



Corporate Governance Local Code

Revised: Sept 2013

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Introduction

What Do We Mean By Governance?

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

Good governance comprises the systems, processes, cultures and values we follow so that we can pursue our vision and objectives effectively, while minimising the risks involved. At DDC, we aim to meet the standards of the best and ensure that our governance arrangements are sound.

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

Purpose of This Corporate Governance Local Code

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

Delivering Good Governance

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

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

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

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

Testing our Arrangements

We test our arrangements by:

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

In order to review our current arrangements, we:

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

Background

The Principles of Conduct

The Cadbury Report in 1992 identified 3 principles of public life and these were expanded in 1995 to 7. Together these 7 Principles of Public Life form an important part of the Governance Framework for Members, Officers and partners.

The principles are:-

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

Dover District Council's Member Code of Conduct

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

- General principles in relation to behaviour and equal treatment of people.

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

Officer Code of Conduct

This is currently (2013) under development.

Governance Principles

Development of the Principles of Governance

In 2007 the CIPFA/SOLACE joint working group issued a framework called Delivering good Governance in Local Government together with an accompanying guidance note. This was aimed at helping Local Authorities develop and maintain their own codes of governance. The guidance was updated in 2011 and 2012 to reflect the latest Accounts and Audit regulations.

Core and Supporting Principles

Six core principles were established together with supporting principles, to help authorities demonstrate good governance through their local codes.

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

<u>Core Principle</u>	<u>Supporting Principles</u>
1. Focusing on our purpose and on outcomes for the community and creating and implementing a vision for the local area	<ul style="list-style-type: none"> • exercising strategic leadership by developing and clearly communicating our purpose and vision and its intended outcomes for citizens and service users • ensuring that users receive a high quality of service whether directly, or in partnership, or by commissioning • ensuring that we make best use of resources and that tax payers and service users receive excellent value for money.

<u>Core Principle</u>	<u>Supporting Principles</u>
<p>2. Members and officers working together to achieve a common purpose with clearly defined functions and roles</p>	<ul style="list-style-type: none"> • ensuring effective leadership throughout the authority and being clear about executive and non-executive functions and of the roles and responsibilities of the scrutiny function • ensuring that a constructive working relationship exists between authority members and officers and that the responsibilities of authority members and officers are carried out to a high standard • ensuring relationships between the authority and the public are clear so that each knows what to expect of the other.
<p>3. Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour</p>	<ul style="list-style-type: none"> • ensuring members and officers exercise leadership by behaving in ways that exemplify high standards of conduct and effective governance • ensuring that organisational values are put into practice and are effective.
<p>4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk</p>	<ul style="list-style-type: none"> • being rigorous and transparent about how decisions – are taken and listening and acting on the outcome of constructive scrutiny • having good-quality information, advice and support to ensure that services are delivered effectively and are what the community wants/needs • ensuring that an effective risk management system is in place • using our legal powers to the full benefit of the citizens and communities in their area.

<u>Core Principle</u>	<u>Supporting Principles</u>
<p>5. Developing the capacity and capability of members and officers to be effective</p>	<ul style="list-style-type: none"> • making sure that members and officers have the skills, knowledge, experience and resources they need to perform well in their roles • developing the capability of people with governance responsibilities and evaluating their performance, as individuals and as a group • encouraging new talent for membership of the authority so that best use can be made of individuals' skills and resources in balancing continuity and renewal.
<p>6. Engaging with local people and other stakeholders to ensure robust public accountability</p>	<ul style="list-style-type: none"> • Exercising strategic leadership through a robust scrutiny function which effectively engages local people and all local institutional stakeholders, including partnerships, and develops constructive accountability relationships • taking an active and planned approach to dialogue with and accountability to the public to ensure effective and appropriate service delivery whether directly by the authority, in partnership or by commissioning • making best use of human resources by taking an active and planned approach to meet responsibility to staff.

The Annual Governance Process

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

Annually, there is a review of the effectiveness of the Council's system of internal control and this informs the Annual Governance Statement. When this is complete, the Leader and Chief Executive agree and sign the statement.

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

Completing the Assurance Statement

The annual governance assurance statement will include the following information:

- An acknowledgement of our responsibility for ensuring there is a sound system of governance
- A description of the key elements of our governance framework.
- A description of the key elements of the review of effectiveness and what the current year's review involved including a description of the processes that were applied.
- An indication of the level of assurance that the systems and processes that comprise our governance arrangements can provide
- Significant governance issues, including an agreed action plan.
- Improvements made during the year.
- Statement of approval of the Leader and Chief Executive of the Council.

The Completion Process provides the detailed stages of the Annual Assessment. The Chief Executive, Statutory Officers, other Directors, Internal Audit and managers across the authority all have a role to play in this assessment. The overall assurance given is not a pass or fail. It is a narrative statement pointing to the Council's strengths and weaknesses.

Principles Adopted

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

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

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

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

Preparation of the Annual Governance Statement

Data is collected throughout the year and saved electronically on the Council's Performance Monitoring system (Covalent). Supporting documents are also saved here. The action plan is prepared and monitored using the same system.

The Statement that the Leader and Chief Executive will be required to sign will be compiled from evidence held on the monitoring system which has been obtained from:

- **Internal Control Opinion**

The Assurance Statement from the Head of the Audit Partnership. This is compiled from the Internal Audit review of this Council's Corporate Governance arrangements.

The Monitoring Officer and the S151 Officer will review the internal control opinion and framework evidence, including service assurance statements, the audit review of Corporate Governance, the Constitutional review, Performance reporting, Risk management arrangements and the individual audit and risk management assessments.

- **Governance and Internal Control**

- Comment and recommendations from the Monitoring Officer, Section 151 Officer and Solicitor to the Council, who have responsibility for overseeing the operation of the Governance Framework and the Corporate Governance Local Code.
- The Director of Governance's (Monitoring Officer) review of the Council's performance against the Governance Framework.
- The Director of Governance (Monitoring Officer) and Director of Finance and Community's (Section 151 Officer) review of the Effectiveness of Internal Audit.
- Confirmation from other Directors via a Service Assurance Statement, which is also discussed and approved by the Portfolio Holder, 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.
- The Annual Report of the Chairman of the Standards Committee on the ethical conduct of the Council.

- The Director of Governance (Monitoring Officer) and Solicitor to the Council's annual review of the Constitution.
 - The Solicitor to the Council's annual statement giving his opinion on the Council's compliance with relevant laws and regulations, and its legal obligations and requirements.
 - The Head of paid service annual statement giving his opinion on officers' compliance with the seven general principles of good conduct.
 - The Head of Corporate Services annual statement giving his opinion on compliance with the Council's Risk Management Strategy.
 - The director of EK Services annual statement giving her opinion of the Robustness of IT Systems.
- Other processes and reviews
 - Confirmation that Council policies are fully implemented.
 - The annual Constitutional review has been undertaken.
 - Checking that Council values and ethical standards are met
 - Ensuring Laws and regulations are complied with
 - Publishing financial statements and performance information accurately and reliably.
 - Confirmation that resources are managed efficiently and effectively
 - The External Auditor's Annual Audit and Inspection Letter, service assessments and other associated reviews
 - Confirmation that internal reviews are undertaken and findings are acted upon
 - Performance Reporting being seen to drive improvement
 - The Monitoring Officer and the Section 151 Officer will prepare a Draft Annual Governance Statement which will be considered by CMT and Cabinet who will provide the final review, evaluation and approval.
 - The Governance Committee, acting as the Audit Committee will monitor the overall governance process and ensure that the process is robust and agreed actions identified are properly implemented.
 - The final statements will then be signed before the end of June by the Leader and Chief Executive based on a clear evidence trail.

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

- The contents of this code will be reviewed annually alongside the Annual Governance Assurance Statement and will be kept up to date in the light of changing circumstances. The Director of Governance (Monitoring Officer) will maintain the documentation but Members and Officers must own the whole process.
- In addition, review and monitoring will be undertaken during the course of the year. This will be co-ordinated by the Director of Governance (Monitoring Officer) and includes:
 - Monitoring the Corporate Governance arrangements and recommended courses of action by the Section 151 Officer, Monitoring Officer and Solicitor to the Council.
 - Internal Audit review of Corporate Governance arrangements and auditable activities identified through risk based audit plans.
 - Ensuring management ownership for the delivery of agreed objectives, within a Corporate Governance Framework, whilst managing effectively their identified opportunities and risks.
 - Performance measurement of governance arrangements through the collection of Governance data on the Performance Management System.
 - Performance measurement of key objectives and associated risks using agreed key and local performance indicators.
 - On-going review of Risk Management arrangements and recommended courses of action by the Head of Corporate Services, Section 151 Officer and Head of the Audit Partnership.
 - On-going monitoring and review of compliance with the Seven Principles of Conduct by the Monitoring Officer, Head of EK Human Resources, Solicitor to the Council, Head of Democratic Services and the Standards Committee.
 - Ad hoc reviews initiated by the Chief Executive and/or Service Director.
 - Planned service reviews through the rolling programme of review.
 - External Audit review of Corporate Governance arrangements and other auditable activities.
 - The External Auditors will inspect the Annual Governance Assurance Statement, the evidence and position statements that support the statement, the risk management process and this Council's overall Corporate Governance arrangements.
 - Mid-year updates are given to Governance Committee on progress in implementing actions identified in the annual statement.

The Monitoring Officer, Section 151 Officer and Solicitor to the Council have responsibility for overseeing the implementation and monitoring of the operation of the Local Code. The

Head of the Audit Partnership has been given the responsibility for periodically reviewing the arrangements. Each of these officers also contributes to the annual assessment process and a clear separation of duties is required for these complementing but distinct roles.

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

Dover District Council

Example - Annual Governance Assurance Statement

1 APRIL 2012 TO 31 MARCH 2013

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.

We have approved and adopted a Local Code of Corporate Governance and a copy of this is available on our website here: - <http://www.dover.gov.uk> or one can be obtained from The Council Offices, White Cliffs Business Park, Dover, CT16 3PJ.

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 on-going 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 2013 and up to the date of approval of the Council's accounts.

OUR GOVERNANCE FRAMEWORK

Our Governance Framework is made up of a Code of Conduct as well as many systems, policies, procedures and operations. The key features are:-

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 2012-2016 is published and is available on the Council's website.

The following strategic priorities have been identified:-

- Enabling and supporting growth of the economy and opportunity for investment and jobs

- Facilitating strong communities with a sense of place and identity
- Serving our communities effectively
- An effective and efficient Council

Service Plans. We have service plans in place supporting the aims of the Corporate Plan which include performance indicators that use to measure our achievements. Copies of our performance report are available on our website.

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 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 Forward Plan, 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.

Corporate Management Team. The Corporate Management Team comprises the Chief Executive (and Head of Paid Service) with responsibility for Regeneration and Development, Director of Governance and Monitoring Officer, Director of Finance, Housing and Community and S151 Officer and Director of Environment and Corporate Assets.

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

Governance Committee. The six 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 also oversees the financial reporting process by considering the final Statement of Accounts. The Chairman provides an Annual Report of the Governance Committee to the Annual Council Meeting

Overview and Scrutiny. There are two overview and scrutiny committees 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 Committee to the Annual Council Meeting.

Standards. The standards of conduct and personal behaviour expected of our members and our officers, our partners and the community are defined in codes of conduct and protocols. These include:

- Members' code of conduct
- An effective performance management system
- Regular performance appraisals for staff linked to corporate and service objectives
- A fraud and corruption policy
- Member/officer protocols
- A Standards Committee.
- An officer code of conduct. (In development)

The Chairman and Monitoring Officer jointly provide an Annual Report of the Standards Committee to the Annual Council Meeting.

We have effective formal and informal complaints procedures. Complaints of service maladministration are investigated and reported to standards committee. Lessons learned from these complaints are reviewed and acted on.

The Localism Act 2011 changed the standards regime and the Monitoring Officer is now responsible for considering allegations of Members breaches of the codes of conduct.

Our Solicitor. The Solicitor to the Council provides his opinion on our compliance with our legal obligations.

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.

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;
- Monthly reporting of the Council's financial position to Members;
- Clearly defined capital expenditure guidelines;
- 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 monthly management reporting to the Corporate Management Team and Members.

Financial planning is underpinned by service 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 service plans, and that improvements are in line with corporate objectives.

Policies. Corporate policies on a range of topics such as Equality and Diversity, Customer Care, Data Protection, Human Rights, and Fraud are all subject to internal review. We keep all staff aware of changes in policy, or documentation through a system called Netconsent and where appropriate arrange training for all or key members of staff.

Risk. The risk management strategy, which was reviewed in September 2011 by the Governance Committee, 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.

Service Assurance. A Service Assurance Statement is produced annually by all Directors, 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.

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 Members and by Scrutiny.

Internal Audit. The East Kent Audit Partnership (EKAP) Internal Audit Team reports to the Director of Finance, Housing and Community. They operate under a Charter, which defines their relationship with our officers, and the Governance Committee. Their main responsibility is to provide assurance and advice on our internal control systems to the Corporate Management Team and Members. Internal Audit reviews the adequacy, reliability and effectiveness of internal control and recommends improvements where appropriate. It also supports the development of systems, providing advice on risk and control.

As part of the annual review of governance arrangements and in particular the System of Internal Control, we are required to undertake an annual review of the effectiveness of the system of internal audit.

Service Reviews. Delivering Effective Services (DES). The DES group has been established and consists of a small number of senior managers who carry out the following tasks:

- Act as a Corporate think-tank to aid Service Managers and CMT in decision-making
- Identification of potential budget savings.
- Offer a review service to encourage and produce innovation and transformation in service delivery.
- A review team holding a strategic overview of the organisation (and wider environment) to consider potential duplication as well as the benefits of links between services, both internally and externally, supporting the prevention of silo decision-making and services.

State of the District report. This was first introduced in May 2010, it is also published on our website. It is revised annually and is a backward look over the last year using the latest information available at the time of drafting. This is informative and used by Councillors.

Core Strategy. 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.

Draft Land Allocations Document. This follows on from the Core Strategy. Its primary purpose is to identify and allocate specific sites that are suitable for employment, retail and housing development in order to meet the Core Strategy's requirements and makes a major contribution to delivering the Strategy. It covers the same plan period as the Core Strategy.

Communication and Consultation strategies are in place. Our website has a Have Your Say Area where members of the public can communicate their views on current changes and implementations.

Equality. We have published our equality objectives and annual report helping to ensure that all groups in our community have a voice, can be heard and know how we make our decisions.

Whistle Blowing. A confidential reporting hotline is in place to enable internal and external whistle blowing. 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 or East Kent Audit.

Employment Stability. The Employment Stability Group was approved by the Council in 2010 to consider all requests to fill staff vacancies. The group is chaired by the Director of Governance and supported by the Head of Financial Services, a peer challenger and a Human Resources representative. Their recommendations are considered by the Head of Paid Service who provides the final decision as to which posts can be filled.

Partnerships. Partnership evaluation criteria have been established to help ensure that all key governance criteria are incorporated into new and existing partnerships. This was approved by Cabinet and Scrutiny following a review in 2012.

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 work of our Internal Auditors and the Head of the Audit Partnership's Annual Report, the work of our Directors and managers who have responsibility for the development and maintenance of the governance environment and by the findings and reports of our external auditors together with any other review agencies or inspectorates.

The Director of Governance has a responsibility for:-

- Monitoring the Constitution and keeping it up to date
- Overseeing and monitoring the Corporate Code of Governance
- Maintaining and updating the code if required by best practice
- Reporting annually to members on compliance with the code

Cabinet

- Setting robust and challenging targets and
- Monitoring the achievement of key priorities

Scrutiny (Policy and Performance) Committee:-

- Monitoring the achievement of key priorities

The Governance Committee:-

- Receive quarterly updates from the Head of the Audit Partnership on the assurance which can be placed against various systems and processes during the year,
 - Review the annual assessment at the year end.
 - Receive the annual review of internal control
 - Receive the annual constitutional review
 - Review risk management arrangements
 - Receives Quarterly Treasury Management Reports

- Receives the Annual Statement of Accounts

Internal Audit:-

- required to provide an independent annual statement showing areas of concern
- the level of assurance in respect of systems
- The overall level of assurance

This year's review has involved:-

Council

The Corporate plan for 2012-2016 was published in 2012. The Constitution was reviewed in May 2012 and is being reviewed again in 2013.

A new Member code of conduct came into force on 1st July 2012. This is detailed within our constitution.

Cabinet

The Council's Quarterly Performance Report was reviewed regularly and shows our performance against our key priorities.

Scrutiny

The Council's Scrutiny Committee meet monthly to consider a range of matters including the Quarterly Performance Report.

Governance Committee

The Governance Committee receives 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 an annual assessment at the year end. The Committee keeps a check on those areas that have not achieved expected levels of audit assurance. Additionally, this Committee reviews the effectiveness of the Council's risk management arrangements.

The Director of Governance and Solicitor to the Council are responsible for ensuring that the Constitution is subject to annual review. A review of part three of the constitution was considered by the Governance Committee in March 2012 and adopted by Council on 16 May 2012. The significant changes are the alignment of new delegations and new executive arrangements.

Standards Committee

The Standards Committee receives a quarterly report on progress of formal complaints against the Council and lessons learned from those complaints.

There was one finding against Dover District Council from the Local Government Ombudsman in 2012/13 and appropriate procedures and processes have been put in place to prevent a recurrence of the issue.

During 2012/13 the way in which complaints against members changed and these were considered as follows:-

- 1/4/12 to 30/6/12 – Considered by Standards Committee. - 3 allegations of breaches of the code of conduct were received and none were upheld.
- 1/7/12 to 31/3/13 – Considered by the Monitoring Officer. - 29 allegations of breaches of the code of conduct were received.

The Annual Report of the work of the Standards Committee for 2012/13 was presented to the Annual Council Meeting on 22nd May, 2013 and gave a positive opinion on the ethical conduct of the members of this Council.

Internal Audit

Review of Internal Audit.

The effectiveness of internal audit is monitored jointly by the Monitoring Officer and the S151 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

The Work of Internal Audit. Based on their work undertaken during the year, the Head of the Audit Partnership considers that there are no major areas of concern, which would give rise to a qualified audit statement regarding the systems of internal control, concerning either the main financial systems or overall systems of corporate governance. The report also considers that the Council can have very good level of assurance in respect of all of its main financial systems and a good level of assurance in respect of the majority of its Governance arrangements. Many of the main financial systems, which feed into the production of the Council's Financial Statements, have achieved a Substantial assurance level following audit reviews. The report goes on to state that the Council can be very assured in these areas and that this position is the result of improvements to the systems and procedures over recent years and the willingness of management to address areas of concern that have been raised.

There were five areas where only a limited assurance level was given; VAT (partially limited), Data Protection, New Homes Bonus (partially limited), Absence Management Flexi and Annual Leave where further reviews are planned for 2013/14 and SLA Management Arrangements where a further review has been undertaken and the outcome remains the same.

There were no fraud investigations carried out.

External Reviews.

- Regulatory and Investigatory Powers Act (RIPA). This review gave a positive opinion of DDC and stated that we have very good procedures in place and best practice in some areas of our work.
- Office of the Surveillance Commissioner. This review considered that further procedures were needed to ensure DDC maintained its standards. We have now joined the National Anti Fraud network to act on our behalf and address issues in the report.

Service Reviews during the Year

During the year there were reviews held in the following areas:-

Communication and Engagement

P.A. and administration support. – Looked at the wider service to ensure continuity.
Regeneration and Development

Training

A resourced training and development plan is being developed for officers and members of the Council, clearly linked to the Corporate and Service Plans and statutory responsibilities.

Members Code of Conduct

The Principles of Good Conduct are contained within the Member Code of Conduct which is part of the Constitution. It is kept refreshed and the last review was in May 2012. It is currently under review again.

SIGNIFICANT GOVERNANCE ISSUES DURING THE YEAR

- Information Commissioner's Office (ICO)
A complaint was received from the ICO that we had divulged email addresses to all the recipients in a global email. We took immediate steps to apologise to those affected and started an investigation. Procedures have been put in place to ensure this does not happen again and the ICO has accepted that this was a human error for which they will not be taking formal regulatory action at this point.
- Local Government Ombudsman.
There was one finding of maladministration against the Council involving the processing of a homelessness application. Details were given to full Council on 26/9/12.
In response to this complaint appropriate training has been given to staff together with a full review of procedures.
- Welfare Reforms

The government are in the process of making a number of significant reforms to welfare benefits. The two most significant reforms for 2013/14 are the Council Tax Reduction Scheme and the Social Sector Size Criteria.

- Council Tax Reduction Scheme

The Council Tax Reduction Scheme (CTRS) has been introduced to replace Council Tax Benefit (CTB), which ended in March 2013.

Where CTB was a benefit that "paid" the Council Tax of those who qualified, the CTRS is a discount which does not pay the Council Tax of claimants, but instead reduces the bill that they are sent, by providing a "discount".

In setting up the CTRS, the government have reduced the funding to Councils by 10% from that provided for CTB. Pensioners, who comprise around 50% of the claimants, are protected from the reductions, so they equate to a reduction of around 20% for all other claimants.

In making this change, the government have required all Councils to introduce their own local CTRS to replace the national CTB. Dover, working with partners Canterbury City Council, Thanet District Council and Kent County Council, has implemented an East Kent CTRS which addresses the reduction in government funding by stopping all empty property and second home discounts, limiting the loss of benefit to 6%.

- Social Sector Size Criteria

The Social Sector Size Criteria (SSSC) has been introduced by government to reduce the costs of providing housing benefit (HB) to Council tenants.

Where tenants have one surplus bedroom for the size of their family or household, they will see a reduction of 14% in their HB. Where they have two surplus bedrooms, they will see a reduction of 25%.

Dover District Council has worked with their housing managers, East Kent Housing, to prepare tenants for this change and to assist those tenants who are affected, to downsize to smaller units.

Although the size of households changes, and so a precise figure cannot be provided, it is estimated that around 10 – 15% of households in Dover Council housing will be affected by this change in HB. Given the limitations of available stock, the Council cannot guarantee to be able to assist all those who wish to downsize – but every effort will be made to do so.

Other significant welfare reforms which will be implemented in 2013/14 and following years include:

- Universal Credit

This combines a number of benefits into a single, monthly payment.

- The Benefits Cap

This caps the amount of benefit a family can claim to the average national wage. That is around £26,000 per annum.

- This Council is a defendant, (as are virtually all District and Unitary Councils), in proceedings brought by a group of Property Search Companies for fees paid to the Council to access land charges data. A second group of Property Search Companies are also seeking to claim refunds although no proceedings have yet been issued. The second group of Property Search Companies have also intimated that they may bring a claim against all English and Welsh local authorities for alleged anti-competitive behaviour. It is not clear what the value of any such claim would be against the Council.

IMPROVEMENTS DURING THE YEAR

- Anti-fraud and corruption policy.
In line with the Audit Commission's recent publication called "Safeguarding the Public Purse" our Counter Fraud and Corruption Policy was reviewed and updated. The policy comprises:-
 - A Prevention of Fraud and Corruption Strategy
 - A whistle blowing Policy
 - A Protocol for Dealing with Allegations of Fraud or Corruption
 - An Anti Money Laundering Policy
 - An Anti-Bribery Policy
- Building on the open Golf 2011 event, we have, along with our multi-agency partners, successfully developed the Safety Advisory Group which effectively supported the Olympics Event.
- The Olympic Torch Event enabled us to enhance our events management planning process and this in turn has been the catalyst for major improvements in event planning. We now have a team of people who can help plan events and advise on best practice.
- A new code of conduct for Members was adopted at an extraordinary Council meeting on 26th June, 2012 and came into force on 1st July.

STATEMENT OF THE LEADER OF THE COUNCIL & THE CHIEF EXECUTIVE.

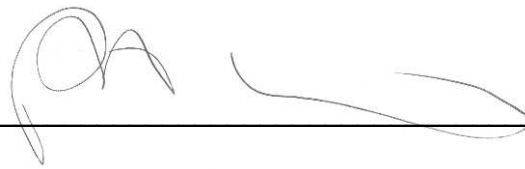
We have been advised on the implications of the result of the review of the effectiveness of the governance framework and plan to address weaknesses and ensure continuous improvement of our systems is in place.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified and will monitor their implementation and operation as part of our next annual review.

Signatures:

Date: _____

Leader of the Council _____



Date: _____

Chief Executive _____



EXAMPLE DIRECTOR'S STATEMENT - Dover District Council – Annual Governance Process
Director's Assurance Statement 2012/13

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

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

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

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

As Director, you will need regular self-assessment of your Division's assurance arrangements. This will provide the Council with the opportunity to keep check on the adequacy of its arrangements that have been put in place with regard Corporate Governance and Risk Management.

Please return the certified statements, preferably in electronic format to Mary Venables, by 25th April 2012.
Please ensure that the form is also signed by the relevant Portfolio Holder.

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

Thank you for your assistance.

David Randall
Director of Governance and Monitoring Officer

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

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

<u>Question</u>	<u>Agreement Yes / No</u>	<u>Examples and Exceptions</u>
The service has in place appropriate management and reporting arrangements to ensure effective Governance.		
Improvement plans exist to rectify deficiencies.		
Key performance targets and indicators are linked to the Corporate Plan.		

Financial Assurance

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

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

Accounts - Financial and Legal Implications	Confirmation (Yes /No) & Evidence	Details & Any Actions Planned
In my division there are no contingent liabilities (see footnote 1 below) that are likely to have a significant effect on the finances or operations of the Council.		
In my division, there are no instances of non-compliance with laws or regulations that are likely to have a significant effect on the finances or operations of the Council.		
In my division, there are no post balance sheet events (see footnote 2 below) that have occurred that are likely to have a significant effect on the finances or operations of the Council.		
In my division, there are no pending claims, proceedings or litigation that are likely to have a significant effect on the finances or operations of the Council.		

Accounts - Financial and Legal Implications	Confirmation (Yes /No) & Evidence	Details & Any Actions Planned
In my division, there are no other significant transactions with related parties other than those already disclosed.		
In my division, there are no instances of known error, irregularity, including fraud, which are likely to have a significant effect on the finances or operations of the Council.		

Footnotes:

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

	Director	Portfolio Holder	Portfolio Holder
Certified by, Signature:			
Name:			
Designation:			
Date:			

Risk Management

Introduction

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

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

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

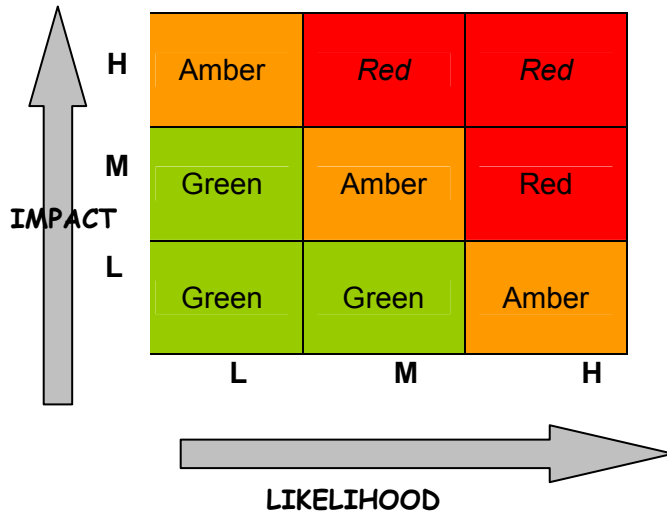
Risk Strategy and Approach

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

Risk Management in Practice

- Risk Management is a five stage on-going process as follows:-
 - Identification
 - Analysis
 - Evaluation
 - Mitigation and control
 - Monitoring
- As part of risk analysis, an assessment should be undertaken of the impact and likelihood of risks occurring. Risks can then be plotted onto the following evaluation model:

Risk Prioritisation and Analysis Model



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

IMPACT			
Key Risk Areas	High	Medium	Low
Communication and publicity	<ul style="list-style-type: none"> Remembered long term. Adverse national publicity 	<ul style="list-style-type: none"> Adverse headlines in local media 	<ul style="list-style-type: none"> Letters of complaint
Corporate Governance	<ul style="list-style-type: none"> Project will fail to be implemented. Governance Committee identify significant governance failings. Significant levels of fraud 	<ul style="list-style-type: none"> Project will be delayed. Adverse governance findings by the Cabinet / Scrutiny and Governance Committee. Extraordinary Review by External Auditors 	<ul style="list-style-type: none"> Limited Assurance following Audit
Efficiency and Savings	<ul style="list-style-type: none"> Failure to meet all anticipated efficiency targets Inability to recover shortfall on budget overspend 	<ul style="list-style-type: none"> Failure to exploit benefits of partnership working Budget pressures with poor performance 	<ul style="list-style-type: none"> Budget managed but performance is below that originally planned
Financial/Funding	<ul style="list-style-type: none"> Budget Overspend > £10k or 10% Property loss or damage > £50k. Lack of external funding due to concerns over service delivery or 	<ul style="list-style-type: none"> Budget Overspend up to £10k or 10% Unaccountable short falls in stock / inventories or other assets. Property loss/damage in 	<ul style="list-style-type: none"> Budget Overspend up to £10k

IMPACT			
Key Risk Areas	High	Medium	Low
	project management Substantial loss or failure of investments	excess of £50k. Lack of provision when funding stream ends	
Health & Safety	<ul style="list-style-type: none"> Potential for loss of life Large scale major illness Forced closure of offices/leisure facilities/block of flats due to H&S legislation HSE Investigation with Fine 	<ul style="list-style-type: none"> Major illness Serious injury - including disablement Forced close of smaller office/facility due to failure to comply with H&S legislation 	<ul style="list-style-type: none"> Broken bones/illness Partial closure of offices/facility
IT	<ul style="list-style-type: none"> Complete failure of IT system. Breach of licence. 	<ul style="list-style-type: none"> Temporary failure of IT system. Software problems. 	<ul style="list-style-type: none"> Minor problems with new software.
Project aims	<ul style="list-style-type: none"> Objectives of project not achieved. Time/costs greatly exceeded. 	<ul style="list-style-type: none"> Key Milestone missed. 	<ul style="list-style-type: none"> Minor delays/problems.
Personnel resourcing	<ul style="list-style-type: none"> Mass staff resignation. Inability to attract new staff 	<ul style="list-style-type: none"> Industrial action 	<ul style="list-style-type: none"> Some hostile relationships, minor non-co-operation
Service delivery	<ul style="list-style-type: none"> Long-term suspension of service. Failure of service. High level of public dissatisfaction. 	<ul style="list-style-type: none"> Short term reduction in service provision. Pockets of dissatisfaction. 	<ul style="list-style-type: none"> Low standard of service provision evidenced by messages of complaint
Statutory Responsibilities	<ul style="list-style-type: none"> Failure to enforce regulatory powers. Major fraud. Criminal Proceedings against the Council. Public Inquiry to review substantial failure of a Council Service. Adverse findings of Standards Committee. No contingency planning. 	<ul style="list-style-type: none"> Adverse finding by the Local Authority Ombudsman. Failure to test emergency plans. 	<ul style="list-style-type: none"> Minor breach

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

Risk Methodology

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

Risk Management Strategy

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

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

The risk management objectives of the Council are to:

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

These objectives will be achieved by:

- Defining roles and responsibilities of Officers and Members within the organisation in relation to risk management.
- Providing relevant training on risk management to relevant officers and Members of the authority

- Encouraging officers participating in other professional discipline groups to consider risk management.
- Making sure officers are made aware of risk management information received from insurers and other related sources.
- Maintaining a risk management framework to provide for:-
 - A useful and meaningful Corporate risk register
 - Appropriate incident recording to enable the analysis of risk data
 - The annual review of the risk management framework

Roles and Responsibilities

Members

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

Executive and Corporate Management Team

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

Directors / Service Managers

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

Employees Generally

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

Insurance

- The Director of Governance in consultation with the Corporate Services (Insurance Team) will:
 - Regularly review and advise upon the Council's insurance requirements and arrangements, and arrange insurance cover as necessary
 - Annually review the adequacy of the Council's internal Insurance Provisions and Reserves, and advise on action to be taken

- Advise Officers and Members on insurance covers available and/or in place and advise Officers on claims procedures, and process claims arising
- Assist in the development and provision of claims data to aid future risk control

PERFORMANCE MANAGEMENT

Introduction

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

Performance Management Framework

Performance Planning:-

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

Performance Monitoring:-

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

Performance Reporting

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

The steps involved in the performance planning process are:

Timescale	Activity
Continuous	The Corporate Plan is a continuously evolving document which includes the latest high level strategic priorities and priority actions for the Council.
September	Each September, Directors and Heads of Service identify their objectives for the next financial year. These will be closely aligned to those shown in the Corporate Plan. Interim Personal Performance Reviews held. Objectives and targets are adjusted if necessary.
October	Revenue Budget estimates are prepared for the coming year.
November/December	Draft service plans and service budgets are reviewed/finalised making sure that they align with the Corporate Plan and the budget. Service plans include service objectives; these can be measured by performance indicators where necessary. Shared services develop plans and targets ready for agreement by the respective Directors, DDC Client Officers and the relevant Portfolio Holder.
December	Service Plans and Budgets are agreed.
April	Personal Performance Reviews are also undertaken, reviewing individual performance against objectives. New personal targets are agreed. Corporate and Service Plans become live documents

The Corporate Plan

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

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

Service Strategies

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

Service Plans

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

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

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

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

Shared Services

Shared services also develop plans and targets which are agreed by their respective Directors, DDC Client Officers and the relevant Portfolio Holder. These are agreed by Cabinet and in case of dispute the Kent Chief Executives Group will mediate.

Performance Monitoring

Performance results are collated by Corporate Services and reviewed quarterly by CMT and Cabinet. The report is available for full scrutiny if required. It provides an up to date picture of the Council's current performance with commentary from the relevant Director.

Partnership Evaluation Criteria

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

The Performance Report

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

Service Delivery

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

Director's comments

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

Performance Comments

A short explanation of any abnormal results

Key initiatives and Outcomes

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

Concerns/Risks:

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

Financial Performance

This section provides a summary of budget and actual.

The Performance Report is published on the Internet and the Intranet and sent to all members.

The Quarterly Review Process

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

The report is then considered by the Cabinet Member with responsibility for Governance and then by Cabinet itself. It is available for Scrutiny if required.

The On-going Review Process

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

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

Performance Indicators

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

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

Timing for Submitting Indicator Results

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

Standards for Target Setting

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

Acting on Performance Information

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

Financial Performance

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

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

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

Individual Performance Appraisal Review

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

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

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

Alongside the formal Performance Review system is the need for regular dialogue with all team members, either on a 1:1 basis or in small groups to discuss performance issues. In particular it will be important to celebrate performance successes and identify weaknesses. For poor or failing performance it is important to identify with team members the reasons why, and identify what action is necessary and any resource or procedural implications.

Quality Assurance, Audit & Risk Management

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

Audit and Performance Teams

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

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