

Thanet District Council Annual Governance Statement 2018-2019

April 2019

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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 Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the Chartered Institute of Public Finance & Accountancy (CIPFA) and the Society of Local Authority Chief Executive's (SOLACE) Framework Delivering Good Governance in Local Government Guidance Notes for English Authorities 2016. This statement explains how Thanet District Council has complied with the code and also how we meet the requirements of the Accounts and Audit (England) Regulations 2016, which requires all relevant bodies to prepare an Annual Governance Statement.

The Code of Governance sets out the principles of good governance and describes the arrangements the Council has put in place to meet each of these principles. A copy of the Council's Code is available on our website at www.thanet.gov.uk

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

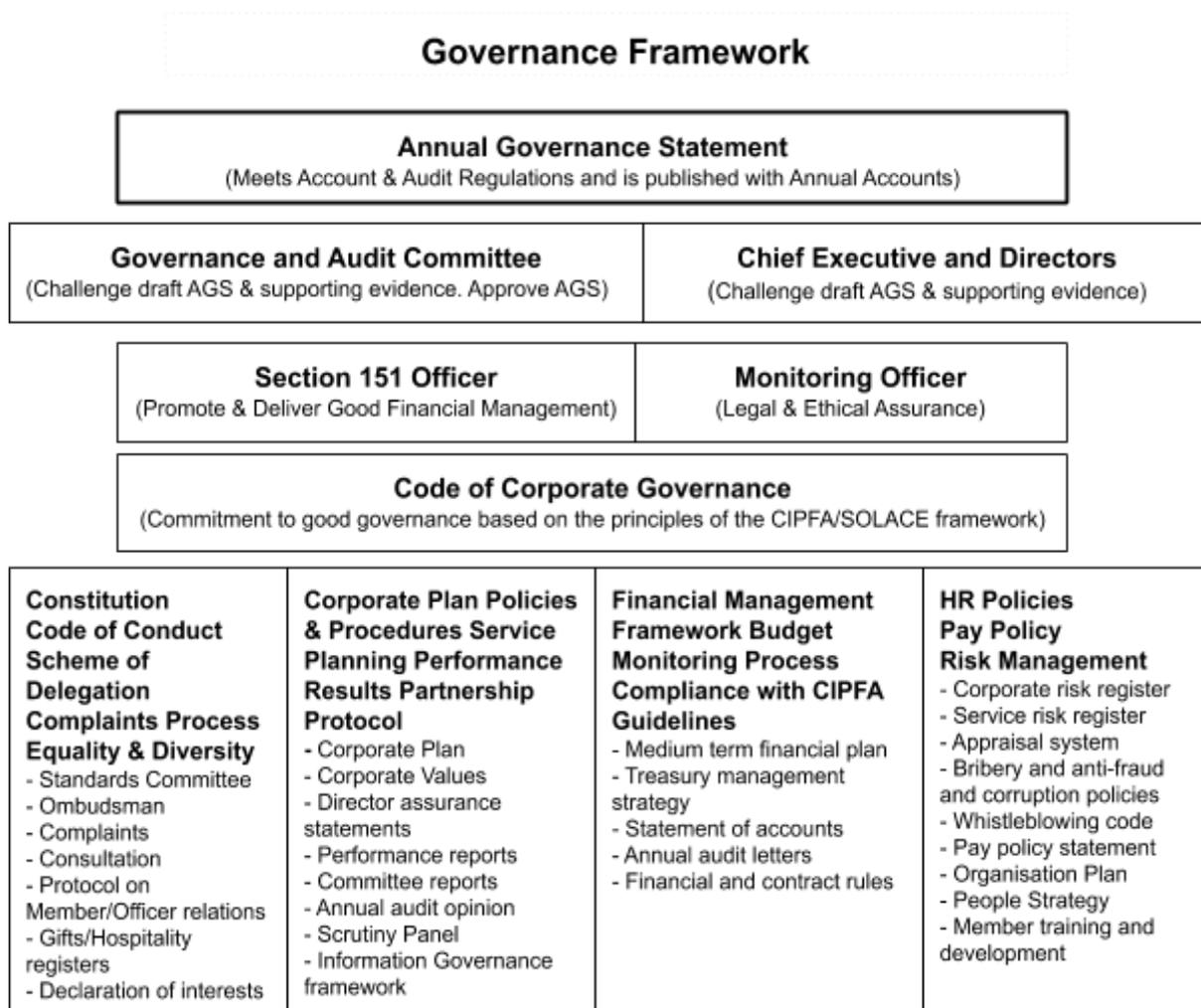
The governance framework has been in place at Thanet District Council for the year ended 31 March 2018 and up to the date of approval of the annual statement of accounts.

The Governance Framework

The Council's Governance Framework addresses the way 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 is focussed upon 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.

The local Code of Corporate Governance is reviewed annually through the Governance and Audit Committee. This last happened on 6 March 2019. 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 and Directors. The Code of Corporate Governance sets out the controls in full and can be found at:

<https://democracy.thanet.gov.uk/documents/s59241/Revised%20Code%20Report%202018.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 Director of Corporate Governance and Section 151 Officer, who have responsibility for the development and maintenance of the governance environment;
- the review of the effectiveness of the Council's Internal Audit Arrangements 2017/18, as provided by the East Kent Audit Partnership;
- comments made by the external auditors and other review agencies and inspectorates;

- the Audit & Governance Committee review that the elements of the governance framework are in place and effective, to ensure compliance with the principles.

A Governance Group comprising officers from legal, democratic support, finance and internal audit have considered the governance framework and areas where work is required.

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 certifying satisfaction with the arrangements in place throughout 2018/19.

In accordance with section 3.7 of the Code of Practice on Local Authority Accounting for 2016/17, the Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the CFO in Local Government (2010).

The Council's Monitoring Officer has a legal responsibility to look into matters of potential unlawfulness within the Council. In 2018/19 the Monitoring Officer reviewed the Council's constitution and these were progressed through the Constitutional Review Working Party and Standards Committee before being recommended to Council.

The Annual Reports from the Standards Committee, Overview and Scrutiny Panel and Governance and Audit Committee have also been considered in preparing this statement.

Overview and Scrutiny Panel

In 2018/19, the council created two overview and scrutiny panels which are the Executive, Policy and Community Safety Scrutiny Panel and the Finance, Budget and Performance Scrutiny Panel.

Executive, Policy and Community Safety Scrutiny Panel

During the municipal year, the Panel Chairman presented three reports to Council on the review activities that were carried out by the Panel. These activities were carried out in line with the Panel's terms of reference.

Cabinet Member Presentations

The Panel received a Cabinet Member presentation from the Deputy Leader and Portfolio holder for Operational Services, on the "effective is the delivery of Operational Services to residents that are not regularly reported on." The presentation focused on the following areas of the Service: Crematorium and cemeteries; Commercial Waste; Environmental Education; Playgrounds; Workshops & Fleet Management; CCTV; Coastal Development; Parking.

Forward Plan Reviews

In July 2018, the Panel reviewed the impact of the Public Spaces Protection Order (PSPO) after a six months implementation period. The PSPO which gave discretion and flexibility to officers to exercise enforcement where the specified conduct was causing harassment, alarm and distress

detrimental to the locality, was introduced in four wards in Margate (Margate Central and Cliftonville West) and Ramsgate (Central Harbour and Eastcliff).

The Panel requested for an officer report on proposals for an asset strategy regarding Thanet Museums. Members commented on the options available to Council and officer recommendations that were to be considered by Cabinet at a later meeting to determine the future of the following museums: Dickens House, Broadstairs; Margate Museum, Margate; Tudor House, Margate; Old Town Hall, Margate.

Issues referred to the Executive Scrutiny Panel by Cabinet/Council

The Panel was consulted by Cabinet on the proposed draft Local Plan as is required by the Council constitution and made important interventions that shaped the recommendations that were forwarded to Full Council.

Call-In Procedure

Only one executive decision was called-in. This was an individual cabinet member decision on Digital Parking Pilot Project. The Panel took the view that the information used to make the decision was limited. Once additional information was provided through a question and answer session, no further action was required.

Finance, Budget and Performance Scrutiny Panel.

During this municipal year, the Panel Chairman presented three reports to Council on the review activities that were carried out by the Panel. The Panel conducted all the scrutiny work activities that are within its terms of reference.

Cabinet Member Presentations at Panel Meetings

The Panel engaged the Leader of the Council in discussion to understand the nature of the budgetary challenges affecting the running of Ramsgate Port & Harbour in order to provide suggestions that Cabinet could consider in finding a solution to those challenges.

Forward Plan Reviews

In November 2018, the Panel debated the proposed fees and charges for 2019/20 and forwarded its recommendations to Cabinet. In response, Cabinet agreed to set up an all party cabinet advisory group to look at future fees and charges. Cabinet also agreed to remove the fee for cremation services of children under the age of seventeen years.

In January 2019, the Panel was invited to review the council budget proposals for 2019/20 that were later recommended to Full Council by Cabinet. Members discussed the proposals with the Leader of the Council, Portfolio Holder for Financial Services and Estates and senior officers. One of the key aspects of the budget proposals was tackling the budget gap and in particular, addressing the budget deficit at the Port of Ramsgate. After the debate, Members did not forward any recommendations to Cabinet.

One-off Reports requested by the Panel

The panel received a presentation on temporary accommodation for homeless households. This detailed out the significant amount of work being done by the Homelessness Team to tackle homelessness in the district by providing quick response support to households that found themselves in difficult situations.

Internal Audit

The East Kent Audit Partnership report of the impact of the work of the East Kent Audit Partnership for the year to 31st March 2019. Concluded that:

The overall opinion of the System of Internal Controls in operation throughout 2018/19 based on the work of the East Kent Audit Partnership during 2018/19 will be presented in their annual report to the Governance & Audit Committee in July.

- The internal auditors are independent to the management of the Council and have direct access to the Chair of the Governance Committee if required. They provide a regular update to the Committee at each of the quarterly meetings, and attend any special meetings that may be convened during the year.
- As at 31 March 2019 the Internal Auditors completed 284 days of review equating to 88% of planned completion. The East Kent Audit Partnership (EKAP) undertake a regular schedule of follow up audits to ensure that management have implemented the action plans arising from each audit. Members can see full details within the Internal Audit Annual Report that will be presented to the Governance & Audit Committee in June 2019.
- The EKAP have met as a team and considered the Public Sector Internal Audit Standards Checklist for compliance. The results of this self-assessment showed that internal audit is currently working towards full compliance and has agreed an action plan to achieve this. An external assessment, as required by the standards, has not been undertaken.
- As part of EKAP's quality monitoring arrangements Members should be aware that following the completion of each audit, a satisfaction questionnaire is completed by the managers of the service that has been audited enabling the officers involved to comment on the conduct and outcome of the audit. This information is used, in part, to inform the self-assessment.

From the work undertaken, there are no major areas of concern which would give rise to a qualified audit statement regarding the systems of internal control concerning either the main financial systems or overall systems of corporate governance.

External Audit

In September 2018 the Council's external auditor (Grant Thornton) provided the Council with an unqualified opinion on the Council's accounts within their Annual Audit and Inspection letter, Grant Thornton also provided an unqualified opinion of the Council's arrangements to secure Value For Money.

The Letter confirmed that Grant Thornton gave an unqualified opinion on the Council's financial statements on 31 July 2018, and were satisfied that the Council had proper arrangements in place to ensure economy, efficiency and effectiveness in its use of resources.

The Harbour and Port accounts had been audited by Grant Thornton as it formed part of the Councils accounts. They were also subject to an additional review by Grant Thornton in accordance with the Harbours Act 1964.

The 2017/18 accounts that the Committee agreed were correct, they had been produced in accordance with all relevant legislation and had been confirmed as accurate by the external auditor.

Governance and Audit Committee

Internal Audit assessed corporate governance arrangements by measuring the Council against the requirements of the governance framework outlined in the CIPFA / SOLACE publication “Delivering Good Governance in Local Government”, and the results of this have been reported to the Audit and Governance 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.

There has been an audit of the Council's Risk Management arrangements and Anti-Fraud and Corruption (in both cases the audit opinion was 'reasonable assurance').

There was an audit of the Local Code of Corporate Governance and as a result, the Code was updated and agreed by the Governance and Audit Committee on the 6 March 2019.

Standards Committee

A Review of Local Government Ethical Standards in England

A Review of Local Government Ethical Standards in England reported in January 2009. The review report states that the vast majority of councillors elected to local authorities throughout the country maintain the highest standards of conduct. However, a small minority do not.

These are welcome changes and reflect some of the submissions made by the Chair of Standards. Implementing the report recommendations will require some changes requiring primary legislation (i.e parliamentary time) and thus the challenge of gaining this when other more immediate matters of national concern are preoccupying parliament at present, may delay progress.

Complaints under the Code of Conduct

Overall therefore during 2018/19 there was a welcome reduction in the number of complaints both received in absolute terms, managed through the complaints process, and most importantly in being found to be of substance.

From the perspective of managing the complaints process the informal performance management standard of an average acknowledgement from receipt of 3 working days, and an average of 28 days to the meeting of an assessment Sub Committee, has been maintained.

The Council received 21 complaints, of these 17 did not pass the initial jurisdiction test and therefore were rejected. The remaining 4 progressed for further scrutiny. Of these 2 cases were found to have potentially breached the Code of Conduct, but their nature was such that Informal Resolution was judged the appropriate sanction, typically a letter of admonishment from the Monitoring Officer. One complaint (concerning a Parish/Town councillor) was judged to warrant formal investigation and found proven. In the final case one member complaining about the actions of another it was determined by the relevant sub committee that no further action was the appropriate response.

One investigation raised a concern over the public speaking rules at the Planning Committee, these will be reviewed in the coming year, as part of the regular review of the constitution.

Training

Thanet District Council has been awarded Charter status for Elected Member Development and is only one of three Councils in Kent to be so designated, one of the other two being KCC.

Standards Ethics and Governance

Finally on 27th November a specially convened Full Council was presented with the formality of a Monitoring Officer Report stating the full legal position and consequent risks of not making the vacancy declaration. Only then was the declaration of vacancy passed albeit still with some reluctance in some quarters.

Through its adoption of the local code of Corporate Governance 2016 (as updated regularly since) Members are committed to respect legal provision notwithstanding that on occasions, such as this instance, it can have uncomfortable or 'disappointing' consequences. Respect for the rule of law also has direct resonance with the Members Code of Conduct and with the Seven Principles of Public Life. It should not have taken three meetings, two of which had to be specially convened to get this vacancy declaration moved.

Serious consideration should be given to the constitutional change necessary that future ward vacancies are, as an administrative function, declared by the Council Chief Executive in line with other casual vacancies.

Constitutional Review Working Party (CRWP)

CRWP has met three times this year. On 14th June 2018 it considered proposed changes to Overview and Scrutiny procedures; meeting 14th August it received proposals of East Kent wide application for Standing Orders for Contracting processes; on 22nd January 2019 it recommended mandatory training for Members of Regulatory Committees, this latter being commended to the Council as current best practice.

Correspondingly the Standards Committee met on 26th June 2018 and 11th September to review CRWPs deliberations and also at the latter also to receive the Local Government Ombudsman's Annual Letter. The infrequency of CRWP meetings continues to be a testament to the considerable work to overhaul the Council's Constitution during the period 2015/16. Meetings of the Standards

Committee whilst scheduled in annual meetings cycle are held only whenever there are issues to be discussed and do not meet merely for the sake of fulfilling a schedule.

Corporate Risks

The following corporate risks relate to significant governance issues.

Limited Resources

The high score for Limited Resources reflects the fact that it is one of the few risks that in extremis could result in the council losing control of its own destiny. There remains continued uncertainty regarding the external funding environment and challenges still exist with delivering the budget.

Political Stewardship

This continues to represent a risk to the council due to the number of political parties represented and the minority administration. Even though the Local Plan was adopted, it is still evident that there remain ongoing issues which could have a significant effect on the council. The council continues to pursue opportunities to support cross-party working and member training.

Homelessness

Homelessness has grown as a challenge for many local authorities over the last year, Thanet included. There are additional pressures on Housing as the gap between supply and demand increases but plans have been developed to ensure that this pressure is minimised. The council has reviewed and is delivering its homelessness strategy action plan, is regularly monitoring the levels of homelessness and has commissioned new services to address the increasing need for support. This work will continue. The council has successfully bid for new government funding to support homelessness services locally, and has been awarded an additional flexible homelessness grant.

Brexit

The UK is due to leave the European Union in October 2019. UK Government is continuing to work on arriving at an agreed deal on exit. Significant risk prevails should no deal be agreed within the timescale. Whilst there are national concerns that must be addressed, the council must focus primarily on managing those risks which have a local and regional impact in particular. The scale of its effect should not be underestimated and the council has already begun some contingency planning for a disorderly Brexit. The significant issues to consider are those concerning the strategic transport network, funding and the port. In addition, the council has identified a number of issues that could potentially impact on the council's ability to deliver its services.

These risks will be managed by the Corporate Management Team and will be reported separately to the Governance and Audit Committee.

Ombudsman Complaints

The Ombudsman received 49 complaints or inquiries during the year, and 44 decisions were made, of which: advice was given in 1 case, 23 were referred back for local resolution, 10 were closed after initial inquiries, 5 were not upheld and 5 were upheld.

The 'upheld' rate was 50% (compared to 63% in 2017/18). The Ombudsman issued no public reports against the Council.

There were no complaints which resulted in recommended actions with regard to significant governance matters.

Monitoring Officer's Report

On the 27 November 2018 the Monitoring Officer issued a report under the Local Government and Housing Act 1989. This followed a decision on the 15 October 2018, where the Council voted against declaring a vacancy in the office of councillor for Margate Central Ward, contrary to Section 86 of the Local Government Act 1972.

Whilst the vacancy was finally declared on the 27 November 2018, the delay by Council in declaring the vacancy meant that Margate Central Ward remained without an elected councillor until the May 2019 elections.

Further consideration needs to be given about the method of declaring casual vacancies in the future, to ensure that the law is applied and that vacancies are filled as soon as practicable.

Local Plan Process

The failure to maintain the local plan timetable and adopt the Local Plan, led to intervention by the Ministry of Housing, Communities & Local Government in late March 2018. In summary, in January 2018, the District Council resolved to reject the recommendation of officers to publish the draft Local Plan and therefore failed to meet its deadline for publication of a Plan, in accordance with our published Local Development Scheme.

The Council's argument to justify this failure set out two inter-related circumstances – the local debate over the future of Manston Airport and the need to undertake further work to identify alternative sites after the Plan failed to proceed.

The Local Plan was subsequently published and in January 2019, the Minister made the following directions in relation to the preparation of the Thanet Local Plan: (a) the Council to designate a lead Councillor and lead official to be responsible for progressing preparation of the Local Plan and (b) to publish details of those designations. These actions were taken by the Council.

Significant Governance Issues

Working towards good governance includes being open and transparent and supporting accountability to the public. The governance statement is one way of being more open about what is working well and what needs improvement. It is highly unlikely that everything will be 'fit for purpose': new risks emerge, expectations increase and controls change.

In concluding this overview of the Council's governance arrangements, the following issues have been identified that need to be addressed to ensure continuous improvement in the Governance Framework. The aim is to address these weaknesses during the 2019/20 financial year, by way of an action plan for improving the governance framework and system of internal control. This will be subject to regular monitoring by the Committee.

| Issue No. | Issues Identified | Summary of Action Proposed |
|-----------|---|---|
| 1. | Corporate Risks: <ul style="list-style-type: none"> • Limited Resources • Political Stewardship • Homelessness • Brexit | These corporate risks will be monitored by the Corporate Management Team and reported to the Governance and Audit Committee |
| 2. | Process of declaring casual vacancies | This will be reviewed and reported back to Council with recommendations |
| 3. | Financial Regulations are out of date and need to be refreshed | This review will be led by the Head of Financial Services and reported via CRWP and the Standards Committee to Council |
| 4 | Annual review of the Constitution | This will include: <ul style="list-style-type: none"> • Planning Committee speaking rules and other committee procedural matters • Council petition scheme • Legal rules • Timetable for questions to Council |
| 5 | Audit reports with governance implications | The implementation of governance based recommendations from internal audit reports will be managed through the Governance and Audit Committee |
| 6 | Clarity is required to support decision making, on the definition of policies, frameworks and strategies | A report and algorithm will be created to ensure documents are adequately described so that they agreed at the appropriate level of decision-making. |
| 7 | Member induction and training | Following the May 2019 elections a new member induction process will be implemented. This will be overseen by the Member Training Group |
| 8 | Newly published statutory guidance on overview and scrutiny | The guidance will be implemented as part of the constitutional review, through discussions with political groups and via training. |

Approval of the Annual Governance Statement

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

Signed Madeline Homer
Madeline Homer
Chief Executive

Date July 2019.

Signed
Cllr Robert Bayford
Leader of the Council

Date July 2019