

Thanet District Council Annual Governance Statement 2020-2021

December 2021

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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 Accounts and Audit (England) Regulations 2015 requires 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 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

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.

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, Corporate Directors and Directors. The Code of Corporate Governance sets out the controls in full and can be found at:

<https://democracy.thanet.gov.uk/documents/s63167/Thanet%20District%20Council%20Local%20Code%20of%20Corporate%20Governance%202019.pdf>

Governance Framework

Annual Governance Statement

(Meets Account & Audit Regulations and is published with Annual Accounts)

Governance and Audit Committee

(Challenge draft AGS & supporting evidence. Approve AGS)

Chief Executive and Directors

(Challenge draft AGS & supporting evidence)

Section 151 Officer

(Promote & Deliver Good Financial Management)

Monitoring Officer

(Legal & Ethical Assurance)

Code of Corporate Governance

(Commitment to good governance based on the principles of the CIPFA/SOLACE framework)

<p>Constitution Code of Conduct Scheme of Delegation Complaints Process Equality & Diversity</p> <ul style="list-style-type: none"> - Standards Committee - Ombudsman - Complaints - Consultation - Protocol on Member/Officer relations - Gifts/Hospitality registers - Declaration of interests 	<p>Corporate Plan Policies & Procedures Service Planning Performance Results Partnership Protocol</p> <ul style="list-style-type: none"> - Corporate Plan - Corporate Values - Director assurance statements - Performance reports - Committee reports - Annual audit opinion - Scrutiny Panel - Information Governance framework 	<p>Financial Management Framework Budget Monitoring Process Compliance with CIPFA Guidelines</p> <ul style="list-style-type: none"> - Medium term financial plan - Treasury management strategy - Statement of accounts - Annual audit letters - Financial and contract rules 	<p>HR Policies Pay Policy Risk Management</p> <ul style="list-style-type: none"> - Corporate risk register - Service risk register - Appraisal system - Bribery and anti-fraud and corruption policies - Whistleblowing code - Pay policy statement - Organisation Plan - People Strategy - Member training and development
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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 have responsibility for the development and maintenance of the governance environment;
- the review of the effectiveness of the Council's Internal Audit Arrangements 2020/21, 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.

The following annual documents also inform the review:

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

- External Audit Annual Letter

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 2020/21.

In accordance with section 3.7 of the Code of Practice on Local Authority Accounting for 2020/21, 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 has a legal responsibility to look into matters of potential unlawfulness within the Council. In 2020/21 the Monitoring Officer reviewed a number of areas in the Council's Constitution which 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 were considered by Council on 25 March 2021 and have also been taken into account in preparing this statement.

Council

Following a motion proposed to Council in March 2021 to remove the Leader, Cllr Rick Everitt, Cllr Everitt resigned as Leader. At a meeting of Council on 2 June 2021, Cllr Ashbee was elected Leader and formed a Conservative Cabinet.

The Council has a Conservative Leader and Cabinet which is the largest group. However, the Council remains in no overall control with the following numbers of councillors: Conservative 26, Labour 17, Thanet Independents 6, Green 4, Independent 3.

At the meeting on 11 July 2019, the Council agreed to call upon the four political groups and the single non-aligned Councillor to work together to identify preferred options for changing our system of governance, from the current Cabinet led system to a Committee led system, and then submit those options to the Constitutional Review Working Party for consideration.

No reports or options in relation to this decision were put to the Constitutional Review Working Party during 2019/2020 or 2020/21.

The Council's Corporate Statement and supporting Core Business Objectives for 2019-2023 can be found at link below.

<https://democracy.thanet.gov.uk/documents/s66020/Corporate%20Statement%202019-2024.pdf>

Internal Audit

The internal audit function for the Council is performed by the East Kent Audit Partnership (EKAP), which provides internal audit services to the councils of Canterbury, Dover, Folkestone and Thanet. As a result of this collaborative approach the partnership is able to provide a mechanism for promulgating best practice to the East Kent authorities that use its services. The East Kent Audit Partnership Internal Audit Team reports to the Acting s.151 Officer. They operate under a Charter, which defines their relationship with officers, and the Governance and Audit Committee. Through their audit assurance work, internal audit provides an opinion on the effectiveness of the systems of internal control. As part of the annual review of governance arrangements and in particular the system of internal control, the Council undertakes an annual review of the effectiveness of the system of internal audit.

Internal Audit has responsibility to:

- Report on the level of assurance in respect of the Council's internal control systems,
- Provide an overall independent annual Opinion from the Head of the Audit Partnership highlighting areas of concern. This is compiled from the Internal Audit work programme and a review of the Council's risk management and Corporate Governance arrangements.

The overall opinion of the System of Internal Controls in operation throughout 2020-21 based on the work of the East Kent Audit Partnership was presented in their annual report to the Governance and Audit Committee 28 July 2021.

- The internal auditors are independent to 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 of the quarterly meetings and may attend any special meetings that may be convened during the year.
- As at 31 March 2021 the Internal Auditors completed 240 days of review equating to 77% of planned completions. This is compared to the adjusted target of 75% planned completion, having lost quarter one (April, May and June 2020) to the staff having been redeployed.
- The EKAP undertakes 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 2021-21.
- The EKAP met as a team in March 2020 and considered the Public Sector Internal Audit Standards (PSIAS) 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. The lack of an External Quality Assessment (EQA) against the PSIAS is hereby disclosed as non-conformance in this Annual Governance Statement. The four s.151 Officers, acting as the EKAP Client Officer Group, continue to be content to rely on the self-assessment process for the PSIAS and not commission an EQA.
- 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 and continuous improvement.

External Audit

Due to a number of concerns about governance processes at the Council, specifically related to handling of grievances, whistleblowing and disciplinary allegations involving the 4 senior officers at the Council, the external auditor, Grant Thornton, issued statutory recommendations to the Council under s24 of the Local Audit and Accountability Act 2014, dated 12 October 2021. The Council agreed to adopt those recommendations at an extraordinary meeting held on 2 November 2021. An additional recommendation was adopted, in that the Council agreed that there would be regular reporting of progress on the actions to the full Council. The full report including the recommendations can be found at

<https://www.thanet.gov.uk/wp-content/uploads/2021/10/Thanet-District-Council-statutory-recommendations-12-October-2021.pdf>

The details of the meeting on 2 November can be found at:

<https://democracy.thanet.gov.uk/ieListDocuments.aspx?CId=141&MId=6087>

Updates on actions to address the recommendations will be brought once a month to the General Purposes committee and regularly at each ordinary meeting of Council.

Overview and Scrutiny Panel

Links to the Panel's annual report to Council on 25 March 2021 can be found here:

<https://democracy.thanet.gov.uk/documents/s71863/Annual%20OSP%20Report%20to%20Council%202020-21.pdf>

<https://democracy.thanet.gov.uk/documents/s71734/Annex%201%20-%20Scrutiny%20Review%20Scoring%20table%20-%20Google%20Docs.pdf>

<https://democracy.thanet.gov.uk/documents/s71767/Annex%202%20-%20OSP%20Pre%20and%20Post%20Decision%20Reviews.pdf>

Members noted the report.

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.

Links to the committee's annual report reported to Council on 25 March 2021 can be found here:

https://democracy.thanet.gov.uk/documents/s71864/REVIEW%20OF%20THE%20EFFECTIVENESS%20OF%20THE%20GOVERNANCE%20AND%20AUDIT%20COMMITTEE%20AND%20ANNUAL%20REPORT%20FOR%202020_21.pdf

https://democracy.thanet.gov.uk/documents/s71865/Annex%201.%202020_21%20Annual%20Report.doc.pdf

Standards Committee

Links to the committee's annual report reported to Council on 25 March 2021 can be found here:

<https://democracy.thanet.gov.uk/documents/s71831/Standards%20Committee%20Chairs%20Report%20-%209%20March%202021.pdf>

<https://democracy.thanet.gov.uk/documents/s71832/Standards%20Statistics%20Table.pdf>

Members noted the report.

New Members of the committee

Two new Independent Members were also appointed in the 2020/21 municipal year bringing the number of Independent Members of the Committee to its full complement of four.

Training

Because of budgetary impacts and the impact on working practices this year due to Covid-19, Thanet District Council has not maintained its Charter status for Elected Member Development. However, Democratic Services has maintained training provision for councillors in providing the usual induction training programme for councillors, regular planning committee training, training on the Code of Conduct and Standards etc.

However, since the return to more normal working after lockdown, the team is developing training for members further and will continue to do so during this year.

Constitutional Review Working Party (CRWP)

The Constitutional Review Working Party met twice in 2020-21. At those meetings it made recommendations to the Standards Committee on topics including:

- Review of the word limit questions to Council from Councillors and members of the public.
- Amending the Council's constitution to use non-gender specific pronouns.

General Purposes Committee

In early 2020, The General Purposes Committee considered advice from the Local Government Association on the efficacy of the Council's Grievance Policy (which applies to all staff), with respect to grievances in relation to statutory officers. The committee instructed East Kent HR to

look at best practice through a benchmarking exercise and to prepare a new grievance policy based on the JNC model. The Policy was adopted by the General Purposes Committee on 25 August 2021. Council appointed the relevant Grievance and Grievance Appeals Committee on 14 October 2021.

During the year the committee also appointed the Investigatory and Disciplinary sub-committee (IDSC) to consider a number of matters for the Council. The IDSC process has concluded although there are some issues arising out of the process which still need to be concluded.

The IDSC also dealt with the outcome of a grievance appeal brought by a member of staff. The matter had been referred to it by the General Purposes Committee. That matter has been considered and completed by the committee.

Corporate Risks

The Governance and Audit Committee receive regular reports on the Corporate Risk Register, the framework through which the Council monitors and manages its corporate risks. The contents of the reports highlight the high-priority corporate risks and show the arrangements in place to ensure these risks are monitored and managed appropriately.

The following corporate risks relate to significant governance issues.

Political Stewardship

This issue has appeared as a significant risk to the council for the last few years. This risk is less so at the present time as the Conservatives, as the largest group, provide the Leader and Cabinet. There is therefore greater stability within the Administration than has been the case in previous years. Overall, however, the Council remains in no overall control but all groups continue to pursue opportunities to support cross-party working. All groups understand the need to work together and are working towards the corporate goals of the Council.

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.

Therefore, the likelihood and severity of the impact of the risk becoming manifest (e.g. TDC having to terminate services, make large-scale redundancies and/or be externally governed or managed) remains high, not only now but for the immediate future.

Disciplinary and Grievance Matters

The council's General Purpose Committee (GPC) and its Investigatory and Disciplinary Sub Committee (IDSC) considered a number of disciplinary and grievance matters. Cabinet approval was granted on 8 June 2021 for a budget for anticipated possible costs of up to £733k to fund

current and on-going legal fees associated with these matters, to be funded from reserves and recouped in following years. Although some IDSC processes have been concluded, there are still a few matters which need to be resolved and they are being progressed as quickly as possible. These issues still represent a financial and reputational risk to the authority. Apart from the costs set out in the Cabinet report, there has been (and continue to be) costs in excess of £167k associated with the salaries of suspended staff, as well as costs incurred in 2019-20 which also related to disciplinary and grievance matters.

Ombudsman Complaints

The Ombudsman received 20 complaints and took the following decisions on them:

Upheld - maladministration & Injustice - 4

Not Upheld - no maladministration - 1

Not Upheld - no further Action - 3

Closed After Initial Enquiries - no further action - 7

Closed after initial enquiries - out of jurisdiction - 3

Complaint received but not counted as complaint decision - 2

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

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

Monitoring Officer's Report

Statutory Recommendations

Please see the details provided separately above in this report.

Employment Matters

One employment tribunal claim is outstanding and is being dealt with by the proper processes. These matters should be concluded in 2021/22.

The Impact of Covid 19

The coronavirus Covid 19 pandemic has had a substantial impact on the Council's governance arrangements. The UK was put into lockdown on 23 March 2020 in an unprecedented step to attempt to limit the spread of coronavirus.

In early February 2020, Cllr Constantine resigned as a Councillor for Newington ward and a by-election was set for 19 March 2020. On government advice and subsequently through the Local Government and Police and Crime Commissioner (Coronavirus) (Postponement of Elections and

Referendums) (England and Wales) Regulations 2020, the by-election was postponed until May 2021.

Under the same Regulations, the Police and Crime Commissioner Elections (which are carried out by the Council's Returning Officer) and which were due to take place on 7 May 2020 were postponed until May 2021.

Both these elections, together with the County Council elections, two further by-elections and the Broadstairs Neighbourhood Plan Referendum, took place on 6 May 2021.

On 4 April 2020 The Local Authorities and Police and Crime Panels (Coronavirus) (Flexibility of Local Authority and Police and Crime Panel Meetings) (England and Wales) Regulations 2020. This gave the Council powers to:

- Provide for remote access to Council meetings by members and by the press and public.
- Enabled the Council to hold and alter the frequency and occurrence of meetings without requirement for further notice.
- Provided for members of local authorities to attend meetings remotely
- Removed the requirement for an annual meeting in May 2020

The pandemic and subsequent 'lockdown' led to a change in the way staff operated with people working from home, and being re-allocated to Covid 19 support activities.

The work by Democratic Services on remote meetings supported the work of other East Kent Districts and was also provided as an example of good practice for the Association of Democratic Services Officers (ADSO).

<https://www.adso.co.uk/app/uploads/2020/05/ADSO-Virtual-Meetings-case-studies-updated-2020-05-28.pdf>

Despite a challenge in the High Court led by the Local Government Association and ADSO, central government refused to extend the legislation to allow remote meetings. A High Court challenge for a declaration as to the inclusion of remote meetings in the definition of "place" in the Local Government Act 1972 failed.

Therefore with effect from 7 May 2021, the Council has returned to in person meetings for Council meetings. This has led to significant creativity to ensure successful meetings while protecting people's safety and ensuring social distancing. While social distancing was a national requirement, meetings of Council have taken place at the Ramsgate Leisure Centre. In latter months, Council meetings have resumed in the Council Chamber.

Disbanding of East Kent HR (EKHR)

Following discussions by the Chief Executives in late 2020, the East Kent Services Strategic Board decided to disband EKHR and bring HR services in-house. Each Council considered and approved the decision at its Cabinet or Policy Committee in April/May 2021. The HR service transferred

in-house from 1 September 2021 and the team has proved to be an excellent addition to TDC's staff.

It is intended that an in-house HR service will better support the corporate aims of the Council and will more closely align with the needs of the Council and its staff. The intention is also that councillors will have a closer involvement in setting staffing policies for their own organisation. It is intended that the General Purposes Committee has oversight of HR policies as appropriate.

Issues Raised by Governance and Audit at its meeting of 3 March 2021.

The Chief Executive commissioned the Council's external auditors, Grant Thornton, to carry out a review into culture and governance. In response to the provision of the draft internal audit plan at the meeting, the then Chair of Governance and Audit requested that the review take place during the first quarter of 2021.

Grant Thornton reported separately to the meeting of Governance and Audit on 28 July 2021 on their interim findings.

On 12 October 2021, Grant Thornton issued their statutory recommendations as described above.

Areas for Improvement

The 2019/20 Action Plan

The 2019/20 Annual Governance Statement and its action plan can be found at the following link:

https://www.thanet.gov.uk/wp-content/uploads/2018/07/Annual-Governance-Statement-2019_20.pdf

It is repeated below, together with actions taken during the year:

No	Issues	Summary of Action Proposed	Actions during 2020/21
1.	Financial Regulations are out of date and need to be refreshed	This refresh of Financial Regulations has been deferred to coincide with a wider Financial Management Review. The Chartered Institute of Public Finance and Accountancy (CIPFA) published their Financial Management Code in late 2019 and the Council will undertake a review of financial management later this year, which will help stabilise finances and to build	Completed during 2021

		for the future.	
2.	Constitution is becoming out of date and in need of review- this was brought forward from 2019/2020	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 ● Questions to Council 	These items in the Constitution have all been reviewed and completed during 2020/21.
3.	Is the Council's Constitution robust in times of emergency?	To review the lessons learnt locally and nationally from the coronavirus epidemic and to determine what changes (if any) should be made to our governance arrangements to cover future emergency situations.	As the pandemic is ongoing, this work is not concluded. The Council's working practices remain under review. The Council has adopted its Flexible Working Policy as a direct response to the pandemic and has moved much more to digital provision. This full impact of the pandemic will not be known for some time.
4.	The present Grievance Policy is impractical and 'clunky' in relation to Statutory Officers.	Review Grievance Policy for Statutory Officers in accordance with the JNC Conditions for Chief Executives	This work is completed. The Council has adopted a Grievance Policy for Statutory Officers, has set up the relevant committees and has amended the Constitution.
5.	Misunderstanding over the meaning and investigation of 'whistleblowing' complaints	Review the present policy and its links with other employment policies. Awareness raising and training.	This work is ongoing, together with a review of other relevant HR policies, eg the Disciplinary and Grievance policies.

The 2020/21 Action Plan

In concluding this year's 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 2021/22 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 Governance and Audit Committee.

No	Issues	Summary of Action Proposed
1	Statutory Recommendations issued by external auditor	An independent consultant will be appointed to act as Independent Monitoring Officer and the actions set out in the auditor's report will be actioned and reported to GPC and Council as required
2.	Financial Regulations are out of date and need to be refreshed	A consultant was commissioned to undertake an independent review of the council's financial regulations and wider approach to Financial Management in May and June 2021. The council will consider how to implement the recommendations of this review later this year, which will help stabilise finances and to build for the future.
3.	Constitution is becoming out of date and in need of a comprehensive review	<p>The following items were recommended by CRWP on 10 November and will be considered by the Standards Committee and Council in late November/early December 2021:</p> <ul style="list-style-type: none"> ● Amending for clarity the wording of the delegations for the Planning Committee in light of a recent Judicial Review case. ● Amending the training timetable for members of Planning Committee and Licensing Committee to yearly training. ● Amending the guidance within the Code of Conduct for Councillors in line with the LGA Guidance on Social Media <p>In addition, the following items will be completed during this year:</p> <ul style="list-style-type: none"> ● The Scheme of Officer delegations ● Financial Procedure Rules - in process
4.	Is the Council's Constitution robust in times of emergency?	To review the lessons learnt locally and nationally from the coronavirus epidemic and to determine what changes (if any) should be made to our governance arrangements to cover future emergency situations.
5.	Review of Culture and Governance by Grant Thornton	This process is complete and has resulted in the issuing of the statutory recommendations as set out above and described elsewhere in the report.

Approval of the Annual Governance Statement

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

Signed Date

Madeline Homer
Chief Executive

Signed

Cllr Ash Ashbee
Leader of the Council Date