or provisions are made for extension in the existing contract.***

*14.2.3 Subject to approval by the Monitoring Officer and Section 151 Officer (or his nominee), who shall record that they have considered the reasons for the extension or other significant variation and that they are satisfied that the circumstances justifying the extension are genuinely exceptional **or provisions are made for extension in the existing contract.***

3 Identification of Options

3.1 Option 1: That the Governance Committee recommend to Council that the revised Contract Standing Orders appended to this report are adopted.

3.2 Option 2: That the Governance Committee do not recommend to Council that the revised Contract Standing Orders appended to this report are adopted.

4. Evaluation of Options

4.1 Option 1 is the recommended option to ensure Contract Standing Orders are reflective of current legislation and working practices.

4.2 Option 2 is not the recommended option as it will mean Contract Standing Orders are not reflective of current legislation and working practises.

5. Resource Implications

5.1 There are no resource implications arising from this report.

6. Appendices

Appendix 1 – Revised Contract Standing Orders

7. **Background Papers**

Public Contract Regulations 2015

Local Government Transparency Code

Contact Officer:

Dean Coulls, Procurement Manager, dean.coulls@dover.gov.uk 01304 872424

CONTRACT STANDING ORDERS

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Contract Standing Orders

1. Introduction – Purpose of the Contract Standing Orders

1.1 Purchasing decisions and processes are important because the money involved is public money. The purpose of these Contract Standing Orders is to provide a structure within which procurement decisions are made and implemented (including the grant of service concessions) and which ensure that the Council:

1.1.1 Furthers its corporate objectives

1.1.2 Uses its resources efficiently

1.1.3 Purchases quality goods, services and works

1.1.4 Safeguards its reputation from any implication of dishonesty or corruption.

1.1.5 Improves the economic, social and environmental well being of the district

1.2 Procurement by the Council, from planning to delivery, shall incorporate (where appropriate) principles of sustainability, efficiency, whole life costings and cost savings.

1.3 These Contract Standing Orders are made in accordance with the requirements of Section 135 of the Local Government Act 1972.

1.4 These Contract Standing Orders do not provide guidelines on what is the best way to purchase works, supplies (goods) and services and grant service concessions. They set out minimum requirements to be followed. Further information and guidelines are set out in the Council's Procurement Guide and the guidance documents available on the Intranet.

2. General Principles – Application and Compliance with Contract Standing Orders

2.1 These Contract Standing Orders apply to the purchase by or on behalf of the Council of works, supplies (goods) and services and the granting of service concessions.

2.2 These Contract Standing Orders apply to all contracts including all purchase orders, service concessions and contractual arrangements entered into by or on behalf of the Council, except for the specific types of contracts and purchasing methods which are listed in 2.3.

2.3 These Contract Standing Orders do not apply to:

2.3.1 Employment contracts

2.3.2 Contracts relating solely to the purchase or sale of interests in land

- 2.3.3 Contracts for retention of legal counsel and the appointment of expert witnesses in legal proceedings
- 2.3.4. Service level agreements setting out the conditions which the Council applies to its funding of particular voluntary sector bodies.

3. **General Principles Applying to All Contracts**

- 3.1 All purchases however small shall be in writing.
- 3.2 All contracts of a value of £15,000 or more shall be made using either:
 - 3.2.1 the Councils *Standard Terms & Conditions of Contract* or
 - 3.2.2 a standard form of contract (e.g. New Engineering Contract (NEC), Joint Contracts Tribunal (JCT), etc) or
 - 3.2.3 the Suppliers Terms & Conditions

Advice and agreement must be sought from Legal Services prior to award.

- 3.3 As a minimum, all contracts of a value of £15,000 or more shall include clauses which set out:
 - 3.3.1 The works, supplies (goods), services, service concessions, material, matters or things to be carried out or supplied
 - 3.3.2 Specify the price to be paid, the estimated price or the basis on which the price is to be calculated
 - 3.3.3 The time within which the contract is to be performed
 - 3.3.4 Quality requirements and/or standards which must be met
 - 3.3.5 Requirements on the contractor to hold and maintain appropriate insurance
 - 3.3.6 What happens in the event that the contractor fails to comply with its contractual obligations (in whole or in part)
 - 3.3.7 Requirements on the contractor to comply with all relevant equalities and health and safety legislation
 - 3.3.8 That the Council shall be entitled to cancel the contract and recover losses in the event that the contractor does anything improper to influence the Council to give the contractor any contract or commits an offence under the Bribery Act 2010 or s117(2) Local Government Act 1972.
- 3.4 Written contracts shall not include non-commercial terms unless these are necessary to achieve best value for the Council and necessary to enable or facilitate the Council's compliance with the public sector equality duty¹

¹ Section 149 Equality Act 2010

imposed on it by the Equality Act 2010. In this context, "non commercial" means requirements unrelated to the actual performance of the contract.

- 3.5 All contracts shall include relevant specifications and/or briefs/technical requirements which are prepared taking into account the need for effectiveness of delivery, quality, sustainability and efficiency (as appropriate) and the information set out in the Council's Procurement Guide.

4. Regulatory Context

- 4.1 All purchasing shall be conducted in accordance with Regulatory Provisions which are:
- 4.1.1 All relevant statutory provisions
 - 4.1.2 The Public Contract Regulations 2015 (PCR2015)
 - 4.1.3 The Council's Constitution including these Contract Standing Orders, the Council's Financial Procedure Rules and Scheme of Delegation
 - 4.1.4 The Council's Procurement Guide and other policies and procedures of the Council as appropriate.
- 4.2 In the event of conflict between the above, the Public Contract Regulations 2015 will take precedence, followed by the Council's Constitution, then the Council's Procurement Guide and guidelines, policies and procedures.

5. Responsibilities of Directors, Heads of Service and Responsible Officers

- 5.1 Each Director shall have overall responsibility for the purchasing undertaken by his/her Directorate.
- 5.2 Each Head of Service shall be responsible for the purchasing undertaken by his or her service and shall
- 5.2.1 be accountable to the Executive for the performance of his/her duties in relation to purchasing
 - 5.2.2 comply with the Council's decision making processes including, where appropriate, implementing and operating a Scheme of Delegation
 - 5.2.3 appoint a Responsible Officer in writing who shall be an authorised signatory
 - 5.2.4 take immediate action in the event of breach of these Contract Standing Orders which will include as a minimum promptly informing the Council's Monitoring Officer of such breach.
- 5.2.5 consider any procurement risk(s) as part of any overall risk assessment
- 5.3 A Responsible Officer is an officer with responsibility for conducting purchasing processes for the purchase of works, supplies (goods) or services on behalf of the Council.

- 5.4 A Responsible Officer's duties in respect of purchasing are to ensure:
- 5.4.1 compliance with all Regulatory Provisions (see 4.1) and integrity of the tender process
 - 5.4.2 that all relevant officers are reminded of the statutory provisions and the Council's requirements relating to declarations of interest affecting any purchasing process in order for them to comply with these requirements
 - 5.4.3 that there is an appropriate analysis of the requirement, timescales, procedure and documentation to be used
 - 5.4.4 the purchasing process, from planning to delivery incorporates (where appropriate) principles of sustainability, efficiency, whole life costings and cost savings
 - 5.4.5 compliance with the Council's decision making processes, in particular in relation to Key Decisions
 - 5.4.6 that all quotations or tenders sought of a value of £15,000 or more are undertaken in partnership with the Procurement Manager to ensure a corporate approach and delivery of the works, supplies (goods) or services
 - 5.4.7 that all contracts of a value of £5,000 or more are included on the Councils Contract Register (This includes purchase orders that meet the £5,000 threshold).
 - 5.4.8 that proper records of all contract award procedures, waivers, exemptions and extensions are maintained, with separate files for each purchase of a value of £15,000 or more
 - 5.4.9 that value for money is achieved
 - 5.4.10 that adequate and appropriate security (such as a bond or guarantee) is taken to protect the Council in the event of non-performance.
- 5.5 In considering how best to procure works, supplies and services, Directors, Heads of Service and/or Responsible Officers (as appropriate in the context), shall consult with the Procurement Manager to take into account wider contractual delivery opportunities and purchasing methods including the use of Purchasing Schemes and e-procurement/purchasing methods, and the availability of local authority charging and trading powers under the Local Government Act 2003.
- 5.6 It is a disciplinary offence to fail to comply with these Contract Standing Orders and the Council's Procurement Guide. All employees have a duty to report breaches of Contract Standing Orders to the Monitoring Officer.
- 5.7 Any officer or Member who suspects any misconduct or corruption in relation to the purchase by or on behalf of the Council of works, supplies (goods) and services must immediately report that suspicion to the Council's Monitoring Officer.

6. Scheme of Delegation

- 6.1 Council procurement may only be undertaken by officers with the appropriate delegated authority to carry out such tasks as set out in the Council's Scheme of Delegation. Officers with delegated authority may only delegate to other officers who have the appropriate skills and knowledge for the task and such delegation shall be recorded in writing by the officer delegating the task and notified to the relevant Director/Head of Service.
- 6.2 Officers shall, where appropriate, be informed by their Director/Head of Service of the extent of any delegated authority and applicable financial thresholds.

7. Financial Thresholds and Procedures

- 7.1 The table below sets out the general rules applying to the choice of purchasing procedure for contracts at the stated threshold values.
- 7.2 There is a general presumption in favour of competition. Wherever possible contract opportunities should be advertised by way of a public notice. The Council should consider the potential effect of a contract on interstate trade (at a European level). If a contract may be of interest to contractors from EU member states then this may result in a need to advertise in a manner which ensures that potential contractors from EU member states are aware of the opportunity, even for small value contracts or contracts under the PCR2015 Threshold levels outlined below.
- 7.3 The public notice referred to at 7.2 may take the form of a notice or advertisement in an electronic or paper format, on an easily accessible website or other electronic media and/or in the press, trade journals, Contracts Finder or Find a Tender Service ("FTS") (as appropriate). The Responsible Officer may choose to place one or more public notices in different media.
- 7.4 In accordance with Part 4 of the Public Contracts Regulations 2015 and guidance issued by the Cabinet Office:
- 7.4.1 All contract opportunities with a value of £30,000 inclusive of VAT and above must be published on 'Contracts Finder' where the Council has advertised such opportunity in the form of a notice or advertisement as set out in 7.3 above.
- 7.4.2 All contract opportunities for which a Contract Notice was sent to FTS for publication must also be published on 'Contracts Finder'.

Table setting out financial thresholds and procedures

Total Value £	Type of contract	Procedure to be used
0 to £15,000	Works, Supplies and Services	At least one written quote in advance (there is a general presumption in favour of competition and as such Officers may seek additional quotations where possible)

£15,000 to £100,000	Works, Supplies and Services	At least three written quotes obtained by Procurement in advance using the Councils <i>Invitation to Quote</i> document
£100,000 to £177,898* **	Supplies and Services	At least three written tenders obtained by Procurement in advance, using the Councils <i>Invitation to Tender</i> document
£177,898* ** plus ** *PCR2015 Threshold for supplies and services ex VAT Note: £552,950 threshold applies for social and some specific services listed within the Public Contracts Regulations 2015	Supplies and Services	PCR2015 Rules apply – full competitive process following advertisement in the FTS for supplies and some services. For social and some specific services reduced requirements apply under the PCR2015 Rules but there is a presumption in favour of advertising and a competitive process*
£100,000 to £4,447,448**	Works	At least three written tenders obtained by Procurement in advance, using the Councils <i>Invitation to Tender</i> document
£4,447,448** plus **PCR2015 Threshold for works ex VAT	Works	PCR2015 Rules apply – full competitive process with tenders following FTS advertisement

* The PCR2015 Rules apply to service contracts to differing degrees depending on the service. Responsible Officers should act cautiously and seek advice when considering the procedure to be used and application of the PCR2015 Rules to services contracts

** or relevant threshold in force at the time under the PCR2015 Rules

Note: Whilst the new PCR2015 thresholds now include VAT (due to the UK's obligations under the WTO), thresholds above are shown excluding VAT for ease and alignment with the Councils sub thresholds

7.5 Where contracts are of a type and value which means that they are subject to the PCR2015 Rules then there are five main types of PCR2015 procedures available. These are the open, restricted, competitive dialogue, competitive procedure with negotiation and innovation partnership procedures. Care must be taken to ensure that the correct and most appropriate procedure is used and assistance on the choice and use of PCR2015 procedure should be sought from the Procurement Manager and Legal Services.

8. Financial Thresholds and Processes Applying to Approval and Execution of Contracts

8.1 For contracts over the relevant PCR2015 threshold (in force at the time), the choice of purchasing procedure to be used and the decision to proceed to

advertisement must be authorised in writing by the relevant Director/Head of Service in advance acting in consultation with the Procurement Manager and/or Solicitor to the Council where appropriate.

8.2 When a decision is made to award a contract then the Responsible Officer must, in addition to complying with his/her general obligations under these Contract Standing Orders ensure, in particular, that:

8.2.1 the appropriate approvals have been obtained to authorise that decision; and

8.2.2 where appropriate, a standstill period complying with the PCR2015 Rules is incorporated into the final award process.

8.3 Any contracts valued at £100,000 or above shall be executed as a deed or be signed by at least two officers of the council with appropriate delegated authority or made under seal of the Council and attested by at least one officer. All other contracts may be signed by officers with appropriate delegated authority. £100,000 shall be the threshold for the purposes of Regulation 8 of the Local Authority (Executive Arrangements) (Modification of Enactments and Further Provisions) (England) Order 2001.

8.4 Electronic signatures may be used in accordance with the Electronic Signature Regulations 2002 provided the sufficiency of security arrangements has been approved by the Senior ICT Manager.

9. **Calculating the Contract Value**

9.1 The starting point for calculating the contract value for the purposes of these Contract Standing Orders is that the contract value shall be the genuine pre-estimate of the value of the entire contract excluding Value Added Tax. This includes all payments to be made, or potentially to be made, under the entirety of the contract and for the whole of the predicted contract period (including proposed extensions and options).

9.2 There shall be no artificial splitting of a contract to avoid the application of the provisions of the PCR2015 Rules and/or these Contract Standing Orders.

9.3 The PCR2015 Rules can cover contracts, which are below the stated PCR2015 threshold, where they constitute repeat purchases and/or purchases of a similar type in a specified period. Responsible Officers should therefore seek advice from the Procurement Manager on the application of the PCR2015 Rules where they envisage that they may require repeat purchases and/or purchases of a similar type.

10. **Principles Underlying Tendering Processes and Tender Evaluation**

10.1 All tendering procedures (including obtaining quotes), from planning to contract award and signature, shall be undertaken in a manner so as to ensure:

10.1.1 Sufficient time is given to plan and run the process

10.1.2 Equal opportunity and equal treatment

10.1.3 Openness and transparency

10.1.4 Probity

10.1.5 Outcomes which deliver sustainability, efficiency and cost savings (where appropriate).

11. Submission and Opening of Tenders

11.1 An Invitation to Tender shall be issued by the Council for all contracts over £100,000 via the Councils e-tendering system and tenders shall be submitted in accordance with the requirements of the Invitation to Tender Document.

11.2 Any tenders received shall be kept secure electronically and unopened until the time and date specified for the opening

11.3 No tender received after the time and date specified for its opening shall be accepted or considered by the Council unless agreed by the Monitoring Officer in exceptional circumstances.

11.4 Tenders shall be opened, certified and recorded electronically by an Officer appointed by the Monitoring Officer via the Councils e-tendering system.

12. Evaluation of Quotes and Tenders

12.1 All quotes and tenders shall be evaluated in accordance with evaluation criteria notified in advance to those submitting quotes/tenderers.

12.2 Tenders subject to the PCR2015 Rules shall be evaluated in accordance with the PCR2015 Rules.

12.3 Save in exceptional circumstances approved in advance by the Monitoring Officer all contracts shall be awarded on the basis of the quote or tender which represents best value for money to the Council and not on the basis of lowest price.

13. Waivers

13.1 The requirement for the Council to conduct a competitive purchasing process for contracts in excess of £15,000 may be waived in the following circumstances.

13.1.1 For contracts which are not subject to the PCR2015 Rules, the work, supply or service or grant of service concession is required as a matter of urgency and a delay would be likely to lead to financial loss, personal injury or damage to property; or

13.1.2 the circumstances set out in the Public Contract Regulations 2015 Regulation 32 apply or

13.1.3 if the goods or materials to be purchased are available from only one manufacturer; or

- 13.1.4 where the supply is for parts for existing machinery, or where the terms of supply of equipment require that maintenance be undertaken by a specified provider; or
 - 13.1.5 where the Work is of a specialist nature, the skill of the contractor is of primary importance, and the supply market has been tested and found to be limited; or
 - 13.1.6 where the supply is for maintenance to existing IT equipment or software, including enhancements to current software, which can only be performed by the licensed developer or owner of the system; or
 - 13.1.7 at the discretion of the relevant Head of Service who may proceed in a manner most expedient to the efficient management of the service/Council with reasons recorded in writing.
- 13.2 A Responsible Officer who seeks a waiver of Contract Standing Orders, shall do so only in advance and only in exceptional circumstances. Further guidance on what may constitute exceptional circumstances permitting waiver of these Contract Standing Orders is set out in the Council's Procurement Guide.
- 13.3 All waivers from these Contract Standing Orders must be:
- 13.3.1 Fully documented
 - 13.3.2 Subject to a written report in an approved format to be submitted in advance to the Monitoring Officer (or his nominee) or Section 151 Officer (or his nominee), which shall include reasons for the waiver which demonstrate that the waiver is genuinely required
 - 13.3.3 Subject to approval in advance by the Monitoring Officer (or his nominee) or Section 151 Officer (or his nominee) who shall record that they have considered the reasons for the waiver and that they are satisfied that the circumstances justifying the waiver are genuinely exceptional.
- 13.4 All decisions on waivers must take into account:
- 13.4.1 Probity
 - 13.4.2 Best value/value for money principles.
- 13.5 For contracts subject to the PCR2015 Rules, any waiver from the requirement for competition must meet the conditions set out in the PCR2015 Rules in addition to the general requirements above.
- 13.6 A waiver shall not be applied for reasons of poor contract planning.

14. **Extensions and Other Variations to Existing Contracts**

- 14.1 Where extensions or other variations to existing contracts are made the extensions must be determined in accordance with the contract terms, for a specified period and made in accordance with the principles set out in the Council's Procurement Guide.
- 14.2 Any extension or other significant variation must be:
 - 14.2.1 Fully documented
 - 14.2.2 Subject to a written report in an approved format to be submitted to the Monitoring Officer (or his nominee) and Section 151 Officer (or his nominee); which shall include reasons for the extension or other variation which demonstrate that the need for the extension or other significant variation is genuinely exceptional or provisions are made for extension in the existing contract.
 - 14.2.3 Subject to approval by the Monitoring Officer (or his nominee) and Section 151 Officer (or his nominee), who shall record that they have considered the reasons for the extension or other significant variation and that they are satisfied that the circumstances justifying the extension are genuinely exceptional or provisions are made for extension in the existing contract.
- 14.3 Any extension or other variation must take into account:
 - 14.3.1 Probity
 - 14.3.2 Best value/value for money principles.
- 14.4 For contracts subject to PCR2015 Rules, any extension must meet the conditions set out in the PCR2015 Rules in addition to the more general requirements set out above.

15. **Purchasing Schemes**

- 15.1 A Responsible Officer may use Purchasing Schemes subject to the following conditions and the Council's Procurement Guide.
- 15.2 Responsible Officers must check in advance with the Procurement Manager to ensure that
 - 15.2.1 The Council is legally entitled to use the Purchasing Scheme
 - 15.2.2 The purchases to be made do properly fall within the coverage of the Purchasing Scheme
 - 15.2.3 The establishment and operation of each Purchasing Scheme is in compliance with the PCR2015 Rules (where they apply) and meets the Council's own requirements.
- 15.3 A "Purchasing Scheme" may include:
 - 15.3.1 Contractor prequalification lists/select lists

- 15.3.2 Framework arrangements (including those set up by The Crown Commercial Service)
 - 15.3.3 Purchasing arrangements set up by central purchasing bodies and commercial organisations
 - 15.3.4 Consortium purchasing
 - 15.3.5 Collaborative working arrangements
 - 15.3.6 Formal agency arrangements
 - 15.3.7 E-procurement/purchasing schemes and methods
 - 15.3.8 Other similar arrangements such as the Government eMarketplace
- 15.4 Where a Purchasing Scheme is used then there shall be a whole or partial exemption from the obligations under these Contract Standing Orders in respect of the choice and conduct of procedures to the extent permitted and indicated in the Council's Procurement Guide.

16. Review and Changes to these Contract Standing Orders

- 16.1 These Contract Standing Orders shall be reviewed and updated on a regular basis. Save in the case of revisions to the PCR2015 Thresholds in Contract Standing Order 7, amended Contract Standing Orders shall be recommended by the Monitoring Officer and shall be agreed and adopted by the Council after consideration by the Governance Committee. The Solicitor to the Council will make revisions to the PCR2015 Thresholds as and when they occur.

17. Suspension of these Contract Standing Orders

- 17.1 These Contract Standing Orders may be suspended in accordance with Article 16 of the Constitution.

Subject:	ANNUAL DEBT COLLECTION REPORT FOR EAST KENT SERVICES (managed by Civica UK Ltd)
Meeting and Date:	Governance Committee 28th September 2023
Report of:	Mike Davis, Strategic Director (Finance and Housing)
Portfolio Holder:	Councillor Sue Beer, Portfolio holder for Finance, Governance, and Climate Change
Decision Type:	Non Key
Classification:	Unrestricted

Purpose of the report: To advise Members of the value of income collected and write offs in 2022/23.

Recommendation: Members are asked to note:

- The value of income collected and write-offs for each type of income, as set out in the report below;
- The generally high collection rates;
- The aged debt profile.

1. Summary

- 1.1. DDC's constitution requires reports of write-offs to be presented to Members periodically by the Section 151 Officer. This report is produced on an annual basis and provides Members with an overview of the debt and write-off position for debts managed by Civica UK Ltd.
- 1.2. It is the Section 151 Officer's view that, rather than provide details in a committee report of all the individual write-offs, it is better to provide Members with an overview covering:
- The overall debt position and trends;
 - The collection rates;
 - Bad debt provisions;
 - The overall level of write-offs proposed; and
 - Any learning points or areas where improvements can be made to further increase collection rates.
- 1.3. Specific individual debts and write-offs will only be reported to Members where they are of special significance to the Council. This could arise due to factors such as a sufficiently high value which may have financial implications for the Council, or if they relate to parties with a close relationship with the council. In these circumstances any reporting will respect the privacy of the debtor as well as the interests of the Council, and so if any such reports to Members are required they will be made on a suitably confidential basis.
- 1.4. The most important aspects of debt collection are that:
- All invoices due are raised;
 - All invoices raised are due; and
 - The collection rate is as high as possible.

- 1.5. The first two points are generally addressed through normal operations and checked during audits of specific service areas. Once a debt is raised then the Council seeks to collect all debts due and continues collection after the end of the year to which the debt relates. This results in the generally high collection rates.
- 1.6. This report deals with a number of complex areas and provides one comprehensive report that brings together the work of DDC and Civica UK Ltd. The format and content of this report was approved by Governance Committee in June 2014.
- 1.7. The main points to note in this year's report are:
- The overall Council Tax property charge (and therefore the amount to be collected) has increased by 4.07% from 2021/22 to 2022/23 (see Appendix 2).
 - There has been an increase in Council Tax collection of 0.19%, leading to an overall reduction for in year, year end balances when compared with 2021/22 of £2.38m to £2.34m in 2022/23.
 - In year Business Rates collection is improved with in year collection rates increasing from 98.07% in 2021/22 to 98.38% in 2022/23.
 - The value of outstanding housing benefit overpayments has continued to reduce, following the pattern of recent years.
- 1.8. The rest of this report sets out:
- An overview of types of debt, debt levels, funding, DDC share and responsibility;
 - An explanation of the main terms and concepts - Income, Debts, Recovery Stages, Bad Debt Provision, Write-offs and Controls;
 - The arrangements for the collection of debt;
 - The arrangements for managing write-offs; and
 - A summary of the position for each debt category.

2. Overview of Types of Debt, Debt Levels, Funding, DDC Share and Responsibility

- 1.9. The main classes of debt collected by EKS (Civica) are:

Class of Debt	Indicative Annual Amount Billed	Ultimate Collection Rate (a)	Debit Balance at 31st March 2023¹	Bad Debt Provision at 31st March 2023	Fund	DDC % Share
Council Tax	£92m	99%	£9,449k	£7,323k	Collection Fund	9.9%
Business Rates	£47m	99%	£2,289k	£671k	Collection Fund	40%
Sundry Debtors (b)	£18m	99%	£1,791k	£559k	General Fund	100%
Housing Benefit Overpayment recovery	N/A	N/A	£2,488k	£1,287k	General Fund	(c)

Notes:

- a. Debt isn't always collected "in-year". The ultimate collection rate indicates how much of all debt is finally collected, based on current performance. As the rate will vary

¹ The total debit balances does not include any prepayments or credit balances.

slightly over time, this figure is not precise, but gives a good indication of current performance.

- b. These are “non recurrent” or one-off invoices for a wide range of services and charges. In addition, this also includes recharges of shared services, recovery of government grants etc, so it is not purely “income”. The collection rate quoted is net of some write-offs. This figure also includes invoices that are not the responsibility of Civica UK Ltd to recover.
- c. DDC separately receives 40% subsidy from Government for housing benefit overpayments where they arise from claimant errors. These constitute the bulk of the overpayments. Therefore if at least 60% of the debt raised is recovered, then there is no loss to DDC. Current recovery rates are 124.56% (not including the 40% subsidy element).

3. Income, Debts, Recovery Stages, Bad Debt Provision, Write-offs and Controls

1.10. The Council collects a large amount of income, much of which (Council Tax and Business rates) is not retained by the Council. Due to the high value of income collected, even with the high collection rates, the balance which is unrecoverable, and which is written off can still be a significant figure. This section has been produced to assist Members and to provide the context for these processes.

1.11. Outstanding debt and write-offs arise within the overall context of:

- the income being raised;
- the stages of income recovery and the overall collection rates;
- the requirement to provide a bad debt provision;
- write-offs;
- the controls in place

1.12. An explanation of these terms and processes is provided in Appendix 1.

The arrangements for the collection of debt

1.13. Council Tax, Business Rates, Housing Benefit Overpayments and Sundry Debt is collected by Civica UK Ltd

1.14. Enforcement of debts through the Courts, deductions from benefits, attachment of earnings, direct earnings attachments and the use of enforcement agents all have to comply with the prevailing regulations and legislation. The Council Tax base shows an increase this year and Civica, as at 31 March 2023, collect from 54,939 households, and 4,246 Business Rates accounts.

1.15. In accordance with the constitution, Civica have an agreed debt write-off policy (Income Management Policy).

The arrangements for managing write-offs

1.16. The volume and value of income and debts collected by the Council, either on its own behalf, or on the behalf of others, is significant. The overall collection rates are high and the rates of write-off are low.

1.17. With regard to write-offs:

- These are managed on a day-to-day basis by Civica. Write-offs are only referred to DDC during the year where they are significant in value and have financial implications for the Council, or if they relate to parties with a close relationship with the Council.
- Internal Audit will periodically review write-offs as part of the audit programme to ensure that they have been properly approved within Civica and that significant write-offs have been reported to the S151 officer. The most recent audit (2023) which looked at the write off process received a substantial assurance rating.

4. Council Tax

- 1.18. The Council raises around £91.8m annually in Council Tax. “In year” collection rates are 96 - 97% with the ultimate collection rate exceeding 99%. Recovery of previous years’ debt continues in future financial years and payments are allocated to the year the debt relates to. Council Tax debt written off during 2022/23 was £330,687.83 (£210,623.40 in 2021/22).
- 1.19. The team continue to prioritise collection of previous years arrears and throughout 2022/23 have made a significant impact on collection. As at 31 March 2023 for 2022/23:
- Collected a total of £163,935 in previous years arrears at post enforcement agent stage;
 - Have £146,789 on arrangement.
- 1.20. The aged debt that has been recorded has increased year on year, however, proactive action is being taken to recover historic arrears.
- 1.21. A more detailed analysis of the debt is provided at Appendix 2.
- 1.22. There were no write offs for Council Tax over £10,000 for 2022/23.

5. Business Rates

- 1.23. The Council raises around £46m annually in Business Rates. “In year” collection rates for previous years are over 98%, the final collection rate for 2022/23 was 98.38%. Recovery for previous year’s debt continues to be recovered in the following financial year and payments are allocated to the year the debt relates to.
- 1.24. Write offs in 2022/23 totalled £557,224.95. In comparison, the figure for 2021/22 was a write back of £1.31. This was due to priority work undertaken on the numerous Covid Grants, etc. The write back resulted from the normal tidy up of penny credits sat on individual accounts. There were a number of outstanding write-offs from 2019/20, 2020/21 and 2021/22 that had not been actioned on the system, which accounts for the increase in the amount written off. Work is ongoing to review all outstanding arrears pre-2020/21, therefore the write offs for 2023/24 are likely to be higher than standard.
- 1.25. In 2022/23 there were 14 write offs above £10k.

Name	Property Address	Financial Years	Balance (£)	Reason for write off
Channel Training & Support Centre Ltd	Post Office, Charlton Green, Dover. CT16 1AA	2010-2013	170,810.55	Company dissolved 27/12/16 - director was involved in £1.5m fraud leading to imprisonment of the directors
B&W Sandwich Ltd	George & Dragon, 24 Fisher Street, Sandwich. CT13 9EJ	2018	10,130.44	Company dissolved 24/03/20. No assets to recover debt
Purogenix Limited in Administration	Purogenix Ltd and Puropack Ltd, Bldg 281, East Site Discovery Park, Ramsgate Road, Sandwich. CT13 9NJ	2017-2018	56,504.65	Company dissolved 27/02/20. No assets to recover debt
Media Leisure Ltd in CVL	Ocean Rooms, Queen Street, Deal. CT14 6EY	2016-2019	47,510.92	Company went into liquidation 09/09/19. No assets to recover debt
Heritage International Transport Ltd	Units 8,10,12 &14 Whitfield Court, White Cliffs Business Park, Honeywood Close, Whitfield, Dover. CT16 3PX	2019	20,895.72	Company went into liquidation 24/01/20. No assets to recover debt
The Fitness Rooms UK Ltd	The Weights Room & Boxing Fitness at 74-94 High Street, Dover. CT16 1AA and Pole Fitness & The Weights Room, at Charlton Green, Dover. CT16 1AA	2018-2019	25,644.88	Company went into liquidation 17/10/19. No assets to recover debt
Cata Limited	40-41 Biggin Street, Dover. CT16 1BU	2018-2019	16,612.30	Company dissolved 17/11/20. No assets to recover debt
Hancock's Restaurants Ltd	Unit 2, St James, St James Street, Dover. CT16 1QD	2018-2019	10,948.46	Company went into liquidation 13/05/19. No assets to recover debt

Name	Property Address	Financial Years	Balance (£)	Reason for write off
FY Motors Ltd	43 Biggin Street, Dover, CT16 1DB	2018-2019	13,928.34	Company dissolved 21/01/20. No assets to recover debt
Saturn Trading Ltd in CVL	Gnd & 1st Flr at Unit 5, 11-16 Biggin Street, Dover. CT16 1DD	2017	17,032.39	Company went into liquidation 15/02/19. No assets to recover debt
Alliance Trade & Distribution in liquidation	Puropack Ltd Purogenix Ltd, and Purolabs Ltd, Bldg 281, East Site Discovery Park, Ramsgate Road, Sandwich. CT13 9NJ	2019	37,979.02	Company went into liquidation 14/01/20. No assets to recover debt
Sole Trader	Public House, Deal	2018-2019	11,370.01	Customer went bankrupt 10/02/2022. No assets to recover debt
Bellrose Ltd	The Bellrose BB at, 18 East Cliff, Dover, Kent, CT16 1LU	2010-2017	12,281.38	Company dissolved 11/05/2020. No assets to recover debt
Aberdeen Standard Investments Ltd	Premier Fruits, Kedleston Road, Whitfield, Dover, CT16 3NX	2019-2022	35,997.85	Company dissolved 26/07/2022. No assets to recover debt

6. Sundry Debtors

1.26. The Council raises sundry invoices from sources such as:

- Rent for commercial properties,
- Grants,
- Recharges for partnership working,
- Pest control services,
- Shared service recharges, government grants etc.

1.27. More information on the sources of income is provided in the annual fees and charges report.

1.28. The year-end balance for 2022/23 was £1,791k.

1.29. The invoices are raised throughout the year and so the year-end balance is a mix of older debts, and debts which have just been raised, and may even not yet be due for payment. For example, of the £1,791k outstanding £1,176k (65.66%) is less than 60 days old.

1.30. Those debts which are older than 90 days can include invoices which are subject to longer term repayment plans. Overall ultimate collection rates are circa 99%.

1.31. Write-offs processed in 2022/23 total £28,148 (2021/221 total £37,944)

Write Off Reason	Number of Write Offs	Write Off Value
Bankruptcy/Insolvency	1	£915.00
Deceased	1	£165.44
Discretionary	53	£25,760.74
Gone Without Trace	2	£808.61
Uneconomical	24	£498.68
Total	81	£28,148.47

- In 2022/2023 there were no cases written off over £10k.

7. Housing Benefit Overpayments

1.32. Housing Benefits overpayments is a complicated area. The bulk of overpayments are classified as being due to claimant fault, where they have provided incorrect information or not advised of a change in circumstances. Where this happens, the government meet the first 40% of the costs of the overpayment. In addition, the Council is able to seek full recovery from the claimant. Not including the 40% which is subsidised by the government the 2022/2023 recovery rate was 124.56%. However; recovery of an overpayment will often span financial years as described below.

1.33. Where overpayments are identified they may have arisen over more than one year and may be of a significant value. Where benefit is still in payment, then recovery is achieved via benefit deductions at rates set by government and there is no discretion to increase the recovery rate. This can take more than one year in many cases. As the roll out of Universal Credit gathers pace, DDC will lose this method of recovery because Housing Benefit entitlement may stop. However, in some cases it may be possible to recover the overpayment from a customer's Universal Credit entitlement. This could be at a significantly reduced rate and will represent a future challenge.

1.34. Where the claimant is no longer in receipt of benefits, an invoice will be raised. A payment plan may be agreed or other action taken such as deductions from earnings (Direct Earnings Attachment) or a request to the Department for Work and Pensions (DWP) to deduct from a state benefit or pension.

1.35. The position for 2022/2023 is summarised below:

- £491k overpayments arising in the year.
- £174k overpayments recovered from benefits in the year for those overpayments made in the current year, and in previous years, that are gradually being recovered from benefits. For this to happen the claimant must still be in receipt of benefits. If a claimant moves off benefit an invoice would be raised for the remainder, and if necessary, a payment plan agreed.
- £313k invoices raised in the year, where recovery from benefits is not possible.
- £440k overpayments recovered relating to current and previous year invoices, the majority of which will be on a payment plan.

- £1,786k total outstanding at the year end. As a matter of prudence local authorities make a high level of bad debt provision for housing benefit overpayments.

1.36. In 2022/23 £279.76 in housing benefit overpayment (2021/22 was £120,516.00) was written off for the following reasons:

Write Off Reason	Write off Number	Write Off Value
Debt Relief Order	0	£0.00
Deceased	26	£15,758.85
Discretionary (write back)	25	-£20,795.16
Gone Without Trace	0	£0.00
Insolvency	102	£5,442.20
Individual Voluntary Arrangements (IVA)	0	£0.00
Uneconomical (write back)	17	-£126.13
Total	170	£279.76

- In 2022/2023 there were no write offs above £10k.

8. Corporate Implications

1.37. Comment from the Section 151 Officer: The Head of Finance & Investment has been consulted on this report and has no further comments to add. (HL)

1.38. Comment from the Solicitor to the Council: The Solicitor to the Council has been consulted in the preparation of this report and has no further comments to make

9. Appendices

- Appendix 1 - Debts, recovery stages, bad debt provision, write-offs
- Appendix 2 – Council Tax Analysis (Civica)
- Appendix 3 – Business Rates Analysis (Civica)

10. Background Papers

EKS Income Management Policy

Contact Officer:

James Kehoe, Benefits Manager, Civica

Income, Debts, Recovery Stages, Bad Debt Provision, Write-offs and Controls

Income

Income is posted to the Council's revenue accounts as soon as invoices are raised.

Collection of the debt is simply about converting the amount owed on the balance sheet, into cash received.

Bad debt provisions are made to provide for the proportion of debt that is not expected to be collected.

Bad debt provisions are treated as "expenditure", so it reduces the net income.

Debts

Debts arise for a number of reasons including taxes such as the Council Tax and Business Rates, charges for work, services or goods provided, and recovery of overpayments. When debts are raised they appear, in aggregate, as a debtor, which is an asset on the Council's balance sheet.

When debts are paid, the total debtor goes down and the amount of cash held by the Council goes up.

Some income streams, such as parking fees, are cash based and are paid at the point of service delivery. These will not generally be included in the total debt income.

Recovery Stages

The typical stages in recovering a debt are:

- Debt raised and invoice despatched;
- First reminder is sent;
- Further reminder after 7 days;
- Legal action, which may involve:
 - i. Apply for a summons,
 - ii. Liability order issued by the Magistrates Court,
 - iii. Recovery via attachment to a person's earnings or benefits or referral to the Enforcements Agents (previously known as Bailiffs)

Bad Debt Provision

Bad debt provision is the means by which we adjust the balance sheet in recognition of the fact that, however good we are at collecting debt, we will never achieve 100%, and so we have to allow for some shortfall. The provision is reviewed each year to reflect the level and age of the debt portfolio and is charged to the cost of services as part of the closure of accounts process.

When a debt is written off, we reduce the value of the debtor on the balance sheet, but we can also usually reduce the bad debt provision. So provided we have made a prudent bad debt provision, the actual write-off is an accounting process and does not materially change the Council's overall position.

The calculation of the bad debt provision is undertaken on an annual basis and is based mainly on the age of the debts, on the basis that older debts are harder to collect and so the level of write-off is assumed to be higher for older debts. Adjustments are also made for some significant individual debts, particularly those which are of high value. As explained below, the cost to the Council arises when the bad debt provision is made. Provided this is done prudently, then the actual write-off has minimal additional impact.

Write-Offs

Writing off a debt does not mean that we are letting the debtor off - it reflects the point at which the debt is deemed irrecoverable. The debtor is not advised of the write-off, so if, at subsequent review, it is decided that the debt should not have been written off, it can easily be reinstated. Similarly, if we subsequently discover that we can recover the debt, then we will do so, regardless of whether we have written the debt off or not.

So, at the point that a debt is deemed irrecoverable, writing it off simply means that:

- We now consider it unrealistic to carry the debt as an asset on the balance sheet,
- There is no point in continuing active recovery action, and
- We will therefore remove the debt from the “active” debts on the ledger.

There are several reasons for writing off a debt. These include:

- Bankruptcy – the debtor has no assets,
- Liquidation – the company has no assets,
- Deceased – the debts cannot be recovered from the persons estate, or it is inappropriate to do so,
- Gone without trace – we are unable to find the debtor,
- Uneconomic – the debt is too small to pursue through the courts.

When a debt has been written off:

- The total “debts outstanding” is reduced, but so is the “bad debt provision”. The net effect on the balance sheet is usually minimal.
- The write-offs may vary significantly from year to year. This simply reflects when the writing-off is done, not fluctuations in recovery rates.
- It is better to process write-offs on a regular basis, but it does not have any impact on income actually collected.

Controls

Because writing off a debt will generally result in a cessation of recovery action, it is important that there are sufficient controls surrounding the process to safeguard against premature write-offs before all economic avenues have been exhausted, and to safeguard against preferential treatment being given to individual debtors.

This process is also subject to review by Internal Audit.

Council Tax Analysis (Civica)

The below chart shows the chargeable debt as at the 31st March each year, and the amount outstanding at 31st March 2023.

Year	Total Council Tax charged each year (31st March)	Net amount outstanding each year (31st March)	'In - year' collection rate (actual)	Net amount outstanding as at 31 March 2023	Collection rate as at 31 March 2023
2019/20	£79,662,765	£1,984,400	97.23%	£1,024,829	98.57%
2020/21	£83,169,776	£2,297,138	96.87%	£1,234,527	98.31%
2021/22	£88,163,853	£2,378,488	96.97%	£1,726,547	97.80%
2022/23	£91,752,585	£2,342,107	97.16%	£2,342,107	97.16%

Write Offs for 2022/23 for Council Tax

Type	Number of Cases	Amount
Discretionary Hardship Relief (13A)	14	£23,248.49
Bankrupt	18	£7,565.00
Benefit (error in original assessment)	90	£2,520.70
Bulk write off / write back	52	- £3,855.80
Costs	3	£110.00
Deceased	251	£69,688.18
DRO (Debt Relief Order)	42	£18,527.34
EHR (Exceptional Hardship CTS)	3	£1,215.66
Insolvency	8	£1,343.09
IVA (Individual Voluntary Arrangements)	670	£180,116.07
Liquidation	15	£12,245.52
Gone away no trace	29	£12,851.06
Gone away no trace (over £500)	23	£8,093.80
Gone away no trace (credit)	38	- £6,992.47
Official error/Statute barred	4	£116.65
Uneconomical to collect (small balances)	229	£3,894.54
Total	1,489	£330,687.83

The highest number of accounts written off are the accounts that have been subject to IVA.

Council Tax debt written off during 2021/22 was £210,623.40 and £145,061.39 in 2020/21.

Business Rates Analysis (Civica)

The chart below shows the chargeable debt as at the 31st March each year, and the amount outstanding at 31st March 2023.

Year	Total Business Rates Charged (31st March)	Net Amount outstanding at 31st March	“In-year” collection rate (actual) %	Net Amount outstanding as at March 2023	Collection as of March 2023. %
2019/20	£44,106,689	£354,023	99.20	£174,060	99.60
2020/21	£32,378,571	£928,096	97.13	£107,541	99.66
2021/22	£40,581,272	£785,162	98.07	£329,928	99.04
2022/23	£42,352,965	£684,771	98.38	£684,771	98.38

Due to changes that may occur during the year, in respect of revised valuations and appeals, many which go back to the last valuation list of 2010, figures can change throughout the year. The rateable value may change which could increase / decrease the collectable amount. The appeals that businesses can make, can vastly change the amount collected and the amount that needs to be refunded from the authority to the businesses. Once an account is amended it is possible that a large credit will need to be repaid.

Write off for Business Rates 2022-23

Type	Number of Cases	Amount £
Bankrupt	11	23,306.96
Deceased	3	1,755.42
Insolvency	36	216,639.19
Liquidation	78	322,678.56
Gone away no trace	2	337.07
Gone away no trace (over £500)	3	1,199.04
Gone away no trace (credit)	5	-8,445.77
Uneconomical to collect (small balances)	18	-254.52
Total	156	557,224.95

Business Rates debt written off during 2021/22 was -£1.31 and £669.62 in 2020/21. The figures are low due to the impact of Covid and the numerous grant and support schemes that were in place in those years.

Subject:	Annual Report for Dover District Council Housing Services Write Offs of Former Tenant Arrears
Meeting and Date:	Governance Committee 28 th September 2023
Report of:	Mike Davis, Strategic Director of Finance and Housing
Portfolio Holder:	Councillor Sue Beer, Portfolio holder for Finance, Governance, Climate Change and Environment
Decision Type:	Non-Key
Classification:	Unrestricted

Purpose of the report: To advise Members of the value of former tenant arrears write offs in 2022/23.

Recommendation: Members are asked to note the report.

1 Summary

- 1.1 Dover District Council (DDC) aim to recover all monies due from former tenants with outstanding balances. Housing Services Income Recovery team collect monies due from former council tenants for residential rental arrears and court costs along with arrears from temporary accommodation due to the HRA and non-residential garage arrears due to the General Fund.
- 1.2 DDC seek to do this in the most efficient and cost-effective manner and will recommend debts for write off only where they are irrecoverable and within agreed parameters.
- 1.3 Debts owed by current tenants are not written off.

2 Background

- 2.1 The Housing service returned to Dover District Council from East Kent Housing in October 2020. At this time the limited resources within the transferred team were concentrated on reducing the current tenant arrears. From 2021 when the team were fully resourced, they were able to start working the former tenant arrears and write offs. These had not been worked for many years at East Kent Housing and therefore it was suggested and approved by the Head of Housing and the Head of Finance & Investment for bulk write offs of those former tenant arrears that were non-recoverable arrears, uneconomical to pursue or out of time.
- 2.2 The most effective way to manage former tenant arrears is to take all possible steps to prevent them from arising in the first place. This will be achieved through efficient and effective management of current tenant arrears.
- 2.3 Particular attention will be given to ensuring that any arrears are collected on mutual exchange of tenancies, or on transferring to another property. DDC will maintain comprehensive documentary evidence in respect of all terminations, transfers and exchanges of tenancies, including information in respect of rent arrears and other debts legitimately due from the former tenant.
- 2.4 Former Tenant Arrears should therefore only arise due to:

- Abandonment of property
- Eviction
- Termination of tenancy with arrears still outstanding
- Death of the tenant.

3 Procedure for Arrears

- 3.1 The procedure for dealing with former tenant arrears is followed as per the DDC Write off Policy for Housing Debts including Former Tenant Arrears and Rechargeable Works Orders. In cases where there is no known forwarding address, Experian Citizen View is used as a tracing tool.
- 3.2 Legal action is rarely taken to recover former tenant debts based on cost and historic recovery success rates. This course of action may however be cost effective if the tenant's whereabouts are known and they are in employment, because an attachment of earnings order can be applied for. Consideration will always be given to the size of the debt, available options, and the cost effectiveness of pursuing legal action.
- 3.3 There are currently three eviction cases, each with arrears over £3k, where legal action is being taken and attachment of earnings has been applied for.
- 3.4 DDC recognises that it is important to consider the balance between recovering former tenant arrears as effectively and efficiently as possible with the need to be fair and reasonable to the former tenant and tenants as a whole.
- 3.5 Arrears proposed for write off are likely to fall into the following Categories:

Non recoverable arrears	<ul style="list-style-type: none"> • Customer is Bankrupt under a Debt Relief Order • Customer is deceased and there are no funds in the Estate
Non-engagement	<ul style="list-style-type: none"> • Customer will not engage to reach an arrangement or pay
Uneconomical to pursue	<ul style="list-style-type: none"> • Balances below £50
Unable to trace	<ul style="list-style-type: none"> • Customer has absconded and we are unable to trace their current address

4 2022/23 Write Offs

- 4.1 The total write offs and reason codes for 2022/2023 are detailed below:

Write off Reason	Write off Number	Write off Value
WOD - Deceased	119	68,128.87
WOENE - Eviction/Abandonment No Engagement	8	12,501.80
WOENT - Eviction/Abandonment No Trace	7	20,487.76
WOEOA - Eviction/Abandonment Out of Area	6	11,527.41
WOGAR - Garage Rent	20	1,261.40
WOLB - Low balance under £50	17	266.75
WONE - Non-Engagement	48	22,870.72
WONT - No Trace	11	5,043.47

Write off Reason	Write off Number	Write off Value
WOOA - Out of area	12	13,377.18
WOOF - Data load only	24	11,598.29
WOVAT - Garage VAT	16	185.38
WOSS - Short Settlement	6	6,047.32
WODC - Decant	2	1,223.96
WOCC - Write off Court Cost over 6yrs	2	669
Total	298	£175,189.31

4.2 In 2022/2023 there were no cases written off over £8k, and only two cases over £5k.

4.3 Former tenant arrears figures from the East Kent Housing transfer in October 2020 and the year-end position for each subsequent financial year are below:

	October 2020	2020/21	2021/22	2022/23
Total Former tenant arrears (including court costs)	£382,033	£428,393	£238,179	£167,352
Former tenant arrears as a % of annual rental income	1.94%	2.17%	1.19%	0.80%
Total former tenant arrears (including court costs) written off	£0	£164	£328,564	£175,065

4.4 The bad debt provision for rents in 2022/23 was £100k. The higher amount written off in 2022/23 was incorporated into the Housing Revenue Account year-end outturn figures.

4.5 The Housing Services Income Recovery team's priority is the collection of current tenant arrears and court costs which, when managed correctly and consistently, particularly prior to the termination of tenancies, will have a beneficial effect on the total amount of former tenant arrears and therefore the amount written off.

4.6 The table below shows the 3.2% reduction of current tenant arrears as a percentage of annual rental income from the EKH transfer in October 2020 to year end 2022/2023. Annual rental income in 2022/2023 was £21,027,972 and therefore this equates to a collection rate of 98.58% for the Housing Revenue Account. The team also collected 99.92% of the garage annual rental income of £413,846 for the General Fund in that year.

4.7 Current tenant arrears total from the East Kent Housing transfer in October 2020 and the year-end position for each subsequent financial year are below:

	October 2020	2020/21	2021/22	2022/23

Total current tenant arrears (including court costs)	£911,815	£747,907	£427,812	£297,765
Current tenant arrears as a % of annual rental income	4.62%	3.79%	2.13%	1.42%

4.8 There are no write off values for current tenants as debts owed by current tenants are not written off.

5 Corporate Implications

5.1 Comment from the Section 151 Officer: The Head of Finance & Investment has been consulted on this report and has no further comments to add. (HL)

6 Background Papers

Write off Policy for Housing Debts including Former Tenant Arrears and Rechargeable Works Orders

Contact Officer:

Helen Ayers, Income and Tenancy Sustainment Manager

Subject:	ANNUAL WRITE OFF REPORT FOR PARKING SERVICES
Meeting and Date:	Governance Committee 28th September 2023
Report of:	Mike Davis, Strategic Director (Finance & Housing)
Portfolio Holder:	Cllr Sue Beer, Portfolio Holder for Finance, Governance, and Climate Change
Decision Type:	Non-Executive
Classification:	Unrestricted

Purpose of the report: To advise Members of the value of income collected and write offs for the financial year 2022/23.

Recommendation: Members are asked to note the value of income collected and write-offs for each type of income, as set out in the report below.

1. Summary

- 1.1 DDC's constitution requires reports of write-offs to be presented to Members periodically by the s151 Officer. This report from the Strategic Director (Finance & Housing) provides Members with an overview of the write-off position of Penalty Charge Notices issued by Parking Services.
- 1.2 It is the s151 Officer's view that, rather than provide details in a committee report of all the individual write-offs, it is better to provide Members with an overview covering the overall level of write-offs proposed.
- 1.3 Specific individual debts and write-offs will only be reported to Members where they are of special significance to the Council. This could arise due to factors such as a sufficiently high value which may have financial implications for the Council, or if they relate to parties with a close relationship with the Council. In these circumstances any reporting will respect the privacy of the debtor as well as the interests of the Council, and so if any such reports to Members are required, they will be made on a suitably confidential basis.
- 1.4 The most important aspects of Penalty Charge Notice (PCN) collection are that:
 - All amounts due are through the issuing of Penalty Charge Notices to vehicles contravening the parking restrictions in place.
 - All Penalty Charge Notices may be appealed and are subject to cancellation if the appeal is upheld.
 - Penalty Charge Notice income collection is subject to the Penalty Charge Notice process outlined in the Traffic Management Act 2004.

2. The Arrangements for the Collection of Debt

- 2.1 Once a PCN is issued the Parking Services Team seeks to collect all debts due following the regulations set out in the Traffic Management Act 2004. Penalty Charge Notices still outstanding after a certain stage of the enforcement stage will be sent to external Enforcement Agents for collection.

3. The Arrangements for Managing Write-Offs

3.1 Write-offs are not always completed “in-year”. They are managed on a day-to-day basis by the Parking Services Team and will normally occur for one of the following reasons:

- The DVLA were unable to provide keeper details for the vehicle receiving the PCN and therefore the PCN cannot progress through the process.
- The DVLA keeper has moved from their registered address.
- The vehicle is registered in a foreign country where we do not have access to the vehicle keeper database.
- The PCN has been passed to Enforcement Agents who have been unable to secure payment from the debtor within the time allowed in the regulations.
- The PCN has been unable to progress due to being out of time according to regulations. A PCN has strict timelines that must be adhered to at each stage of the enforcement process. If payment, cancellation or progression does not occur during these timelines then the PCN must be written off. Appendix 1 shows the flow process of a PCN.

3.2 Internal Audit will periodically review write-offs as part of the audit programme to ensure that they have been properly approved and that significant write-offs have been reported to the S151 officer.

3.3 Write-offs processed in the financial year 2022/23 total £159,589.

Write Off Reason	Quantity	Value £
Addressee Moved	32	3,055
Foreign Vehicle	239	15,960
General Reason (includes out of time and returned from Enforcement Agents)	452	46,307
Unable to Pursue (includes where no DVLA details held, cases returned from Enforcement Agents and out of time)	904	94,267
Totals	1,627	159,589

3.4 There were no cases written off over £10k.

3.5 The above equates to 136 PCN write offs per month in 2022/23 and 4.5 PCNs per day, with an average of 1,048 PCNs being issued per month. The number of PCNs written off in 2021/22 was 3,073, equating to 256 PCNs per month and 8 PCNs per day.

3.6 Following on from an Audit in April 2023, the write offs are being recorded and checked on a monthly basis by the Transport & Parking Services Manager and assigned to a specific write off reason as per 3.1 above. This is a more robust approach which will allow for any potential out of time cases to be progressed quickly before their requirement to be written off and also for write offs to be processed as near to “in year” as possible. In addition, Parking Services have instructed an additional enforcement agency for collection of PCNs where warrants have been issued, with a clear plan of action to target persistent evaders. This should aid in reducing the amount of PCNs returned by enforcement agents following the expiry of the warrant.

4. Corporate Implications

- 4.1 Comment from the Section 151 Officer: The Head of Finance & Investment has been consulted on this report and has no further comments to add. (HL)

5. Background Papers

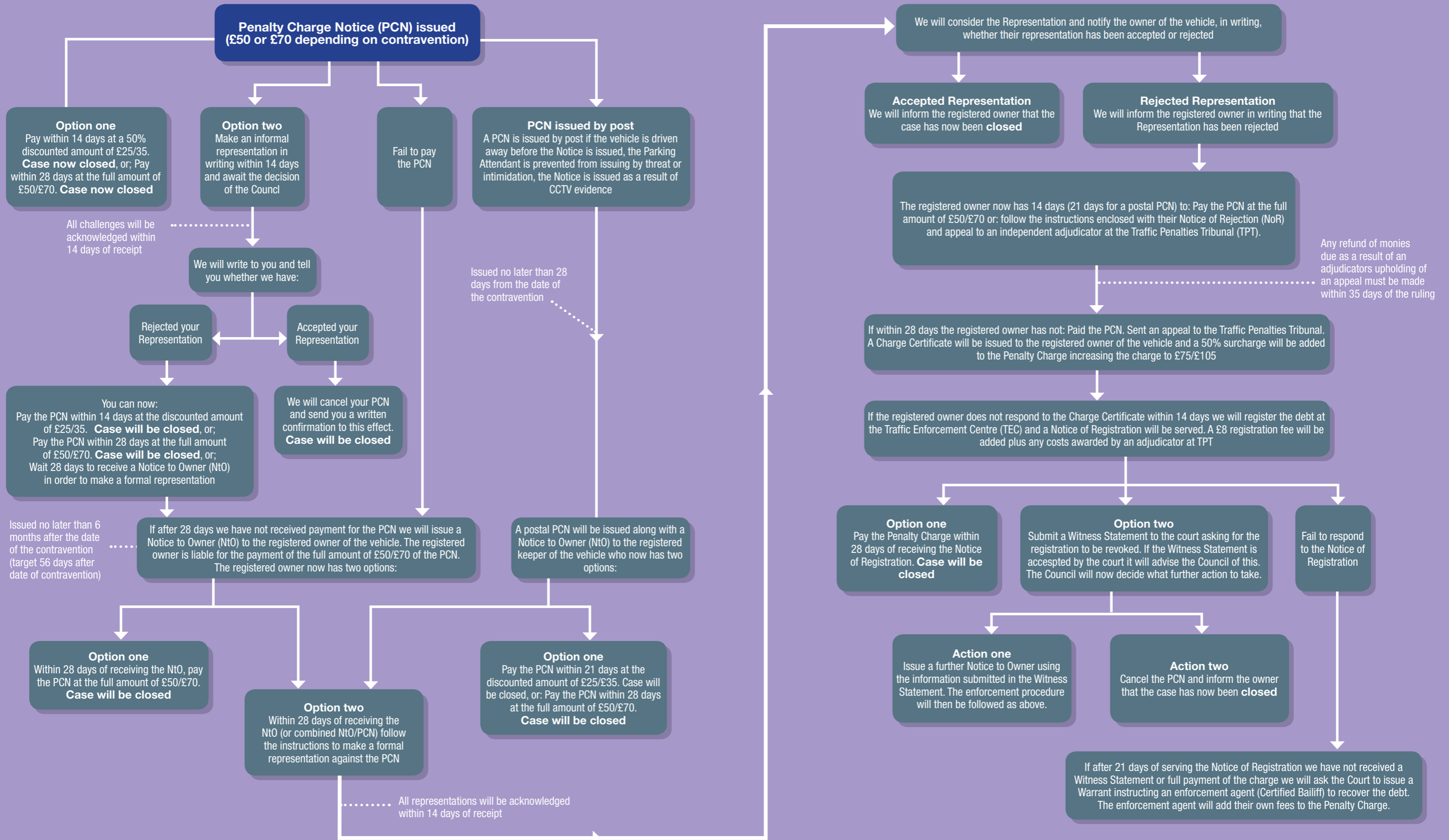
Traffic Management Act 2004

6. Attachments

Appendix 1 Penalty Charge Notice Flowchart

Contact Officer: Clare Connellan, Transport & Parking Services Manager

The flow chart below illustrates the potential “life cycle” of a PCN with the opportunities to challenge and pay.



Dover District Council Audit Progress Report and Sector Update

September 2023



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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction

Your key Grant Thornton team members are:

Darren Wells

Key Audit Partner

T 01293554120

E darren.j.wells@uk.gt.com

Sophia Brown

Key Audit Partner

T 020 7728 3179

E sophia.y.brown@uk.gt.com

Hamza Tariq

Audit Manager

T 020 7184 4539

E hamza.tariq@uk.gt.com

This paper provides the Governance Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- includes where appropriate challenge questions in respect of these emerging issues which the Committee may wish to consider. These are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes.

Members of the Governance Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications <https://www.grantthornton.co.uk/en/services/public-sector-services/>

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

Darren is responsible for completing the 2020/21 audit and Sophia is responsible for external audits from 2021/22 onwards.

Progress at March 2023

Financial Statements Audit

2020/21

The financial statement audit for the year is still in progress. Due to some delays in the availability of key working papers we extended our resourcing of the audit until the third week of April. At this point we had to pause the audit to focus on the NHS. We left officers with a number of audit queries and requests. Officers have made some progress on responding to these, but a number remain outstanding. The audit continues to be on pause until officers confirm that all outstanding audit queries have been responded to.

The Code of Practice on Local Authority Accounting in the United Kingdom requires infrastructure to be reported in the Balance Sheet at historic cost less accumulated depreciation and impairment and that where there is 'enhancement' to the assets, that the replaced components are derecognised. Where authorities are not fully compliant with these requirements, there may be a risk of material misstatement. Many authorities do not possess the records to be able to fully comply with the requirements. Following extensive consultation and discussions with interested parties, government has issued a Statutory Instrument to simplify accounting for infrastructure assets until the 2024/25 financial year. We will ensure that the 2020/21 statement of accounts reflects this.

2021/22 and 2022/23

At page 9 we highlight the Department for Levelling Up, Housing and Communities' (DLUHC) proposals for clearing the audit backlog for outstanding audit years. The Department intends to set a series of statutory deadlines. Auditors would be required to provide as much as assurance as possible for the outstanding years. Where audits could not be completed, auditors would limit their opinions and make clear to the users of the accounts those aspects of the financial statements which are not supported by sufficient, appropriate evidence and which the auditor is unable to provide assurance over. Tackling 2021/22 and 2022/23 audits is dependent on the completion of the 2020/21 audit.

Value for Money

The new Code of Audit Practice (the "Code") came into force on 1 April 2020 for audit years 2020/21 and onwards. The most significant change under the new Code was the introduction of an Auditor's Annual Report, containing a commentary on arrangements to secure value for money and any associated recommendations, if required.

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies auditors are required to issue the Auditor's Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay. As a result of the ongoing pandemic, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. The extended deadline for the issue of the Auditor's Annual Report is now no more than three months after the date of the opinion on the financial statements.

We presented an Interim Auditor's annual Report for 2020/21 to the Governance Committee to its meeting of 1 December 2022.

We are undertaking a joint VFM review for 2021/22 and 2022/23. We have finished our fieldwork and are drafting our report and will present to the Committee's next meeting.

Audit Deliverables

2020/21 Deliverables	Planned Date	Status
Audit Plan	July 2022	Completed
Audit Findings Report The Audit Findings Report will be reported to the June Governance Committee subject to progress in March 2023.	June 2023	overdue
Auditors Report This includes the opinion on your financial statements.	June 2023	overdue
Auditor's Annual Report This report communicates the key outputs of the audit, including our commentary on the Authority's value for money arrangements.	December 2022	completed
2021/22 Deliverables	Planned Date	Status
Audit Plan We are required to issue a detailed audit plan to the Governance Committee setting out our proposed approach in order to give an opinion on the Authority's 2021/22 financial statements and to issue a commentary on the Authority's value for money arrangements in the Auditor's Annual Report	Subject to completion of 20/21 audit	Not yet due
Audit Findings Report The Audit Findings Report will be reported to the January 2024 Governance Committee.	Subject to completion of 20/21 audit	Not yet due
Auditors Report This includes the opinion on your financial statements.	Subject to completion of 20/21 audit	Not yet due
Auditor's Annual Report This report communicates the key outputs of the audit, including our commentary on the Authority's value for money arrangements.	December 2023	Not yet due

Sector Update

Authorities continue to try to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

A teal rectangular button with the text "Public Sector" in white, sans-serif font, centered within the button.

Public Sector

A dark purple rectangular button with the text "Local government" in white, sans-serif font, centered within the button.

Local
government

Exploring the reasons for delayed publication of audited local authority accounts in England – Grant Thornton

Recent performance against target publication dates for audited local authority accounts in England has been poor. There are some reasons for optimism that there will be an improvement in the timeliness of publication of audited accounts as foundations are being laid for the future.

In this report we explore the requirements for publication of draft and audited accounts and look at some of the reasons for the decline in performance against these requirements over time. Only 12% of audited accounts for 2021/22 were published by the target date of 30 November 2022. There is no single cause for the delays in completing local authority audits, and unfortunately there is no quick solution in a complicated system involving multiple parties. We consider a variety of factors contributing to delays, note the measures which have already been taken to support the local audit system and make recommendations for further improvement.

There are some reasons for cautious optimism that the system will begin to recover and there will be a gradual return to better compliance with publication targets. However, we consider that these are outweighed by a number of risk factors and that the September deadline for audited accounts set by Department for Levelling Up, Housing and Communities' (DLUHC is not achievable in the short term and also not achievable until there is further significant change in local audit and local government.

We note the following matters that are yet to be tackled:

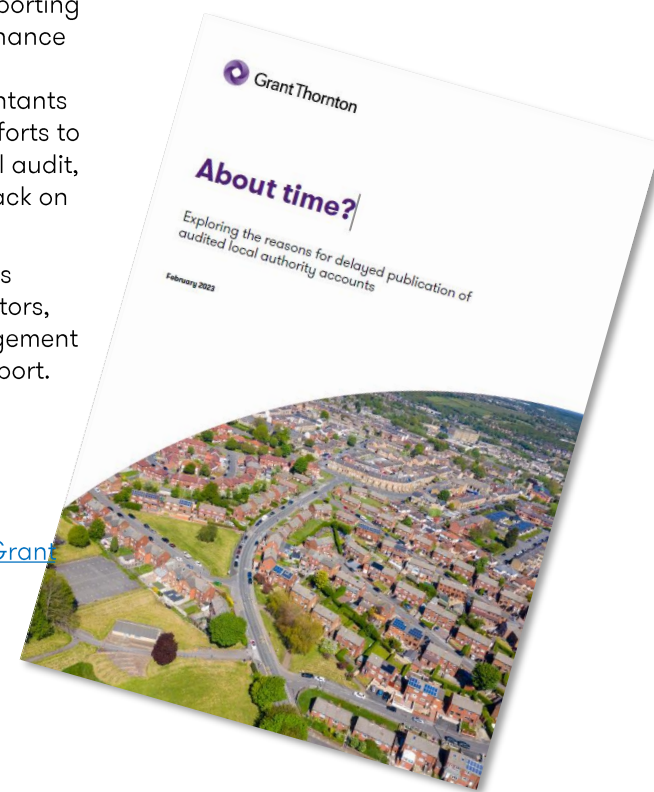
- clarity over the purpose of local audit
- the complexity of local government financial statements
- agreement on the focus of financial statements audit work
- an improvement in the quality of financial statements and working papers

- an agreed approach to dealing with the backlog of local government audits
- Government intervention where there are significant failures in financial reporting processes

All key stakeholders including local audited bodies, the audit firms, the Department for Levelling Up Housing and Communities, Public Sector Audit Appointments Ltd (PSAA), the National Audit Office, the Financial Reporting Council and its successor Audit Reporting & Governance Authority, Chartered Institute of Public Finance Accountancy and the Institute of Chartered Accountants in England and Wales will need to continue their efforts to support a coherent and sustainable system of local audit, acknowledging that it will take time to get things back on track.

We make recommendations in our report for various stakeholders, including Audit Committees and auditors, and include a checklist for consideration by management and Audit Committees within an Appendix to the report. Read the full report here:

[Report: key challenges in local audit accounting | Grant Thornton](#)



Current local audit deadline ‘unachievable’- Grant Thornton

Low capacity in council finance teams and the failure to deal with historic accounting issues mean the current September audit deadline is unlikely to be met.

The firm said the changes in recent years to council investment strategies have seen annual accounts become increasingly complex.

In [evidence](#) to a Public Accounts Committee inquiry, Grant Thornton said the increased workload and pressure on resources have complicated recruitment and compounded delays.

The auditors said it is unlikely firms will be able to meet the 30 September deadline for publishing opinions on 2022-23 financial statements, because they are still working on previous years’ accounts.

The firm said one of the key issues causing delays is the lack of consensus over areas of audit focus, specifically over how land and buildings are audited.

“Too much audit resource is absorbed in dealing with longstanding financial reporting issues at poorly performing bodies,” the firm said.

In certain instances, audits are open as far back as 2017-18.

“Perhaps more importantly, there has not been enough debate with the sector on the purpose of local audit and the enhanced audit scrutiny it faces.

“This is particularly the case with the audit of property. Until these matters are resolved we do not consider that the September deadline is achievable.”

Grant Thornton said that while audit firms can be sanctioned by the Financial Reporting Council for failing to comply with regulations, there are currently no punishments for public bodies that fail to meet requirements.

It said there should be interventions for audited bodies that show “significant failures in financial reporting and an unwillingness to improve”.

In its evidence the firm blamed a lack of council funding to bolster finance teams for a reduction in the quality of reporting, causing further delays.

“Unfortunately, the quality of too many financial statements and working papers are not adequate,” Grant Thornton said.

“Improvement in accounts preparation, and recruitment and investment in finance teams is essential if local government is to prepare consistently high-quality draft accounts and respond to the challenges presented by an enhanced audit regime.”

In December, local audit procurement body Public Sector Audit Appointments revealed that [only 12% of local government audits](#) for 2021-22 were completed by the 30 November deadline.

PSAA said that an alarming 630 opinions were outstanding from both 2021-22 and previous years, and the level of opinions completed on time has declined significantly from the 45% in 2019-20.

Read full report here

committees.parliament.uk/writtenevidence/118580/pdf/

DLUHC to implement its new proposals to clear audit backlog by year-end

A range of proposals and actions to address the backlog of local audits in England has been set out by the Department for Levelling Up, Housing and Communities (DLUHC).

These include setting statutory deadlines and issuing qualifications and disclaimers of opinion in the short term.

[The proposals](#) have been agreed in principle with key partners across the local audit system, DLUHC said. The National Audit Office (NAO) is considering whether to develop a replacement Code of Audit Practice to give effect to the changes, the department added.

In addition, DLUHC is considering whether legislative change is needed to set new statutory deadlines for local bodies to publish accounts to mirror the proposed changes to the Code of Audit Practice.

Legislative change may also be needed to address any knock-on effects of the proposals which may impact the audit of opening balances within the accounts for future years, the department said.

Under these proposals, section 151 officers will be expected to work with Audit Committee members (or equivalent) to approve the final accounts by the statutory deadline in order for the audit opinion to be issued at the same time.

Read full proposal here

committees.parliament.uk/publications/40932/documents/199432/default/



LGPS valuation gives ‘cause for optimism – Hymans Robertson

Many Local Government Pension Schemes are in a stronger position than three years ago to meet future member benefits, pension advisors have said following the most recent valuations.

Despite market instability brought on by Covid-19 and exacerbated by Russia’s invasion of Ukraine, the overall funding level rose to 107% of past service in March 2022, compared to 98.5% in 2019, Hymans Robertson said in a [report](#).

Analysts reviewed the triennial valuations of 73 of the 86 LGPS funds, and said that on average fund asset values rose by 27.5% up to March 2022.

Hymans Robertson said the better-than-expected funding outlook has prompted a reduction in employer contributions, from 21.9% of pay in 2019 to 20.8% now.

Robert Bilton, head of LGPS valuations at Hymans Robertson, said: “Our analysis gives cause for optimism that the outlook for the long-term funding sustainability of the LGPS is robust, not least due to the hard work that has taken place across all funds over the last decade and longer.

“While the good news is welcome, the hard work doesn’t stop, and it is important that funds use the next two years to continue to systematically review their risks to keep them in the best place possible ahead of the valuations in 2025.”

The report said funding levels rose by the most for schemes that were already better-funded in 2019, but balances increased “across the board” in all funds that were reviewed.

Researchers said higher asset values mean funds will only need to deliver real investment returns of about 1.5% per year over the next 20 years to ensure they are fully funded.

Hymans said it expects more than three-quarter (77%) of funds to be able meet the annual level of investment returns by 2040.

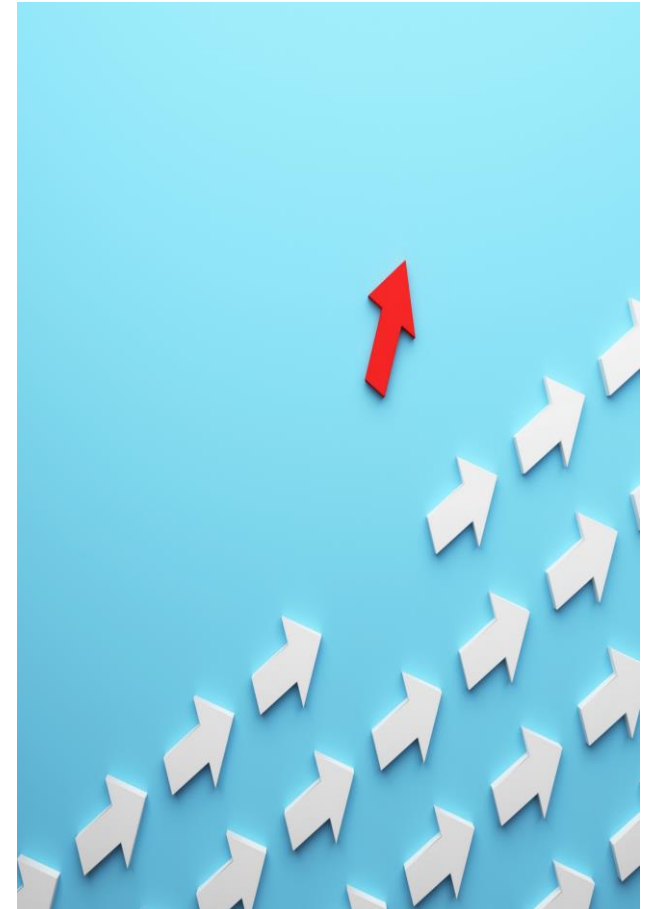
“This is a very positive funding position for the LGPS,” the report said.

“Considering that, not so long ago, the Scheme Advisory Board had set up a ‘deficit working group’ and the significant market events that the LGPS has had to navigate in recent years.

“Being in such a strong position is a testament to the diligent and hard work of administering authorities over the last decade.”

Read full report here

[LGPS 2022 Valuation - the big picture.pdf \(hymans.co.uk\)](#)



Sustainability reporting in the public sector – CIPFA

Sustainability reporting in the public sector is in its infancy, and there is an evolutionary journey to be embarked upon – sooner rather than later.

Sustainability reporting is the recording and disclosure of an organisation's environmental impact caused by its activities. It has been widely adopted in the private sector, but in the public sector it is not the same story.

Having a clear understanding of the overall carbon footprint of the public sector is vital if we are to tackle climate change, find solutions and encourage sustainable development.

Public sector sustainability reporting: time to step it up' provides answers and positive steps to addressing the most pressing challenges around public sector sustainability questions. The current patchwork of public sector sustainability reporting frameworks are inconsistent and confusing. The report draws on already existing standards and frameworks that are relevant and useful to the public sector, rather than trying to reinvent the wheel.

Alignment to financial reporting

The report recommends an approach that aligns sustainability reporting with the wider practice of financial reporting. The four key areas in this approach are governance, the management approach, performance and targets, and strategy. 'Public sector sustainability reporting: time to step it up' provides public finance professionals with a good understanding of what information needs to be disclosed and the process in producing a high quality report.

Read full report from CIPFA here

[Sustainability Reporting \(cipfa.org\)](https://www.cipfa.org/sustainability-reporting)



Local government procurement and contract management-

Background

Local authorities in England spend around £82.4 billion a year on goods and services. More than a third of all UK government spending on goods and services is spent in the local government sector¹. Allowing for capital spending as well, the UK public sector procures around £300 billion a year overall.

We reviewed a large number of reports, inspections and interventions issued by a number of firms, including 53 Annual Auditor Reports issued by Grant Thornton UK LLP. To help build on existing good practice, in this report we highlight some common themes for members and officers to consider:

This report considers a selection of issues we identified under each theme and makes recommendations both to local authorities and, in one case, to central government. The report presents a good practice checklist for local authority members and officers to reflect on.

The analysis sets out five key themes for ensuring good practice:

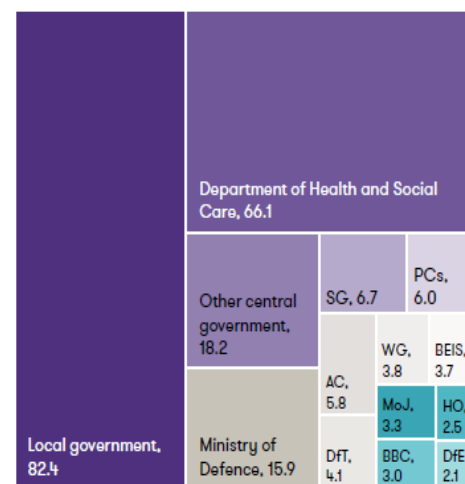
- Strategic planning
- Internal control
- Time, technical expertise, and people
- Commercial awareness
- Contract management

[full report here](#)

More than a third of all UK government spending on goods and services is spent by local government, so it's important councils have effective arrangements for procurement and contract management

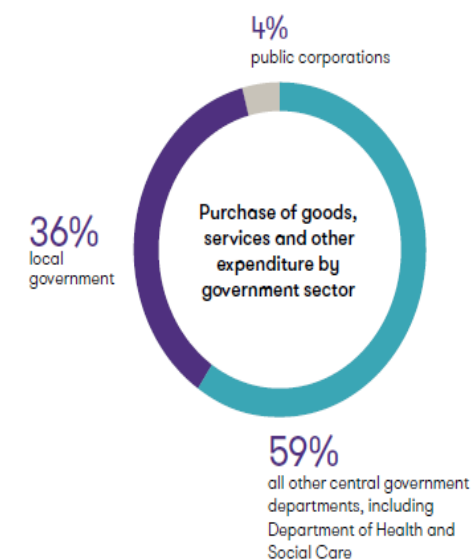
UK public spending

Public spending on goods and services, £ billions - analysis by segment and department²



PCs Other Public Corporations AC Academies
 DfT Department for Transport MoJ Ministry of Justice
 WG Welsh Government BBC British Broadcasting Corporation
 HO Home Office
 DfE Department of Education BEIS Department of Business, Industry Strategy
 SG Scottish Government

Goods, services and other expenditure by segment⁴



¹ HM Treasury, Whole of Government Accounts: year ended 31 March 2020, June 2022
² Cabinet Office, Transforming Public Procurement: Government response to consultation, December 2021
³ HM Treasury, Whole of Government Accounts: year ended 31 March 2020, June 2022
⁴ HM Treasury, Whole of Government Accounts: year ended 31 March 2020, June 2022



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Subject: QUARTERLY INTERNAL AUDIT UPDATE REPORT

Meeting and Date: Governance Committee – 28th September 2023

Report of: Christine Parker – Head of Audit Partnership

Decision Type: Non-key

Classification: Unrestricted

Purpose of the report: This report includes the summary of the work completed by the East Kent Audit Partnership since the last Governance Committee meeting, together with details of the performance of the EKAP to the 30th June 2023

Recommendation: That Members note the update report.

1. Summary

This report includes the summary of the work completed by the East Kent Audit Partnership since the last Governance Committee meeting.

2. Introduction and Background

- 2.1 For each Audit review, management has agreed a report, and where appropriate, an Action Plan detailing proposed actions and implementation dates relating to each recommendation. Reports continue to be issued in full to each member of Corporate Management Team, as well as an appropriate manager for the service reviewed.
- 2.2 Follow-up reviews are performed at an appropriate time, according to the status of the recommendation, timescales for implementation of any agreed actions and the risk to the Council.
- 2.3 An Assurance Statement is given to each area reviewed. The assurance statements are linked to the potential level of risk, as currently portrayed in the Council's risk assessment process. The assurance rating given may be Substantial, Reasonable, Limited or No assurance.
- 2.4 Those services with either Limited or No Assurance are monitored and brought back to Committee until a subsequent review shows sufficient improvement has been made to raise the level of Assurance to either Reasonable or Substantial. A list of those services currently with such levels of assurance is attached as Annex 2 to the EKAP report.
- 2.5 The purpose of the Council's Governance Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent review 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, and to oversee the financial reporting process.
- 2.6 To assist the Committee meet its terms of reference with regard to the internal control environment an update report is regularly produced on the work of internal audit. The purpose of this report is to detail the summary findings of completed audit reports and follow-up reviews since the report submitted to the last meeting of this Committee.

SUMMARY OF WORK

- 2.7 There have been five internal audit assignments completed during the period, which are summarised in the table in section 2 of the report.
- 2.8 In addition four follow-up reviews have been completed during the period, which are detailed in section 3 of the quarterly update report.
- 2.9 For the three months to 30th June 2023, 92.34 chargeable days were delivered against the target of 318, which equates to 29.04% plan completion.

3 Resource Implications

- 3.1 There are no additional financial implications arising directly from this report. The costs of the audit work will be met from the Financial Services 2022-23 revenue budgets.
- 3.2 The financial performance of the EKAP is currently on target at the present time.

Appendices

Appendix 1 – Internal Audit update report from the Head of the East Kent Audit Partnership.

Background Papers

- Internal Audit Annual Plan 2023-24 - Previously presented to and approved at the 16th March 2023 Governance Committee meeting.
- Internal Audit working papers - Held by the East Kent Audit Partnership.

Contact Officer: Christine Parker, Head of Audit Partnership



INTERNAL AUDIT UPDATE REPORT FROM THE HEAD OF THE EAST KENT AUDIT PARTNERSHIP.

1. INTRODUCTION AND BACKGROUND

1.1 This report includes the summary of the work completed by the East Kent Audit Partnership since the last Governance Committee meeting, together with details of the performance of the EKAP to the 30th June 2023.

2. SUMMARY OF REPORTS:

Service / Topic		Assurance level	No. of Recs.	
2.1	Leasehold Charges	Reasonable	C H M L	0 3 2 3
2.2	Environmental Protection Service Requests	Reasonable	C H M L	0 1 1 5
2.3	Safeguarding	Limited	C H M L	0 6 2 4
2.4	EKS – Data Management Desegregation Project	Limited	C H M L	0 6 1 0
2.5	Contract Management of Waste Management & Street Cleansing	No / Reasonable	C H M L	9 9 0 0

2.1 Leasehold Services– Reasonable Assurance

2.1.1 Audit Scope

To provide assurance that the service costs incurred by the Council in respect of relevant properties within the housing portfolio, for which the Council owns the freehold, and which are occupied on lease, or have been sold are appropriately re-charged to the tenants/leaseholders/owners in accordance with statutory provisions and Council policy.

2.1.2 Summary of Findings

Leasehold is a long-term tenancy where someone buys the right to live in a property for a certain period, usually 99 or 125 years. The Council issues 125 year long leases via homeownership schemes (i.e. right to buy).

Leaseholder charges for housing stock is currently being managed by the Homeownership Officer; a total of 436 invoices were raised and sent out in 2022/23 with an estimated revenue of £ 554,272. During this period there were two major projects undertaken which were apportioned and re-charged.

The debt arising from unpaid leaseholder charges and outstanding to the Council as at the end of February 2023 was £139,290. From reviewing the records there were a total of 10 leaseholder accounts that would be classed as in persistent debt totalling £27,414.

The primary findings giving rise to the Reasonable Assurance opinion in this area are as follows:

- Service charges are being calculated lawfully and reflect costs incurred by the Council in providing maintenance and services.
- Invoice generation is being carried out in-line with approved policies and procedures. From the sample testing, these were found to be accurate and sent out in a timely manner.
- Leaseholder payments are being properly accounted for.
- Newly created lease agreements are consistent with existing leases in the same block as they are generated from a template by Legal Services. These have been adjusted to take into account the legislative changes in ground rent payments i.e. 'peppercorn' rates for new leases issued after June 2022.
- The Council do not operate a repairs reserve account as there is no provision in the lease for a sinking or reserve fund.

Scope for improvement was however identified in the following areas:

- Debt collection processes require to be undertaken in accordance with the income policy, with regular reports being sent to the s151 officer for action so that the monies outstanding and owing to the authority can be re-paid or actioned in a timely manner.
- There is currently no planned maintenance programme in place, however this will be considered and expected to be implemented in 2024/25.
- There is currently no prescribed way for obtaining customer satisfaction, other than via the S20 process and via the Council's compliments/complaints or Whistleblowing processes.

2.2 Environmental Protection Service Requests – Reasonable Assurance

2.2.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the Council has an effective system of controls and procedures for investigating and responding to environmental protection service requests in the following areas:

1. Dust;
2. Smoke;
3. Odour;
4. Fumes;
5. Animals;
6. Noise;
7. Accumulations ;
8. Filthy and verminous premises ;
9. Drainage.

2.2.2 Summary of Findings

The majority of complaints dealt with by the Environmental Protection Team are statutory nuisances under the Environmental Protection Act 1990. Other legislation may also apply and may be utilised where they don't require as high a burden of proof such as, Anti-Social Behaviour Crime and Policing Act 2014, Prevention of Damage by Pests Act 1949, Public Health Act 1936 and Building Act 1984, and the Control of Pollution Act 1974.

Officers decide the best course of action based on the type and level of nuisance to ensure a proportionate response based on the principles engage, explain, encourage, and enforce.

The primary findings giving rise to the Reasonable Assurance opinion in this area are as follows:

- Clear and comprehensive policies and procedures are in place and applied by officers,
- Advisory and enforcement action is taken in line with the Council policies and procedures; but could be further enhanced with appropriate budgets for various support services.
- A good management trail of actions taken, and correspondence issued and received is maintained,

Scope for improvement was however identified in the following areas:

- Regular exercises should be carried out to ensure that worksheets are being closed down when all action has been taken or when timeframes for responses have been passed. This is important with the new system due to be put in place in February 2024.
- There is the need for supporting strategies (i.e. Corporate Enforcement Strategy and the Communication Strategy (Both over 10 years since last reviewed) and policies that support the environmental protection function are reviewed on an annual basis to ensure that they kept up to date and reflect changes in legislation and Council actions.
- Consideration should be given to having a set budget provision for legal / consultancy services for each financial year to support any cases that may lead to a prosecution or planning enquiry etc.
- With the replacement system for M3 being implemented it would be worthwhile checking to ensure that cases where the 'action element of the worksheets' are not closed down will not impact on data being imported to the new system.

- Consideration should be given to reviewing future predicted demand on the service and the likely required staff resources, any service risks highlighted may need to be addressed in the future.

2.3 Safeguarding - Limited Assurance

2.3.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the Council fulfils its legal obligations under section 11 of the Children Act 2004 and under the Safeguarding Vulnerable Groups Act 2006.

2.3.2 Summary of findings

Safeguarding, in its broadest sense, is defined as 'To protect from harm'. The Council has a number of duties to safeguard children, vulnerable adults which also extends to domestic abuse, exploitation, radicalisation, forced marriage, trafficking and modern slavery.

The Council works with Kent County Council, primarily, as well as other agencies, to ensure safeguarding is embedded within all service areas throughout the Council. In order to demonstrate this, there is a Safeguarding Policy in place. The Council's approach to safeguarding is for the DSO's and Safeguarding Lead acting in an advisory and triage capacity only, they do not investigate but log incidents and ensure, based on the information provided by staff that they are correctly identified as an incident and reported correctly to the lead safeguarding partner, that being Kent & Medway Safeguarding Board (KMASB) and Kent County Safeguarding Board (KCSB). Therefore, record keeping by the Safeguarding team should be collaborative, complete, and up to date.

The dedicated system currently being used to record all safeguarding notifications is via SharePoint, for which since 2020 and at the time of testing (end of February 2023) a total of 178 referrals have been logged. It should be noted that at the time of testing it was established that this system is currently being reviewed and renewed; a timeframe for its launch was not provided but management have advised that this will focus on the data capture and ensure a full evidential audit trail of officer decisions is maintained.

It should be noted that the Council is currently replacing its eLearning platform for which a delay in some of the training being provided was expected, the new system went live on 05 June 2023.

The primary findings giving rise to the Limited opinion in this area are as follows:

- Whilst clear lines of accountability exist within the policy the evidence/audit trail will need to be considered and embedded within the proposed new recording system as the current system was found to be weak and incomplete; this included missing data capture for the manager's decision; no linked files to assist in identifying patterns i.e. repeat referrals; the type of referral; any in-house assistance provided by other Council teams etc.
- Safeguarding training for staff was found to not be up to date. The Policy states that this is to be undertaken at least bi-annually so even taking into consideration the implementation of the new learning platform the recorded completion rates were considered to be low (below 50%).

- To clearly demonstrate and inform corporate management and staff of associated Safeguarding risks, updates to the project risk matrix and various risk assessments for those areas highlighted within the safeguarding policy are required.
- The types of training being provided for elected members, contractors and volunteers needs to be documented.

Effective control was however evidenced in the following areas:

- Corporate Standards and supporting Procedures on Safeguarding are clearly documented, regularly reviewed and actively reported to staff.
- Safeguarding Policy and procedures provide a clear statement of the Council's responsibilities to children and vulnerable adults and are being promoted via a staff newsletter.
- Application of robust recruitment procedures is in place.
- DBS checks across the authority, which are undertaken by HR, are all up to date.
- Effective communication and protocols for information sharing to staff and external agencies is in place.

2.4 EKS Data Management Desegregation Project– Limited Assurance

2.4.1 Audit Scope

To ensure that the controls over the administration of ICT electronic files, for data protection purposes and back ups are robust and sufficient, following the project to desegregate from EK Services.

2.4.2 Summary of Findings

In 2022-23 the decision was made to move ICT away from EK Services and for each Council to become responsible for its own data. This has meant that each partner authority and EK Services have had to undertake work to move the management of data back under the responsibility of each authority.

Management can place Limited Assurance on the system of internal controls in place around the desegregation project. The primary findings giving rise to the Limited Assurance are as follows:

- The Council does not currently have a Risk Register in place for the desegregation project.
- The Council does not have a Project Plan in place detailing the work needed to complete the project and the key dates for the completion of the tasks necessary to complete the entire desegregation project.
- Discussions are yet to be held to agree on the raising of charges (or not) for Thanet DC to run Dover DC servers, until Dover DC has moved its servers out of the Thanet DC data centre.

Effective controls were found to be in place in the following areas:

- EK Services and each of the Partner authorities have held regular meetings to review the desegregation project.

- All partner authorities are in agreement regarding arrangements in the short term for the backing up of data belonging to each authority.

Management Response

A Project Plan and Project Risk Register have been developed by EKS for the three partners on their behalf.

Head of Shared Services TDC

2.5 Contract Management of Waste Management & Street Cleansing – No / Reasonable Assurance

2.5.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the street cleansing function is being carried out efficiently and effectively within an appropriate control framework which reduces any risks to an acceptable level.

2.5.2 Summary of Findings

The Waste Collection and Street Cleansing contract is a joint contract between Dover District Council and Folkestone and Hythe District Council. It commenced in January 2021 for an eight-year period with an estimated total value of around £44 million. For 2022/23 Dover District Council paid the contractor £5,540,833 of which, around £2 million related to Street Cleansing, the remainder relating to Waste Collection.

The Council is required to comply with the Environmental Protection Act 1990. In order to ensure compliance with the Act, Defra produced a Code of Practice on litter and refuse to give duty bodies more detailed information on the actions needing to be taken to ensure compliance with the Act. In failing to comply with the Defra Code of Practice, the Council is also failing to comply with the Environmental Protection Act 1990.

Monitoring routines are considered to be not working to such an extent that the standards set out in the contract are not being delivered, and no effective action is being taken against the contractor for not delivering. The Council has no option other than to meet the minimum standards set out in the Defra Code. The contract already fails to meet all of those standards. The Council cannot accept a lower standard than the Defra Code as required by the Environmental Protection Act, and should be enforcing the standards set out in the terms and conditions within the contract.

Management can place No Assurance on the system of internal controls around the contract management of the Street Cleansing function and Reasonable Assurance on the system of internal controls around the contract management for the Waste Management function.

The primary findings giving rise to the No Assurance opinion in respect of contract management of street cleansing are as follows:

- The contract states that ‘the Contractor shall Cleanse all areas covered by the Agreement so that they are Grade A standard’, however inspection results show areas to be at grade B 75%, and grade C 15% of the time meaning that the Council

is paying for the District to be cleansed to grade A, but receiving at best a grade B and often a grade C service.

- Where monthly inspections identify areas as needing attention by the contractor, no process is in place to confirm that the contractor has completed that work in accordance with the requirements of the contract.
- Despite the street cleansing function being a 7 days a week service. The Council monitors the contract 5 days a week Monday to Friday. No monitoring is undertaken during busy weekend periods.
- Zone Z areas are not being cleansed to grade A by 08:00 each day as is required by the contract, and are on many occasions being cleansed to grade C. Where zone Z areas are not grade A by 08:00, they are also not being restored to grade A by 11:00 as is required by the contract. Despite this, the Council has not raised any penalties against the contractor for failing to comply with the requirements of the contract.
- Evidence in the sampling highlighted that the contractor is closing jobs as complete when they have not been started. In doing so, Veolia is avoiding the cost of completing the work, and possible financial penalties for not being able to complete the job within the rectification period specified in the contract.
- Section 3.3.4 (B) of the contract states that '*The Contractor shall cleanse all areas covered by the Agreement so that they are Grade A standard*'. Review of 1,995 inspections undertaken by Council inspection staff in the period January to April 2023 recorded most areas to be at Grade B or C meaning that while the Council is paying the contractor to cleanse the District to grade A, it is essentially only receiving a Grade B and, in some cases, only receiving a grade C.

	Grade A	Grade B	Grade C	Grade D
Litter	13%	75%	12%	0%
Detritus	0%	82%	17%	0%

- Mechanical sweeping is not being undertaken in accordance with the requirements of the contract; despite this no penalties have been raised by the Council against the contractor for failing to provide mechanical sweeping in line with the contract.
- Despite the Council paying £255,000pa for the cleansing of car parks, the contractor is failing to cleanse them in accordance with the requirements of the contract.
- The contractor is failing to ensure that gully/drain gratings on public highways and car parks are not blocked with refuse, fallen leaves, weeds and blossoms, or any other matter as part of his normal cleansing duties. Despite this, the contractor has not raised any financial penalties against themselves for failing to comply with the requirements of the contract. Similarly, the Council has also not raised any penalties against the contractor in respect of blocked gully gratings and drain covers.
- The contractor is failing to keep areas free from detritus which consequently results in excessive weed growth across the district. They are then also failing to remove weeds and grass from hard surface areas across the whole of the District as is required by the contract.
- Penalties are not being raised by the Council against the contractor where Inspectors identify that the contractor has not complied with the requirements of the contract despite there being facility within the contract for the Council to raise penalties against the contractor.

- Very little reliance, if any, can be placed on the performance information being provided by the contractor as testing highlighted that work is closed as completed when in fact it has not started.
- The Council does not have a costed plan in place to achieve recycling targets introduced by Central Government.
- There is no Risk Assessment or Risk Register in place covering the Waste Collection and Street Cleansing functions.
- There are no Service Standards in place covering the Street Cleansing function.

Procedures were found to be in place and working effectively in the following areas of the street cleansing function:

- Testing established that all staff involved in the monitoring of the contract have access to both the Defra Code and the contract.
- The Council has allocated a zone to each area across the District as is required by the Defra Code of Practice.
- Contract costs are kept under regular review by the Contract Supervisor.

The effective controls giving rise to the Reasonable assurance for the contract management of the Waste Management function are as follows:

- Suitable procedures are in place to ensure that the contractor is on the whole complying with the key requirements of the contract for waste collections.
- Testing identified that the contractor is providing monthly performance reports to the Contract Supervisor detailing performance achieved for the month.

Management Response

We are pleased to note the reasonable assurance given to the waste collection service following the recent audit of the of the Waste and Street Cleansing services, given the challenges faced by the service in 2021. However, clearly the audit findings in relation to street cleansing have raised a number of issues regarding the contractor's performance, which the Action Plan will seek to address over the coming months.

Strategic Director (Place & Environment)

3.0 FOLLOW UP OF AUDIT REPORT ACTION PLANS:

- 3.1 As part of the period's work, three follow up reviews have been completed of those areas previously reported upon to ensure that the recommendations previously made have been implemented, and the internal control weaknesses leading to those recommendations have been mitigated. Those completed during the period under review are shown in the following table.

Service/ Topic	Original Assurance level	Revised Assurance level	Original Number of Recs		No of Recs Outstanding	
a) Tech 1 Project Post Implementation Review	N/A	N/A	C	1	C	1
			H	5	H	5
			M	2	M	1
			L	0	L	0
b) Absence Management	Limited/ Reasonable	Limited/ Reasonable	C	0	C	0

Service/ Topic	Original Assurance level	Revised Assurance level	Original Number of Recs		No of Recs Outstanding	
			H	3	H	3
			M	3	M	2
			L	3	L	1

- 3.2 Details of each of any individual high priority recommendations outstanding after follow-up are included at Annex 1 and on the grounds that these recommendations have not been implemented by the dates originally agreed with management, they are now being escalated for the attention of the s.151 Officer and Members of the Governance Committee.

The purpose of escalating outstanding high-risk matters is to try to gain support for any additional resources (if required) to resolve the risk, or to ensure that risk acceptance or tolerance is approved at an appropriate level.

b) Absence Management - The Council is making progress to put in place controls improvements that will improve the consistency of the management of sickness absence. Once training, automated notifications and proper reporting has been established, the control over absence management will undoubtedly improve.

At the time of the initial audit, we concluded that Management could have Limited Assurance on the system of control in operation for the management of sickness absence and Reasonable Assurance on the system of control for the management of annual leave and flexi records. Following completion of the follow-up review the opinion remains the same.

Management Response

Thank you to the EKAP for completing the Absence Management audit and highlighting areas that could be improved to strengthen the Absence Management process.

HR returned from Shared Service on 1 September 2021. The systems we operate remain a shared service system which, by virtue of such a system, has limitations or cost implications to the Council to set up improvements.

Many outstanding actions rely on the system's flexibility and design, which will enable us to progress with providing managers with a more robust, easy to use system which is more intuitive and meets the needs of the Council.

Procurement for a new system will commence at the start of 2024, with implementation planned for February 2025. The areas identified by the audit will be built into the procurement process.

In terms of making absence management more efficient for managers, we have implemented, where possible, initiatives and controls to highlight the need for good absence management. These have included mandatory induction training for all new people managers where absence management is a key focus along with system usage, regular reporting of corporate absence rates to the Corporate Management team, automatic absence "trigger" information sent directly to people managers, quarterly Heads of Service briefings and a re-write of the absence management and

sick pay policies, which will be implemented subject to consultation and General Purposes committee agreement.

Head of HR, H&S, Payroll & Corporate Communications.

4.0 WORK-IN-PROGRESS:

4.1 During the period under review, work has also been undertaken on the following topics, which will be reported to this Committee at future meetings, Cyber Security, Local Code of Corporate Governance, Dog Warden and Street Scene Enforcement, Planned Maintenance Contracts, and Member Code of Conduct and Standards Arrangements.

5.0 CHANGES TO THE AGREED AUDIT PLAN:

5.1 The 2023-24 Audit plan was agreed by Members at the meeting of this Committee on 16th March 2023.

5.2 The Head of the Audit Partnership meets on a quarterly basis with the Strategic Director (Corporate Resources) - Section 151 Officer to discuss any amendments to the plan. Members of the Committee will be advised of any significant changes through these regular update reports. Minor amendments are made to the plan during the course of the year as some high-profile projects or high-risk areas may be requested to be prioritised at the expense of putting back or deferring to a future year some lower risk planned reviews. The detailed position regarding when resources have been applied and or changed are shown as Annex 3.

5.3 A planned audit of VAT was included in the agreed 2022-23 internal audit plan. The audit was delayed at the request of the Head of Finance and Investment until July 2023. This change to the plan was noted in the 22-23 Internal Audit Annual Report and the audit was brought forward into the 2023-24 plan.

The Head of Finance and Investment advised Members of the Governance Committee in March 2023 that the Council was approximately 15 months behind with the submission of its VAT returns. Internal Audit enquiries as part of a separate review undertaken in the Summer of 2023 indicate that it is very unlikely that the Council will be able to accommodate the VAT audit this financial year.

It is intended to therefore delay the planned VAT audit to 2024-25 on the basis that the Council fully understands the current risks it is tolerating as follows;

- The Council is some 24 months behind with the submission of its VAT returns and that, based upon an average monthly VAT repayment due to the Council circa £200,000, the Council has an unclaimed debt of £4M with HM Revenue and Customs,
- The Council has not completed a VAT partial exemption calculation for the past 5 years.
- Were the Council to exceed its 5% de-minimis position any VAT due to HM Revenue and Customs would be required to be paid when submitting the September return in mid-October each year. Whilst it is very unlikely that the Council has exceeded 5% de-minimis position without undertaking this calculation annually it is unable to effectively plan its VAT affairs which leaves it exposed to the risk of a partial exemption breach, particularly in relation to any large commercial land or property transactions.

- The financial impact of the backlog indicates the Council is likely to be charged penalties circa £200 per month for the late submission of its VAT returns and as cashflow is affected, is also incurring the cost of increased borrowing to support this debt.

The Council has invested in additional resources to complete the backlog and has engaged the EKAP to test whether VAT coding errors are occurring in the new system implemented in February 2023. However, based upon the above information, even without undertaking the independent testing, given the definitions on Annex 5 would currently give rise to No Assurance in this area.

Management Response

Working with the additional resources each period is receiving a thorough review ensuring the VAT coding is checked, this methodology has accelerated the completion of each succeeding period. It is anticipated that 2021-22 will be completed by the end of October, and 2022-23 by the end of the calendar year. Following this, the partial exemption calculations for both years will be completed, noting that the Council has obtained VAT advice when making any significant commercial property acquisitions..

Separately, the data within the Pay 360 system for 2023-24 is being reviewed, the VAT returns for which will follow on, bringing everything up to date.

Head of Finance and Investment Finance and Housing

6.0 FRAUD AND CORRUPTION:

- 6.1 There were no other new or recently reported instances of suspected fraud or irregularity that required either additional audit resources or which warranted a revision of the audit plan at this point in time.

7.0 INTERNAL AUDIT PERFORMANCE

- 7.1 For the three months to 30th June 2023, 92.34 chargeable days were delivered against the target of 318, which equates to 29.04% plan completion.
- 7.2 The financial performance of the EKAP is currently on target at the present time.
- 7.3 Thee EKAP introduced an electronic client satisfaction questionnaire, which is used across the partnership. The satisfaction questionnaires are sent out at the conclusion of each audit to receive feedback on the quality of the service.

Attachments

Annex 1	Summary of High priority recommendations outstanding after follow-up.
Annex 2	Summary of services with Limited / No Assurances yet to be followed up.
Annex 3	Progress to 30-06-2023 against the agreed 2023/24 Audit Plan.
Annex 4	Balance Scorecard of KPIs to 30 th June 2023
Annex 5	Assurance Statements

SUMMARY OF HIGH PRIORITY RECOMMENDATIONS OUTSTANDING OR IN PROGRESS AFTER FOLLOW-UP – ANNEX 1

Original Recommendation	Agreed Management Action, Responsibility and Target Date	Manager’s Comment on Progress Towards Implementation.
<i>Tech 1 Project PIR – July 2023:</i>		
<p>Senior management should put in place comprehensive project guidance and templates which include: -</p> <ul style="list-style-type: none"> - guidance that sets out what exactly is expected of a project manager in terms of responsibilities, time and expertise through each stage of the project. - guidance that sets out what expertise should be included within a project team depending on the type of the project (i.e. IT skills, risk management facilitation, finance expertise, audit skills) - guidance for those putting together the scope of the project to think about how human resource implications should be assessed and calculated. - a project risk management framework that provides guidance on how to categorise, identify, assess, mitigate and communicate project risks to the Board. 	<p>Project Guidance to be drafted and published by February 2023. The guidance will be based on widely recognised and widely accepted best practice. The guidance will consider all the audit recommendations contained within the Kearsney Abbey PIR Report and the Tech One PIR Report.</p> <p>Proposed Completion Date & Responsibility</p> <p>Head of Investments, Growth and Tourism (CT) - February 2023</p>	<p>The issues and learning outcomes raised within the initial audit report have been noted and has generated a wider discussion about improvements that need to be made across the organisation at all levels.</p> <p>The new Risk Management Framework and project management guidance provides sufficient detail in relation to how project risk management could be managed in future, but it is draft subject to approval by CMT.</p> <p>Recommendation outstanding with intent to action. Revised implementation date December 2023.</p>

SUMMARY OF HIGH PRIORITY RECOMMENDATIONS OUTSTANDING OR IN PROGRESS AFTER FOLLOW-UP – ANNEX 1

Original Recommendation	Agreed Management Action, Responsibility and Target Date	Manager’s Comment on Progress Towards Implementation.
<p>- guidance on how to produce and structure project board agendas and minutes. Guidance on the role of the project board and their governance and oversight responsibilities before, during and after a project commences.</p>		
<p>Future project teams should include risk management expertise to help facilitate project risk management that focuses on risk management before, during and after a project commences.</p>	<p>Project Guidance to be drafted and published by February 2023. The guidance will be based on widely recognised and widely accepted best practice. The guidance will consider all the audit recommendations contained within the Kearsney Abbey PIR Report and the Tech One PIR Report.</p> <p>Proposed Completion Date & Responsibility Head of Investments, Growth and Tourism (CT) - February 2023</p>	<p>The issues and learning outcomes raised within the initial audit report have been noted and has generated a wider discussion about improvements that need to be made across the organisation at all levels.</p> <p>The new project guidance sets out where officers can go to receive additional support on project risk management. Once adopted the new Draft Risk Management Framework will help provide clarity over risk management processes and governance.</p> <p>Recommendation outstanding with intent to action. Revised implementation date December 2023.</p>
<p>Future project teams working on new system builds should include a project manager with project management experience, a project team that</p>	<p>Project Guidance to be drafted and published by February 2023. The guidance will be based on widely recognised and widely accepted best practice. The guidance will consider all the audit recommendations</p>	<p>The issues and learning outcomes raised within the initial audit report have been noted and has generated a wider discussion about improvements that need</p>

SUMMARY OF HIGH PRIORITY RECOMMENDATIONS OUTSTANDING OR IN PROGRESS AFTER FOLLOW-UP – ANNEX 1

Original Recommendation	Agreed Management Action, Responsibility and Target Date	Manager’s Comment on Progress Towards Implementation.
<p>includes at least one team member with risk management expertise and a project team that includes at least one team member with digital or IT expertise.</p>	<p>contained within the Kearsney Abbey PIR Report and the Tech One PIR Report.</p> <p>Proposed Completion Date & Responsibility</p> <p>Head of Investments, Growth and Tourism (CT) - February 2023</p>	<p>to be made across the organisation at all levels.</p> <p>Recommendation outstanding with intent to action. Revised implementation date December 2023.</p>
<p>Project Board meetings should continue throughout the life of a project until such time that it can verify the successful roll-out of the project that is verified through project performance indicators that are linked closely to the project objectives and perceived benefits set out within the original approved project scope.</p>	<p>Project Guidance to be drafted and published by February 2023. The guidance will be based on widely recognised and widely accepted best practice. The guidance will consider all the audit recommendations contained within the Kearsney Abbey PIR Report and the Tech One PIR Report.</p> <p>Proposed Completion Date & Responsibility</p> <p>Head of Investments, Growth and Tourism (CT) - February 2023</p>	<p>The issues and learning outcomes raised within the initial audit report have been noted and has generated a wider discussion about improvements that need to be made across the organisation at all levels.</p> <p>The new project guidance sets out the requirement for CMT to <i>‘consider projects four times a year, high level updates will be provided on all major projects. The updates will include a briefing on finances, programme and major risks, so that potential impacts can be considered by senior managers in the context of the Council’s project programme and the wider Corporate Risk Register.’</i></p> <p>Recommendation outstanding with intent to action. Revised implementation date December 2023.</p>
<p>Project Board meetings should be structured through an agenda and should be minuted to capture: -</p>	<p>Project Guidance to be drafted and published by February 2023. The guidance will be based on widely recognised and widely accepted best practice. The</p>	<p>Senior management have noted the need for better project governance. The new</p>

SUMMARY OF HIGH PRIORITY RECOMMENDATIONS OUTSTANDING OR IN PROGRESS AFTER FOLLOW-UP – ANNEX 1

Original Recommendation	Agreed Management Action, Responsibility and Target Date	Manager's Comment on Progress Towards Implementation.
<ul style="list-style-type: none"> - Those in attendance. - Project budget update. - Project progress against the original plan. - Progress against realising the key benefits and objectives set out within the agreed project scope. - Key risks of the achievement of project objectives and an assessment of each risk. - Capital and revenue expenditure against the budget / agreement in place. - Key points for discussion. - Key decisions / agreed actions. <p>Communication with stakeholders / staff.</p>	<p>guidance will consider all the audit recommendations contained within the Kearsney Abbey PIR Report and the Tech One PIR Report.</p> <p>Proposed Completion Date & Responsibility</p> <p>Head of Investments, Growth and Tourism (CT) - February 2023</p>	<p>project guidance provides sufficient information & guidance in relation to project governance and risk management support.</p> <p>Recommendation outstanding with intent to action. Revised implementation date December 2023.</p>
<p>Senior management should improve the risk information contained within future project terms of reference being presented to it for consideration and approval by putting in place a set of template risk considerations in the template scoping document and project risk registers. For example, the natural risk categories could be: -</p> <ul style="list-style-type: none"> - Finance Risks (i.e. capital / revenue budgets / hidden costs) - Deadline Risks (i.e. missing key project deadlines and the impact) 	<p>Project Guidance to be drafted and published by February 2023. The guidance will be based on widely recognised and widely accepted best practice. The guidance will consider all the audit recommendations contained within the Kearsney Abbey PIR Report and the Tech One PIR Report.</p> <p>Proposed Completion Date & Responsibility</p> <p>Head of Investments, Growth and Tourism (CT) - February 2023</p>	<p>Senior management have noted the need for risk management improvements at a project and an organisational level. The new project guidance provides sufficient information & guidance in relation to project governance and risk management support.</p> <p>Recommendation outstanding with intent to action. Revised implementation date December 2023.</p>

SUMMARY OF HIGH PRIORITY RECOMMENDATIONS OUTSTANDING OR IN PROGRESS AFTER FOLLOW-UP – ANNEX 1

Original Recommendation	Agreed Management Action, Responsibility and Target Date	Manager’s Comment on Progress Towards Implementation.
<ul style="list-style-type: none"> - Competence Risks (i.e. resource capabilities to support project) - Capacity Risks (i.e. resource availability to support project) - Potential Service Disruption Risks (i.e. to other service users and customers) - Compliance Risks (i.e. data protection risks when testing data) - Lack of Support Risks (i.e. from across departments or from staff individually or collectively) • Testing risks (i.e. poorly formulated or unrealistic test data, inadequate insight in to officer needs and requirements) 		
<i>Absence Management – August 2023:</i>		
<p>CMT should remind all managers of their obligations to follow the Absence Management Policy and Guidance on the DDC Staff Hub and ensure all absences are recorded and managed through the People Manager system.</p>	<p>HR will raise this with CMT. Bitesize manager sessions (training) will remind managers of their obligations to record all absences on the EK People system.</p> <p>Proposed Completion Date & Responsibility July 2023 – HR and Payroll Manager (PF)</p>	<p>There has been a significant change in the way in which referrals to occupational health are made and managed. There is a new corporate requirement for Occupational Health referrals to come through HR which will help improve control and compliance in this area.</p> <p>The induction process provides information to new managers on the</p>

SUMMARY OF HIGH PRIORITY RECOMMENDATIONS OUTSTANDING OR IN PROGRESS AFTER FOLLOW-UP – ANNEX 1

Original Recommendation	Agreed Management Action, Responsibility and Target Date	Manager’s Comment on Progress Towards Implementation.
		<p>requirements of absence management generally. It is the intention of HR to introduce bitesize manager training sessions once the new policies have been introduced.</p> <p>Reminders are yet to be sent through to staff to date and no training sessions have taken place to improve the way in which absences are managed and recorded by managers.</p> <p>Recommendation Outstanding with Intent to Action. Revised implementation date December 2023.</p>
<p>HR put in place processes that ensure senior management are provided with sickness reports on all their employees on at least a six-monthly basis, reporting to them on any triggers that may have been hit.</p>	<p>Recommendation cannot be implemented until a new system is procured in 2025.</p> <p>HR to raise this with CMT. Bitesize manager sessions to set out the requirement of their duties.</p> <p>HR will report to CMT on a quarterly basis.</p> <p>Proposed Completion Date & Responsibility July 2023 – HR and Payroll Manager (PF)</p>	<p>This has been raised with CMT and HR are exploring the absence reporting functionality within EK People and is on track for October 2023.</p> <p>Recommendation Outstanding with Intent to Action. Revised implementation date October 2023.</p>
<p>8. The Council will need to put in place refresher training for all managers ensuring the following is covered in the sessions: -</p>	<p>Training to be put in place.</p> <p>Proposed Completion Date & Responsibility</p>	<p>HR intend to put in place training once new systems are put in place in February 2025 when the contract for the People Manager system expires.</p>

SUMMARY OF HIGH PRIORITY RECOMMENDATIONS OUTSTANDING OR IN PROGRESS AFTER FOLLOW-UP – ANNEX 1

Original Recommendation	Agreed Management Action, Responsibility and Target Date	Manager’s Comment on Progress Towards Implementation.
<ul style="list-style-type: none"> - responsibilities to authorised timesheets within the Tractile system at least on a monthly basis. - how the 15 hours debit and credit carry forward between accounting periods (monthly) should be managed and monitored; and - the importance of using the People Manager and Tractile systems together to ensure records are correct on both systems. 	<p>July 2023 – HR and Payroll Manager (PF)</p>	<p>Recommendation Outstanding with intent to action. Revised Implementation Date February 2025.</p>

SERVICES GIVEN LIMITED / NO ASSURANCE LEVELS YET TO BE REVIEWED			
Service	Reported to Committee	Level of Assurance	Follow-up Action Due
Planning Applications, Income & s.106 Agreements	16-03-2023	Reasonable/Limited	Work-in-Progress
GDPR Compliance within Housing	29-06-2023	Limited	Work-in-Progress
Commercial Let Properties and Concessions	29-06-2023	Reasonable/Limited	Work-in-Progress
EKS – Data Management Desegregation Project	28-09-2023	Limited	Winter 2023
Waste Management & Street Cleansing	28-09-2023	No	Winter 2023

**PROGRESS AGAINST THE AGREED 2023-24 AUDIT PLAN
DOVER DISTRICT COUNCIL**

Review	Original Planned Days	Revised Planned Days	Actual days to 30-06-2023	Status and Assurance Level
FINANCIAL SYSTEMS:				
Car Parking & Enforcement	10	0	0	Finalised – No Assurance; Time shown under finalisation of 22-23 audits
HOUSING SYSTEMS:				
Homelessness	10	10	8.34	Finalised - Reasonable
Void Property Management	10	0	0	Covered by 22-23 Repairs and Maintenance audit
Contract Letting & Management	10	10	0.3	Work-in-Progress
Resident Involvement	10	10	0	Quarter 3
Anti-Social Behaviour	5	5	0	Quarter 3
Energy Efficiency	10	10	0	Quarter 4
HR RELATED:				
Payroll	6	6	0	Work-in-Progress
GOVERNANCE RELATED:				
Members' Code of Conduct & Standards	10	10	1.22	Work-in-Progress
Local Code of Corporate Governance	10	10	1.16	Work-in-Progress
Risk Management	10	10	0	Quarter 3
Corporate Advice/CMT	2	2	3.56	Work-in-Progress
s.151 Meetings and Support	9	9	4.14	Work-in-progress
Governance Committee Meetings and Reports	12	12	4.82	Work-in-Progress
2024-25 Audit Plan Preparation	9	9	0	Quarter 4
COUNTER FRAUD & CORRUPTION:				
Counter Fraud	10	10	0	Quarter 3
CONTRACT RELATED:				
Procurement	10	10	0.14	Quarter 3
ICT RELATED:				
Change Controls	13	13	0	Quarter 3
Cyber Security	13	13	5.51	Work-in-progress
Physical & Environmental Controls	13	13	0	Quarter 3

Review	Original Planned Days	Revised Planned Days	Actual days to 30-06-2023	Status and Assurance Level
SERVICE LEVEL:				
Commercial Let Properties & Concessions	10	10	9.34	Finalised – Reasonable/Limited
Community Safety	10	10	0	Quarter 3
Climate Change	5	5	0	Quarter 4
Dog Warden, Fly Tipping & Litter Enforcement	10	10	0	Quarter 3
Electoral Registration	10	10	0	Quarter 4
Port Health	10	10	0	Quarter 3
Environmental Protection Service Requests	10	10	10.44	Finalised - Reasonable
Equality & Diversity	10	10	0	Quarter 4
Events Management	8	8	0.18	Work-in-Progress
Building Control	10	10	0	Quarter 4
Waste Mgmt. & Street Cleansing	10	10	11.12	Finalised – No/Reasonable
OTHER:				
Liaison with External Auditors	1	1	0.19	Work-in-Progress
Follow-up Work	15	15	3.04	Work-in-Progress
FINALISATION OF 2022-23- AUDITS:				
Car Parking & Enforcement	5	15	2.76	Finalised – No Assurance
Employee Health & Safety			7.14	Finalised - Reasonable
Leasehold Services			9.87	Finalised - Reasonable
VAT			0.08	Delayed at Client Request
Safeguarding			4.76	Finalised - Limited
Repairs & Maintenance & Void Property Management.			1.09	Finalised - Reasonable
GDPR Compliance within Housing			0.18	Finalised - Limited
RESPONSIVE ASSURANCE:				
Performance Management	0	10	0	To be undertaken instead of the Void Property Mgmt.
Risk Management – Consultancy Advice	0	0	2.03	Finalised
District Election 2023 – Count staff	0	0	1.27	Finalised
TOTAL	318	318	92.34	29.04%

**PROGRESS AGAINST THE AGREED 2023-24 AUDIT PLAN
EAST KENT SERVICES**

Review	Original Planned Days	Revised Planned Days	Actual days to 30/06/2023	Status and Assurance Level
EKS REVIEWS:				
Housing Benefits Administration	15	15	0.17	Quarter 2
Housing Benefits Testing	20	20	2.50	Work in progress
Council Tax Reduction Scheme	15	15	0.16	Quarter 3
Customer Services	15	15	0.06	Quarter 4
OTHER:				
Corporate/Committee	4	4	1.50	Ongoing
Follow Up	2	2	0.11	Ongoing
FINALISATION of 2022-23 AUDITS:				
Debtors	2	2	1.45	Finalised - Substantial
Data Management - Desegregation Project	1	1	1.06	Finalised - Limited
Total	74	74	7.01	9.46%

Balanced Scorecard

<u>INTERNAL PROCESSES PERSPECTIVE :</u>	<u>2023-24 Actual</u>	<u>Target</u>	<u>FINANCIAL PERSPECTIVE:</u>	<u>2023-24 Actual</u>	<u>Original Budget</u>
	Quarter 1		Reported Annually		
Chargeable as % of available days	86%	90%	<ul style="list-style-type: none"> • Cost per Audit Day 	£	£403.37
Chargeable days as % of planned days			<ul style="list-style-type: none"> • Direct Costs 	£	£521,918
CCC	16.88%	25%	<ul style="list-style-type: none"> • + Indirect Costs (Recharges from Host) 	£	£10,530
DDC	29.04%	25%	<ul style="list-style-type: none"> • - 'Unplanned Income' 	£	Zero
TDC	23.09%	25%			
FHDC	21.68%	25%			
EKS	9.46%	25%			
Overall	22.3%	25%	<ul style="list-style-type: none"> • = Net EKAP cost (all Partners) 	£	£532,448
Follow up/ Progress Reviews;					
• Issued	17	-			
• Not yet due	23	-			
• Now due for Follow Up	31	-			
Compliance with the Public Sector Internal Audit Standards (PSIAS) (see Annual Report for more details)	Partial	Partial			

<u>CUSTOMER PERSPECTIVE:</u>	<u>2023-24 Actual</u>	<u>Target</u>	<u>INNOVATION & LEARNING PERSPECTIVE:</u>	<u>2023-24 Actual</u>	<u>Target</u>
	Quarter 1		Quarter 1		
Number of Satisfaction Questionnaires Issued;	18		Percentage of staff qualified to relevant technician level	61%	60%
Number of completed questionnaires received back;	5		Percentage of staff holding a relevant higher-level qualification	50%	50%
	= 28 %		Percentage of staff studying for a relevant professional qualification	0%	N/A
Percentage of Customers who felt that;			Number of days technical training per FTE	1.5	3.5
<ul style="list-style-type: none"> • Interviews were conducted in a professional manner 	100%	100%	Percentage of staff meeting formal CPD requirements (post qualification)	50%	50%
<ul style="list-style-type: none"> • The audit report was 'Good' or better 	96%	90%			
<ul style="list-style-type: none"> • That the audit was worthwhile. 	98%	100%			

Definition of Audit Assurance Statements & Recommendation Priorities

CiPFA Recommended Assurance Statement Definitions:

Substantial assurance - A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Reasonable assurance - There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.

Limited assurance - Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.

No assurance - Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.

EKAP Priority of Recommendations Definitions:

Critical – A finding which significantly impacts upon a corporate risk or seriously impairs the organisation’s ability to achieve a corporate priority. Critical recommendations also relate to non-compliance with significant pieces of legislation which the organisation is required to adhere to and which could result in a financial penalty or prosecution. Such recommendations are likely to require immediate remedial action and are actions the Council must take without delay.

High – A finding which significantly impacts upon the operational service objective of the area under review. This would also normally be the priority assigned to recommendations relating to the (actual or potential) breach of a less prominent legal responsibility or significant internal policies; unless the consequences of non-compliance are severe. High priority recommendations are likely to require remedial action at the next available opportunity or as soon as is practical and are recommendations that the Council must take.

Medium – A finding where the Council is in (actual or potential) breach of - or where there is a weakness within - its own policies, procedures or internal control measures, but which does not directly impact upon a strategic risk, key priority, or the operational service objective of the area under review. Medium priority recommendations are likely to require remedial action within three to six months and are actions which the Council should take.

Low – A finding where there is little if any risk to the Council or the recommendation is of a business efficiency nature and is therefore advisory in nature. Low priority recommendations are suggested for implementation within six to nine months and generally describe actions the Council could take.

Subject:	2022/23 ANNUAL GOVERNANCE ASSURANCE STATEMENT
Meeting and Date:	Cabinet – 4 September 2023 Governance Committee – 28 September 2023
Report of:	Louise May, Strategic Director (Corporate and Regulatory)
Portfolio Holder:	Councillor Susan Beer, Portfolio Holder for Finance, Governance, Climate Change and Environment
Decision Type:	Non-Key
Classification:	Unrestricted

Purpose of the report:	To approve the Annual Governance Assurance Statement 2022/23
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Recommendation:	(1) Cabinet approve the Annual Governance Assurance Statement and request that the Leader and the Head of Paid Service sign this statement on behalf of the Council.
	(2) Governance Committee are asked to accept the Annual Governance Assurance Statements.

1. Summary

- 1.1 Annually, the Council is required to conduct a review of the effectiveness of our system of internal control and also report on the extent to which we comply with our own Local Code of Corporate Governance. This must be conducted in accordance with the Delivering Good Governance in Local Government Framework 2016 Edition and is reported as the Annual Governance Assurance Statement. Cabinet are asked to accept the Annual Governance Assurance Statement for 2022/23, as recommended by the Corporate Management Team and request that the Leader and the Head of Paid Service sign this statement on behalf of the Council.
- 1.2 Usually, the statement of accounts are required to be approved by 31 July each year. However, challenges within the audit market across the sector since the Covid pandemic have created significant delays with audit completions and a consultation is underway by DHULC to introduce backstop dates for the completion of historic audits to address the issue. The Annual Governance Assurance Statements have continued to be produced on an annual basis and are not impacted by the audit backlog issues. The 2022/23 Annual Governance Assurance Statement has been produced in line with the existing timescales.

2. Introduction and Background

- 2.1 The Accounts and Audit Regulations 2015, require that the Council conducts at least annually, a review of the effectiveness of its system of internal control and also report on the extent to which we comply with our own Local Code of Corporate Governance. The Council's Annual Governance Assurance Statement is prepared to meet these requirements and will be provided alongside the published Statement of Accounts in accordance with the Accounts and Audit Regulations 2015.

2.2 The statement is to be signed by the Leader of the Council and the Chief Executive, having paid due regard to any matters raised by the Strategic Director (Corporate and Regulatory) and the Monitoring Officer. In particular, they should have particular regard to the opinion of the Strategic Director (Corporate and Regulatory) and the Monitoring Officer 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.

2.3 The Annual Governance Assurance Statement for 2022/23 is attached and has been agreed by the Corporate Management Team in August 2023. The statement has been prepared taking into account the following information:

- A detailed review of the Council's performance measured against the Core and Sub Principles as detailed in the Delivering Good Governance in Local Government Framework 2016 Edition.
- The service review work performed by Internal Audit during the year.
- Internal Audit's review of Corporate Governance arrangements.
- Assurance Statements produced by individual Strategic Directors.
- The information gathered as a result of risk assessment and management.
- The annual reports of the Scrutiny and Governance Committees.

3. **Identification of Options**

3.1 Option 1: Agree the Annual Governance Assurance Statement including the key actions identified, for signature by the Leader and the Head of Paid Service and then for inclusion in the 2022/23 Accounts.

3.2 Option 2: Do not agree the Annual Governance Assurance Statement and require further analysis and clarification.

4. **Evaluation of Options**

4.1 Option 1 is the preferred option, as in preparing the Annual Governance Assurance Statement this fully meets the requirements of the Accounts and Audit Regulations 2015. Delivering Good Governance in Local Government Framework (2016 Edition) states:

"The preparation and publication of an Annual Governance Statement in accordance with Delivering Good Governance in Local Government: Framework (2016) would fulfil the statutory requirements across the United Kingdom for a local authority to conduct a review at least once in each financial year of the effectiveness of its system of internal control and to include a statement reporting on the review with its Statement of Accounts. In England the Accounts and Audit Regulations 2015 stipulate that the Annual Governance Statement must be "prepared in accordance with proper practices in relation to accounts". Therefore a local authority in England shall provide this statement in accordance with Delivering Good Governance in Local Government: Framework (2016)".

5. **Resource Implications**

None.

6. **Climate Change and Environmental Implications**

There are no climate change or environmental implications arising from the Annual Governance Assurance Statement for 2022/23.

7. **Corporate Implications**

7.1 Comment from the Section 151 Officer: The s151 Officer has been consulted in the preparation of this report and has no further comments to make (MD).

7.2 Comment from the Solicitor to the Council: The Solicitor to the Council has been consulted in the preparation of this report and has no further comments to make.

7.3 Comment from the Equalities Officer: The Annual Governance Assurance Statement does not specifically highlight any equality implications, however in discharging their duties members are required to comply with the public sector equality duty as set out in Section 149 of the Equality Act 2010
<http://www.legislation.gov.uk/ukpga/2010/15/section/149>

8. **Appendices**

Appendix – Annual Governance Assurance Statement

9. **Background Papers**

Accounts and Audit Regulations 2015

CIPFA Delivering Good Governance in Local Government Framework 2016 Edition

Contact Officer: Louise May, Strategic Director (Corporate and Regulatory)

Dover District Council

Annual Governance Assurance Statement

1 APRIL 2022 TO 31 MARCH 2023

1. WHAT WE ARE RESPONSIBLE FOR

We are responsible for ensuring that our business is conducted in line with the law and proper accounting standards, and for using public money economically, efficiently, and effectively. We have a duty under the Local Government Act 1999 to continually review and improve the way we work and at the same time have regard to a combination of economy, efficiency, and effectiveness.

In order to meet our responsibility, we have in place proper arrangements for overseeing what we do, and this is called Governance. These arrangements make sure that we do the right things in the right way, that our services reach the right people and that we are open, honest and accountable in the way that we deliver those services. This all contributes to our sound system of governance.

We have approved and adopted a Local Code of Corporate Governance and a copy of this is available on our website at <http://www.dover.gov.uk/Corporate-Information/CorporateGovernance.aspx>.

2. THE AIM OF THE GOVERNANCE FRAMEWORK

The Governance Framework details the systems, processes, culture and values that we are controlled by and which we are answerable to. It also shows what we get involved with and how we engage with the community. It also shows how we monitor what we are achieving so that we can deliver services that are appropriate and value for money.

The system of internal control is an important part of the framework and is designed to manage risk to a reasonable level. It cannot remove all risk of failure to achieve policies and aims and can only provide reasonable protection. The system of internal control is based on an ongoing process designed to:

- Identify and prioritise anything that could prevent us from achieving our policies and aims.
- Assess how likely it is that identified risks might happen and what the result would be if they did.
- Manage those risks efficiently, effectively, and economically.

The Governance Framework describes what has been in place at Dover District Council for the year ended 31 March 2023 and up to the date of approval of the Council's accounts.

3. OUR GOVERNANCE FRAMEWORK

Our Governance Framework is underpinned by seven core principles and supported by our Corporate Plan as well as many systems, policies, procedures, and operations, which together ensure that the intended outcomes for our community and stakeholders are defined and achieved. Good governance is dynamic, and Dover District Council is committed to improving governance on a continuing basis through a process of evaluation and review.

The key features are:

(a) **Our Core and Supporting Principles**

The seven core principles are taken from the International Framework: *Good Governance in the Public Sector* and help this Council demonstrate good governance. Each of these principles translates into a range of specific requirements and they are also reflected in this Corporate Governance Local Code:

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

(b) **Our Corporate Plan**

This is our main strategic document providing a framework for the delivery of our services and providing context for all the other strategies and plans that we have. The Corporate Plan for 2020-2024 is published and is available on the Council's website. The Council approved a new Corporate Plan in February 2020 which continues with the overall direction of travel as the previous version.

The following strategic priorities have been identified in the 2020-2024 Corporate Plan:

- Regeneration - Tourism and Inward Investment
- Housing and Community
- Climate Change, Environment and Assets – a cleaner sustainable environment
- Working Smartly and Delivering Services

(c) **Business Plans**

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. The business plans support the aims of the Corporate Plan which include performance indicators that are used to measure our achievements.

(d) **Our Constitution**

Our Constitution details how we operate, how decisions are made and the procedures, which are to be followed. It also ensures that we work in an efficient and transparent way and that we are accountable to local people. The Monitoring Officer is responsible for keeping the Constitution under review.

(e) **The Executive**

The Executive are responsible for most decisions and is made up of the Leader and a Cabinet. Major decisions to be taken are published in advance in the Executive's Notice of Forthcoming Key Decisions and will generally be discussed in a meeting open to the public. All decisions must be in line with our overall policies and budget. Any decisions the Executive wishes to take outside the budget or policy framework must be referred to Council as a whole to decide.

(f) **Corporate Management Team**

The Corporate Management Team comprises the Chief Executive (and Head of Paid Service); Strategic Director (Finance and Housing) (and Section 151 Officer), Strategic Director (Corporate and Regulatory) and Strategic Director (Place and Environment).

Members of Corporate Management Team have a responsibility for the day to day running of each Directorate of the Council. They must regularly assess their Directorate's assurance arrangements and provide the Council with the opportunity to keep check on the adequacy of its overall arrangements.

(g) **Governance Committee**

The seven appointed members of the Council provide independent assurance of the adequacy of the risk management framework and the associated control environment together with independent review of the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment. The Committee oversees the financial reporting process by considering the final Statement of Accounts. The Committee promotes high standards of conduct amongst the 32 members of Dover District Council and (up to) 317 members of Town and Parish Councils in the District. Complaints of service maladministration are investigated and reported to the Committee. Lessons learned from these complaints are reviewed and acted on.

The Chairman provides an Annual Report of the Governance Committee to the Annual Council Meeting

(h) **Overview and Scrutiny**

In July 2019, and as a result of the reduction in elected members, the Council voted to reduce to one overview and scrutiny committee who support and monitor the work of the Executive. A "call-in" procedure or addition to the work programme allows scrutiny to review Executive decisions before they are implemented, thus presenting challenge and the opportunity for a decision to be reconsidered. The Monitoring Officer provides an Annual Report of the Scrutiny Committees to the Annual Council Meeting.

(i) **Monitoring Officer**

The Monitoring Officer is charged by law with the responsibility for identifying and reporting on any acts or omissions of the Council which he considers to be contrary to law. He is also responsible for considering allegations of Members breaches of the codes of conduct. In January 2021, the Council agreed that this role could be undertaken on a part time basis with effect from 1 April 2021. The Deputy Monitoring Officer continues to work full time.

(j) **Our Solicitor**

The Solicitor to the Council provides his opinion on our compliance with our legal obligations. As from 1 January 2019 the same officer fulfils the role of Monitoring officer and Solicitor to the Council.

(k) **Data Protection Officer**

We have appointed a Data Protection Officer in accordance with Article 37 of the General Data Protection Regulation 2016. We support the Data Protection Officer by providing resources to undertake tasks and access to personal data and process and operations and to maintain expert knowledge. The Data Protection Officer his duties in an independent manner and we may not give the Data Protection Officer instruction on exercising his role. The Data Protection Officer is currently the Solicitor to the Council.

(l) **Financial procedures and Contract Standing Orders**

We have to ensure that we act in accordance with the law as well as various other regulations. We have developed policies and procedures for our officers to ensure that, as far as are possible, they understand their responsibilities both to the Council and to the public. Two key documents are the Financial Procedure Rules and the Contract Standing Orders, which are available to all officers via the Council's Intranet, as well as available to the public as part of the Constitution.

(m) **Financial Management**

Our financial management arrangements conform with the requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government. In addition to the Financial and Contractual procedure rules contained within the constitution, in order to maintain its financial management, the Council operates budgetary control procedures which are used in conjunction with a Medium-Term Financial Plan (MTFP).

Responsibility for ensuring that an effective system of internal financial control is maintained rests with the Section 151 Officer. The systems of internal financial control provide reasonable and not absolute assurance that assets are safeguarded, that transactions are authorised and properly recorded, and that material errors or irregularities are either prevented or would be detected quickly.

Internal financial control is based on a framework of management information, financial regulations and administrative procedures, which include the segregation of duties, management supervision and a system of delegation and accountability. On-going development and maintenance of the various processes may be the responsibility of other managers.

In particular, the process includes:

- The setting of annual budgets;
- Producing the Medium-Term Financial Plan;
- Monitoring of actual income and expenditure against the annual budget;
- A mid-year review of the annual budget;
- Setting of financial and performance targets, including the use of the prudential code and associated indicators;
- Quarterly reporting of the Council's financial position to Members;
- Clearly defined capital expenditure guidelines;
- Treasury Management Strategy;
- The monitoring of finances against a Medium-Term Financial Plan;
- Managing risk in key financial service areas;
- A continuous and effective internal audit.

Through our budget monitoring processes we are able to ensure that financial resources are being used to their best advantage, this includes quarterly management reporting to the Corporate Management Team and Members.

Financial planning is underpinned by business planning. Increased expenditure in any service area has to be justified to the Corporate Management Team, and where necessary approved by the Executive. Corporate Management Team is tasked with prioritising resources to ensure that the objectives within Corporate Plan are supported by the individual business plans, and that improvements are in line with corporate objectives.

(n) **Policies**

Corporate policies on a range of topics such as Equality, Information Governance and Data Protection are all subject to internal review. We keep all staff aware of changes in policy, or documentation through internal communications. The corporate training needs are identified each year and appropriate training for all, or key members of staff is provided.

(o) **Risk**

The risk management strategy, which forms part of the Corporate Governance Local Code, shows the role both Members and Officers have in the identification and minimisation of risk. Risks are recorded in a Corporate Risk Register and are then subject to regular review.

(p) **Service Assurance**

A Service Assurance Statement is produced annually by all Directors of this Council and of Shared Services detailing their assessment of their services. They are required to give assurance that risks have been identified that sound business arrangements operate in their service areas, and that the service is subject to monitoring and review in order to assess performance.

(q) **Performance Management Framework**

Progress towards the achievement of our objectives is monitored through our Performance Management Framework. A quarterly Performance Report is produced and reviewed by Corporate Management Team, by Cabinet and by the Overview and Scrutiny Committee.

(r) **Internal Audit**

The Internal Audit function for the Council is performed by the East Kent Audit Partnership (EKAP), which provides internal audit services to the councils of Canterbury, Dover, Folkestone and Thanet. As a result of this collaborative approach the partnership is able to provide a mechanism for promulgating best practice to the East Kent authorities that use its services. The East Kent Audit Partnership Internal Audit Team reports to the Section 151 Officer. They operate under a Charter, which defines their relationship with officers, and the Governance and Audit Committee. Through their audit assurance work, internal audit provides an opinion on the effectiveness of the systems of internal control. As part of the annual review of governance arrangements and in particular the system of internal control, the Council undertakes an annual review of the effectiveness of the system of internal audit.

Internal Audit has responsibility to:

- Report on the level of assurance in respect of the Council's internal control systems.
- Provide an overall independent annual Opinion from the Head of the Audit Partnership highlighting areas of concern. This is compiled from the Internal Audit work programme and a review of the Council's risk management and Corporate Governance arrangements.

(s) **External Audit**

The work is currently undertaken by Grant Thornton, who are required to deliver their audit work in line with Local Audit and Accountability Act 2014 and in accordance with the Code of Practice issued by the National Audit Office (NAO) on behalf of the Comptroller and Auditor General in April 2015.

(t) **Core Strategy and Local Plan**

The Core Strategy is the overarching statutory planning document for the District and was adopted by the Council in February 2010. The Core Strategy identifies the overall economic, social and environmental objectives for the District and the amount, type and broad location of development that is needed to fulfil those objectives. The Land Allocations Local Plan, which was adopted in 2015, identifies and allocates specific sites that are suitable for development in order to meet the Core Strategy's requirements.

Work is well underway in the development of a new District Local Plan which will replace the policies and proposals in the Council's Adopted Core Strategy, Land Allocations Local Plan and 'saved' policies from the 2002 Local Plan. The new Dover District Local Plan was submitted for Examination on Friday 31 March 2023. Further details of the progress to adopt the new Local Plan can be found at the dedicated website [here](#).

(u) **State of the District Report**

This report is a backward look at the state of the district, highlighting key information under the headings of: District Overview, Population Profile; Housing; Economy, Business and Employment; Finance; Education and Skills; Regeneration Delivery; Health and Wellbeing; Deprivation and Poverty; Community Safety and Quality of Life.

Not all information is collected and reported annually, as it is collated from a wide range of sources that is sporadically updated. In addition, periodically the process of capturing information is changed, this in turn makes year-on-year comparisons and trends difficult to assess. The report is published on our website and there will be regular updates as new data is published, with members informed in a timely manner of any significant changes.

(v) **Communication and Consultation**

Strategies are in place. We have active Twitter, Facebook and Instagram accounts, enabling the Council to communicate effectively with our communities and also enabling members of the public to communicate their views on a wide range of matters. In 2015 the Council launched its 'Keep Me Posted' email alert service which enables members of the public to subscribe to email messages from the Council on a wide range of topics.

(w) **Equality**

As part of our equalities responsibilities, we publish our equality objectives and progress against the targets to ensure that all groups in our community have a voice, can be heard and know how we make our decisions. A revised equality policy was adopted by Cabinet in November 2022.

(x) **Whistleblowing**

A confidential reporting hotline is in place to enable internal and external whistleblowing. Informants are requested to be open in their disclosure, but it is recognised that on occasions informants will wish to remain anonymous. There are also processes in place for staff to report through their line managers, Corporate Management Team or East Kent Audit Partnership.

(y) **Employment Management**

The Council's Human Resources Team, in consultation with Accountancy, manage the Authority to Recruit process. Any requests that are not within agreed budgets are considered by the Authority to Recruit group before being referred to the Head of Paid Service who provides the final decision as to which posts can be filled.

(z) **Partnerships**

Partnership evaluation criteria have been established to help ensure that all key governance criteria are incorporated into new and existing partnerships.

4. REVIEW OF EFFECTIVENESS OF THE GOVERNANCE FRAMEWORK

We have a responsibility for conducting, at least annually, a review of the effectiveness of our governance framework including the system of internal control. This review is informed by the ongoing monitoring and review by the Strategic Director (Finance and Housing), East Kent Internal Audit Partnership and the Head of the Audit Partnership's Annual Report, the work of our Strategic Directors and Heads of Services and their managers who have responsibility for the development and maintenance of the governance environment. This review is also informed by the findings and reports of our external auditors together with any other review agencies or inspectorates.

- (a) **The Monitoring Officer has responsibility for:**
- Monitoring the Constitution and keeping it up to date.
 - Identifying and reporting on any acts or omissions of the Council which he considers to be contrary to law.
 - Ensuring ethical standards and conduct are met.
- (b) **The Strategic Director (Finance and Housing) has responsibility for:**
- Publishing financial information and statements accurately and reliably.
 - Confirmation that resources are managed efficiently and effectively.
 - Overseeing and monitoring the Corporate Governance Local Code.
 - Maintaining and updating the code if required by best practice.
 - Reporting annually to members on performance and compliance with the code.
 - The overall review of the internal control opinion and framework evidence, including service assurance statements, the audit review of Corporate Governance, Performance reporting, Risk management arrangements and the individual audit and risk management assessments.
 - Review of the Effectiveness of Internal Audit.
 - The External Auditor's Annual Audit and Inspection Letter, service assessments and other associated reviews and ensuring that they are acted upon.
- (c) **All Strategic Directors have responsibility via a Service Assurance Statement to ensure that:**
- Risks have been identified. They are recorded and monitored in accordance with the Council's 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.
- (d) **Solicitor to the Council has responsibility:**
- Via his annual statement to give his opinion on the Council's compliance with relevant laws and regulations, and its legal obligations and requirements.
- (e) **Cabinet has responsibility for:**
- All Executive Decisions in respect of functions delegated to it by the Leader of the Council
 - Setting robust and challenging targets and
 - Monitoring the achievement of key priorities

(f) **Council has responsibility for:**

- Agreeing or amending the Policy Framework
- Agreeing or amending the budget, including the borrowing or capital expenditure strategy and setting the Council Tax

(g) **Overview and Scrutiny Committee has responsibility for:**

- Scrutiny of budgets and major policies
- Monitoring the achievement of key priorities
- Scrutiny co-ordination

(h) **The Governance Committee has a responsibility for:**

- Ensuring effective internal audit and internal control arrangements
- Receiving the annual Internal Audit Programme of work
- Receiving quarterly updates from the Head of the Audit Partnership on the assurance which can be placed against various systems and processes during the year.
- Reviewing the annual assessment at the year end.
- Receiving the annual review of internal control
- Receiving the annual constitutional review
- Reviewing risk management arrangements
- Receiving Quarterly Treasury Management Reports
- Receiving the Annual Statement of Accounts
- Ethical standards of members and complaints against members

(i) **Internal Audit has responsibility to:**

- Provide an independent annual statement on the systems of internal control, highlighting areas of concern.
- Report on the level of assurance in respect of the Council's internal control systems.
- Provide an overall Assurance Statement from the Head of the Audit Partnership. This is compiled from the Internal Audit work programme and a review of this Council's Corporate Governance arrangements.

5. **THIS YEAR'S REVIEW**

(a) **Council**

Article 15 of the Council's Constitution makes provision for the regular review of the Constitution by the Monitoring Officer. The key focus of the review in 2022/23 was reviewing the incorporation of changes previously agreed by the full Council (such as amendments to the Members' Allowances Scheme); reflecting structural changes to the Council's organisational structure; reflecting legislative changes in the Scheme of Officer Delegations (including the delegations needed by the creation of the third Strategic Director post); the collation of changes made by decision-making bodies such as the Cabinet or Council during the course of the previous year; the addition of a revised petition scheme and general administrative amendments.

(b) **Cabinet**

Key Executive decisions were considered by the Cabinet, in particular relating to the budget and medium-term financial plan, and the delivery of key regeneration priorities.

The Council's Quarterly Performance Report was received and reviewed quarterly. This examines our performance against agreed performance targets and our key priorities.

(c) **Scrutiny**

The Council's key priorities and Performance Indicators were reviewed regularly and challenged if necessary.

The Annual Report of the work of the Scrutiny Committees for 2022/23 was presented to the Annual Council Meeting on 17 May 2023. This identified sound governance arrangements, including an effective scrutiny process, which underpins the achievement of the Council's corporate objectives.

(d) **Governance Committee**

The Governance Committee received quarterly updates from the Head of East Kent Audit Partnership on the assurance which can be placed against various systems and processes during the year, including reviews of internal controls, along with the annual assessment. The Committee kept a check on those areas that have not achieved expected levels of audit assurance.

This Committee also reviewed the effectiveness of the Council's risk management arrangements.

The Monitoring Officer is responsible for ensuring that the Constitution is reviewed regularly. It is not practical to undertake a review of the whole Constitution each year, so specific areas are selected each year. During 2022/23, the key focus of the review was on the incorporation of changes previously agreed by the full Council (such as the single scrutiny committee and amendments to the Members' Allowances Scheme); reflecting structural changes to the Council's organisational structure; reflecting legislative changes in the Scheme of Officer Delegations (including the delegations needed by the creation of the third Strategic Director post); the collation of changes made by decision-making bodies such as the Cabinet or Council during the course of the previous year; the addition of a revised petition scheme and general administrative amendments. The Governance Committee recommended the changes for approval by the Council. All are documented on our website.

The Annual Report of the work of the Governance Committee for 2022/23 was presented to the Annual Council Meeting on 17 May 2023. This gave a positive opinion on the system of internal control. The Governance Committee continued to be assured of the integrity and reliability of data held in financial statements. The work undertaken by Internal and External Audit provided detailed assurance on those areas of the Council's work which were the subject of reports.

The assurances from the Strategic Director (Finance and Housing), Strategic Director (Corporate and Regulatory) and the Strategic Director (Place and Environment) and the work of Internal and External Audit together supported the Committee in forming their opinion of the financial statements, enabling them to agree to sign the 2020/21 accounts. The 2020/21 audit process commenced in January 2023, but was not

completed before year end 2022/23, resulting in the audit team being required to cease work at the Council and progress with their NHS commitments, alongside Council resources needing to focus on the 2022/23 year end process. For this year, the process will be delayed again but the Committee will be provided with the necessary assurances to approve the 2022/23 accounts once the outstanding audit processes have been completed.

DLUHC are currently consulting on introducing backstop dates to the outstanding Local Authority audits, with auditors being required to provide as much assurance as possible for the outstanding years, reporting as normal any significant concerns they have on an organisation's financial controls, financial reporting as well as financial resilience, governance and risk. Where necessary, it is intended that auditors would need to limit their opinion and make clear to the users of the accounts those aspects or sections of a set of accounts which are not supported by sufficient, appropriate evidence, and which the auditor is unable to provide assurance over. Further updates will be presented to Governance Committee as appropriate.

The submission of this Annual Report continues to enhance the effective communication of our governance processes.

The Governance Committee received annual reports on the progress of formal service complaints against the Council and lessons learned from those complaints.

The Local Government and Social Care Ombudsman received 18 complaints and enquiries against the Council during the 2022/23 municipal year. The breakdown of those complaints is two in respect of benefits/council tax, six relating to housing options, eight relating to planning and development, and two in respect of corporate and other.

In the 2022/23 municipal year 17 cases were decided by the Local Government and Social Care Ombudsman. Two in respect of benefits/council tax were closed after initial enquiries. In respect of housing options two were upheld, one was closed after initial enquiries and two were referred back for local resolution. With regard to planning and development, six were closed after initial enquiries and two were referred back for local resolution. With regard to the complaints in respect of corporate and other, one was provided with advice in respect of complaint handling, and one was closed after initial enquiries. There is one further case that the Ombudsman received during 2022/23 but that one has not yet been dealt with.

Changes adopted by Council in January 2014, included a provision which allows Members to declare non-financial interests. The Kent Model Code of Conduct continues to be regularly reviewed in order to ensure that it remains fit for purpose. The ability to declare a non-financial interest has been welcomed by Members and has been utilised on several occasions to ensure transparency in decision-making.

(f) **Review of Internal Audit**

The effectiveness of internal audit is monitored by the Section 151 Officer through:

- Quarterly review meetings with the Head of Internal Audit
- Sign off of the Audit Plan
- Review of the internal audit annual report
- Attendance at Governance Committee
- Review of individual audit reports
- Meetings with the S151 officers of the other partners

(g) **The Work of Internal Audit**

The internal audit function for the Council is performed by the East Kent Audit Partnership (EKAP), which provides internal audit services to the Councils of Canterbury, Dover, Folkestone, and Thanet. As a result of this collaborative approach the partnership is able to provide a mechanism for promulgating best practice to the East Kent authorities that use its services. The East Kent Audit Partnership Internal Audit Team reports to the Section 151 Officer. They operate under a Charter, which defines their relationship with officers, and the Governance Committee. Through their audit assurance work, internal audit provides an opinion on the effectiveness of the systems of internal control. As part of the annual review of governance arrangements and in particular the system of internal control, the Council undertakes an annual review of the effectiveness of the system of internal audit.

Internal Audit has responsibility to:

- Report on the level of assurance in respect of the Council's internal control systems.
- Provide an overall independent annual Opinion from the Head of the Audit Partnership highlighting areas of concern. This is compiled from the Internal Audit work programme and a review of the Council's risk management and Corporate Governance arrangements.

The overall opinion of the System of Internal Controls in operation throughout 2022/23 based on the work of the East Kent Audit Partnership was presented in their annual report to the Governance Committee in June.

- The internal auditors are independent to the management of the Council and have direct access to the Chair of the Governance Committee if required. They provide a regular update to the Committee at each of the quarterly meetings and may attend any special meetings that may be convened during the year.
- As at 31 March 2023 the Internal Auditors completed 298.83 days of review equating to 99.61% of planned completion.
- The EKAP undertakes a regular schedule of follow up audits to ensure that management have implemented the action plans arising from each audit. Members can see full details within the Internal Audit Annual Report 2022/23.
- The EKAP met as a team in March 2020 and considered the Public Sector Internal Audit Standards (PSIAS) Checklist for compliance. The results of this self-assessment showed that internal audit is currently working towards full compliance and has agreed an action plan to achieve this. The lack of an External Quality Assessment (EQA) against the PSIAS is hereby disclosed as non-conformance in this Annual Governance Statement. The four Section 151 Officers acting as the EKAP Client Officer Group continue to be content to rely on the self-assessment process for the PSIAS and not commission an EQA.
- As part of EKAP's quality monitoring arrangements Members should be aware that following the completion of each audit, a satisfaction questionnaire is completed by the managers of the service that has been audited enabling the officers involved to comment on the conduct and outcome of the audit. This

information is used, in part, to inform the self-assessment and continuous improvement.

(h) **External Reviews**

There were no external reviews held this year.

(i) **Training**

Comprehensive Training is provided at the outset for the new Council, and this is refreshed during the four-year term, to ensure that the councillors have the skills and expertise to make sound and effective decisions.

The officer performance appraisal includes a personal development plan, where training and development needs are discussed and agreed. These will now be provided annually to the Head of HR, Payroll and Communications to help inform the training needs of the organisation, some of which will be delivered corporately via the Corporate Training Plan. In 2022/23 a number of Managers and Team Leaders continued to work towards an Institute of Learning and Management qualification (level 3 or level 5), which helps enhance their skills and knowledge as leaders in the organisation.

(j) **Members Code of Conduct**

During 2022/23 the Monitoring Officer has received 33 complaints, an increase of ten when compared against the previous year. The 33 complaints received in 2022/23 related to members at eight authorities, an increase from seven authorities the previous year. However, it should be noted that 17 of the complaints related to members of a single authority.

The Governance Committee Hearing Panel was not called upon to meet during 2022/23. In accordance with Annex 1 of the Arrangements, it is reported that there was a total of one decision of Informal Resolution agreed in respect of a Member of a Town/Parish Council. Three complaints were referred to investigation during 2022/23, the outcome of which had not been concluded by the end of the municipal year.

During the municipal year 2022/23 there were no requests for dispensations.

6. **SIGNIFICANT GOVERNANCE ISSUES DURING THE YEAR**

- (a) The Annual Reports of the Scrutiny and Governance Committees provide a positive statement and opinion regarding the governance arrangements and the effectiveness of the internal control environment operating across this Council.
- (b) There were 17 cases reviewed by the Local Government Ombudsman during 2022/23, with no cases of maladministration being found.
- (c) The Notice of Forthcoming Key Decisions continues to publish key decisions to be taken by the Cabinet. Cabinet Reports are considered by Finance, Legal and Equalities Officers and then by CMT to ensure that outcomes are consistent with the Council's corporate direction.
- (d) A suite of performance indicator targets was previously approved by Cabinet and were then measured via the quarterly Strategic Performance Dashboard reports. A revised set of targets will be brought forward and reported in 2023/24.

- (e) The General Data Protection Regulations (GDPR) came into force on 25 May 2018. The Council continues to progress with the requirements of data protection legislation. Including, but not limited to all staff training, reviewing data processing activity, developing our suite of privacy notices and retention schedules for services across the Council, and completing our records of processing activity using a new privacy management solution. Data Protection and the Rights and Freedoms of Individuals are at the forefront of personal data processing activities.
- (f) The Council agreed to the permanent introduction of broadcasting meetings of the Executive, Council and Committees following a successful trial of the new system installed in the Council Chamber and also agreed that the recordings of broadcast meetings be retained for a period of 30 days from the date of the meeting.
- (g) Council agreed to the creation of an additional Strategic Director post followed by a full review of the Director level portfolios/groupings of services to incorporate the ambitions of the Council in delivering its Corporate Plan.

7. **IMPROVEMENTS DURING THE YEAR**

- (a) The Council continues to work with the Cabinet Office to obtain continued Public Sector Network (PSN) Compliance. This included IT Equipment, systems and software upgrades to ensure PSN compliance and to ensure that staff and members can work safely and securely from any location.
- (b) The East Kent Corporate Information Governance Group continues to meet on a regular basis with the suite of Information Governance Policies (16 in total) being kept under regular review by the group. A full review of the policies was undertaken and approved by the General Purposes Committee in December 2020. The Strategic Director (Corporate and Regulatory) remains appointed as the Council's Senior Information Risk Officer (SIRO) with the Digital and Technology Manager as the Deputy SIRO.
- (c) The 2023/24 Pay Policy Statement was delivered and adopted at the Council Meeting in March 2023.
- (d) A revised Complaints Policy was adopted by Council following the dissolution of East Kent Housing and the return of the function in-house. The Complaints Policy required updating to reflect the latest guidance from the Housing Ombudsman.
- (e) Council agreed to appoint two Independent Persons with effect from 22 July 2022.
- (f) The Dover District Local Plan Publication (Regulation 19) and Submission (Regulation 22) was approved by Council for publication. Following this the submission and supporting documents were submitted to the First Secretary of State for Examination, together with the Regulation 19 representations and a summary thereof.
- (g) A revised Members' Allowances Scheme for 2023/24 was approved.
- (h) A revision to the Council's Contract Standing Orders was approved. Following the UK's exit from the European Union the Council is no longer bound by the EU Directives on public procurement, the Public Contract Regulations 2015 have continued mostly unchanged. The Public Procurement (Amendment etc.) (EU Exit) Regulations 2020 made the minimum changes necessary to maintain the Public Contracts Regulations 2015 in force, substituting references to EU institutions and procurement documents

to their (sometimes new) UK equivalents. The revised Standing Orders to reflect the changes in legislation and current working practices.

- (i) A revised Petition Scheme was approved as it had been over a decade since the scheme had previously been reviewed and the current scheme was based on statutory guidance that had since been repealed.
- (j) Council had agreed that the vacancy in one of Dover District Council's two appointees on the East Kent Joint Remuneration Panel should remain unfilled for the remainder of the term of appointment.

8. **OPINION OF THE STRATEGIC DIRECTOR (CORPORATE AND REGULATORY)**

I can confirm that the governance arrangements provide and continue to be regarded as fit for purpose in accordance with the governance framework and will ensure that that the implementation is monitored as part of the next annual review.

Signature:: _____ Date: _____

Louise May
Strategic Director (Corporate and Regulatory)

9. **STATEMENT OF THE LEADER OF THE COUNCIL AND THE CHIEF EXECUTIVE**

We have reviewed the effectiveness of the Council's governance framework and noted the opinion and commitment of the Head of Governance. We sign this Annual Governance Assurance Statement on behalf of the Council.

Signature: _____ Date: _____
Councillor Kevin Mills
Leader of the Council

Signature: _____ Date: _____
Nadeem Aziz
Chief Executive