



Date: 25 October 2024  
Our Ref: Governance & Audit Committee/Agenda  
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## GOVERNANCE & AUDIT COMMITTEE

4 NOVEMBER 2024

A meeting of the Governance & Audit Committee will be held at **7.00 pm on Monday, 4 November 2024** in the Council Chamber, Council Offices, Cecil Street, Margate, Kent.

### Membership:

Councillor W Scobie (Chair); Councillors: Farooki (Vice-Chair), Barlow, Braidwood, Britcher, Davis, Donaldson, Edwards, Garner, Munns, Nichols, Packman, Pope, Scott and Towing

## AGENDA

Item  
No

Subject

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. **MINUTES OF PREVIOUS MEETING** (Pages 5 - 12)  
To approve the Minutes of the Governance and Audit Committee meeting held on 24 July 2024, copy attached.
4. **QUARTER 1 REVIEW 2024/25: TREASURY MANAGEMENT AND ANNUAL INVESTMENT STRATEGY** (Pages 13 - 22)
5. **QUARTERLY INTERNAL AUDIT UPDATE REPORT** (Pages 23 - 46)
6. **CORPORATE RISK REPORT** (Pages 47 - 78)
7. **ANNUAL GOVERNANCE STATEMENT 2023-2024** (Pages 79 - 96)  
Annex 2 to follow
8. **EXTERNAL AUDIT - AUDIT FINDINGS REPORT 2021/22**  
Report to follow
9. **DRAFT AUDIT TIMETABLE 22/23 AND 23/24**

Item  
No

Subject

Report to follow



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## **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](#).

## GOVERNANCE & AUDIT COMMITTEE

Minutes of the meeting held on 24 July 2024 at 7.00 pm in Council Chamber, Council Offices, Cecil Street, Margate, Kent.

**Present:** Councillor William Scobie (Chair); Councillors Farooki, Braidwood, Britcher, Davis, Donaldson, Edwards, Pope and Towning

**In Attendance:** Councillor Yates

### 1. APOLOGIES FOR ABSENCE

Apologies were received from Councillors Garner, Munns, Nichols, Packman (who was substituted by Councillor Crittenden) and Scott.

### 2. DECLARATIONS OF INTEREST

There were no declarations of interest.

### 3. MINUTES OF PREVIOUS MEETING

Councillor Towning proposed, Councillor Britcher seconded and members AGREED to approve the minutes as a correct record of the meeting held on 6 March 2024.

### 4. MANAGEMENT UPDATE ON OUTSTANDING INTERNAL AUDIT ACTIONS

Chris Blundell, Director of Corporate Services and Section 151 Officer introduced this report and made the following points:

- This report served as an update on outstanding audit actions as recommended by the East Kent Audit Partnership in July 2023;
- As of March 2024, there remained 8 critical recommendations and 51 high recommendations;
- The Committee was informed about the Governance Board, a meeting of senior managers who meet on a monthly basis to give updates regarding these recommendations;
- Since the last update, the current number of high graded recommendations had gone down to 29 with 6 critical, with the remaining areas being looked at for the rest of the financial year;
- Any new recommendations provided by EKAP will be taken into the scope of the Governance Board in a timely basis going forward.

Councillor Rob Yates spoke under Council Rule 20.1:

- Councillor Yates introduced himself as the new member for Risk Management going forward and said he would be working closely with the Chair of the Governance and Audit Committee going forward.

Committee discussion raised the following points:

- Thanks was given to the members of the EKAP team for the hard work in regards to providing these recommendations to the Council as well as the clarity on which the updates were being provided;

Councillor Britcher proposed, Councillor Davis seconded and Councillors agreed:

That the committee notes the progress that has been made to date on the delivery of outstanding internal audit actions.

## 5. **TREASURY MANAGEMENT 2023/24 YEAR END REPORT**

Matt Sanham, Head of Finance and Procurement introduced this report and made the following points:

- The figures presented remain provisional until the 2023/24 accounts are audited, but provide details of the end of year position for treasury activities;
- Capital expenditure on long-term assets were at £23.9 million, compared to 2022/23 where it was £16.2 million against a budget of £60.7 million;
- The borrowing position as of March 2024 was £19.6 million, which showed a small drop from the previous year which stood at £19.9 million;
- The capital finance requirement expenditure was £56.8 million, however as of 31 March 2024, it was £52.2 million. This means the Council has complied with the requirement to hold less gross debt than its capital finance requirement;
- As of 31 March 2024, the Council's investment balance was £41.7 million, compared to March 2023 where it stood at £60.6 million. This decrease was due to HRA capital spend.

Councillors had no comments at this time.

Councillor Britcher proposed, Councillor Davis seconded and Councillors agreed:

1. The 2023/24 prudential and treasury indicators of the report were noted;
2. That the report be recommended to Council for approval.

## 6. **PROCUREMENT WAIVERS 2023/24 ANNUAL REPORT**

Matt Sanham introduced this report and made the following points:

- The report is the fifth update report being provided to the Committee on the Council's use of waivers to its contract standing orders;
- The limits for CSOs were changed to £25,000;
- Any contract opportunities with a value of £30,000 or more, including VAT must now be published on the government's contract finder, unless there is a justified need not to;
- Awards over £30,000 also need to be published, with excess of £140,000 meaning it will also be published on the Kent Business Portal;
- In 2023/23, 41 waiver applications were received. Of these waivers, 31 of them were approved. This is compared to 2022/23, where 46 applications were received, with 45 approved;
- The majority of waiver applications processed fall under the £100,000 threshold;
- Of the 10 rejected CSO requests, the reason why they were rejected was because they were non-compliant with the CSOs and the financial procedurals were not followed.

Committee discussion raised the following points:

- Councillors asked how the number of waivers compared to other local authorities. Officers explained that there is no direct comparison to other Councils provided by Thanet District Council, since other authorities would have different requirements for their waivers. EKAP officers went on to say that the number of contracts would also not be comparable, whereas the assurance level would be a more comparable trait;

- Officers reminded Councillors that the comparison of year by year numbers is not way to recognise any kind of trend since within the next financial year, it is likely the Council will receive more waivers due to the regeneration housing schemes in particular.

Councillor Davis proposed, Councillor Edwards seconded and Councillors agreed:

That the Committee notes this report.

## **7. EQA COMMITTEE UPDATE REPORT - 2024**

Christine Parker, Head of Audit, East Kent Audit Partnership, introduced this report and made the following points:

- The public sector internal audit standards have been in place since 2013 with revisions being made over the years. One of them was the requirement for an external quality assessment of the services which was provided by EKAP and then validated by the Section 151 officers of the relevant authorities, however this time it has been provided by a third party firm;
- The reason for the timing of this report was that by 1 April 2025, the public sector internal audit standards were being replaced;
- The new standards that will be introduced will be more direct in the demands of the team;
- Using a specialised scoring method, the average for audit teams across the country amounts to 2.53/3, EKAP scored 2.61, putting them above average, especially in the consideration of managing four different local authorities;
- The three categories that the EKAP are scored against are Resources, Competency and Delivery.

Committee discussion raised the following points:

- Councillors asked how the benchmarking against other audit partnerships was scored. EKAP informed the Committee that the assessor compares with bigger partnerships across the country and provides suitable comparisons for benchmarking.

Councillor Britcher proposed, Councillor Crittenden seconded and Councillors agreed:

That the EQA report and the finding that the EKAP generally conform with the requirements of the public sector, internal audit standards.

## **8. INTERNAL AUDIT ANNUAL REPORT 2023/24**

Christine Parker, introduced this report and made the following points:

- Due to a small salary vacancy and additional grant work, a salary saving has been achieved in 2023/2024. There will be a discussion with the Section 151 Officers to decide how best to reallocate this money back to the partner authorities;
- The report included recommendations that have been agreed, graded either critical, high, medium or low as well as progress reports on those recommendations;
- Whilst there were some challenges at the beginning of the corporate year, a lot of progress has been made through the recommendations which are being tracked consistently.

Councillors did not have anything to say at this time.

Councillor Britcher proposed, Councillor Pope seconded and Councillors agreed:

That Councillors note the opinion of the head of EKAP and also note the annual report, detailing the work of EKAP and its performance within 2023/24.

## **9. QUARTERLY INTERNAL UPDATE REPORT - TO 31ST MAY 2024**

Simon Webb, Deputy Head of Internal Audit, East Kent Audit Partnership, introduced this report and made the following points:

- Details of this report are included up until 31 May 2024;
- Five new audits were carried out within this period, these include: Visitor Information Arrangements, Scheme of Officer Delegations, Public Health Burials, the Council Tax Reduction Scheme and Grounds Maintenance. Two recommendations were put forward across these areas;
- Grounds Maintenance specifically has an assurance level of no assurance with 12 critical and 8 high recommendations which were of a health and safety nature. However, the majority of recommendations have been implemented, which means the assurance score would be raised from no assurance in the future. EKAP credits Mike Humber, Tony Marmo and their respective teams for this work that was undertaken;
- During the period of review 11 follow-ups were made, which included the Grounds Maintenance level of assurance changing from no assurance to reasonable;
- Two assurance levels still remained at a limited level, these included Cyber Security and Employee Health and Safety. These levels were on track to improve however, since the recommendations were still in progress;

Committee discussion raised the following points:

- Councillors asked Mr Humber and Mr Marmo what was now in place to prevent the lower levels of assurance in Grounds Maintenance. Officers replied that a new checking system has been implemented in a daily and weekly manner. It was also mentioned that a Health and Safety Group has been working within the Open Spaces Team to try and prevent older cultures. The team also worked with a spot checklist that's worked on by the supervising team in order to make sure everything with staff and the vehicles is regularly checked;
- Officers added that the new systems in place are there to establish health and safety first over any budgetary needs;
- Councillors asked about the time of the day which the checks took place and if officers were aware of people purposely setting fire to wooded areas like Northdown Park. Officers replied that they were aware of the reports and have passed information through to the enforcement team. In regards to the checks, Councillors were informed that they would happen between 7:30-15:30 as that's the working hours for the team;
- Councillors asked regarding trying to change the working culture of the team through spot checking and if these processes were likely to be reviewed in the future. Officers replied that the same processes are now being carried out at the port and harbour, so they will be speaking with the process for the foreseeable future;
- Councillors thanked Mr Marmo and Mr Humber for explaining the new processes to them and were happy with the work carried out by the teams;
- Councillors made a request of EKAP, regarding the follow up of Cyber Security as there was a deadline of 30 November 2024, but is asking if the management



team follow up for this is captured for a meeting in December, but understood if this interfered with the intricacies of the work carried out by EKAP;

Councillor Britcher proposed, Councillor Davis seconded and Councillors agreed:

1. The report was received by Councillors;
2. That any changes to the agreed 2023-24 and 2024-25 internal audit plans, resulting from changes in perceived risk, detailed at point 5.0 of Annex 1 of the attached report be approved.

## 10. CORPORATE RISK REPORT

Aimee Jackson, Risk and Insurance Manager, introduced this report and made the following points:

- This report represents the Council's position in risk management by the end of May 2024. These risks were assessed by the Corporate Management Team and Councillor Yates;
- The risk score for Berths 4 and 5 is now dropping down to a risk rating of 9 and will be removed from the report for the next meeting;
- There are two new risks that are now on the report which are Groundwater Assessments and Manston Airport;

Committee discussion raised the following points:

- Councillors asked about the Groundwater Assessments item on the register and what it detailed. Officers informed Councillors that this is related to the risk of aquifer from burial grounds and that new surveys are going to be carried out for it;
- Councillors asked officers why Manston Airport scored 12 on the risk matrix. Officers told Councillors that they will look into this in more detail and inform the Councillors outside the meeting, however they did inform the Councillors that air quality was one of the elements being looked at
- Officers expanded upon Berths 4 and 5 and said that the risk for this was in regards to finance and overspend. The overspend however has been reduced to £250,000 to £500,000;
- Officers informed the Councillors that when these scores are decided, officers look at the worst case scenario on how they affect the Council as a whole as well as looking at what mitigations are in place to prevent that from happening;
- Councillors asked about scenic proposals that were detailed to the Councillors at a Councillor's Briefing and whether or not that would appear in the risk matrix. Officers replied that due to the size of the scheme, that environmental impact would have to be addressed and that there will be an environmental statement detailing what mitigations would be in place;
- Councillors went on to inform officers regarding the analysis of the risk matrix and how some high level risks were not the same as others. For example, the Manston Airport risk being scored the same as Cyber Security, despite Cyber Security being a much more direct risk to the Council. Officers agreed with the Councillors' point, however Councillors were informed that this matrix works on a 4x4 scoring system as opposed to a 5x5 system and that it can be different in other authorities, including some that use a 3x3 system. Officers were happy to look at the scoring system to rework the strategy, however timing was a factor as well as providing the correct resources;
- Councillors requested that Under Insurance be looked at as a future risk as other authorities have had issues maintaining their existing assets which can lead to other risks such as fire safety and financial issues in the future. An example was

provided of the flat tower blocks that the Council manages and the recent works being carried out. Officers agreed with Councillors citing the problems that could arise around maintaining the properties which including programmes not being carried out correctly, or incorrectly valued. It was highlighted that the key to this item would be maintaining the assets that the Council has in order to bring down insurance premiums and ensure that they would be covered;

Councillor Davis proposed, Councillor Britcher seconded and Councillors agreed:

To approve the review of the corporate risks and annexed risks.

## 11. AUDIT FINDINGS REPORT 2021/22

Matt Sanham introduced this report and made the following points:

- Councillors were informed that Grant Thornton were the ones tasked with confirming the Council's financial statements were both true and fair;
- Subject to the completion of some tasks by the Council, it is anticipated that GT will approve the compliancy with relevant financial frameworks;
- Officers would usually present a letter of representation for the Chair of the committee to sign off as well as a set of accounts, however due to timeliness, officers are expecting to bring these items to a future meeting.

Matt Dean, Grant Thornton UK LLP, continued the report:

- A plan has been agreed with the Head of Finance and the Section 151 Officer, regarding getting the timeframes of the accounts up to date, including 2022-23, 2023-24, etc.;
- GT found no changes to the reported financial position in the draft accounts, however some recommendations have been put forward regarding a small number of adjustments;
- A previous report was presented to the Committee on 29 November 2023, which covered the period between April 2020 to March 2023, which laid out conclusions. Some objections regarding the period of 2021-22 were received but have now been closed;
- Some journals were incorrectly posted by an interim chief accountant that were subsequently reversed out and posted again meaning more work was required raising a recommendation on those, however no inappropriate activity was found;
- Work being carried out that includes buildings and investment properties are being seen as a positive through GT, however there were some concerns over the valuation of low value investment properties;
- In regards to the pension fund liability, a request was made on an up to date report to ensure accuracy, which has been updated and reflected in the revised accounts;
- With the minimum revenue position, GT are comfortable with the Council's approach;
- GT did highlight an error regarding ICT and a starter form of an elected member, but it was picked up the following month.

Committee discussion raised the following points:

- Councillors asked about an objection that was raised regarding Berths 4 and 5 in the report. Officers informed Councillors that this objection was closed;
- In regards to the topic of the Commercial Property Valuation, conducted in March 2022, a value was produced of £24.7 million. Officers informed Councillors that this included the value of £7.2 million, however the cost benefit analysis of looking at every asset would not be worth paying where the asset is of low value.

GT set a sensitivity analysis based on the knowledge of the market and the value was around £700,000, which GT is comfortable with and it was a risk that the Council were okay with;

- Councillors were reminded that there issues regarding getting the accounts completed which was why this report came to the Committee at this time, with other factors such as new government measures being put in that place that has delayed this report. However, officers were confident that in 12 months' time, the Council will be in a position to work towards looking at the accounts for 2024-25;
- In regards to some of the Council's commercial property, some plots of land were too insignificant, to impact the Council's values on the accounts or to include in the findings of the report and would be a waste of tax payer's money;
- Officers were happy to inform the Councillors that the Council's Head of Estates was conducting a thorough rent review of the entire portfolio of estates that the Council own, to ensure that rent values are correct;
- Officers clarified that a lot of the low value investments that the Council owned, would not be taken into account due to them not providing a deliverable service, however a lot of the properties are kept by TDC in projections of the value of them going up

Councillor Britcher proposed, Councillor Towing seconded and Councillors agreed:

That the Committee considered the audit findings of the 2021-22 statement of accounts and noted the report.

### **12. EXTERNAL AUDIT PLAN 2023/24**

This item was deferred to the next Governance and Audit Committee to be held on 25 September 2024.

Meeting concluded: 8:40 pm

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## Quarter 1 Review 2024/25: Treasury Management and Annual Investment Strategy

**Governance & Audit Committee** 4 November 2024

<b>By</b>	Chris Blundell, Director of Corporate Services and Section 151 Officer
<b>Cabinet Portfolio Member</b>	Councillor Rob Yates, Cabinet Member for Corporate Services
<b>Key Decision</b>	No
<b>Decision Classification</b>	Unrestricted
<b>Call in status</b>	For information
<b>Previously Considered by</b>	N/A
<b>Ward</b>	Thanet Wide

### Purpose of the Report

This report summarises treasury management activity and prudential / treasury indicators for the first quarter of 2024/25.

### Recommendation(s)

That the Governance & Audit Committee notes this report, and makes comments on it as appropriate.

### Summary of Reasons

The regulatory environment places responsibility on members for the review and scrutiny of treasury management policy and activities. This report provides details of the 2024/25 first quarter position for treasury activities.

### Background

The Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as:

*“The management of the local authority’s borrowing, investments and cash flows, its banking, money market and capital market transactions;*

*the effective control of the risks associated with those activities; and*

*the pursuit of optimum performance consistent with those risks.”*

Key reporting items to consider include:

- 2024/25 three months capital expenditure on long term assets was £3.9m (2023/24 three months: £1.7m), against a full-year budget of £126.2m
- The Council's gross debt, also called the borrowing position, at 30 June 2024 was £19.6m (30 June 2023: £19.7m).
- The Council's underlying need to borrow to finance its capital expenditure, also called the Capital Financing Requirement (CFR), is estimated to be £99.2m at 31 March 2025 as per the 2024/25 Treasury Management Strategy Statement (TMSS) (31 March 2024: £56.8m).
- The Council has held less gross debt than its CFR and accordingly has complied with the requirement not to exceed its authorised borrowing limit of £106.5m.
- As at 30 June 2024 the Council's investment balance was £39.2m (30 June 2023: £53.8m).

## Relevant Issues

### 1. Introduction

- 1.1 The Council operates a balanced budget, which broadly means cash raised during the year will meet its cash expenditure. Part of the treasury management operation is to ensure this cash flow is adequately planned, with surplus monies being invested in low risk counterparties, providing adequate liquidity initially before considering optimising investment return.
- 1.2 The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure the Council can meet its capital spending operations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses, and on occasion any debt previously drawn may be restructured to meet Council risk or cost objectives.
- 1.3 The CIPFA Code of Practice for Treasury Management recommends that members be updated on treasury management activities regularly (annual, mid-year and quarterly reports). This report, therefore, ensures this Council is implementing best practice in accordance with the Code.

### 2 Treasury Management Strategy Statement and Annual Investment Strategy Update

- 2.1 The TMSS for 2024/25, which includes the Annual Investment Strategy, Capital Strategy and Non-Treasury Investment Report, was approved by the Council on 22 February 2024. In accordance with the CIPFA Treasury Management Code of Practice, it sets out the Council's investment priorities as being:
  - Security of capital
  - Liquidity
  - Yield

- 2.2 The Council will aim to achieve the optimum return (yield) on its investments commensurate with proper levels of security and liquidity and with the Council's risk appetite. In the current economic climate, over and above keeping investments short-term to cover cash flow needs, there is a benefit to seek out value available in periods up to 12 months with high credit rated financial institutions.
- 2.3 **Creditworthiness**  
There have been few changes to credit ratings over the quarter under review. However, officers continue to closely monitor these, and other measures of creditworthiness, to ensure that only appropriate counterparties are considered for investment purposes.
- 2.4 **Investment counterparty criteria**  
The current investment counterparty criteria selection approved in the TMSS is meeting the requirement of the treasury management function.
- 2.5 **CDS prices**  
Credit Default Swaps (CDS) are market indicators of credit risk. For UK banks, these have remained low, and prices are not misaligned with other creditworthiness indicators, such as credit ratings. Nevertheless, it remains important to undertake continual monitoring of all aspects of risk and return in the current circumstances.
- 2.6 **Investment balances**  
The average level of funds available for investment purposes during the quarter was £41.235m. The level of funds available was mainly dependent on the timing of precept payments, receipt of grants and progress on the capital programme.
- 2.7 The yield on Council deposits for the first three months of the financial year is 5.22% against a benchmark 7 day SONIA compounded rate of 5.27%. This 0.05% difference is due to factors such as fixed term deposits taken out by the Council (at rates which reflect anticipated changes in the future Bank Rate) and management fees on money market funds used by the Council. The Council's budgeted investment return for 2024/25 is £1.515m (£0.379m for 3 months) and performance for the first three months of the financial year is above budget at £0.536m.
- 2.8 **Approved limits**  
Officers can confirm that the approved limits within the Annual Investment Strategy were not breached during the quarter ended 30 June 2024.
- 3 Borrowing**
- 3.1 No new external borrowing was undertaken from the PWLB during the quarter ended 30 June 2024.
- 3.2 **PWLB maturity certainty rates - year to date to 30 June 2024**  
Gilt yields and PWLB rates remained relatively stable during the quarter ended 30 June 2024. Having said that, the spread between the low and high points during the quarter was between 0.3% and 0.45% across the curve.

The 50 year PWLB Certainty Rate target (provided by the Council’s external treasury management advisor Link) for new long-term borrowing (the low point of Link’s forecast on a two-year timeline) started 2024/25 at 4.00% and increased to 4.20% on 28 May. With rates remaining elevated across the whole of the curve, Link’s advice to the Council during the quarter was to not borrow long-term unless the Council wanted certainty of rate and judged the cost to be affordable.

### 3.3 **Debt rescheduling**

Debt rescheduling opportunities have remained a possibility in the current quarter for those authorities with significant surplus cash and a flat or falling Capital Financing Requirement in future years. Members will be advised of any rescheduling or part repayment of the debt portfolio.

## 4 **Compliance with Treasury and Prudential Limits**

### 4.1 **Prudential and treasury Indicators are shown below**

It is a statutory duty for the Council to determine and keep under review the affordable borrowing limits. During the quarter ended 30 June 2024 the Council operated within the treasury and prudential indicators set out in the Council’s TMSS for 2024/25. The Director of Finance reports that no difficulties are envisaged for the current or future years in complying with these indicators.

### 4.2 **Indicator for Capital Expenditure**

The revised GF and HRA budgets reflect reprofiling of £21m and £18m respectively from 2023/24.

<b>Capital Expenditure</b>	<b>2024/25 Original Budget £m</b>	<b>Actual spend as at 30/06/24 £m</b>	<b>2024/25 Revised Budget £m</b>
General Fund	52.625	3.080	74.128
HRA	25.746	0.841	52.057
<b>Total</b>	<b>78.371</b>	<b>3.921</b>	<b>126.185</b>

Monitoring information on the capital programme at scheme level, including forecasts to the end of the financial year, is included in the regular Cabinet Budget Monitoring Reports.

### 4.3 **Indicators for Borrowing Activity**

- 4.3.1 A key control over the treasury activity is a prudential indicator to ensure that over the medium term, borrowing will only be for a capital purpose. Gross external borrowing should not, except in the short term, exceed the total of CFR in the preceding year plus the estimates of any additional CFR for 2024/25 and next two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue or speculative purposes.



- 4.3.2 **Operational boundary:** This is the limit beyond which external debt is not normally expected to exceed. In most cases, this would be a similar figure to the CFR, but may be lower or higher depending on the levels of actual debt and the ability to fund under-borrowing by other cash resources.
- 4.3.3 **Authorised Limit:** This represents the limit beyond which borrowing is prohibited, and needs to be set and revised by Members. It reflects the level of borrowing which, while not desired, could be afforded in the short term, but is not sustainable in the longer term. It is the expected maximum borrowing need with some headroom for unexpected movements. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003.

	£m
Gross external debt as at 30 June 2024	19.582
CFR as at 31 March 2024	56.773
CFR as at 31 March 2025 (estimate as per 2025/26 TMSS)	99.222
Operational Boundary (debt) 2024/25	101.500
Authorised Limit (debt) 2024/25	106.500

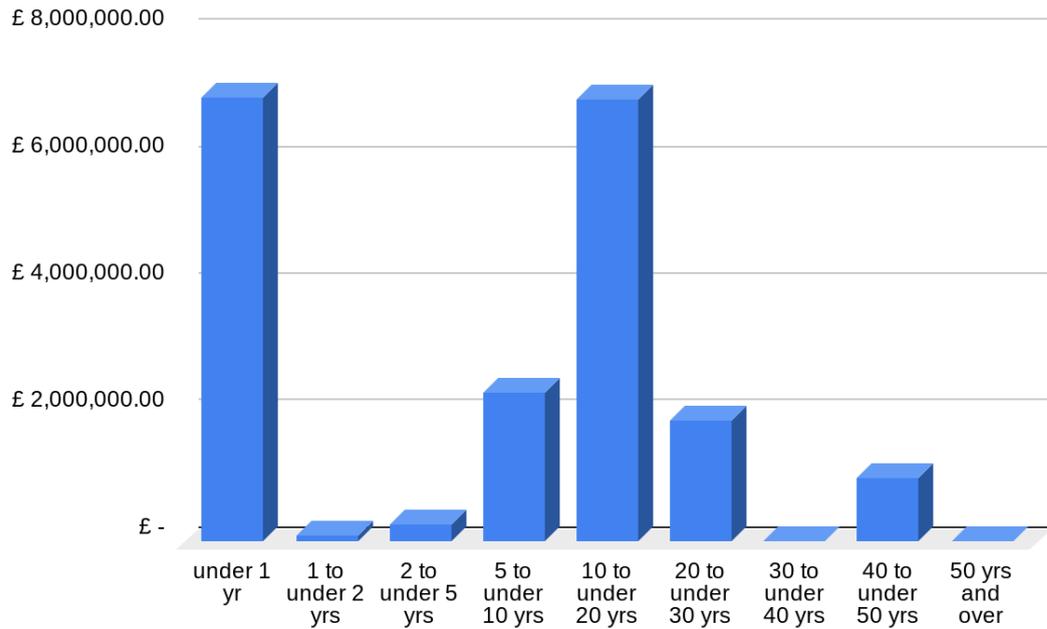
The Section 151 Officer reports that no difficulties are envisaged for the current or future years in complying with these prudential indicators.

- 4.3.4 **Maturity Structures of Borrowing:** These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing.

	2024/25 Upper Limit	Current Position – Actual at 30/06/24
<b>Maturity structure of fixed rate borrowing</b>		
Under 12 months	50%	35.7%
1 year to under 2 years	50%	0.5%
2 years to under 5 years	50%	1.3%
5 years to under 10 years	50%	12.0%
10 years to under 20 years	50%	35.6%
20 years to under 30 years	50%	9.8%
30 years to under 40 years	50%	0.0%
40 years to under 50 years	50%	5.1%
50 years and above	50%	0.0%

The current position shows the actual percentage of fixed rate debt the authority has within each maturity span. None of the upper limits have been breached.

The maturity structure of the Council's borrowing as at 30 June 2024 is also shown below in graph format.



#### 4.4 Indicator for Investments

The Council held £39.193m of investments as at 30 June 2024, with maturities all under one year (£53.811m at 30 June 2023). The constituent investments are:

Sector	Total £m
Banks	6.256
Money Market Funds	28.937
Local Authority Loans	2.000
Bond Funds	2.000
<b>Total</b>	<b>39.193</b>

#### 5 Alternative Options

- 5.1 The recommended option (to ensure regulatory compliance as set out in section 1 of this report) is that the Governance & Audit Committee notes, and makes comments on as appropriate, this report.
- 5.2 Alternatively, the Governance & Audit Committee may decide not to do this and advise the reason(s) why.

#### 6 Consultation

- 6.1 Not applicable

## **7. Corporate Implications**

### **7.1 Finance and Resources**

The financial implications are highlighted in this report.

### **7.2 Legal and Constitutional**

There are no significant legal implications as a result of the recommendations in this report. Compliance with the CIPFA Code of Practice for Treasury Management in the Public Services and the DLUHC Local Government Investment Guidance provides assurance that the council's investments are, and will continue to be, within its legal powers.

The council must approve any amendment to the treasury management strategy and annual investment strategy in accordance with the relevant provisions of the Local Government Act 2003, the CIPFA Code of Practice for Treasury Management in the Public Services, the Ministry of Housing, Communities and Local Government's (previously DHLUC) Local Government Investment Guidance issued under Section 15(1) (a) Local Government Act 2003 and the CIPFA Prudential Code for Capital Finance.

### **7.3 Council Policies and Priorities**

This report relates to the following corporate priorities: -

- To keep our district safe and clean
- To deliver the housing we need
- To protect our environment
- To create a thriving place
- To work efficiently for you

### **7.4 Risk**

Risk management is as per the provisions of the annual Treasury Management Strategy Statement, Minimum Revenue Provision Policy Statement and Annual Investment Strategy.

### **7.5 Climate Change and Biodiversity**

No implications identified.

### **7.6 Equality, Equity and Diversity Implications**

This report is for noting and not for decision. As such there are no particular equalities implications arising.

### **7.7 Crime and Disorder Implications and Community Impact**

None identified.

## 7.8 Subject History and Background Papers

Not applicable

## 8 Disclaimer

- 8.1 This report (including annexes) is a technical document focussing on public sector investments and borrowings and, as such, readers should not use the information contained within the report to inform personal investment or borrowing decisions. Neither Thanet District Council nor any of its officers or employees makes any representation or warranty, express or implied, as to the accuracy or completeness of the information contained herein (such information being subject to change without notice) and shall not be in any way responsible or liable for the contents hereof and no reliance should be placed on the accuracy, fairness or completeness of the information contained in this document. Any opinions, forecasts or estimates herein constitute a judgement and there can be no assurance that they will be consistent with future results or events. No person accepts any liability whatsoever for any loss howsoever arising from any use of this document or its contents or otherwise in connection therewith.

Report Author Contact: Chris Blundell, Director of Corporate Services & S 151 Officer

Reporting to: Colin Carmichael, Interim Chief Executive

### Annex List

**Annex 1:** Treasury Investments and Debt as at 30 June 2024

### Corporate Consultation Undertaken

Finance: Matthew Sanham (Head of Finance and Procurement)

Legal: Ingrid Brown, Head of Legal and Democracy & Monitoring Officer

**ANNEX 1: TREASURY INVESTMENTS AND DEBT AS AT 30 JUNE 2024**

**Investments**

As at 30 June 2024 the Council held £39.193m of investments as follows:

Investment Type	Total £m
UK Banks - instant access	0.202
UK Banks - notice accounts	4.054
UK Banks - time deposits (sustainable)*	2.000
Local Authority loans	2.000
Sterling denominated money market funds	28.937
Sterling denominated bond funds	2.000
<b>Total</b>	<b>39.193</b>

\*Investments are referenced against the United Nations Sustainable Development Goals including, but not limited to, climate change, health, financial inclusion and education. There is third party verification, with the framework independently reviewed on an annual basis.

**Debt**

As at 30 June 2024 the Council held £19.582m of debt as follows:

Debt Type	Total £m
PWLB Maturity Loans	14.080
PWLB EIP Loans	0.986
PWLB Annuity Loans	0.016
Market LOBO Loans	4.500
<b>Total</b>	<b>19.582</b>

Loan types:

- Maturity: half-yearly payments of interest only with a single payment of principal at the end of the term.
- Equal Instalments of Principal (EIP): equal half-yearly payments of principal together with interest on the outstanding balance.
- Annuity: fixed half-yearly payments to include principal and interest.
- Lender's option borrower's option (LOBO): if the lender exercises its option to change the interest rate then the borrower has the option to repay the loan.

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## Quarterly Internal Audit Update Report

<b>Governance &amp; Audit Committee</b>	4th November 2024
<b>Report Author</b>	Head of Internal Audit
<b>Portfolio Holder</b>	Cllr Rob Yates, Cabinet Member Corporate Services.
<b>Status</b>	For Decision
<b>Classification:</b>	Unrestricted
<b>Key Decision</b>	No
<b>Ward</b>	Not Applicable

### Purpose of the Report:

This report provides Members with a summary of the internal audit work completed by the East Kent Audit Partnership since the last Governance and Audit Committee meeting, together with details of the performance of the EKAP to the 30th June 2024.

### Recommendation(s):

1. That the report be received by Members.
2. That any changes to the agreed 2024-25 internal audit plans, resulting from changes in perceived risk, detailed at point 5.0 of Annex 1 of the attached report be approved.

### 1. Summary of Reasons

- 1.1 To update Members of the Governance and Audit Committee with a summary of the internal audit work completed by the East Kent Audit Partnership since the last Governance and Audit Committee meeting, together with details of the performance of the EKAP

### 2. Background

- 2.1 The East Kent Audit Partnership provides the internal audit service to Canterbury City, Dover, Folkestone and Hythe, and Thanet district councils.
- 2.2 An internal audit function is a requirement of s.151 of the Local Government Act 1972.

### 3. Relevant Issues

# Agenda Item 5

- 3.1 This report includes the summary of the work completed by the East Kent Audit Partnership since the last Governance and Audit Committee meeting, together with details of the performance of the EKAP to the 31st December 2023.
- 3.2 For each audit review, management has agreed a report, and where appropriate, an Action Plan detailing proposed actions and implementation dates relating to each recommendation. Reports continue to be issued in full to the relevant member of the Senior Management Team, as well as the manager for the service reviewed.
- 3.3 Follow-up reviews are performed at an appropriate time, according to the priority of the recommendations, timescales for implementation of any agreed actions, and the risk to the Council.
- 3.4 An Assurance Statement is given to each area reviewed. The assurance statements are linked to the potential level of risk, as currently portrayed in the Council's risk assessment process. The assurance rating given may be Substantial, Reasonable, Limited or No assurance.
- 3.5 Those services with either Limited or No Assurance are monitored, and brought back to Committee until a subsequent review shows sufficient improvement has been made to raise the level of Assurance to either Reasonable or Substantial. A list of those services currently with such levels of assurance is attached as Appendix 2 to the EKAP report.
- 3.6 The purpose of the Council's Governance and Audit Committee is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent review of the Authority's financial and non-financial performance to the extent that it affects the Authority's exposure to risk and weakens the control environment, and to oversee the financial reporting process.
- 3.7 To assist the Committee meet its terms of reference with regard to the internal control environment an update report is regularly produced on the work of internal audit. The purpose of this report is to detail the summary findings of completed audit reports and follow-up reviews since the report was submitted to the last meeting of this Committee.
- 3.8 There have been six internal audit assignments completed during the period, which are summarised in the table in section 2 of the quarterly update report.
- 3.9 In addition two follow-up reviews have been completed during the period, which are detailed in section 3 of the quarterly update report.
- 3.10 For the three month period to 30th June 2024, 83.15 chargeable days were delivered against the target for the year of 348 days which equates to 23.89% plan completion.

## **4. Alternative Options**

- 4.1 The report is for noting

## **5. Consultation**



5.1 The report is for noting.

## 6. Corporate Implications

### 6.1 Financial and Resources

6.1.1 There are no financial implications arising directly from this report. The costs of the audit work are being met from the Financial Services 2024-25 budgets.

### 6.2 Legal and Constitutional

6.2.1 The Council is required by statute (under the Accounts and Audit Regulations and section 151 of the Local Government Act 1972) to have an adequate and effective internal audit function.

### 6.3 Council Policies and Priorities

6.3.1 Under the Local Code of Corporate Governance the Council is committed to comply with requirements for the independent review of the financial and operational reporting processes, through the external audit and inspection processes, and satisfactory arrangements for internal audit.

This report relates to the following corporate priorities: -

- To keep our district safe and clean
- To deliver the housing we need
- To protect our environment
- To create a thriving place
- To work efficiently for you

### 6.4 Risk Management

6.4.1 A summary of the perceived risks follows:

Perceived risk	Seriousness	Likelihood	Preventative action
Non completion of the audit plan	Medium	Low	Review of the audit plan on a regular basis.
Non implementation of agreed audit recommendations	Medium	Low	Review of recommendations by Audit & Governance Committee and Audit escalation policy.
Non completion of the key financial system reviews	Medium	Medium	Review of the audit plan on a regular basis. A change in the External Audit requirements reduces the

			impact of non-completion on the Authority
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**6.5 Climate Change and Biodiversity**

**6.5.1** There are no implications arising from this report.

**7.0 Equality Act 2010 & Public Sector Equality Duty**

**7.1** Members are reminded of the requirement, under the Public Sector Equality Duty (section 149 of the Equality Act 2010) to have due regard to the aims of the Duty at the time the decision is taken. The aims of the Duty are: (i) eliminate unlawful discrimination, harassment, victimisation and other conduct prohibited by the Act, (ii) advance equality of opportunity between people who share a protected characteristic and people who do not share it, and (iii) foster good relations between people who share a protected characteristic and people who do not share it.

Protected characteristics: age, sex, disability, race, sexual orientation, gender reassignment, religion or belief and pregnancy & maternity. Only aim (i) of the Duty applies to Marriage & civil partnership.

There are no equity or equalities issues arising from this report.

**8. Crime and Disorder Implications and Community impact**

**8.1** There are no crime or disorder implications arising from this report.

**9.0 Subject History**

**9.1** Previous Quarterly Internal Audit Update Reports have all been noted by this Committee.

Contact Officer: Christine Parker, Head of the Audit Partnership, 01304 872160  
Simon Webb, Deputy Head of Audit

Reporting to: Chris Blundell; Director of Corporate Services

**Annex List**

Annex 1: East Kent Audit Partnership Quarterly Update Report – 25-09-2024

**Background Papers**

# Agenda Item 5

Internal Audit Annual Plan 2023-24 - Previously presented to and approved in March 2023 at Governance and Audit Committee meeting.

Internal Audit Annual Plan 2024-25 - Previously presented to and approved on 6th March 2024 at Governance and Audit Committee meeting.

Internal Audit working papers - Held by the East Kent Audit Partnership

## **Corporate Consultation**

**Finance:** Chris Blundell; Director of Corporate Services

**Legal:** Ingrid Brown, Head of Legal Democracy & Monitoring Officer

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**QUARTERLY INTERNAL AUDIT UPDATE REPORT FROM THE HEAD OF THE EAST KENT AUDIT PARTNERSHIP**

**1.0 INTRODUCTION AND BACKGROUND**

This report provides Members with an update of the work completed by the East Kent Audit Partnership since the last Governance and Audit Committee meeting, together with details of the performance of the EKAP to the 30th June 2024.

**2.0 SUMMARY OF REPORTS**

Service / Topic		Assurance level*	No. of Recs*.	
2.1	Coastal Management	Substantial	Critical High Medium Low	0 0 0 0
2.2	Resident Engagement	Substantial	Critical High Medium Low	0 1 3 4
2.3	EKS/Civica - Customer Services	Substantial	Critical High Medium Low	0 0 0 0
2.4	EKS Housing Benefit Appeals	Substantial	Critical High Medium Low	0 0 0 0
2.5	Disabled Facilities Grants	Substantial	Critical High Medium Low	0 0 0 0
2.6	Garage Management	Reasonable	Critical High Medium Low	0 6 7 1

\*For Assurance and Recommendation priority definitions see Appendix 2

**2.1 Coastal Management - Substantial Assurance**

**2.1.1 Audit Scope**

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the following business objectives are met.

- To reduce the risk to people and the developed and natural environment from flooding and coastal erosion by encouraging the provision of technically, environmentally and economically sound and sustainable defence measures;

- To support the provision of adequate and cost effective flood warning systems.
- To support the provision of adequate, economically, technically and environmentally sound and sustainable flood and coastal defence measures.
- To discourage inappropriate development in areas at risk from flooding and coastal erosion.
- To ensure that appropriate funding is obtained through the Environment Agency's Medium Term Plan in accordance with the Shoreline Management Plan.
- The Council uses qualified experts to advise on analysis and design of works or programmes of management.
- The Council explores other means of funding for coastal defences where appropriate.
- Landowners are made aware what maintenance they are responsible for.
- All coastal zone assets are inspected regularly, and the inspections are appropriately documented. Any repairs required are highlighted and prioritised.
- Major capital works should be appropriately publicised.

### **2.1.2 Summary of findings**

The Engineering and Technical Services Section is responsible for coastal management along Thanet's 16 miles of coastline. 11 miles of this coastline is protected by concrete sea walls which protect the land behind from erosion or flooding by the sea. About 85% of the Thanet coastline is at risk from erosion, but some low lying areas are at risk of flooding such as the Old Town area of Margate.

The maintenance of Thanet's sea walls and promenades is a continuous job particularly in the tidal zone, therefore a programmed work of inspections to monitor the condition of the structures and identify necessary repair work is being carried out.

The inter-tidal zone is an extremely harsh environment for engineered structures to exist in and regular maintenance is vital if the full design life of structures is to be realised and where practical exceeded to maximise their whole life value.

To manage the coastal works programme, the Technical Services Team use an on-line system, this system is google based and can therefore be used and accessed anywhere at any time, providing user access has been granted.

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

- The Council has a clearly defined policy on 'Flood and Coastal Defence' which is regularly reviewed, updated and is easily accessible.
- The Council's policy on 'Flood and Coastal Defence' ensures that all statutory obligations are fulfilled.
- Emergency response plans are in place and include appropriate arrangements for flooding emergencies.
- The Council contributes to the Environment Agency's flood awareness plans, agreeing any role in emergency exercises.
- The Council has adopted a relevant 'Shoreline Management Plan' which is regularly reviewed, updated and is easily accessible to the public and staff.
- The Council seeks social and / or economic benefits alongside coastal defence plans.
- The Council keeps up to date with policy and technical developments, especially with reference to DEFRA guidance and Environmental Agency flood defence options.

### 2.2 Resident Engagement - Substantial Assurance

#### 2.2.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that the Council has appropriate mechanisms in place to ensure that residents, both tenants and leaseholders have every opportunity to engage with the Council. Listening and acting on tenant feedback is key to improving and tailoring the Council's housing service to meet tenant needs.

#### 2.2.2 Summary of findings

Resident engagement is about the Council working with its tenants and leaseholders to enable them to effectively engage with the authority, access its services in an inclusive way and to work in partnership to shape and improve services. The Resident Involvement Strategy documents aims and objectives set in which to achieve this.

Within the Council's website there are dedicated Tenant and Leaseholder web pages detailing ways in which residents can get involved, this details newsletters, current consultations, events, focus groups and neighbourhood inspections.

An Annual Report is made to members and published providing an overview of performance over the last financial year. An annual survey is undertaken in accordance with the Tenant Satisfaction Measures Standard (TSM), the results of which are reported to the Housing Regulator and also form part of the annual report.

As of 31 March 2024 the Council had 11 LCHO (Low Cost Home Ownership) and 3080 LCRA (Low Cost Rental Accommodation) for which the survey results being reported to the Housing Regulator are based upon.

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

- Authorised and up to date Strategy/Policy/Procedures are in place to support the resident engagement process; some would benefit from having a change control process to document the review process.
- The Action Plan as detailed within the Resident Involvement Strategy is adequately being monitored and managed.
- Engagement opportunities are accessible to all with effective channels of communication being in place and promoted to all residents. This occurs via consultations, focus groups, estate inspections and audits; Annual Competition/Garden Competition; Tenant and Leaseholder Consultative Group (TTLG); Housing Performance and Scrutiny Group (A sub-group of TTLG); Ad hoc feedback via an online feedback form; Forums; Estate Events; Publications and Information; Website updates etc.
- Relevant and efficient methods of data capture and recording tenant feedback is in place. A Resident Involvement Project Log is being used to track resident involvement activities, their objectives, outcomes, links to any KPI's and strategy aims. A Tenant Data Improvement Report, dated October 2023 identified various improvements for data

capture and storing to be actioned, the recommendations from this report filtered into the Data Strategy Project.

- Avenues for improvement and learning for both staff and residents is in place and being appropriately advertised.
- Tenants are able to engage with and influence the key groups and individuals who govern and manage Council housing stock via various focus groups, the main one of which is the Tenant and Leaseholder Group plus a newly formed High Rise Living Group, both of which are governed by Terms of Reference.
- Appropriate mechanisms are in place (i.e. via reporting of Key Performance Indicators; Annual Report and Newsletters) to enable tenants to know how the Council is performing, what decisions it is making and how to challenge these.

Scope for improvement was however identified in the following areas:

- The retention schedule requires an update as soon as possible to document all data capture and storage occurring during the resident engagement process.
- The Estate Strategy requires a review and update as this relates to the survey undertaken in 2021; (a more recent one was undertaken in 2023) and the Council's Core Objectives for 2019-2023; (there is a new corporate plan for 2024 - 2028 where objectives have since been updated).
- All data capture requires to be recorded by making full use of all data columns within the various monitoring and recording sheets.

### **2.3 EKS Customer Services - Substantial Assurance**

#### **2.3.1 Audit Scope**

To ensure that the processes and procedures established by EK Services are sufficient to provide the level of service required by the partner councils and incorporate relevant internal controls regarding the interface with the public to respond to customer enquiries and requests for service via e-mail/internet, post, telephone and face-to-face (if available) contact points and especially the controls and safety of officers at remote offices (if applicable).

#### **2.3.2 Summary of findings**

CIVICA currently operates as a 'one team' model with 67 officers within the Customer Services function, including managers and a small system admin/ support team. Staff are not dedicated to individual partner Councils, all staff deal with work and queries relating to multiple sites.

Management can place Substantial assurance on the system of internal controls for the provision of Customer Services.

The primary findings giving rise to the Substantial assurance opinion are as follows:

- The Service Level Agreement between each Council and Civica is well documented and includes clear expectations and performance measures which CIVICA are required to meet.



- Civica has suitable arrangements in place for ensuring that they are able to deliver services and still make improvements in the way services are delivered in the short and medium term.
- Suitable training is given to staff to ensure that the customer service function is delivered in line with the service plan and the objectives of each Council.
- Suitable arrangements are in place to ensure compliance with data protection regulations at front desks.
- Suitable measures were found to be in place to ensure that staff working on front desks are protected.
- The number of officers available to deal with enquiries should be matched with 'peaks and troughs' in demand for the service.
- Appropriate measures are taken to ensure that sufficient officers are available to deal with varying levels of customer contacts at different times of each month across the whole of the year so that CIVICA are able to meet the levels of performance required under the service standards.

No recommendations for improvement were made.

### 2.2 EKS Housing Benefit Appeals - Substantial Assurance

#### 2.2.1 Audit Scope

To ensure that the processes and procedures undertaken by CIVICA are sufficient to provide the level of service required by the partner Councils and these incorporate relevant internal controls to ensure that appeals by members of the public against their Housing Benefit awards are conducted in a fair and consistent manner and are in line with Housing Benefit guidance from the DWP.

#### 2.2.2 Summary of findings

Any person affected by a relevant decision can ask the Council to revise its decision as per the Housing Benefit (Decision and Appeals) Regulations 2001. They can appeal against the Council's decision, to an independent appeal tribunal if they are not satisfied with the LA's response to the dispute. The Tribunal Service is an independent body that makes decisions that are binding on the Local Authority. The decision is made by a panel; with the claimant present if they wish.

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

- A central record is maintained to track the status of all appeals received.
- Suitably detailed information is made available to claimants to inform them of their rights to appeal any decision made in respect of their Housing Benefits claim.
- There are effective controls in place to ensure that appeals are dealt with on a consistent basis.
- All claimants are being kept informed on the status of their appeal.
- CIVICA has a specific officer to undertake the appeals process.

### 2.6 Disabled Facilities Grants - Substantial Assurance

### 2.5.1 Audit Scope

To provide assurance on the adequacy and effectiveness of the procedures and controls established to ensure that Disabled Facility Grants are efficiently and effectively administered to maximise the funds available to make the most difference to those in need of the scheme.

### 2.5.2 Summary of findings

A Disabled Facilities Grant (DFG) is a mandatory grant created by statute and required to be awarded by all local housing authorities to people who qualify. The DFG is essentially for adapting the home of a disabled person to make it suitable for his/her needs.

These grants are for works that are specifically mentioned in a list in s23 of the Act, which is primarily about providing access to the dwelling, to rooms within the dwelling and facilities within the dwelling. Alternatively the grant can be used to provide accessible rooms or facilities by extension or conversion if the existing rooms or facilities are inaccessible to the disabled person.

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

- There are clear processes in place for DFGS and standard application forms are used.
- Application forms are completed in full and signed by the applicant.
- Means testing is completed.
- Due diligence for contractors is in place and agents are used to manage the completion of the work.
- The VAT risk sits with the contractor and not TDC, although there was no evidence during audit testing that this risk had crystallised.
- The payment process is robust, and any repayments are monitored.
- The budget is monitored closely.

No scope for improvement was identified.

## 2.6 **Garage Management - Reasonable Assurance**

### 2.6.1 Audit Scope

To provide assurance on the processes and procedures that are in place to effectively manage the Council's stock of garages and ensure that they are kept in a good state of repair and the rental payments are properly received and accounted for.

### 2.6.2 Summary of findings

The Council manages a portfolio of approximately 289 garages across the district and there are 35 garages that are ready to be let, 9 are being used for storage, and major works are needed on a further 66. As at May 2024 there are 185 people on the waiting list for garages and the waiting list was closed in August 2023.

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

# Agenda Item 5

## Annex 1

- Procedure notes are in place to assist officers in the established processing of applications, returns and day to day processes for the payments and also chasing for outstanding monies.
- The licence correctly states who has the responsibility for repairs and maintenance and insurance.
- Officers have completed a major piece of work reviewing current stock condition and have compiled a tracking spreadsheet of actions that have either been carried out or have to be timetabled.
- A rent reconciliation is also carried out every month. This process reconciles the rent raised figures from the Housing Northgate system against Efinancials.
- The garage rents are approved as part of the HRA Budget report that goes to Council each year.
- Signed licences are in place for all garages that have been let.
- Established sign up processes are in place for new garage tenancies.

Scope for improvement was however identified in the following areas:

- Consideration should be given to putting in place a strategy in respect of garages to support the current processes for garage management (i.e. insurance, repairs) and the garage licence agreement.
- Processes should be put in place to ensure that when a right to buy has been completed that where the former Council tenant rents a garage that the weekly rental figure is revised to reflect them no longer being a Council tenant.
- Re-consider if the garage stock should be included on the Council insurance policy as part of the annual review of insurance.
- Some garages (9) are being used as storage facilities for evicted tenants' possessions. This needs to be addressed and the garages should be cleared and made available for letting again.

### 3.0. **FOLLOW UP OF AUDIT REPORT ACTION PLANS:**

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

Service/ Topic		Original Assurance level	Revised Assurance level	Original Number of Recs		No. of Recs. Outstanding after follow-up
a)	Community Safety	Substantial  Limited	Substantial	Critical	0	0
				High	3	0
				Medium	3	1
				Low	1	0
b)	HRA Anti-Social Behaviour	Reasonable	Reasonable	Critical	0	0
				High	2	1
				Medium	1	1
				Low	2	0

# Agenda Item 5

## Annex 1

\*For Assurance and Recommendation priority definitions see Appendix 2

- 3.2 As part of the follow up action, the recommendations under review are either:
- “closed” as they have been successfully implemented, or
  - “closed” as the recommendation is yet to be fully implemented but is on target with a revised implementation date, or
  - (for medium or low risks only) “closed” as management has decided to tolerate the risk, or the circumstances have since changed, or
  - (for critical or high risks only) “closed” on the EKAP System with a revised implementation date and escalated to management for further tracking and reporting to the audit committee.
- 3.3 Details of each of any individual critical or high priority recommendations outstanding after follow-up are included at Annex 1 and on the grounds that these recommendations have not been implemented by the dates originally agreed with management, they are now being escalated for the attention of the s.151 Officer and Members of the Governance Committee.
- 3.4 The purpose of escalating outstanding high-risk matters is to try to gain support for any additional resources (if required) to resolve the risk, or to ensure that risk acceptance or tolerance is approved at an appropriate level.

#### **4.0 WORK-IN-PROGRESS:**

- 4.1 During the period under review, work has also been undertaken on the following topics, which will be reported to this Committee at future meetings: Rechargeable Works, Events Management, Your Leisure, ICT Network Security, Member Code of Conduct & Standards Arrangements, and Allotments.

#### **5.0 CHANGES TO THE AGREED AUDIT PLAN:**

- 5.1 The 2024-25 internal audit plan was agreed by Members at the meeting of this Committee on 6th March 2024.
- 5.2 The Head of the Audit Partnership meets on a quarterly basis with the Section 151 Officer or their nominated representative to discuss any amendments to the plan. Members of the Committee will be advised of any significant changes through these regular update reports. Minor amendments are made to the plan during the course of the year as some high profile projects or high-risk areas may be requested to be prioritised at the expense of putting back or deferring to a future year some lower risk planned reviews. The detailed position regarding the 2024-25 Audit Plan is shown in Appendix 1.

#### **5.3 Your Leisure - Update Regarding the Planned Audit from 2023-24:**

The East Kent Audit Partnership have concerns at the delays in this audit commencing. The previous audit was completed in 2013-14 which recorded a split Reasonable/ Limited assurance. The limited aspect was due to the grant conditions and leases which needed reviewing and updating at that time. The current signed grant conditions are dated 2004 i.e. are 20 years old. Given that it was partially limited assurance, the audit has been proposed in

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## Annex 1

several internal audit plans over the past 10 years, however subsequent audits of this area have been repeatedly deferred by Management as the agreements have not been updated.

Consequently, this was a topic in the agreed 2023-24 audit plan which was scheduled for completion in March 2024. Upon meeting with Management in March 2024, the EKAP reluctantly agreed to postpone until July 2024 on the understanding that the revised leases and grant conditions would be complete by then, and the audit could commence.

Unfortunately, the signing of the leases and grant conditions is being held up by delays with KCC in formalising a land swap for land at Ramsgate Sports Hall which occurred before 2004 and needs to be legally documented.

The EKAP cannot however indefinitely postpone the audit, to do so would be very poor corporate governance, but clearly TDC has to await a third party (KCC) to agree the terms before the matter can be concluded.

The EKAP is therefore reporting a further change to the agreed audit plan, the review from 2023-24 which was rolled over into 2024-25 is unable to go ahead as agreed in July. However, the limited enquiries undertaken, suggest that the EKAP review would be likely to be reporting on the following perceived risks:

- Grant Conditions are outdated (being agreed in 2004), the new version has been prepared and signed but not yet sealed. These have now been provided to the EKAP for review and comment.
- Leases are 25 years old (dated 1999) and are due to expire in October 2024, which marks the end of the initial 25 year occupancy by Your Leisure. New versions of the Leases have been drafted and signed but not yet sealed
- Signing of leases and grant conditions is being held up by delays with a third party. KCC are required to formalise a land swap for land at Ramsgate Sports Hall. In theory KCC still own part of the land Ramsgate Sports Hall is built on, and TDC own part of the land a KCC school is built on.
- Whilst Monthly meetings being held by the Head of Finance with Your Leisure, these are not formal meetings with agendas and minutes to monitor Your Leisure against the agreed grant specification and associated performance indicators..
- Client side management of Your Leisure by TDC is in transition from the Head of Finance to the Head of Coastal and Public realm, therefore client side management arrangements need to be finalised to ensure compliance with the existing grant conditions by Your Leisure moving forwards.
- There are no KPIs in place for Your Leisure to support monitoring.
- The existing leases are full repairing leases which are not tax efficient taking into account Your Leisure's partially exempt VAT status. It is however acknowledged that in reality these leases are subject to affordability considerations and that the new leases are expected to resolve this issue more effectively.

In the interests of good governance, the 2023-24 planned audit in this area should be undertaken, even if the risks identified might result in a low or unfavourable Assurance opinion. As such the issue is being escalated to the Members of Governance and Audit Committee for their consideration.

### **6.0 FRAUD AND CORRUPTION:**

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There are no known instances of fraud or corruption being investigated by the EKAP to bring to Members' attention at the present time.

### 7.0 UNPLANNED WORK:

All responsive assurance/unplanned work is summarised in the table contained at Appendix 1.

### 8.0 INTERNAL AUDIT PERFORMANCE

- 8.1 For the three month period to 30th June 2024, 83.15 chargeable days were delivered against the target for the year of 348 days which equates to 23.89% plan completion.
- 8.2 The financial performance of the EKAP is on target at the present time.
- 8.3 As part of its commitment to continuous improvement and following discussions with the s.151 Officer Client Group, the EKAP has established a range of performance indicators which it records and measures.
- 8.4 The EKAP audit maintains an electronic client satisfaction questionnaire which is used across the partnership. The satisfaction questionnaires are sent out at the conclusion of each audit to receive feedback on the quality of the service.

### Attachments

- Appendix 1 Progress to 30th June 2024 against the agreed 2024-25 Audit Plan.
- Appendix 2 Definition of Audit Assurance Statements & Recommendation Priorities
- Appendix 3 Summary of Critical and High priority recommendations not implemented at the time of follow-up.
- Appendix 4 Summary of services with Limited / No Assurances yet to be followed up.
- Appendix 5 Balanced Scorecard to 30th June 2024

### APPENDIX 1

#### PROGRESS AGAINST THE AGREED 2024-25 AUDIT PLAN THANET DISTRICT COUNCIL

Area	Original Planned Days	Revised Budgeted Days	Actual days to 30-06-2024	Status and Assurance Level
<b>FINANCIAL GOVERNANCE:</b>				
Main Accounting System	10	10	0	Quarter 3
<b>HOUSING SYSTEMS:</b>				
Decent Homes	5	5	0	Quarter 3
Garage Management	7	7	8.94	Finalised - Reasonable
Tenant Health & Safety	10	10	0	Quarter 2

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Rechargeable Works	10	10	0	Work-in-progress
Tenancy Fraud	10	10	0	Quarter 3
New Build Capital Programme	5	5	0	Quarter 4
Energy Efficiency & Carbon Reduction	10	10	0	Quarter 4
<b>GOVERNANCE RELATED:</b>				
GDPR	10	10	0	Quarter 3
Project Management	10	10	0	Quarter 3
Member Code of Conduct & Standards Arrangements	10	10	3.87	Work-in-progress
Corporate Advice/ CMT	2	2	2.5	Work-in-progress
s.151 Officer Meetings & Support	9	9	4.71	Work-in-progress
Governance & Audit Committee Meetings and Report Preparation	12	12	3.96	Work-in-progress
Audit Plan & Preparation Meetings	9	9	0	Work-in-progress
<b>HR RELATED:</b>				
Payroll	3	3	0	Quarter 3
Employee Benefits-in-Kind	3	3	0	Quarter 3
Apprenticeships	10	10	0	Quarter 4
<b>COUNTER FRAUD:</b>				
Data Analytics	8	8	0	Quarter 4
Duplicate Creditor Testing	2	2	0	Quarter 3
<b>CONTRACT RELATED:</b>				
Service Contract Management	10	10	0	Quarter 2
Receipt & Opening of Tenders	5	5	0	Quarter 3
Procurement	8	8	0	Quarter 3
<b>ICT RELATED:</b>				
Data Management	14	14	0	Quarter 2
Procurement & Disposal	14	14	0	Quarter 4
<b>SERVICE LEVEL:</b>				
Cemeteries & Crematoria	10	10	0	Quarter 3
Coastal Management	10	10	14.01	Finalised - Substantial
Public Health Burials	10	10	13.94	Finalised - Substantial
Environmental Health & Safety at Work	10	10	0	Quarter 4
Business Continuity & Emergency Planning	5	5	0	Quarter 4

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Disabled Facilities Grants	10	10	0.18	Finalised - Substantial
Allotments	10	0	0	Work-in-progress
Ramsgate Harbour Accounts	5	5	0	Quarter 3
Members' Allowances	10	10	0	Work-in-progress
Phones, Mobiles and Utilities	10	10	0	Quarter 2
Events Management	10	10	1.11	Work-in-progress
Climate Change	5	5	0	Quarter 4
<b>OTHER:</b>				
Liaison With External Auditors	1	1	0.14	Work-in-progress
Follow Up Reviews	15	15	16.3	Work-in-progress
<b>FINALISATION OF 2023-24 AUDITS:</b>				
Grounds Maintenance	5	5	6.37	Finalised - No
Resident Engagement			6.12	Finalised - Substantial
VICs			0.26	Finalised - Substantial
Your Leisure			0.74	Work-in-progress
<b>RESPONSIVE ASSURANCE:</b>				
LUF Grant - Project Assurance	0	0	0	Work-in-progress
<b>TOTAL</b>	<b>348</b>	<b>348</b>	<b>83.15</b>	<b>23.89%</b>

### PROGRESS AGAINST THE AGREED 2024-25 AUDIT PLAN EAST KENT SERVICES

Review	Original Planned Days	Revised Planned Days	Actual days to 30/06/2024	Status and Assurance Level
<b>EKS REVIEWS:</b>				
Housing Benefits Overpayments	16	16	0.26	Quarter 2
Housing Benefits Appeals	16	16	4.23	Quarter 1
Business Rates / Reliefs & Credits	16	16	0.27	Quarter 3
Customer Services	16	16	13.3	Finalised - Substantial
<b>OTHER:</b>				
Corporate/Committee	5	5	0.54	Ongoing
Follow Up	3	3	0.99	Ongoing
<b>FINALISATION of 2023-24 AUDITS:</b>				



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Council Tax Reduction Scheme	1	1	0.07	Finalised - Substantial
Transition Project Governance	1	1	0.14	Finalised - N/A
<b>Total</b>	<b>74</b>	<b>74</b>	<b>19.80</b>	<b>26.76%</b>

### Definition of Audit Assurance Statements & Recommendation Priorities

#### Cipfa Recommended Assurance Statement Definitions:

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

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

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

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

#### EKAP Priority of Recommendations Definitions:

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

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

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

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

<b>SUMMARY OF CRITICAL &amp; HIGH PRIORITY RECOMMENDATIONS NOT IMPLEMENTED AT THE TIME OF FOLLOW-UP – APPENDIX 3</b>		
<b>Original Recommendation</b>	<b>Agreed Management Action , Responsibility and Target Date</b>	<b>Manager’s Comment on Progress Towards Implementation.</b>
<b><i>HRA Anti-Social Behaviour - August 2024</i></b>		
<p>Consideration should be given to putting in place a Customer Alerts Policy that provides overarching guidance that sets out how Housing Services will deal with tenants who are abusive or threatening to staff or contractors who are carrying out their daily work, the policy should then be presented to the Council’s Overview and Scrutiny Committee on an annual basis as they are acting as the Council’s Community Safety Scrutiny Panel and they are required by legislation to oversee work on community safety.</p>	<p>Housing has a case with the housing ombudsman that is reflective of this action.</p> <p>We will wait until we have the outcome from the Ombudsman before committing to an action.</p> <p><b>Proposed Completion Date:</b> July 24</p> <p><b>Responsibility:</b> Housing Services Manager - Tenant and Leaseholder Services (SW) and Head of Tenant and Leaseholder Services • Place (SOS)</p>	<p>The Housing Ombudsman has come back with no maladministration on case.</p> <p>Propose that rather than a policy, to put a point into the tenancy agreement that is supported by the handbook.</p> <p>Tenancy agreement is currently being revised - draft to be ready for April 25.</p> <p>Tenancy handbook can be amended by Oct 25.</p> <p><b>Partially Implemented with Revised Completion date October 2025.</b></p>

**SERVICES GIVEN LIMITED / NO ASSURANCE LEVEL YET TO BE REVIEWED – APPENDIX 4**

<b>Service</b>	<b>Reported to Committee</b>	<b>Level of Assurance</b>	<b>Follow-up Action Due</b>
EKS ICT Desegregation Project	September 2023	Limited	Quarter 2 2024-25
External Funding Protocol	March 2024	Limited	Quarter 2 2024-25

**BALANCED SCORECARD - 30th June 2024**

<b>INTERNAL PROCESSES PERSPECTIVE :</b>	<b>2024-25 Actual</b>	<b>Target</b>	<b>FINANCIAL PERSPECTIVE:</b>	<b>2024-25 Actual</b>	<b>Original Budget</b>
	<b>Quarter 1</b>		<b>Reported Annually</b>		
<b>Chargeable as % of available days</b>	<b>86%</b>	<b>90%</b>	<ul style="list-style-type: none"> <li>• <b>Cost per Audit Day</b></li> </ul>	£-	£428.41
<b>Chargeable days as % of planned days</b>			<ul style="list-style-type: none"> <li>• <b>Direct Costs</b></li> </ul>	£-	£554,972
<b>CCC</b>	<b>24.91%</b>	<b>25%</b>	<ul style="list-style-type: none"> <li>• <b>+ Indirect Costs (Recharges from Host)</b></li> </ul>	£-	£10,530
<b>DDC</b>	<b>26.77%</b>	<b>25%</b>		-£-	Zero
<b>TDC</b>	<b>23.89%</b>	<b>25%</b>	<ul style="list-style-type: none"> <li>• <b>- 'Unplanned Income'</b></li> </ul>		
<b>FHDC</b>	<b>21.03%</b>	<b>25%</b>		£-	£565,502
<b>EKS</b>	<b>26.76%</b>	<b>25%</b>	<ul style="list-style-type: none"> <li>• <b>= Net EKAP cost (as billed all Partners)</b></li> </ul>		
<b>Overall</b>	<b>24.71%</b>	<b>25%</b>		<b>Reported Annually</b>	
<b>Follow up/ Progress Reviews;</b>					
<ul style="list-style-type: none"> <li>• <b>Issued</b></li> </ul>	<b>18</b>	<b>-</b>			
<ul style="list-style-type: none"> <li>• <b>Not yet due</b></li> </ul>	<b>21</b>	<b>-</b>			
<ul style="list-style-type: none"> <li>• <b>Now due for Follow Up</b></li> </ul>	<b>37</b>				
		<b>-</b>			
<b>Compliance with the Public Sector Internal Audit Standards (PSIAS)</b>	<b>Generally Conforms</b>	<b>(the top rated score possible)</b>			

<b><u>CUSTOMER PERSPECTIVE:</u></b>	<b><u>2024-25 Actual</u></b>	<b><u>Target</u></b>	<b><u>INNOVATION &amp; LEARNING PERSPECTIVE:</u></b>	<b><u>2024-25 Actual</u></b>	<b><u>Target</u></b>
	<b>Quarter 1</b>		<b>Quarter 1</b>		
<b>Number of Satisfaction Questionnaires Issued;</b>	<b>16</b>		<b>Percentage of staff qualified to relevant technician level</b>	<b>75%</b>	<b>50%</b>
<b>Number of completed questionnaires received back;</b>	<b>7</b>		<b>Percentage of staff holding a relevant higher-level qualification</b>	<b>36%</b>	<b>36%</b>
	<b>= 44%</b>		<b>Percentage of staff studying for a relevant professional qualification</b>	<b>0%</b>	<b>N/A</b>
<b>Percentage of Customers who felt that;</b>			<b>Number of days technical training per FTE</b>	<b>0.65</b>	<b>3.5</b>
<ul style="list-style-type: none"> <li>● Interviews were conducted in a professional manner</li> <li>● The audit report was 'Good' or better</li> <li>● That the audit was worthwhile.</li> </ul>	<b>100%</b>	<b>100%</b>	<b>Percentage of staff meeting formal CPD requirements (post qualification)</b>	<b>36%</b>	<b>36%</b>
	<b>100%</b>	<b>90%</b>			
	<b>100%</b>	<b>100%</b>			

## CORPORATE RISK MANAGEMENT - QUARTERLY UPDATE

**Governance and Audit Committee** 4th November 2024

<b>Report Author</b>	Chris Blundell, Director of Corporate Services and Section 151 Officer
<b>Portfolio Holder</b>	Councillor Rob Yates, Portfolio Holder for Corporate Services
<b>Status</b>	For Decision
<b>Classification:</b>	Unrestricted
<b>Key Decision</b>	No
<b>Ward:</b>	All

### **Executive Summary:**

This report provides the Governance & Audit Committee with a quarterly review of corporate risks.

### **Recommendation(s):**

To approve the review of corporate risks and discuss annexed risks.

### **Corporate Implications**

#### **Financial and Value for Money**

The way in which the council manages risks has a financial impact on the cost of insurance and self-insurance. The council maintains reserves including a risk reserve, the size of which is commensurate with the financial impact of current and future risks. There are no specific financial implications arising from this report.

It is the role and responsibility of the Section 151 Office to have active involvement in all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered.

#### **Legal**

Whilst the corporate risk register includes consideration of legal matters in as far as they relate to risks to the council, there are no legal implications for the recommendation required by this report.

## **Risk Management**

As detailed in the body of this report.

## **Corporate**

Governance & Audit Committee approved the revised Risk Management Strategy on 27 July 2022, which includes a requirement to provide regular corporate risk updates to G&A Committee.

## **Equalities Act 2010 & Public Sector Equality Duty**

There are no equity and equalities implications arising directly from this report, but the council needs to retain a strong focus and understanding on issues of diversity amongst the local community and ensure service delivery matches these.

It is important to be aware of the council's responsibility under the Public Sector Equality Duty (PSED) and show evidence that due consideration has been given to the equalities impact that may be brought upon communities by the decisions made by council

## **CORPORATE PRIORITIES**

This report relates to the following corporate priorities: -

- To keep our district safe and clean
- To deliver the housing we need
- To protect our environment
- To create a thriving place
- To work efficiently for you

### **1. Introduction**

- 1.1. For this report the Council monitors and manages its Corporate Risks through the Corporate Risk Register. The contents of the report highlight the high-priority corporate risks and show the arrangements in place to ensure these risks are monitored and managed appropriately. The Council is dedicated to a proactive methodology on Risk Management and interdepartmental cooperation on Risk Strategy to drive an improved risk model and landscape and also to demonstrate the risk journey to gather understanding and engagement around all things risk.
- 1.2. This report represents the position as at the beginning of August 2024 and as such is a snapshot of where the risk sits at that point and also the mitigation put in place.



## 2. Background and Current Progress

- 2.1. The strategy defines corporate risks as *'those which could impact across the whole council'*. Operational risks are identified from the 'bottom up', through service planning for the year ahead and through continuous review during the year. Operational risks may be escalated and considered Corporate level risks, depending on the evaluation of the risk and through engagement with Senior Management and the Corporate Management Team.
- 2.2. The strategy prescribes that these risks should be assessed by the Corporate Management Team (CMT), by Cllr Rob Yates Portfolio Holder for Corporate Services and the Member Risk Management Champion and then reported to the Governance and Audit Committee (G&A) on a regular basis.
- 2.3. The Risk Management Strategy 2022 was approved at the G&A committee on the 27 July 2022. Consequently, the council has now transitioned to operating under the new risk management strategy and our associated new way of monitoring, evaluating and reporting risk. Substantial progress has been made during this risk reporting cycle, with all of the service areas responding, representing a significant improvement on the previous reporting cycles prior to the new strategy being launched. Ongoing training is also offered and delivered to all service areas, sometimes on an individual basis or on a team meeting basis - this is so that we can keep the Risk Management Strategy relevant and current for all the service areas. As we have such a diverse portfolio this is incredibly important in order to give this committee a full oversight of the risks that we face.
- 2.4. As such, it is now possible to report our Corporate Risks to the committee in accordance with our updated Risk Management Strategy, This is most notably demonstrated in Annex 1, with the presentation of risks through the lens of Current / Emerging / Future risks from all service areas and their scoring which aligns to the risk matrix. Please note Annex 1 is presented to the committee in Mar and Sept so more to follow at these future meetings - also we have now discussed Insurance Training for members of the committee which I believe will be booked in for the P4 meeting
- 2.5. Work has been undertaken in subsequent reporting to the committee to apply this framework to the High Scoring Corporate Risks shown at section 4 and also the addition of tracking of risk scores which we are currently reviewing and also looking to drill down on this report for the committee the risk journey from the start of the process to the end.

## 3. Risk, Risk Management and Responsibilities

3.1. **What is risk** - Risk is defined as the uncertainty of outcome, whether positive opportunity or negative threat, of actions and events.

3.2. **Risk Management -**

*Risk can be a threat (downside) or an opportunity (upside)*

3.3. **Responsibilities**

A local authority's purpose is generally concerned with the delivery of service or with the delivery of a beneficial outcome in the public interest. The delivery of these objectives is surrounded by uncertainty which both poses threats to success and offers opportunity for increasing success.

3.4. **What is risk management** - Risk Management was defined by the Audit Commission as:

*'Risk Management is the process by which risks are **identified, evaluated and controlled**. It is a key element of the framework of governance together with community focus, structures and processes, standards of conduct and service delivery arrangements'*

*(Audit Commission)*

The Government's [Orange Book](#) on risk management also states that:

*Risk management shall be an essential part of governance and leadership, and fundamental to how the organisation is directed, managed and controlled at all levels.*

*Each public sector organisation should establish governance arrangements appropriate to its business, scale and culture  
(Source Orange Book - Gov.co.uk)*

3.5. **Risk Evaluation**

3.6. Risks have to be assessed in respect of the combination of the likelihood of something happening, and the impact which arises if it does actually happen. Risk management includes identifying and assessing risks and then responding to them. Risk is unavoidable, and every organisation needs to take action to manage risk in a way which it can justify to a level which is tolerable. The amount of risk which is judged to be tolerable and justifiable is the "risk appetite".

3.7. The likelihood of a risk occurring is evaluated against the following criteria:

3.8. The possible impact on the council should the risk occur is then assessed across a range of categories. The risk score is determined by the highest scoring possible outcome against any of the risk headings please see below

**Risk Matrix Scoring Mechanism**

**Likelihood**

Rating	Score	Likelihood
Very Likely	4	<ul style="list-style-type: none"> <li>● More than 85% chance of occurrence</li> <li>● Regular occurrence</li> <li>● Circumstances frequently encountered</li> </ul>
Likely	3	<ul style="list-style-type: none"> <li>● More than 65% chance of occurrence</li> <li>● Likely to occur within next 12 months</li> <li>● Circumstances have been encountered</li> </ul>
Unlikely	2	<ul style="list-style-type: none"> <li>● 31%-65% chance of occurrence</li> <li>● Likely to happen within next 2 years</li> <li>● Circumstances occasionally encountered</li> </ul>
Rare	1	<ul style="list-style-type: none"> <li>● Less than 30% chance of occurrence</li> <li>● Circumstances rarely encountered or never encountered before</li> </ul>

## Impact

Headings	Reputation	Strategic	Wellbeing	Service Delivery	Finance	Compliance
4 Severe	Council receives nationally adverse publicity perceived as failing in a significant area of responsibility	Failure to deliver council priorities / services / major corporate project	Significant staff dissatisfaction / long term absence / increased staff turnover including key personnel	Loss of service for a significant period	Financial loss or overspend greater than £500k	Breach of law leading to some sanction  Litigation almost certain with some / minimal defence
3 Significant	Significant adverse local publicity	Possible impact on the delivery of council priorities	Declining staff satisfaction / loss of staff due to absence or turnover	Reduction in service performance / service disruption for 1 – 2 days	Financial loss or overspend between over £250k	Breach of regulation or responsibility or internal standard  Litigation possible
2 Moderate	Minor impact on staff morale/public attitudes	Minor / adverse impact on Council priorities	Possible short-term staff dissatisfaction / likely impact on absence and turnover	Poor service / service disruption up to one day	Financial loss or overspend between £50k - £250k	Breach of internal procedure or policy  Complaints likely
1 Minor	Unlikely to cause adverse publicity	No significant impact on the delivery of Council priorities	Loss of staff morale but unlikely to result in absence or turnover of staff	No significant difficulty providing a service or delivery of a project	Financial loss or overspend under £50k	Minor breach of policy or internal procedure  Complaints Unlikely

3.9. The overall risk scores are then arrived at by multiplying the “likelihood” score by the “impact” score, where the maximum score for each is four, so the maximum total score is sixteen.

<b>Likelihood</b>	Very Likely (4)	Moderate (4)	High (8)	Extreme (12)	Extreme (16)
	Likely (3)	Low (3)	Moderate (6)	High (9)	Extreme (12)
	Unlikely (2)	Very low (2)	Low (4)	Moderate (6)	High (8)
	Rare (1)	Very low (1)	Very low (2)	Low (3)	Moderate (4)
		Minor (1)	Moderate (2)	Significant (3)	Severe (4)
	<b>Impact</b>				

3.10. **Roles and responsibilities** - The primary member oversight on risk is provided by the Governance and Audit Committee. Cabinet also has a member Risk Champion (the Leader of the Council and Portfolio Holder for Corporate Performance and Risk) who promotes risk management and its benefits throughout the council.

3.11. At staff level, the high-level corporate risk register is regularly considered by the Corporate Management Team (CMT). G&A Committee considers changes to the corporate risk register, the reasons for the changes and the actions being taken to mitigate the likelihood and impact of those risks. A view is also taken regarding the extent to which the risks should be tolerated.

3.12. The Chartered Institute of Public Finance and Accountancy (CIPFA) Position Statement on Audit Committees (2018) sets out the key principles for audit committees operating in local government.

3.13. The statement sets out the key responsibilities of the committee to include:

*‘consider the **effectiveness** of the authority’s **risk management arrangements** and the control environment, reviewing the risk profile of the organisation and*

*assurances that action is being taken on risk-related issues, including partnerships and collaborations with other organisations'*

3.14. The report seeks to aid the committee to discharge these responsibilities

## 4. Corporate risk register

4.1. A summary of the highest scoring corporate risks on the register is set out in the table and the following narrative below, together with the comparative scores noted by the Governance & Audit Committee on July 2024

4.2. The scores are arrived at by multiplying the “likelihood” score by the “impact” score, where the maximum score for each is four, so the maximum total score is sixteen.

Description	July 2024 Score	Nov 2024 Score	Change
Cyber Attack	16	16	NO
Limited Resources	12	12	NO
Economic Environment	16	16	NO
Homelessness	16	16	NO
Berth 4/5	9	N/A	Removed
Environmental Act 2021	16	16	NO
Net Zero Strategy	16	16	NO
Groundwater Assessments	16	16	NO
Manston Airport	12	12	NO

4.3. Each corporate risk is the responsibility of a member of CMT and they manage risk mitigation plans with the aim of reducing the likelihood and/or impact of each risk to a manageable level. As time moves on, the external environment changes and this can have an impact on the effectiveness of mitigating actions as well as on the likelihood and impact of a risk: hence the need to maintain vigilance in respect of mitigation plans as well as new and changing risks.

4.4. It is more difficult to take action to reduce the impact of a risk occurring, than it is to take action to reduce its likelihood. Hence in some cases, the scores after mitigation will remain relatively high.

## Highest-scoring risks

### 4.5. **Cyber Attack (Impact 4, Likelihood 4) Future risk**

#### **Reputation, Service Delivery, Strategic and Financial risk score 4**

There has continued to be a significant amount of work undertaken to mitigate against the potential risk of cyber attack to the organisation. It is anticipated that the risk score will reduce slightly to reflect that in the next quarterly update. It is important to note however that the threat of cyber attack across the local government sector, and indeed globally will continue to be high, so while the council's position may become more robust, it will certainly never be immune from potential future breaches or incidents. The risk score will therefore likely continue to be high to reflect this.

Since the previous update, the organisation has now appointed a dedicated Senior Information Security Officer - this was historically a resource it shared with East Kent Services. Having this resource in-house significantly increases the security capacity, knowledge and experience within the council.

A new suite of cyber security policies have been developed and will be considered for approval at Cabinet on Thursday 26 September. Pending the outcome of that meeting, the policies will then be rolled out across the organisation to all staff and Councillors. This also coincides with the rollout of the new platform Knowbe4, an AI powered training platform for cyber and information security which will monitor the risk profile of individual staff members in terms of their understanding of the council's new policies.

Since the last quarter an IT Health check (ITHC) has taken place. The ITHC scans all the council's ICT assets; such as servers, firewalls, infrastructure devices, laptops and chromebooks. The scan also includes looking at all the platforms in place such as Google to ensure the correct security policies are in place and to identify any security flaws. The tests review both internal and external platforms. The ITHC report then categorises the vulnerabilities as either Critical, High, Medium, Low or Informational. This year there were no critical vulnerabilities, 7 high, 23 medium, 12 low and 4 informational. Last year there were 12 critical, 43 high, 67 medium, 16 low and 1 informational. This is a significant improvement and paves the way for the council to apply for PSN compliance which is expected to be submitted shortly, and also Cyber Essentials accreditation, which will follow.

Improvements to the governance structure supporting cyber security have also continued to develop. The monthly meetings of the Security Information Forum are strengthening the links between a number of departments in the council and creating a forum for specific focus on risk, security and data protection. The inaugural meeting of the Cyber Security Cabinet Advisory Group also took place earlier this month too.

A follow up audit of cyber security will be conducted at the end of November. It is hoped that the level of assurance placed on the council's management of cyber security by the East Kent Audit Partnership will have improved since the original audit to reflect the level of activity that has been undertaken.

*Corporate Risk Lead Officer: Head of ICT & SISO (EKS)*

4.6.

4.7. **Limited Resources (Impact 4, Likelihood 3) Current/Emerging/Future**

### **Strategic, Financial Risk Score 4**

The high score for Limited Resources reflects the fact that it is one of the few risks that could result in the council losing control of its own destiny.

As in prior years this means that the Council is restricted to setting a meaningful budget for only one year and although scenarios can be put forward through the Medium Term Financial Strategy (MTFS), a budget position can not be guaranteed due to the various factors outside of the Council's control.

To mitigate this risk the Council undertakes a rigorous approach to budget setting, exploring a wide range of opportunities to minimise spending pressures and maximise our income streams. For the 2024/25 budget setting process this again included a Star Chamber process, where Service Directors are required to articulate and justify their budgetary requirements to a panel comprising the Leader, the Portfolio Holder for Finance and the Chief Executive and s151 Officer. This process has informed the shape and substance of next year's budget adjustments.

Due to the changing nature and composition of Local Government funding, authorities are becoming increasingly reliant on locally raised sources of funding such as Council Tax and Fees and Charges. Therefore, to mitigate the risk of 'Limited Financial Resources' and enhance our long-term financial sustainability and resilience, it is the view of the section 151 officer that it is essential to optimise these local raised income streams, whilst also considering the affordability constraints of our residents and service users.

In addition, the council has a range of budgetary controls in place to manage spending pressures in-year, including regular reporting of spending forecasts to the Corporate Management Team and Cabinet.

*Corporate Risk Lead Officer: Director of Corporate Services & s151 Officer*



## 4.8. **Economic Environment (Impact 4, Likelihood 4) Current/Emerging/Future**

### **Service Delivery, Strategic and Financial risk score 4**

Inflationary pressures in the UK economy have begun to ease, with the 12 months to May Consumer Price Index (CPI) falling to the Bank of England's 2.0% target, after a prolonged period of exceeding it.

Despite the easing of the current rate of CPI, prices are still rising albeit at a lower rate and the cumulative impact of a prolonged period of high inflation has still impacted across the council's various different budget headings.

This is particularly prevalent in the construction industry and is impacting upon the cost profile of a number of our capital projects. To mitigate this pressure, the council will need to consider project value engineering to ensure they are delivered within budget, or alternatively rationalising the number of deliverable projects in order to avoid the potential for significant overspends. For this reason, the risk remains scored at the highest level, despite the overall easing of economic conditions.

The cost of living crisis also continues to be a significant issue for both the Council and all Thanet residents. It is likely to force more households to be homeless (see Homelessness risk below), force more into fuel poverty and have a direct impact on jobs in leisure/retail with households having less disposable income. To mitigate these pressures, the council continues to provide financial support and advice to residents where it can, for example via the administration of government funding (e.g. Household Support Fund, Council Tax Energy Rebate) or the provision of tools and information regarding [benefit entitlement](#) on our website and information channels.

*Corporate Risk Lead Officer: Director of Corporate Services & s151 Officer*

## 4.9. **Homelessness (Impact 4, Likelihood 4) Highest scoring mechanism is financial risk at 4 Current**

### **Service Delivery, Strategic and Financial risk score 4**

During 2022, the Council experienced an increased requirement to provide temporary accommodation (TA) for homeless households, and this trend has continued during 2023 and into 2024. Factors that have influenced this include:

- Increasing costs in the private rented sector, leading to more households struggling with their rent costs, whilst at the same time increases in Local Housing allowance rates have failed to keep pace with increases in rents.
- Landlords leaving the market for sale or short-term letting alternatives.
- Increased demand for private renting in the district, leading to a reduction in the number of private sector lets that are affordable to households on low incomes, impacting on the ability of the council to effectively prevent homelessness.

The cost of living crisis has compounded these pressures. Local housing allowances (LHA) have fallen significantly behind average private sector rents as a result of rent inflation, and although LHA was increased in April 2024, the rates are still not keeping up with increases in private sector rents. Cases that were previously delayed as a result of the eviction ban are now progressing through the courts, resulting in additional service and financial pressures.

These pressures have made it much more difficult for the council to prevent homelessness and find suitable, affordable solutions for people facing homelessness in the private rented sector. This has resulted in an increased number of households living in temporary accommodation.

The pressures led to a budget overspend in 2022/23 of around £1.2m and the decision to include budget growth of £800k in the 2023/24 budget. The 2023/24 out-turn for temporary accommodation costs showed an overspend of approximately £1.1m.

The Housing Options Team has developed a detailed action plan to mitigate and manage the risk of further increases in the costs of temporary accommodation, and to start to reduce these costs over time. The team meets fortnightly to monitor progress. This mitigation plan includes:

- The financial incentives available to landlords to encourage them to provide accommodation to households who might otherwise require temporary accommodation, have been increased in line with market pressures. The council is able to provide financial support with rent-in-advance and deposits and payments to incentivise landlords to offer tenancies, with larger payments available for longer tenancies. This approach is continuing to be very successful, with around two thirds of all cases where the council has a homelessness prevention duty ending in a positive outcome. In the year to March 2024 61% of cases were successfully supported into a new home during the council's prevention duty stage – this is higher than the South East regional average of 50%, national average of 45%.

## Agenda Item 6

- The team is now fully staffed, including a number of additional roles to help manage the increasing service demands. In particular, we have recruited a new role of Homelessness Relief Officer, whose job is to support all households currently in TA to identify potential move-on options.
- New arrangements have been introduced for the collection of temporary accommodation charges, in line with the procedures already in place for rent collection from TDC's own tenants. We have seen reductions in unpaid charges as a result. These reviews also ensure that everyone eligible for Housing Benefit has completed the applications and has benefit in payment, which is paid directly into their rent account. This new approach has improved rent collection performance; In December 2023 TA rent arrears stood at £146k, they have now reduced to £102k, which represents 3.7% of the total charges.
- Following the successful delivery of the council's first TA project at Foy House in Margate, we have acquired a second building in Truro Road Ramsgate, providing 7 self contained flats. We are currently applying for planning permission for the change of use from a hotel, and will let all of the flats as soon as consent is granted. Work is underway to identify opportunities to utilise the funding that is in the approved general fund capital programme for further TA projects, including commissioning external financial advice on how best to model the revenue implications of new projects.
- Since the council committed to an accelerated housing delivery programme of at least 400 new affordable rented homes in July 2023, we have made a significant start in delivering the programme. We already have an approved pipeline of 206 homes, of which 37 have been delivered and let. This includes 49 homes on our own land, where we have recently let a construction contract for construction work to start on site this summer. We continue to investigate opportunities for the remainder of the programme and have started work on proposals that could deliver as many as 300 further homes. We have recently met with our newly elected MP regarding the importance of our Housing Delivery programme to ensure it receives the priority needed. Our agreed use of local lettings plans for these new homes ensure that at least half of them are let to households leaving temporary accommodation.

On 31 October, officers attended an emergency homelessness summit, convened by the District Council Network along with another 157 other councils, all facing pressures on their homelessness services. The issue is of national significance. Following the summit the council was a joint signatory to an open letter to the government seeking urgent support. Key asks included:

- Increases in local housing allowances and discretionary housing payments budget,
- Additional resources for homelessness prevention services, and
- Long term investment in more social housing.

The government has given additional financial support to local authorities in previous years and any additional funding announced for the current year, will help to manage the pressure on this service area.

Overall the mitigation plan currently in place has helped to stabilise the number of households in temporary accommodation over the past 3 months at around 300 households.

Corporate Risk Lead Officer: Corporate Director of Place

#### 4.10. **Environmental Act (Impact 4, Likelihood 4) Current/Emerging/Future**

##### **Reputation, Service Delivery, Strategic and Financial risk score 4**

The Environment Act became law on 9 November 2021. This includes fundamental changes in responsibility for waste and recycling, which will have implications for the way we deliver statutory household waste collections.

As a member of the Kent Resource Partnership, TDC responded to Government consultations in 2021 on consistency of household collections, the Extended Producer Responsibility and a Deposit Return Scheme. Changes affecting household waste as a result of the new act were anticipated to start to take effect from this year but in July DEFRA announced that the extended producer responsibility (EPR) scheme has been deferred until October 2025. Whilst the act includes provision for new burdens funding and support to local authorities for the proposed changes, the implications for our vehicle fleet and resourcing including income from recycling and waste diverted from landfill are not yet clear. These provisions are likely to be predicated upon efficiencies of service delivery and provision of recycling services. Failure to meet these expectations could result in up to a 20% deduction in EPR payments that the council could expect to receive. DEFRA's consultation response to collection reforms (now titled "Simpler Recycling") has only recently been published. Further work will be needed in collaboration with other Kent local authorities via the Kent Resource Partnership to see what effect the changes will have on current waste and recycling collection and transfer arrangements.

Update June 2024 - Further information was shared by DEFRA in May 2024 on the government's [simpler recycling reforms](#). Local authorities will be required to collect the same recyclable materials from all households by 31 March 2026. The Head of Cleansing is taking an active role in industry workshops and events on the forthcoming changes and continues to monitor announcements from DEFRA on this subject. The financial impact of these changes to the council as a Waste Collection Authority is still not clear and as such the risk score currently remains high.

*Corporate Risk Lead Officer: Director of Environment*

*Corporate Risk Owner: Head of Cleansing*

## **Climate change and Net Zero Strategy (Impact 4 Likelihood 4) Current/Emerging/Future**

### **Service Delivery, Strategic and Financial risk score 4**

The risk profile for climate change continues to be high. The potential impacts cover the council right across the risk spectrum; including financially, reputationally, in terms of service provision and the wellbeing of our staff and residents.

The organisation has responded to these risks and challenges by declaring a climate emergency in 2019 and subsequently developing a Net Zero strategy, which was approved by the Cabinet on Thursday 2 March 2023.

The Net Zero Strategy shows how the council will meet its net zero pledge and is split into:

- addressing emissions in Thanet District Council's core carbon footprint to achieve net zero by 2030;
- addressing the wider council emissions that we have partial control over by 2050 at the very latest;
- supporting Kent County Council, government, business, industry and the community to reduce emissions generated across the district by 2050 at the latest

The Net Zero Strategy shows how we will reduce emissions to 2030 and 2050 and will help to avoid the worst impacts of climate change.

As global temperatures have already increased by 1.2oC, some impacts of climate change are already baked in and so we will work with KCC and DEFRA to understand these and the steps we need to take to adapt to those unavoidable impacts.

The council's Climate Change Cabinet Advisory Group is now meeting every two months reflecting the priority and focus in this area. The group is presented with regular updates on progress with climate change projects and activity. Monthly updates are to be reviewed by the Corporate Management Team to keep updated on the risks and organisational mitigation in place. New Climate Change implications are also now required within every council committee report and this section has been added to all committee template reports so that every council decision can be understood in terms of its potential impact on emissions and/or the wider climate emergency.

Preparatory work to support a funding bid to the Public Sector Decarbonisation Fund is now underway. If successful, funding secured would be used towards the replacement of the old gas boilers in Cecil Street and the Kent Innovation Centre (KIC). This project is within priority one of the net zero strategy. An announcement on the funding bid application process is anticipated over the coming months.

More detailed work is currently underway to review the whole scope of the council's Net Zero Action Plan which will be presented to the Climate Change Cabinet Advisory Group. This will provide an overview of progress with the actions to date and share the next steps.

*Corporate Risk Lead Officer: Head of Strategy & Transformation*

### **EA inspection for Ground Water Risk Assessments that haven't been completed (Impact 4 Likelihood 4) Current risk**

In November 2017, the Environment Agency published revised guidance on ground water risk assessments stating that risk assessments now need to be carried out on existing burial grounds as well as new grounds being planned. These risk assessments only have to be carried out in areas of the cemetery where multiple burials have taken place in the last 10 years. There is no evidence to suggest these risk assessments have been carried out in either Margate or Ramsgate Cemeteries, however, when these cemeteries opened, this wouldn't have been a requirement. In 2022 new legislation placed a requirement on cemeteries having a permit unless they meet certain conditions which include having the groundwater risk assessment. Failure to comply could lead to EA inspection.

Work to appoint a contractor has begun in order that surveys can be carried out on both cemeteries. This will ensure compliance with the legislative requirements. Updated 10/09/2024 Contractor has been identified and quote received, waiting on start date.

*Corporate Risk Lead Officer: Director of Environment*

*Corporate Risk Owner: Head of Neighbourhoods*

### **Manston Airport DCO has been granted - Appeal dismissed (Impact 3 Likelihood 4 )**

Expected opening date of cargo hub operation in 2025 (pending appeal decision). Depending on the nature of imports, Regulatory Services will be required to provide Port Health Authority (Public Protection) officers based on required volumes of inspections. As part of a unilateral agreement through the DCO, the airport operators have also agreed to fund a new continuous monitoring air quality station. This too will require additional resources in the EP team to commission, maintain and calibrate. 22/05/24 UPDATE. Appeal dismissed and new airport opening date indicated as 2027.

Mitigations

Following the appeal dismissal, engage with airport operators to determine opening dates, level and nature of imports anticipated, including countries of origin. And commensurate exercise to secure staffing budget and recruit new Public Protection staff to fill the required Port Health roles as this cannot be accommodated within the current team (4 FTE). Further engagement regarding the commissioning of the new continuous AQ monitoring station and any longer term resource requirements in EP. UPDATED: 26/01/24. The Court of Appeal has rejected the appeal and it has been dismissed. RSP are indicating that development will now proceed with initial opening planned for 2027. UPDATED:22/05/24. UPDATED: 10/09/24 there has been no further update from RSP since May, still indicating that opening will be 2027.

*Corporate Risk Lead Officer: Director of Environment*

*Corporate Risk Owner: Head of Neighbourhoods*

## 5. Other risks

- 5.1. G&A meeting members requested to have oversight of all risks as part of the regular reports. This would however substantially increase the size of the report and so all risks scoring 8 or more after mitigation have been included within **Annex 1**. which is presented twice a year in Sept (November for this risk cycle) and March - and as such will be presented in the meeting of 4th November

Contact Officer: Chris Blundell (Director of Corporate Services)

Reporting to: Colin Carmichael (Interim Chief Executive)

**Annex list** - Please note I have attached the Annex report - this gives members a chance to be apprised of the Amber risks that are more service driven and granular. I would like to ask members to take time to read through this and of course prepare any questions for the meeting on the 4th November 2024 at which officers will be happy to help with any queries or views you may have.

**Background Papers - None**

**Corporate Consultation Undertaken**

**Finance: Matt Sanham (Head of Finance and Procurement)**

**Legal: Ingrid Brown (Head of Legal and Democracy & Monitoring Officer)**

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Annex 1

## **Summary of risks scoring 8 or 9 after mitigation**

### **1. Current risks**

#### **Burial space Total Score (9) Impact 3 Likelihood 3**

Capacity at Margate Cemetery is reducing.

The team has immediate mitigating actions in place to support this and the council is also actively searching for and considering options for adding new cemetery capacity in Margate.

Reviewed August 2024 - no changes

#### **Crematorium Building (8) Impact 2 Likelihood 4**

A surveyor is required to assess the roof and skylights. Budget proposals to fund this via the capital programme are being explored.

Reviewed August 2024 - no changes

#### **Algae on slipways and tidal pools Total Score (9) Impact 3 Likelihood 3**

Algae grows rapidly on smooth surfaces covered by the sea at high tide and exposed at low tide and is slippery when wet.

##### **Mitigations**

A contractor is in place to clean the slipways and additional Thermo Plastic signage has been installed on slipways on the 20/06/2023 to warn the public of the dangers. The decision has also been taken to close the Westbrook West Slipway as a precaution. Weekly cleaning during the bathing season is now in force at both the slipways and tidal pools. Enforcement officers are patrolling tidal pools to reduce the likelihood of accidents. RNLI and other patrol staff are using tannoys and loud hailers to warn beach users of the dangers. D-fib training for patrol staff will take place and an extra life ring and defibrillator will be installed within the tidal pool zone. RLSS officers bay inspectors write all courses for training standards and are looking into writing a qualification just for our tidal pools. In February 2024 the current signage was upgraded further for the 2024 season.

Reviewed August 2024 - no changes

### **Major emergency Total Score (9) Impact 3 Likelihood 3**

A major emergency is an event or situation which threatens serious damage to human welfare. Training in this area has reduced as a result of the Brexit and Covid-19 emergencies.

#### **Mitigations**

The council has emergency planning preparedness in place through the partnership with the Kent Resilience Team and this area needs to continue to be resourced.

Score changed - A new SLA due to start in 2024 will not include part 3 (Link officer) The TDC Emergency Planning Officers responsibilities have increased, therefore reducing the resources afforded for Emergency Planning.

Risk Reviewed August 2024 - see above

### **Local Plan Review Total Score (8) Impact 4 Likelihood 2**

The previous Government had legislated for changes to the way Local Plans are prepared; and published revisions to the NPPF, including changes to the housing “standard method”. The new Government is proposing further changes to all these aspects of Plan-making. However, substantial parts of the relevant Regs and guidance have yet to be published. All these factors are causing delays to the Plan-making process.

#### **Mitigations**

Making a Plan under transitional arrangements is generally to be avoided, and it is therefore the intention to move the Local Plan forward into the new Plan-making system in a timely manner. The Council has joined a Plan-making group led by the Planning Advisory Service, and also seeks advice at key points from Counsel. [updated 9-8-24]

Reviewed August 2024 - no changes to scoring

### **Lack of Investment in Infrastructure Total Score (8) Impact 4 Likelihood 2**

There is a risk of key infrastructure projects not being prioritised, which could impact on future economic development in the district.

#### **Mitigating actions include:**

- Ensuring TDC has high level representation at relevant key meetings.
- Providing regular briefings to partners on requirements, including engagement on Infrastructure Delivery Plan.
- Identification of external funding streams and joined up corporate working on funding bids.
- A proactive approach to finding and retaining strategic partners.
- Take all available opportunities to engage with the Central Government on the need for funding/investment or changes to infrastructure.

Reviewed August 2024 - no changes to scoring

**Slow delivery of housing Total Score (9) Impact 3 Likelihood 3**

That developers are not helped to get on site and work their way through viability and CSR coherently so that the building can start. Failure of Housing Delivery test, affecting supply of new housing plus undermining plan housing targets, meaning weight given to plan diminished and threat of development in inappropriate locations.

Impact of adverse decision making.

Impact of slow housing market, due to interest rate rises.

**Mitigations**

Additional resources in the housing strategy team were appointed. Complete annual development monitoring and monitoring of implementation of Infrastructure Delivery Plan. Lapse rate is low, under construction high and completion low, suggesting sites are started and not finished. Close working with developers to build understanding of barriers to development. Seek funding as appropriate. Review of national policy relating to housing delivery. Housing Delivery Test Action Plan published. New Housing Strategy adopted and published. Presumption Statement work by Policy team to argue presumption not applicable. Work to review conditions imposed on housing developments.

Reviewed August 2024 - no changes to scoring

**Building safety legislation Total Score (8) Impact 4 Likelihood 2**

Ability to meet the new legislation (employing the right people, improving data integrity and obtaining data needed on buildings).

**Mitigations**

Review of current fire safety policy to ensure BSA incorporated  
Review team structure to clarify responsibilities and lead officers.

Keep legislation under review.

Provide training opportunities for key staff.

Prepare templates for Building Safety cases.

Building Safety Manager in place. an active High Rise Living resident group being consulted with. Monthly newsletters that include safety articles to educate residents

Procure software that is bespoke to creating the building safety case and proving the report

Reviewed August 2024 - no changes to scoring

**Temporary Agency Staff Provision Total Score (9) Impact 3 Likelihood 3**

Difficult to identify and retain temporary staff in Operational Services.

**Mitigations**

A gap analysis is being reviewed, to consider service changes and capacity required and an agency tender is to be awarded again in February 2023 - This should be going out to tender late 2023 for implementation in the new financial April 2024

Reviewed August 2024 - no changes to score as Risk Register not updated due to staff absence

**Anti social behaviour (ASB) 'hotspots within the district Total score (9) Impact 3 Likelihood 3**

Each year Thanet sees an increase in anti-social behaviour, this increase tends to be linked with the summer months and predominantly on the local beaches. The council received funding to commission a service to help alleviate the impact of ASB, unfortunately this funding is no longer available. The council recognised enforcement officers were required to support the reduction of ASB on the beaches, these were put in place late June. The enforcement officers will patrol the foreshores and have the power to issue fixed penalty notices. Throughout the year there is a multi-agency approach to tackling ASB, the number of agencies increasing over the summer months due to the increase of negative behaviour.

**16/01/2024** This issue tends to be a seasonal one., but with the current planning of Op Island and projects put in place by TCSP we expect multi agency responses to be immediate.

Reviewed August 2024 - no change to scoring

**Flap Gate Hydraulic RAM failures Total score (8) Impact 4 Likelihood 2**

At Ramsgate Harbour there are two 'dock gate' systems which control the water level in the Inner Basin, these are known as the Flap Gate and the Mitre Gates. The gates are all located in a formed channel through the Crosswall between the Inner and Outer Basins which affords vessel access.

Either the Flap Gate or the Mitre Gates may be used to control and retain water in the Inner Basin over a low tide cycle and together the gate systems offer a high level of system resilience.

**Mitigations**

In March 2023 a fault on the hydraulic system of the Flap Gate was identified which required on site repairs and off site fabrication works. The specified work was completed in October 2023. Further preventative works were commissioned in October 2023 and are anticipated to be completed early in March 2024..

Although this issue reduces the overall resilience of this important infrastructure at Ramsgate Harbour, the Mitre Gates will continue to be operated on each tide to control the water level in the Inner Basin until the Flap Gate is returned to service.

Reviewed August 2024 - no change to scoring

**The Council Chamber camera system now only has one functioning camera. If this fails then streaming of Council meetings will need to cease. Total score (9) Impact 3 Likelihood 3**

There is no identified budget to replace the current system and as such there is no mitigation possible. The cameras are now 25 years old and considered "end of life" by the company servicing them. In addition the microphone system is also based on software that is also out of support. It would not be possible to only replace the cameras. The situation is further complicated by the ongoing situation with the offices and whether we remain or relocate as this will have a significant impact on any potential replacement equipment. Officers are working on a star chamber bid for funding a replacement system in the 25/26 financial year. The Star Chamber process will start in July Reviewed 10 June 2024.

Risk reviewed Aug 2024 - no change to scoring although mitigations have moved on

**Winter Gardens Total Score (9) Impact 3 Likelihood 3**

The building continues to deteriorate internally, leading to increased costs for repairs and remediation. Public concern is growing due to the high-profile nature of the property, which also risks the council's credibility. Furthermore, recent changes in our insurance underwriter may result in new security requirements for vacant properties, increasing the risk the longer the asset remains unoccupied. Due to the extended period of vacancy, our insurance coverage is now limited to £5m with a £250k excess.

**Mitigations**

Funding has been requested for material sampling, and air sampling has been completed, revealing no significant risk.

Access is controlled by Estates, but they cannot mitigate the extended vacancy period as this depends on offers from operators and impending approval for granting a long lease to a new operator.

The property has been cleared of all removable contents, but dampness and leaks persist due to lack of use and air circulation. Twice daily external visits and Weekly internal visits and response protocols for alarm callouts are in place. However, funding is depleting to continue with the increased levels of added security.

Risk reviewed August 2024 - no change to scoring - updated mitigations

### **Vehicle Reliability total score (9) Impact 3 Likelihood 3**

Majority of HGV fleet replaced in 2021. Everything else now on a 7 year replacement programme. However there are still some vehicles in daily use which need to be replaced as they are over the 7 years. Cleansing vehicles scheduled to be replaced next year are coming to the end of their working life.

4 x 12 tonne vehicles delivered and 1 x 26 tonne, new head of cleansing appointed 26/01/24

Reviewed August 2024 - no changes to score as Risk Register not updated due to staff absence

### **Governance total score (8) Impact 4 Likelihood 2**

Statutory Recommendations were received from the external auditors, Grant Thornton, in relation to governance matters and an extraordinary Council meeting agreed the recommendations.

Following the appointment of an Independent Monitoring Officer in December 2021 to address Grant Thornton's concerns, his recommendations were approved at the May 2022 Council meeting.

A new interim Chief Executive was subsequently appointed on 14 July 2022, whose remit it is to review and implement the recommendations of the Independent Monitoring Officer.

A timetable for delivery of those actions has been drawn up and progress has been made against a number of those actions. Therefore, the risk to Governance has been reduced accordingly.

Reviewed August 2024 - no changes to scoring

### **Very vulnerable residents in secure tenancies Total Score (8) Impact 4 Likelihood 2**

Many clients from the housing registers have complex needs, including mental health, addiction and disability related needs. Often chaotic lifestyles will lead to increased instances of ASB/DV/rent arrears/hoarding. This affects the quality of the tenant and the lives of others in the neighbourhood and requires expert resources that are not available through 3rd sector or other support agencies

Look to employ officers that have the time and skill to address some of the complex needs we are experiencing. Look to find a budget through expansion of the team or restructure.

Reviewed August 2024 - no changes to scoring

### **Margate Museum and Tudor House Total score (9) Impact 3 Likelihood 3**

Deterioration of the buildings impacting on their listed status, creating damage that is getting more expensive to repair, providing a risk to volunteers and the public.

Potential risks arising from water on the electricity boards.

The Margate museum has been taken back and is currently closed which will have a negative impact on the town and the council's reputation.

#### **Mitigations**

The Regeneration Team has commissioned a review of the governance arrangements and management opportunities for the Museums which have been completed and will inform next steps.

A high level condition survey of the buildings has been completed. This will help inform decision making. Although it is expected that a second heritage survey may be required. Regeneration is considering commissioning a heritage significance statement to support any further funding bids and decision making.

The Margate Museum has been taken back from the Trust and is currently closed whilst the Property Team considers the compliance requirements for the building.

The Tudor House has been closed to the public, however volunteers are still going in the building on their own.

Updated 31/07/2024

Reviewed August 2024 - no changes to scoringLA

#### **NEW RISK**

### **Repairs, maintenance and voids contract re tenderTotal Score (8) Impact 2 Likelihood 4**

This contract is currently awarded to Mears - due to expire in March 2025. We must procure the right contract and ensure the award is in time for any mobilisation period required. failure to do so would mean that we would be outside of contract & therefore non compliant with standing orders, putting the service at risk.

#### **Mitigations**

3rd party consultant that is expert in this area contracted to lead on the re-procurement campaign. stage 1 of procurement to start in Jan 2024 to allow enough time for a 2 stage exercise that will attract the most contractors to bid. time permitted for extensive workshopping to build the spec. consultation with residents throughout the process

May 24 update - stage 1 complete. 6 submissions for lot 1 and 7 for lot 2. The procurement is progressing well with no current delays to the programme

Reviewed August 2024 New risk

**NEW RISK**

**Entry/Exit System (EES) Total Score (8) Impact 2 Likelihood 4**

Prior to a first crossing, all third-country nationals must register for the system, which includes providing biometric data such as a facial photograph and fingerprint identification. Loss of the strategic road network on the approach to the portals (M20 / M2 corridors), Loss of a port / port capacity

**Mitigations**

Continue to engage with the national contingency planning through Strategic and Tactical Coordinating groups, workshops and exercises.

Ensure that Business Continuity Plans are updated with a view on EES (and other emerging risks)

**Reviewed August 2024 New risk**

**NEW RISK**

**Channel failure:Total Score (8) Impact 4 Likelihood 2**

Much of the council's communication is now digitally led. The Communications Team is heavily reliant on digital channels including the council's own website and its social media channels. The risk is that if one of the channels has an outage/ crashes - particularly during an emergency - our ability to transmit important information directly to residents and stakeholders would be severely curtailed.

**Mitigations**

The council's website is cloud hosted and as part of our contract requires 99.9% up time. Risks around this are picked up as part of the Digital Risk Register. We do need to ensure our business continuity plan is updated to identify potential other more traditional means of communication in the event of any digital points of failure. This would include activity such as direct mail to properties, using the media to share any key messages, posters and notices in public places and relying on the support from other community group networks. This will be picked up in the new disaster recovery plan led by ICT and Digital.

**Reviewed August 2024 New risk**



**NEW RISK**

**Sailors church and smack boy structural concerns: Total Score (9) Impact 3 Likelihood 3**

Around Ramsgate Royal Harbour are a number of Listed buildings. Due to a prolonged period of low maintenance and the harsh maritime environment recent surveys have identified structural concerns and dangers to safe occupancy. The cost to make these buildings safe is close to £1m. No action has been taken and the building continues to deteriorate at a rapid pace

**Mitigations**

Highlighted to council, looking into relocating tenants from building and investigating structural surveys/ works

Jan 24 the building will go to the property working group to decide on future works and funding.

Jan 24 initial works carried out to reduce deterioration i.e. fixing roof leaks, windows, etc.

Mar- Fire risk assessment carried out on two buildings as whole, structural assessment of the walkway carried out. Reviewing works and will action recommendations

May 24- Sea cadets have been informed not to use walkway and harbour looking at re housing them

July24- Sea cadets are being re-housed in the terminal building, only one tenant remains who is moving out by September. HM has arranged for some emergency works to be carried out to make the building safe- there is no budget for this works

**Reviewed August 2024 New risk**

**NEW RISK**

**Underinsurance on HRA and Estates Properties Total Score (9) Impact 3 Likelihood 3**

We run a risk of being underinsured due to poor maintenance and valuations not being completed so we are then seen as being deliberately underinsured - this could mean that claims costs are not covered - we would be subject to higher excesses and higher premiums and also could be subject to averages which means that full claims costs are not met in the future

**Mitigations**

To work with TLS and Estates on this - I need to send a questionnaire out to both teams asking for their assurances how they are tackling these issues and also then to devise a plan so the mitigation on these risks is still in its infancy

**Reviewed August 2024 New risk**

## 2. Emerging risks

### NEW RISK

#### **Engagement Barriers Total Score (9) Impact 3 Likelihood 3**

Policy development is reliant on the proactive and timely buy-in of key individuals including but not limited to those on each policy working group. An emerging risk has been identified that work related time pressures on key individuals can hold up policy development and potentially affect the meeting of key deadlines. A related risk is the absence of key individuals during the policy development/sign off process.

#### **Mitigations**

Policy Manager and Head of Strategy and Transformation have explained to CMT the importance of engagement in policy development. In the event of key figure absence the Policy Manager would work with HoS to determine an alternative route/individual to expedite the process.

Reviewed August 2024 New risk

### NEW RISK

#### **Influx of newbuild properties into HRA housing stock to be let as social housing Total Score (9) Impact 3 Likelihood 3**

Accepting properties with technologies or higher spec assets internally than we would usually deal with  
Pressure on lettings - could jeopardise the void turnaround target for current housing stock  
Risk income flow from rent due to 8 week delay on obtaining rental income from UC claims

#### **Mitigations**

New process with strategy team to ensure consultation on potential procurement opportunities.  
Phased approach to taking properties into management to ensure minimal impact on TLS BAU operations.

Reviewed August 2024 New risk

### NEW RISK

#### **VMWare Licence Renewal Total score (8) Impact 4 likelihood 2**

The VMWare licence renewal date is 23/11/24. If the renewal date is missed Broadcom could charge us reinstatement fees. We could lose VMWare Support and we would be

unable to Upgrade or patch VMWare software.

### **Mitigations**

Talking with Procurement, PIF being completed. Quotations requested from Supplier, but currently unable to be provided

**New risk to the Annex Aug 2024**

### **NEW RISK**

#### **Empty Properties and when tenants hand back the keys Total Score (9) Impact 3 Likelihood 3**

Properties left with services still "live". Heating/lighting and water services need to be isolated to prevent energy costs and potential damage from frost/ice etc: this is a potential fire risk with unattended live electrical circuits. Water damage should pipework freeze and expand joints, leading to burst pipes and flooding. Unable to re-let to potential tenants, causing loss of revenue and additional repair costs. Insurance claims possible, inadequate cover from our insurers.

### **Mitigations**

Create protocol whereas all properties becoming vacant have compliance inspection and all but necessary services (excl fire/alarms) are isolated. Adopt KP form for vacant property handover

**New risk to the Annex Aug 2024**

#### **NEC M3 Desupport Total score (8) Impact 4 likelihood 2**

The supplier, NEC, has served desupport notice on the 1st April 2023 for the M3 System which we use corporately across a number of service areas. The risk is that we will not have any support for a system that we use to store and process sensitive data. The system is on premise and will not necessarily fail. However, if there are any issues that we cannot resolve in the use of the system, then the supplier will not be able to assist. We would need to continue patching and updating the servers for security reasons, an update could cause issues with the system for which we would not be supported. The supplier will also stop any further development of the system so as legislative requirements change, we may not be able to meet them within the confines of the system.

The notice period of desupport is expected to be 12 months.

### **Mitigations**

- The Digital Team has been engaging with NEC to keep informed about the desupport notice to plan next steps and review options with the supplier around extended support or any other implications.
- A paper is being presented to CMT to agree on the options available, i.e. procurement and project to replace M3.
- The M3 System needs to be replaced within a 12 month period. Project being fully scoped and resources considered to achieve this.
- The PIF and System specification have already been largely completed and are just awaiting sign off to move to the next stage.
- CMT has signed off on the next steps to move this project and the PIF has now been signed off by Finance. This is being prioritised and planning to award a contract by August 2023 in order to replace the M3 system at the earliest opportunity.

- We have also confirmed with the incumbent supplier that whilst support will be stopped from April 2024, we can technically continue using the system unsupported.

Reviewed August 2024 - no changes to scoring

### **3. Future Risks**

#### **Industrial Action - Total score (9) Impact 3 Likelihood 3**

The high inflation environment and consequent cost of living crisis, combined with an increase in union membership, has increased the possibility of strike action across the council in the very near future.

Improved working relations with the union through Employee Council and HR meetings and ensure an appropriate forum for discussion of key HR matters. In September a 5.75% offer was agreed with GMB and Unison which formally closed the pay dispute and risk of industrial action at that time. Following negotiations and pay review implementation GMB confirmed they would further review pay for Drivers, Loaders & Cleansing Operatives in April 24.

Reviewed August 2024 - no changes to scoring

#### **Manston Airport - public protection roles Total Score (9) Impact 3 Likelihood 3**

Following the granting of the DCO, the expected opening date of cargo hub operation is 2025 and, depending on the nature of imports, TDC will need to provide Port Health authority Public Protection officers based on required volumes of inspections.

Engagement with airport operators will be undertaken to determine opening dates, level and nature of imports anticipated, including countries of origin. Staffing budget and new staff will be required to undertake this role

Reviewed August 2024 - no changes to scoring

#### **HAVS monitoring Total score (9) Impact 3 Likelihood 3**

To monitor staff vibration levels to make sure the staff stay within their EAV/ELV levels, this is to reduce over exposure and to make sure rotation is in constant use.

This is ongoing, data is constantly in use throughout the use of vibrating tools, this is looked at on a daily basis, and staff are regularly monitored.

Reviewed August 2024 - no changes to scoring

**Delivery of Regeneration project timescales Total score (9) Impact 3 Likelihood 3**

As the programmes are developing there is a risk to the timescale for delivery for the projects, and those projects that have other external funding e.g. National Lottery Heritage Fund, which has its own timescales. Although the introduction of the Pathfinder Simplification Pilot is positive for the programme, it has delayed some of the decision making. Setting up a new Partnership Board will take some time in terms of engaging them in decision making.

Funding will need to be reprofiled to take into account the Pilot and the time extension to LUF projects.

Challenges from internal resources also have the potential to cause delays to the programme.

**Mitigations**

Continual engagement with the Ministry of Housing, Communities and Local Government on the timescales.

Use of the council's freedoms and flexibilities for the programme

Simplification Pathfinder Pilot provides an extra year for the delivery of the FHSF and LUF programmes, however profiling spend is challenging with the delays in commissioning external services to develop the final projects.

Updated 31/07/2024

**Reviewed August 2024 - no changes to scoring LA**

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## Annual Governance Statement

<b>Governance and Audit Committee</b>	4 <sup>th</sup> November 2024
<b>By</b>	Ingrid Brown- Head of Legal and Democracy
<b>Cabinet Portfolio</b>	Councillor Rob Yates
<b>Key Decision</b>	N/A
<b>Decision classification</b>	Unrestricted
<b>Ward:</b>	All

### 1. Purpose of the Report

1.1 This Annual Governance Statement is brought before the Committee in accordance with the provisions of Part 3 of the Constitution, which includes the functions of the Governance and Audit Committee as:

*'To approve the Authority's Annual Governance Statement'*

1.2 The purpose of this report is to present the Annual Governance Statement for approval by the Committee.

### 2. Recommendation(s):

2.1 This report makes the following recommendations to the Governance and Audit Committee:

- a, To note the content of the Annual Governance Statement attached to this report at Annex 1.
- b, To approve the Annual Governance Statement attached to this report at Annex 1.
- c, To note the action plan annexed to this report at Annex 2

### 1. Summary of Reasons

1.1 Local Authorities are required to prepare and Annual Governance Statement in order to report publicly on the extent to which they comply with their own code of governance. This enables residents to receive information on the effectiveness of the Council's arrangements in this regard.

### 2. Background

2.1 The Annual Governance Statement has been prepared in accordance with the provisions of the Council's constitution referred to above and also in accordance with the Accounts and Audit Regulations 2015. The report is usually published alongside

the Council's Statement of Accounts but for capacity reasons is being published slightly later than usual.

## **3. Relevant Issues**

- 3.1 The relevant issues are set out above. It is a requirement for the Council to publish and Annual Governance Statement which reports of the effectiveness of its governance framework.

## **4. Alternative Options**

- 4.1 This report presents the Annual Governance Statement for 2023- 2024 to the committee. There is only one option which is to note and comment on the information provided.

## **5. Consultation**

- 5.1 There is no statutory or public law duty to consult in relation to this matter.

## **6. Corporate Implications**

### **6.1 Finance and Resources**

- 6.1.1 This report is for noting and for approval and as such there are no financial implications arising.

### **6.2 Legal and Constitutional**

- 6.2.1 The relevant legal and constitutional provisions are referred to in the body of this report. They require the Council to prepare and publish an Annual Governance Statement. The report attached at Appendix 1 complies with these requirements.

### **6.3 Council Policies and Priorities**

- 6.3.1 This report relates to the following corporate priorities: -
- To work efficiently for you

### **6.4 Risk**

- 6.4.1 This report presents the Annual Governance Statement, which as part of the Governance Framework sets out the controls in place to manage risks of failure in delivering corporate outcomes.

### **6.5 Climate Change and Biodiversity**

- 6.5.1 This report is for noting and approval and there are no climate change of biodiversity implications.

## **7. Equality, Equity and Diversity Implications**



- 7.1 There are no particular equalities implications arising from this report which is for noting and approval.

## **8. Crime and Disorder Implications and Community impact**

- 8.1 This report is for noting and for approval and there are no crime and disorder implications nor will there be any impact on the community.

## **9.0 Subject History**

- 9.1 The Annual Governance Statement has been previously considered and agreed by the Council's Corporate Management Team

### **Annexes**

Annex 1- Annual Governance Statement  
Annex 2- Action Plan

### **Background Papers**

There are no background papers.

**Report Author(s) Contact:** Ingrid Brown- Head of Legal and Democracy and Monitoring Officer

**telephone:** 01843 577455

**email:** Ingrid.brown@thanet.gov.uk

### **Report Sign Off**

**Legal** Ingrid Brown- Head of Legal and Democracy and Monitoring Officer.

**Finance**

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# Thanet District Council Draft Annual Governance Statement

# 2023-2024

## August 2024

### Scope of responsibility

Thanet District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards and that public money allocated to it is safeguarded, properly accounted for, and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.

The Accounts and Audit (England) Regulations 2015 require all relevant bodies to prepare and publish an Annual Governance Statement.

### The purpose of the Governance Framework

The governance framework comprises the systems and processes, culture and values by which the Council directs and controls its activities and how it leads, engages with and accounts to the community it serves. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

The internal control system is a significant part of that framework and is designed to manage risk to an acceptable level. It cannot eliminate all risks of failure to achieve the Council's aims and objectives, but it seeks to provide reasonable rather than absolute assurance of effectiveness. The internal control system is based on an ongoing process designed to identify, prioritise and manage the risks to achieve the Council's aims and objectives.

### The Governance Framework

The Council's Governance Framework addresses how the Council is controlled and managed, both strategically and operationally, and how it will deliver its services. The Framework recognises that the Council's business focuses on its corporate priorities and seeks to facilitate delivery to our local communities of the goals set out in the Corporate Plan. The structures and processes, risk management and other internal control systems, such as standards of conduct, form part of this Framework, which is about managing the barriers to achieving the Council's objectives.

Members and senior officers are responsible for putting in place proper arrangements for the governance of the Council's affairs and the stewardship of the resources at its disposal. This task is managed by the Corporate Management Team (CMT), which comprises the Chief Executive, Directors and Heads of Service. The Corporate Governance Code sets out the controls in full and can be found at:

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## Annex 1

<https://democracy.thanet.gov.uk/documents/s75835/Annex%201%20Local%20Code%20of%20Corporate%20Governance%20March%202022.pdf>



## Review of Effectiveness

The Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by:

- the work of the Monitoring Officer and Section 151 Officer, who has responsibility for the development and maintenance of the governance environment;
- the review of the effectiveness of the Council's Internal Audit Arrangements 2023/24, as provided by the East Kent Audit Partnership;
- comments made by the external auditors and other review agencies and inspectorates;
- The Audit & Governance Committee's review that the elements of the governance framework are in place and effective, to ensure compliance with the principles.

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## Annex 1

The following Annual reports form part of that review:-

- Annual report of the Standard Committee;
- Annual report of the Overview and Scrutiny Panel
- Annual report of the Head of Internal Audit
- Annual report of the Governance and Audit Committee

The members of the Council's Corporate Management Team have considered the draft Annual Governance Statement and for each of their areas of control, acknowledge responsibility for risk management and internal control, and certify satisfaction with the arrangements in place throughout 2023/2024.

In accordance with section 3.7 of the Code of Practice on Local Authority Accounting for 2022/23, the Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the CFO in Local Government.

The Council's Monitoring Officer is legally responsible for looking into matters of potential unlawfulness within the Council. There have been a number of matters brought to the attention of the Monitoring Officer raising concerns that the Council has not followed statute or regulation. These matters are referred to later in this report and are also referenced in the annual report of the internal auditor. Each matter has been looked into and the Monitoring Officer is satisfied that immediate remedial efforts have been made by officers.

In terms of general good Governance the

The Annual Reports from the Standards Committee, Overview and Scrutiny Panel and Governance and Audit Committee were considered by Council on 28 March 2024 and have also been considered in preparing this statement. These can all be found using the following link.

[democracy.thanet.gov.uk/documents/g6589/Public%20reports%20pack%2028th-Mar-2024%2019.00%20Council.pdf?T=10](https://democracy.thanet.gov.uk/documents/g6589/Public%20reports%20pack%2028th-Mar-2024%2019.00%20Council.pdf?T=10)

## Council

The Labour Party won a majority of seats in the May 2023 elections. Councillor Rick Everitt was elected as Leader and formed a Labour Cabinet on 18 May 2023. He has continued to lead the Council and his party as a Leader of the Group since that time.

The Council now comprises 31 Labour Councillors; 16 Conservative; 5 Green; 3 Thanet Independents and 1 Independent.

The Council's Corporate Plan can be found at the link below:

[Corporate Plan - Thanet](#)

### Internal Audit

The primary objective of Internal Audit is to provide independent assurance to Members, the Chief Executive, Directors and the Section 151 Officer on the adequacy and effectiveness of those systems on which the Authority relies for its internal control. The purpose of bringing forward an annual report to members is to:

- Provide an opinion on the overall adequacy and effectiveness of the Council's internal control environment.
- Present a summary of the internal audit work undertaken to formulate the opinion, including reliance placed on work by other assurance bodies,
- Draw attention to any issues the Head of the Audit Partnership judges particularly relevant to the preparation of the Annual Governance Statement.
- Compare actual audit activity with that planned, and summarise the performance of Internal Audit against its performance criteria.
- Comment on compliance with the Public Sector Internal Audit Standards (PSIAS), and report the results of the Internal Audit quality assurance programme.
- Confirm annually that EKAP is organisationally independent, whether there have been any resource limitations or instances of restricted access.

The annual report for 2023-2024 satisfied the above objectives. The report confirmed that EKAP delivered 91.26% of the agreed audit plan days to TDC. The performance figures for the East Kent Audit Partnership as a whole for the year demonstrated good performance against the targets. The Head of Audit indicated the view in this report that sufficient work has been undertaken to be able to support an opinion for 2023-2024.

The internal auditors are independent of the management of the Council and have direct access to the Chair of the Governance and Audit if required. They provide a regular update to the Committee at each quarterly meeting and may attend any special meetings that may be convened during the year. No system of control can provide absolute assurance, nor can Internal Audit give that assurance. The opinion provided by audit is intended to provide assurance that there is an ongoing process for identifying, evaluating and managing the key risks.

The annual report provided that *'for 2023-24 the Head of Audit Partnership is satisfied the Council largely complies with Corporate Governance guidance'*. The report does however draw attention to a number of areas where it states that statutory guidance, codes of practice or regulations were not complied with during this period. The areas identified are street cleansing, data protection compliance, health and safety and the setting of fees and charges. The Monitoring Officer has looked into each of these areas and is satisfied that significant work has been carried out and is ongoing so that in respect of each area, those breaches identified have been or are being addressed and there are measures in place to ensure that there can be no repeat:

In relation to street cleansing the annual report provided that whilst Street Cleansing is a key corporate priority, successive audits have concluded low levels of assurance in complying with the standards required by regulations. The report raised concern that the Council was not adequately meeting its legal responsibilities as prescribed by the Environmental Protection Act and associated Defra Code of Practice. The Monitoring Officer has looked into the issues referred to and noted that prior to the period

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## Annex 1

referred to in this report, there were significant concerns in respect of Street Cleansing. The follow up audit report dated March 2023 however notes that of the 7 high and critical audit recommendations, all but two were fully implemented. At this time the issues that had been addressed were around service standards and the physical inspections of streets. These issues are still resolved and with new management in this service area there are proposals for further improvements in these regards. The two outstanding issues which were noted as being partially implemented relate to the need for an increase in mechanical sweeping capacity and were about having a dedicated route and random checks of the vehicles. Currently the Council has only one large mechanical sweeper however In February of 2024 the Council made the decision to purchase two new sweepers. Once the decision is implemented these outstanding recommendations can also be implemented.

In relation to GDPR compliance internal audit raises concerns that the Council is not yet fully GDPR compliant. The Monitoring Officer has looked into this and is reassured that extensive efforts have been made in this area to significantly improve the Council's compliance. Part of the earlier issue in relation to compliance had to do with resources and the position in this regard is now improved. There is a comprehensive action plan in progress to address the issues of non-compliance identified and these are either entirely resolved or a programme of work is in place to address these. The issue of training for example has been addressed with a new online training programme and high levels of staff uptake. Privacy notices have been updated and work is ongoing to update Information Asset Registers and the recording of processing activities. Home working guidance is in place and a lot of work has been done to raise the profile of data protection across the Council.

In relation to the setting of fees and charges in the annual internal audit report, the auditor raised concern that in relation to licensing the legal requirement to undertake a cost neutral exercise in support of the setting of fees was not being complied with. The Monitoring Officer has similarly looked into this and can confirm that although Licensing was previously budgeted to be cost neutral based on legacy work around cost recovery and the application of inflation, this specific issue will be addressed in detail as part of the 2025/26 budget cycle. This work will pay particular attention to LGA guidance on the local setting of fees and will include but not be limited to a review of, administration, initial visits, third party costs, engagement with interested parties, management costs, local democracy costs, on costs, development, determination and production of policies, web material, advice and guidance and setting and reviewing fees. Once implemented, this approach will be utilised annually to review relevant fees and charges.

In relation to health and safety, concerns were raised in relation to refuse freighters reversing without the guidance of a banksman. The report notes that this practice has now stopped and that this matter has now been taken very seriously. The Monitoring Officer has explored this matter with the relevant director and is also reassured that this matter is now fully resolved.

The report also refers to health and safety issues arising out of a review of Grounds Maintenance. These issues became apparent after March 2024 and to that extent are not relevant to this report. However since they are mentioned it is worth reporting that the report notes that whilst there were some serious concerns, these have now all been addressed and the follow up audit report confirmed the service had moved to reasonable assurance.

In relation to risk management the report provided that there is evidence of the effectiveness of processes in place. The next independent audit of the Council's arrangements for Risk Management is



intended to be included as part of the 2025-26 audit plan. The previous review conducted in 2021-22 received Substantial Assurance.

### External Audit

The external audit work of the Council is undertaken by Grant Thornton UKLLP. The main duties are governed by section 15 of the Local Government Finance Act 1982, and the Local Audit and Accountability Act 2015 section 4

Each year the Council receives a report from its external auditor on the quality of its financial and management administrative arrangements. This is considered the Governance and Audit Committee.

The final external audit opinion in relation to the Council's accounts for the year ending 31 March 2022 were presented to the Governance and Audit Committee meeting in July 2024. These concluded that the Council has proper arrangements to secure economy, efficiency and effectiveness in its use of resources and therefore anticipates issuing an unqualified value for money conclusion.

Work is continuing on the Council's 2022/23 and 2023/24 accounts and it is anticipated these will be completed by 31 March 2025.

### Overview and Scrutiny Panel

Evidence from the meetings of the Overview and Scrutiny Panel demonstrate that the panel exercises an effective scrutiny function consistent with the requirements of the Local Government Act 2000 and the Statutory Guidance. This is also evidence from the Panel's annual report presented to Council on the 28th March 2024. A link to the report is below:

<https://democracy.thanet.gov.uk/documents/g6589/Public%20reports%20pack%2028th-Mar-2024%2019.00%20Council.pdf?T=10>

Between 1 April 2023 and the 31st March 2024 there were ten meetings of the Panel. The Panel engaged cabinet members in discussions on various subject matters within their portfolio areas. The purpose of these was to contribute to policy decisions on issues under active consideration of the executive. Topics included:

- Leader's Presentation on the Vision for the Council
- Update on Planning Enforcement Review
- TDC Policy regarding Broken Bins and Green Bins Renewal Policy for Households
- Background to the Council's Parking Strategy Review
- Update on Commercial Property Processes.

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The Panel undertook one scrutiny review in the year and this looked at the negative impact of Tourism on the district.

There were no valid Call-ins made by the Panel in this year.

The Panel made seven recommendations and of those seven recommendations to Cabinet, four were agreed to by the Cabinet and three were rejected.

## Governance and Audit Committee

The Committee continues to discharge its responsibilities to provide independent assurance on the adequacy of the council's risk management framework and the associated control environment and in providing robust scrutiny and challenge of the Authority's financial performance.

In total there were 4 meetings of the Governance and Audit Committee during the relevant year. The committee's annual report was presented to Full Council on 28th March 2024 and a link to that report is below:

<https://democracy.thanet.gov.uk/documents/g6589/Public%20reports%20pack%2028th-Mar-2024%2019.00%20Council.pdf?T=10>

The annual report summarises the work of the Committee for the year and concludes that it has received clear, concise and relevant information and training on topics specific to the business of the Committee. It concludes that the Committee has done all that it can to meet its aims and objectives in the best way it can. It also notes a number of challenges in terms of some of the issues with the finalising of the Council's accounts as well as the amount of work that has been required in order to improve the position in respect of the revised assurance opinion for many of the Council's internal audits.

## Corporate risks

The Governance and Audit Committee receives regular reports on the Corporate Risk Register, the framework through which the Council is required to monitor and manage its corporate risks. The reports demonstrate a detailed analysis of risk across the Council and also indicates the mitigation in place in respect of each risk. Each risk is scored and there is careful evaluation and consideration of all those risks presenting a high risk to the Council.

## Standards Committee

The Standards Committee meetings were scheduled for 31 May 2023, 12 September 2023 and 9 November 2023, 20 November 2023 and 7 March 2024. All but the last two of these meetings were cancelled due to lack of business.

Committee meetings held on 20 November 2023 and 7 March 2024 discussed proposed amendments to the Council's Constitution in the following areas:

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- Key Decision Definitions,
- Review of the Council's Policy Framework,
- Amendments Council Procedure Rules Regarding Frequency of Questions,
- Contract Procedure Rules,
- Councillor / Officer Protocol
- Revised Constitution Change Process

The Committee is key to the upholding of high standards in public office. There were 23 complaints raised under the Members' Code of Conduct between 1st March 2023 and 19th March 2024. These were both from members of the public and from other Councillors. Of the 23 complaints received in this period, one was considered to be a corporate complaint not concerning councillors and was therefore referred to the corporate complaints system. Eleven were considered not to meet the jurisdiction test. Seven cases were therefore progressed for consideration by a sub-committee. Of those complaints assessed by sub-committees, one complaint was referred to the police for investigation and an independent investigator appointed by the council and ultimately resulted in no further action being taken. Three were referred to an independent investigator and are currently outstanding. Additionally, three resulted in a decision of no further action due to the complaint being unfounded. Of the remaining 4 complaints, all were considered to be suitable for the informal resolution process. The sub-committee made various recommendations back to the complainants and subject members.

The Committee's annual report was reported to Council on 28 March 2022. The report raised the issue of social media awareness for Councillors in view of the many standards complaints which included comments made on social media. A link to the annual report is below:

<https://democracy.thanet.gov.uk/documents/g6589/Public%20reports%20pack%2028th-Mar-2024%2019.00%20Council.pdf?T=10>

## Constitutional Review Working Party (CRWP)(Now Constitutional Review Committee)

The Constitutional Review Working Party met twice during this year. It considered the following proposals to amend the Council's constitution:

- Key Decision Definitions,
- Review of the Council's Policy Framework,
- Amendments Council Procedure Rules Regarding Frequency of Questions,
- Contract Procedure Rules,
- Councillor / Officer Protocol
- Revised Constitution Change Process

The Committee's role is vital in that it provides the forum for careful review of proposed amendments to the Council's Constitution before referral onto Full Council for recommendation and approval. The Committee has a busy work programme for the following year and this will help to ensure continued robust and sound decision making.

## General Purpose Committee

The General Purposes Committee met five times during this year. During these meetings it confirmed the extension of the appointment of the Interim Chief Executive and agreed that his appointment should

be full time. The Committee also considered updated HR policies in relation to redundancy, recruitment and restructuring.

### Training for Councillors

Democratic Services has maintained training provisions for councillors by providing a comprehensive induction training programme for both new and re-elected councillors. This featured sessions on; Code of Conduct and Standards, Decision Making, Role of the Councillor, Accessing Council Information and Lawful Decision Making, Chairing Skills, Local Government Finance, Use of Social Media, the role of Overview and Scrutiny, Equalities Diversity and Inclusion, Governance inc. FOI, GDPR & use of Emails and Casework.

In addition the Council also provided ongoing training for its Councillors who sit on specific committees including mandatory six monthly training for its Planning and Licensing Committee members.

### Ombudsman Complaints

The Ombudsman received 11 complaints and took the following decision on them.

The decision of the Ombudsman	Reason,	No of cases,
Upheld	Maladministration & injustice	0
Upheld	Fault & Injustice	1
Upheld	Maladministration & injustice - no further action as satisfactory remedy provided by the organisation	1
Not upheld	No Fault	1
Closed after initial enquiries	No further action	6
Closed after initial enquiries	Out of Jurisdiction	2

The Ombudsman did not issue any public reports against the Council in the year.

### Independent Monitoring Officer's Report

#### Employment matters

A number of employment matters were concluded during the year 2023-2024. At the time of writing this report this has now concluded.

### Recommendations of the Independent Monitoring Officer (IMO)

The previous Annual statement referenced the findings of the IMO report from 2021. A link to this report is below:

<https://www.thanet.gov.uk/wp-content/uploads/2022/05/Lessons-Learnt-Report-Public-Summary.pdf>

Work has continued across the Council to address all of the recommendations made by the IMO and the drafting of a new Councillor/Officer Protocol was the last outstanding action. This was approved by CMT and presented to both the Constitutional Review Working Party and the Standards Committee who approved this and referred on to Full Council for final approval. At the time of writing this report the protocol has been approved by Full Council and now appears in the Council's constitution.

Also of note during this period and in direct response to the IMO's report and recommendations, is the development of the Council's new Project Management Framework. A great deal of work has been undertaken to establish the new Framework which includes a project app as well as the establishment of a Project Board. This ensures that the necessary regard is given to all governance implications and that there is an appropriate level of financial, legal and officer monitoring at every relevant stage of each project.

### RIPA

The Council did not exercise its powers under the Regulation of Investigatory Powers Act in this year and issued a zero return to the Investigatory Powers Commissioners Office. A variety of successful investigation tools and methods have and continue to be used to bring successful fines and prosecutions.

In May and June of 2023 formal training was provided to all Senior officers of the Council including key personnel who would be authorising the covert surveillance if necessary.

### Equalities

To support its duties under equalities legislation the Council has appointed an officer with special responsibility for equalities and work commenced towards the preparation of new equalities objectives and an updated Equality, Diversity and Inclusion Policy. During this year a Cabinet Advisory Group was set up to look at equalities issues across the Council. At the time of writing this report it has met once with a second meeting planned imminently.

### Governance Board

As part of its commitment to the highest standards of Governance the Council has established a Corporate Governance Board. Membership of the Board includes the Council's most senior officers:

Chief Executive- Chair ,

Director of Corporate Services and Section 151 Officer,

Head of Legal and Democracy and Monitoring Officer,

Director of Place

Director of Environment,

Head of Finance

Committee Services Manager and Deputy Monitoring Officer

Head of Internal Audit (East Kent Audit Partnership)

The Board has agreed terms of reference which include:

*Keeping under review the Council's governance arrangements and related procedures to ensure best practice so that the highest standards are maintained with the overall objective to ensure that:*

- *Resources are directed in accordance with agreed policy and according to priorities;*
- *There is sound and inclusive decision making; and*
- *There is clear accountability for the use of those resources in order to achieve desired outcomes for service users and communities.*

The first meeting of the Board was on the 22nd February 2024. There have been a number of meetings since March 2024 and so it will be easier to assess its effectiveness in achieving its aims in the Annual Governance Statement for 2024/2025. The establishment of the Board is positive and will certainly support the Council to keep good governance at the top of its agenda.

## Legal Literacy

A level of legal literacy amongst officers in the Council supports sound decision making and good governance. In this regard, the corporate management team arranged for all officers to attend decision report writing training. This session addressed many aspects of local government law in so far as it is relevant to decision making. Two in-person sessions took place in April 2024, slightly after the period referred to in this report. The sessions were very well attended and received positive feedback. Further training was also arranged for officers on the Procurement Act, a new piece of legislation with significant consequences for the Council due to be implemented in February 2025.

There is a very good working relationship between council officers and the Council's in-house legal team. Legal advisors are invited to contribute to decision making at an appropriately early stage. This also supports good governance and sound decision making.

## Approval of the Annual Governance Statement

The governance arrangements continue to be regarded as fit for purpose in accordance with the Governance Framework.

# Agenda Item 7

## Annex 1

Signed:

Colin Carmichael (Interim Chief Executive) Interim Chief Executive

Councillor Rick Everitt - Leader of the Council.

Date:

# Agenda Item 7

## Annex 1