

# Dover District Council

## 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.

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.

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 fulfill those objectives.

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.

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 Financial Services Manager 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.

## **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 code of conduct came into force on 1<sup>st</sup> 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 Quarterly Performance Report was reviewed regularly and shows our performance against our key priorities.

## 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 22<sup>nd</sup> 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 26<sup>th</sup> June, 2012 and came into force on 1<sup>st</sup> 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: \_\_\_\_\_ 28<sup>th</sup> June, 2013 \_\_\_\_\_

Leader of the Council - Paul Watkins \_\_\_\_\_  


Date: \_\_\_\_\_ 28<sup>th</sup> June, 2013 \_\_\_\_\_

Chief Executive - Nadeem Aziz \_\_\_\_\_  
