

**EXTRAORDINARY
MEETING
OF THE COUNCIL**



Tuesday, 2nd November, 2021

7.00 pm

**Council Chamber
Thanet District Council
Margate**

**www.thanet.gov.uk
01843 577000**



We may be able to provide this document in a different format such as Braille, audio or large print, or in another language. Please call 01843 577165 for details.

Date: 25 October 2021
Ask For: James Clapson
Direct Dial: 01843 577207
Email: james.clapson@thanet.gov.uk



You are hereby summoned to attend the meeting of the Thanet District Council to be held in the Council Chamber, Council Offices, Cecil Street, Margate, Kent on Tuesday, 2 November 2021 at 7.00 pm for the purpose of transacting the business mentioned below.

Timothy Howes

Director of Corporate Governance

To: The Members of Thanet District Council

FIRE ALARM PROCEDURES: If the fire alarm is activated, please vacate the offices via the stairs either through the security door to the left of the Chairman or opposite the lifts in the foyer. Please do not use the lifts. Please assemble in Hawley Square on the green. Officers will assist you and advise when it is deemed safe to return to the Chamber.

AGENDA

Item
No

1. **APOLOGIES FOR ABSENCE**
2. **DECLARATIONS OF INTEREST** (Pages 3 - 4)

To receive any declarations of interest. Members are advised to consider the advice contained within the Declaration of Interest advice attached to this Agenda. If a Member declares an interest, they should complete the [Declaration of Interest Form](#)

3. **AUDITOR'S STATUTORY RECOMMENDATIONS ISSUED UNDER S24 OF THE LOCAL AUDIT AND ACCOUNTABILITY ACT 2014** (Pages 5 - 8)



Do I have a Disclosable Pecuniary Interest and if so what action should I take?

Your Disclosable Pecuniary Interests (DPI) are those interests that are, or should be, listed on your Register of Interest Form.

If you are at a meeting and the subject relating to one of your DPIs is to be discussed, in so far as you are aware of the DPI, you **must** declare the existence **and** explain the nature of the DPI during the declarations of interest agenda item, at the commencement of the item under discussion, or when the interest has become apparent

Once you have declared that you have a DPI (unless you have been granted a dispensation by the Standards Committee or the Monitoring Officer, for which you will have applied to the Monitoring Officer prior to the meeting) you **must**:-

1. Not speak or vote on the matter;
2. Withdraw from the meeting room during the consideration of the matter;
3. Not seek to improperly influence the decision on the matter.

Do I have a significant interest and if so what action should I take?

A significant interest is an interest (other than a DPI or an interest in an Authority Function) which:

1. Affects the financial position of yourself and/or an associated person; or
Relates to the determination of your application for any approval, consent, licence, permission or registration made by, or on your behalf of, you and/or an associated person;
2. And which, in either case, a member of the public with knowledge of the relevant facts would reasonably regard as being so significant that it is likely to prejudice your judgment of the public interest.

An associated person is defined as:

- A family member or any other person with whom you have a close association, including your spouse, civil partner, or somebody with whom you are living as a husband or wife, or as if you are civil partners; or
- Any person or body who employs or has appointed such persons, any firm in which they are a partner, or any company of which they are directors; or
- Any person or body in whom such persons have a beneficial interest in a class of securities exceeding the nominal value of £25,000;
- Any body of which you are in a position of general control or management and to which you are appointed or nominated by the Authority; or
- any body in respect of which you are in a position of general control or management and which:
 - exercises functions of a public nature; or
 - is directed to charitable purposes; or
 - has as its principal purpose or one of its principal purposes the influence of public opinion or policy (including any political party or trade union)

An Authority Function is defined as: -

- Housing - where you are a tenant of the Council provided that those functions do not relate particularly to your tenancy or lease; or
- Any allowance, payment or indemnity given to members of the Council;
- Any ceremonial honour given to members of the Council
- Setting the Council Tax or a precept under the Local Government Finance Act 1992

If you are at a meeting and you think that you have a significant interest then you **must** declare the existence **and** nature of the significant interest at the commencement of the matter, or when the interest has become apparent, or the declarations of interest agenda item.

Once you have declared that you have a significant interest (unless you have been granted a dispensation by the Standards Committee or the Monitoring Officer, for which you will have applied to the Monitoring Officer prior to the meeting) you **must:-**

1. Not speak or vote (unless the public have speaking rights, or you are present to make representations, answer questions or to give evidence relating to the business being discussed in which case you can speak only)
2. Withdraw from the meeting during consideration of the matter or immediately after speaking.
3. Not seek to improperly influence the decision.

Gifts, Benefits and Hospitality

Councillors must declare at meetings any gift, benefit or hospitality with an estimated value (or cumulative value if a series of gifts etc.) of £25 or more. You **must**, at the commencement of the meeting or when the interest becomes apparent, disclose the existence and nature of the gift, benefit or hospitality, the identity of the donor and how the business under consideration relates to that person or body. However you can stay in the meeting unless it constitutes a significant interest, in which case it should be declared as outlined above.

What if I am unsure?

If you are in any doubt, Members are strongly advised to seek advice from the Monitoring Officer or the Committee Services Manager well in advance of the meeting.

If you need to declare an interest then please complete the declaration of [interest form](#).

Auditor's Statutory Recommendations Issued under s24 of the Local Audit and Accountability Act 2014

Extraordinary Council	2 November 2021
Report Author	Chief Executive
Portfolio Holder	The Leader, Cllr Ash Ashbee
Status	For Decision
Classification:	Unrestricted
Ward:	All

Executive Summary:

This is a report to Council to consider the statutory recommendations issued by the external auditor, Grant Thornton, on 12 October 2021. They are recommendations made under section 24 of the Local Audit and Accountability Act 2014 ("The Act").

Recommendations:

Council is asked:

1. To agree the recommendations as set out in the report from Grant Thornton;
2. To agree the actions which Grant Thornton has proposed.

Corporate Implications

Financial and Value for Money

The auditors have reported statutory recommendations for Council's consideration and approval, due to inadequate arrangements in governance with the direct financial costs adding further pressure to the Council's delicate financial position.

It has been well reported that the Council has relatively low reserves, compared to other district authorities, our historical reserve holdings and our risk profile. Moreover, the Council's 2022-23 Medium Term Financial Strategy, as reported in February 2021, identified an indicative budget gap of £1.8m for 2022-23 growing to £2.5m by 2024-25. The preparation of next year's budget is now underway and a 2022-23 Budget Strategy will be presented to Cabinet for approval on 18 November 2021. The strategy will set out an approach to close the budget gaps for next year and also across the medium term. Whilst the outcome of the budget process is uncertain, it is probable that the Council will face a

number of challenges and will have to make a number of difficult choices and decisions in order to achieve its financial objectives.

It is clear the direct financial costs of the governance and disciplinary matters have not helped the Council's financial position. From 1 April 2020 to date, expenditure incurred or monies set aside to address these issues total £733,000, as reported to Cabinet alongside the necessary budget approvals on 8 June 2021. This total includes legal costs to facilitate and advise on internal processes and external employment tribunals and other related staffing costs. However, members should also note that it may not be possible to contain the total costs to resolve all outstanding matters within the £733,000 budget envelope. The Council will be required to revisit this assessment as part of the audit of the 2020-21 accounts, expected for completion by the end of the calendar year, and it may be necessary to increase the budget allocation depending on the progression and resolution of any outstanding employment matters.

The third statutory recommendation is for the Council to agree to "Revisit the financial plans and identify additional savings plans to address the further cost pressures created in resolving the grievance and whistleblowing complaints". The Director of Finance and acting s151 Officer agrees with the substance of this recommendation and agrees that it should be an objective for the Council to restore and repair the reserve balances that have been drawn down to finance these costs. However, the reality of the Council's budget position and the size of savings that already need to be identified and implemented to close the budget gaps over the medium term mean that it is likely to be extremely challenging to implement this recommendation both from an operational and political perspective. In simple terms, the restoration of £733,000 reserve balances would require an annual c.£180,000 budgeted contribution to reserves across the medium term, which effectively stretches the savings target over and above the savings that will already be required to close the budget gap.

As part of the budget setting process, the s151 Officer is required to report to Council on the adequacy of reserves and robustness of budget estimates, this is a statutory duty referred to as the Section 25 report. The Section 25 report will consider adequacy of the Council's reserves in a holistic manner, within the context of all the financial pressures and risks faced by the authority. Subject to the agreement by members, the action recommended by the external auditor will therefore both inform and be informed by the Section 25 report.

Finally, under Schedule 7 of Local Audit and Accountability Act 2014, paragraph 2(4), the external auditor may recover costs of their work in issuing the recommendations from the Council:

"(4) A local auditor may recover from a relevant authority—

- (a) the reasonable costs of determining whether to make a recommendation relating to the authority or an entity connected with it, and
- (b) the reasonable costs of making a recommendation relating to the authority or an entity connected with it."

At present these costs are unknown, but will be reported to the Governance and Audit Committee along with other relevant audit fees.

Legal

Section 24 of the Local Audit and Accountability Act 2014 refers to Schedule 7, paragraph 2(1) of The Act under which the auditor can make written recommendations to the Council:

“A local auditor of the accounts of a relevant authority may make a written recommendation to the authority relating to the authority or an entity connected with it, so that the recommendation can be considered under this Schedule.”

Schedule 7, paragraph 5(6) sets out how the Council must decide on the recommendations:

“At that meeting the relevant authority must decide—

- a) whether the report requires the authority to take any action or whether the recommendation is to be accepted, and
- (b) what, if any, action to take in response to the report or recommendation.”

Corporate

The Council must consider these recommendations and proposed actions within a public meeting of the full Council within one month of the recommendations being issued.

Equality Act 2010 & Public Sector Equality Duty

No implications

CORPORATE PRIORITIES

- Communities

1.0 Introduction and Background

1.1 Earlier this year, the Chief Executive and Group Leaders requested that the external auditors, Grant Thornton, carried out a review of culture and governance at the Council. The review was noted by the Governance and Audit Committee at its meeting on 3 March 2021, when the Committee requested that the review be undertaken in the first quarter of 2021.

1.2 As part of that process, Grant Thornton considered their Value for Money conclusion on the 2019/20 accounts.

1.3 On 21 July, Sarah Ironmonger, the auditor, wrote to the Chair of Governance and Audit Committee, with an interim letter, as requested by the Chair, with her interim findings into her Value for Money conclusions. The letter was discussed at the meeting of the Governance and Audit Committee on 28 July. The meeting was held in private, as Ms Ironmonger made clear that she was presenting interim findings.

- 1.4 On 12 October, Ms Ironmonger issued statutory recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014. She has shared those recommendations with the Department of Levelling Up Housing & Communities (DLUHC) as required under The Act.
- 1.5 The link to the recommendations and the background report is on the Council's website and can be found here:
<https://www.thanet.gov.uk/external-audit-report-issued-to-thanet-district-council/>

2.0 The Current Situation

- 2.1 The Council must consider the recommendations and actions it will take to address them, in a public meeting, held within one month of the issue of the recommendations. If the recommendations and actions are accepted, the Council must provide regular updates to the external auditor and the DLUHC.
- 2.2 In respect of the first recommendation, possible candidates are to be selected by the Leader and the Chief Executive.

3.0 Next Steps

- 3.1 If the recommendations are agreed, the Council will formally notify the auditor of the decisions and publish a notice containing a summary of the decisions which has been approved by the auditor. The notice will be published on the Council's website and will also be published more widely to bring it to the attention of residents. This is in accordance with Schedule 7, paragraph 10 of The Act
- 3.2 The auditor and DLUHC will receive regular updates of progress of work to address the recommendations.

Contact Officer: Madeline Homer, Chief Executive

Background Papers

Grant Thornton statutory Recommendations 12 October 2021:

<https://www.thanet.gov.uk/external-audit-report-issued-to-thanet-district-council/>

Corporate Consultation

Finance: Chris Blundell (Director of Finance)

Legal: Estelle Culligan, Director of Law and Democracy and Deputy Monitoring Officer