

Thanet District Council Draft Annual Governance Statement 2021-2022

September 2022

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

<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 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 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
- 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 2021/22.

In accordance with section 3.7 of the Code of Practice on Local Authority Accounting for 2021/22, 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. In 2021/22, the Monitoring Officer reviewed several areas in the Council's Constitution that 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 considered in preparing this statement.

Council

Councillor Ash Ashbee was elected as a Leader of the Council and formed a Conservative Cabinet in June 2021.

The Council has a Conservative Leader and Cabinet, the largest group. The Council remains in no overall control with 27 Conservatives, 16 Labour, 6 Greens and Independents, 5 Thanet Independents and 2 Independents.

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

The East Kent Audit Partnership internal Audit team reports to the s151 Officer, the Deputy Chief Executive. 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 internal control systems. As part of the Annual review of governance arrangements and in particular, the internal control system, the Council undertakes an annual review of the internal audit system's effectiveness.

Internal audit has responsibility for:

- 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 Annual report summarises the performance of the East Kent Audit Partnership (EKAP) and the work it has performed over the financial year 2021-22 for Thanet District Council and provides an overall opinion on the system for governance, risk management and internal control based on the audit work undertaken throughout the year, in accordance with best practice. In providing this opinion, this report supports the Annual Governance Statement. 1.3.

The EKAP delivered 91% of the agreed audit plan days to TDC. The performance figures for the East Kent Audit Partnership as a whole for the year show good performance against the targets. It is the opinion of the Head of Audit that sufficient work has been undertaken to be able to support an opinion for 2021-22.

It was reported there were 24 projects set out in the plan in March 2021. During the year, 21 projects were completed, and five projects were in progress on 31st March 2022. Unfortunately, some of the projects had to be pushed back to allow other urgent work to be carried out. Across 2021, a total of 102 recommendations were agreed upon, with 55% falling within the Critical or High-Risk categories.

The conclusion of the internal audit was that confidence in Corporate Governance remained low due to significant unresolved matters in the governance arrangements for the council. It was stressed that the Opinion covered only to 31st March 2022, and between April and June 2022, significant changes had impacted the council, and there had been changes to senior management.

The opinion for Risk Management confirmed that arrangements for the Council's risk management framework are effective.

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.

External Audit

The previous Governance report in 2020/2021 reported that Mr Grant Thornton had been commissioned by Thanet District Council under s24 of the Local Audit and Accountability Act 2004.

Following review, statutory section 24 recommendations were issued in October 2021 regarding the council's governance arrangements. The advice and actions were discussed at the Council's extraordinary meeting in November 2021, which can be accessed via the link below.

The full report of the external auditors can be found below.

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

Overview and Scrutiny Panel

Links to the Panel's annual report to Council on 31 March 2022 can be found here:

<https://democracy.thanet.gov.uk/documents/s77117/Annual%20OSP%20Report.pdf>

<https://democracy.thanet.gov.uk/documents/s77118/Annex%201%20-%20Scrutiny%20Review%20Topics%20Scoring%20table.pdf>

<https://democracy.thanet.gov.uk/documents/s77119/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/s71831/Standards%20Committee%20Chairs%20Report%20-%209%20March%202021.pdf>

https://democracy.thanet.gov.uk/documents/s76051/Annex%201%202021_22%20Chairs%20Annual%20Report.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/s77111/Chair%20Of%20Standards%20Committee%20report%202022.pdf>

<https://democracy.thanet.gov.uk/documents/s77112/Standards%20Statistics%20Table%202021-22%2010032022%20Standards%20Committee.pdf>

Members noted the report.

New Members of the committee

There were no new members appointed during the period of the 2021/22 municipal year.

Training

Democratic Services has maintained training provisions for councillors in providing the usual induction training programme for new councillors, regular planning committee training, training on the Code of Conduct and Standards etc.

Constitutional Review Working Party (CRWP)

The Constitutional Review Working Party met three times in 2021-22. At those meetings, it made recommendations to the Standards Committee on topics including

- Introduction of a parental leave policy for Councillors
- Changes to the Planning protocol
- Amendments to the arrangements for mandatory training for Councillors
- Amendments to delegated powers surrounding declarations of vacancies.
- Changes to the Leaders' report and to the rules on questions from members.

General Purpose Committee

In August 2021, the General Purposes Committee considered and approved a new Grievance Policy for Statutory Officers modelled around the JNC Model Grievance Procedures and recommended to Council that both a Grievance Committee and Grievance Appeals Committees for Statutory Officers be created. Council subsequently agreed to these recommendations.

During 2020 - 21 the committee appointed the Investigatory and Disciplinary sub-committee (IDSC) to consider several matters for the Council; the Committee itself further considered these matters.

Corporate risks

The Governance and Audit Committee regularly receives reports on the Corporate Risk Register (CRR), a framework through which the council are required to monitor and manage its corporate risks.

Following numerous internal and external factors, a full review was needed to reflect the changes to Thanet District Council.

Thanet District Council has several significant risks which need to be reviewed, including the ongoing Brexit, the legacy of Covid 19, and homelessness.

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.

Disciplinary and Grievance Matters

The disciplinary and grievance matters are still ongoing, as reported in 2020/21. While the Cabinet approved a budget of £733k to fund the current and ongoing cost, this is likely to be increased, with the exact cost to be identified.

Ombudsman Complaints

The Ombudsman received 30 complaints and took the following decision on them.

The decision of the Ombudsman	Reason,	No of cases,
Upheld	Maladministration & injustice	1
Upheld	Maladministration & injustice - no further action as satisfactory remedy provided by the organisation	1
Not upheld	No maladministration	3
Not upheld	No further action	1

Closed after initial enquiries	No further action	12
Closed after initial enquiries	Out of Jurisdiction	7
Complaint received	Inadequate for complaint decision	0
Pending	Final decision by the Ombudsman	5

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 are outstanding and ongoing which are being dealt with in accordance with the council's procedure. It is anticipated that those matters will conclude in the year 2022/23.

Appointment of Independent Monitoring Officer (IMO)

On the 12th October 2021, due to inadequate arrangements in governance in responding to whistleblowing, grievances and disciplinary procedures with the direct financial costs adding further pressure to already fragile finances,

Thanet District Council's, (TDC), external auditor, Sarah Ironmonger, (SI), of Grant Thornton, pursuant to powers under S.24 & Schedule 7 of the Local Audit and Accountability Act 2014, issued a report containing four statutory recommendations for TDC.

On 2nd November 2021, the S.24 report was considered at an extraordinary meeting of TDC's Full Council which unanimously agreed to accept the recommendations. The full text of the approved resolution included the appointment of an Independent Monitoring Officer, (IMO), who will, amongst other things, prepare a 'lessons learnt' report collating themes and recommendations from all externally commissioned reports and any other appropriate evidence, to be submitted to the General Purposes Committee, (GPC).

On the 12th of December 2021, TDC appointed Quentin Baker to undertake the role of IMO and on the 18th of December 2021, an S24 Implementation Plan was prepared by the IMO.

The plan sets out the agreed approach which includes reviewing relevant documents such as investigation reports and interviewing officers/others who have knowledge of these matters, including TDC councillors, officers, stakeholders and advisors.

The S.24 report refers to eight reports by six external independent reviewers during the two-and-a-half years preceding the report. In the course of the IMO's review, a number of other documents emerged including investigation reports and legal advice and in total 20 such documents formed the core group of externally commissioned documents reviewed. In addition, minutes of meetings, relevant internal policy documents and email correspondence were also reviewed as part of this process.

A full report of the IMO can be found below:

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

The IMO report forms parts of the areas for improvement with the following recommendations by the IMO.

Areas for Improvement

In concluding this year's overview of the Council's governance arrangements, the following issues have been identified that form part of the IMO improvement plan that need to be addressed to ensure continuous improvement in the Governance Framework.

It is intended that these will be addressed during the 2022/23 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.	<p>Review of the TDC constitution</p> <ul style="list-style-type: none"> ● Review the member officer protocol to ensure/clarify/reinforce the need for sharing of information between officers and Cllrs and to engage councillors in the work of the authority. This should include clear guidance on the rights of access councillors have over and above members of the public. ● To review the scheme of delegation to ensure that it 	Ongoing 2022

	<p>is clear and easy to understand and also includes appropriate conditions requiring the engagement of Cllrs in strategic and high-risk decisions.</p> <ul style="list-style-type: none"> ● Establish an Employment Committee to consider strategic Human Resources & OD matters. ● Review the arrangements for handling Whistle-blower complaints to ensure a robust and confidential system for handling such matters, including a range of confidential channels via which such complaints may be submitted. 	
2.	<p>Restructure of Senior Management Team</p> <ul style="list-style-type: none"> ● CMT to be restructured to create at least one additional Corporate Director role to include responsibility for HR. ● Develop a wider management group/ forum with a view to promoting levels of transparency and communication between all tiers. ● Review the existing arrangements in place to manage the potential conflict of interest arising from the close personal relationship between the CEO and Director of Operations. The arrangements should be demonstrably transparent to provide assurance that relevant decision-making is handled independently. 	<p>Ongoing 2022 with the recruitment of an Interim CEO and Interim Monitoring Officer</p>
3.	<p>Development Work for Member Officer Relationships</p> <ul style="list-style-type: none"> ● LGA or other body to lead development work – team building and developing an understanding of the different roles and responsibilities of officers and Cllrs. A particular focus on officers understanding the responsibilities of Cllrs for the overall running of the council and their public-facing role. ● Improve responsiveness to information requests from councillors to officers and put in place mechanisms which will ensure that key information about TDC decisions and activities affecting local wards is disseminated to relevant ward councillors. ● Ensure that all Senior Councillors are briefed on the contents of all reports produced in the context of the CMT dispute in order that they have parity of access 	<p>Ongoing 2022</p>

	and understanding.	
4.	Coaching/ Mentoring Programme for CEO and Directors <ul style="list-style-type: none"> ● CEO to enter into formal coaching/mentoring arrangement. ● CMT to undertake team building 	Ongoing
5.	Introduction of Regular Staff Survey and other staff feedback forums. <ul style="list-style-type: none"> ● Information on staffing, including turnover/sickness absence/settlement agreements/ETs etc., regularly reported to CMT and to the employment committee. 	Ongoing
6.	Review of the HR resource within TDC to ensure that it is sufficient to meet the needs of the council in respect of HR casework and organisational development. <ul style="list-style-type: none"> ● Development and implement a framework of values and behaviours for staff with a view to promoting improved staff management and working environment. 	Ongoing
7.	Undertake an independent review/audit of the Berth 4/5 project from its inception to the present day with a view to identifying the causes for delay and cost overruns which have beset the project, including the project governance. The results assist in identifying lessons for the future management of large projects.	Ongoing
8.	Establish an Independent Assurance/Assistance Panel The panel to comprise independent S.151, MO and HOPS to oversee the swift implementation of the above actions and to act as a source of independent support/advice during the recovery phase.	Ongoing

Approval of the Annual Governance Statement

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

Signed:

Colin Carmichael (Interim Chief Executive) Interim Chief Executive

Councillor Ash Ashbee - Leader of the Council

Date