

# Annual Governance Statement 2007/08

**1. Scope of Responsibility**

- 1.1 Thanet District Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Thanet District 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.
- 1.2 In discharging this overall responsibility, Thanet District Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and the management of risk.
- 1.3 Thanet District Council has approved and adopted a Code of Corporate Governance, which is consistent with the principles of the CIPFA / SOLACE Framework Delivering Good Governance in Local Government. A copy of the code is on our website at <http://www.thanet.gov.uk/docs/Local%20Code%20-%20Version%202a.doc> or can be obtained from the Council offices, Cecil Street, Margate, Kent, CT9 1XZ. This statement explains how Thanet District Council has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit (Amendment) (England) Regulations 2006 in relation to the publication of an annual governance statement.

**2. The purpose of the governance framework**

- 2.1 The governance framework comprises the systems and processes, and culture and values, by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise risks to the achievement of Thanet District Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at Thanet District Council for the year ended 31 March 2008 and up to the date of approval of the annual report and statement of accounts.

**3. The governance framework**

- 3.1 The Council identifies and communicates its aims and ambitions for Thanet for 2007 - 2011 through our Corporate Plan. The current Corporate Plan was agreed by Cabinet (14 June 2007) and Council (25 June 2007), and actions were then fed into Service Plans and through to appraisals. A refresh of the Corporate Plan was agreed by Cabinet on the 12 February 2008. The Council is in the process of developing its Vision for Thanet and this will be considered later in 2008 prior to public consultation. In the future we will review our Vision for Thanet on a regular basis ensuring that it meets the requirements of our community, partners and other stakeholders.
- 3.2 The Council has adopted a Local Code of Corporate Governance (Council - 21 February 2008), which will be reviewed on an annual basis ensuring that the Council's governance arrangements are in place and are demonstrating good outcomes for our community and service users through good risk management, performance, financial and internal control processes.
- 3.3 We measure the quality of services for users, ensuring that they are delivered in accordance with our objectives and represent the best use of resources through our performance reporting process. Officers report on service and corporate plan objectives, financial monitoring and performance indicators within the monthly Manager's Tool. This information is collated within the monthly and quarterly performance reports as necessary, along with partnership performance reports. Reports from Service Managers are used by the Corporate Management Team to map progress of the plans in place and these go to Cabinet and Scrutiny. The performance framework is currently based on manual systems and processes, but as this is now so fundamental to good management practices the Council will be upgrading to an electronic performance management system during 2008/09. This will reduce time spent whilst improving access to valuable information.
- 3.4 The Council is committed to delivering value for money, and has published its Value for Money Strategy in its medium term financial plan for 2008 – 2011. It has developed a programme of reviews that will be used to test the value for money that it derives from its services and to assess the areas for improvement. The outcomes of such value for money assessments will be used to deliver real improvements in the efficient, effective and economic delivery of services and to inform the development of the future budget proposals and the medium term financial plan for 2009 – 2012.
- 3.5 Roles and responsibilities for Cabinet, Council, Overview and Scrutiny and all Committees of the Council, along with officer functions are defined and documented, with clear delegation arrangements and protocols for effective communication within the Council's Constitution. The Constitution is regularly reviewed and updated, with the next planned update due in 2008/09.
- 3.6 The Cabinet is the part of the Council that is responsible for most strategic decisions and is made up of the Leader and 5 other Councillors. Each theme of the Corporate Plan is sponsored by a Cabinet Member as a Portfolio Holder. When key decisions are to be discussed or made these are published in the Council's Forward Plan and will generally be discussed in a meeting open to the public. The Cabinet has to make decisions that are in line with the Council's overall policies and budgets. Decisions outside the Budget and Policy Framework must be referred to Full Council. A "call in" procedure allows a Scrutiny Committee to review Cabinet decisions before they are implemented.

- 3.7 Codes of conduct defining the standards of behaviour for members, staff, our partners and the community have been developed and communicated and are available on the Council's web site and on TOM. These include:
- Members Code of Conduct
  - Code of Conduct for staff
  - Anti-fraud and corruption policy
  - Members and officer protocols
  - Regular performance appraisals, linked to service and corporate objectives
  - Service Standards that define the behaviour of officers
  - A Standards Committee comprising 8 Members, 3 independent members of the public (1 of which is Chair) and 2 Parish Council representatives
- 3.8 The principle of the formation of a Governance and Audit Committee was agreed by the Cabinet on the 23 March 2006 and adopted by Council on the 11 May 2006, and then re-constituted by Council in 17 May 2007. The Terms of Reference for the Committee were reviewed in line with 'CIPFA's Audit Committees – Practical Guidance for Local Authorities' and agreed by Council in December 2007. There is also a Governance Group in place, which is made up of each Head of Service, a representative from the East Kent Audit Partnership and the Communications and Marketing Team and the Corporate Governance Officer. This Group meets on a quarterly basis in line with the timetable of the Governance and Audit Committee and is chaired by the Head of Financial Services who is the Section 151 Officer.
- 3.9 Thanet District Council is required to ensure compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful. To this end, the Council has in place a number of procedures, protocols and processes that underpin the delivery of its services and functions. The Council's protocols or procedures are reviewed and updated on a regular basis for standing orders, standing financial instructions, a scheme of delegation and supporting procedure notes / manuals, clearly defining how decisions are taken and the process and controls required to manage risks.
- 3.10 The Council has in place a whistleblowing procedure whereby staff and others can report concerns about various sorts of wrongdoing or alleged impropriety. Council approved an updated Code in April 2005 which is available to staff via the intranet and is referred to in the Induction Training Programme and annual Staff Conference. The Code is also proactively communicated to those contracting with the Council.
- 3.11 As Thanet District Council provides a wide range of services to approximately 130,000 residents and over 2 million annual visitors, the Council ensures that complaints, comments and compliments are investigated appropriately. The Council implemented an IT solution via the Comino Corporate Complaints System on the 1 August 2007 to record complaints, comments and compliments. Service improvements have been made as a direct consequence of complaints received, and this is shared with Members of the Council and the public through the Members' Portal and the Council's web site. The response time was reported through the Performance Packs and also on a quarterly basis to the Corporate Management Team.
- 3.12 The development needs of senior officers in relation to their strategic roles, have been identified and the Learning & Development Strategy 2007-2011 outlines activities as follows:
- Support change management within the organisation by equipping managers and staff with the skills and knowledge necessary to successfully undergo change programmes.
  - To provide leadership and professional development opportunities for managers within the organisation that support best management practice and the managers charter guidelines.

- Develop effective training and development frameworks to support senior managers and key officers with potential through a programme of talent management linked to the workforce development plan.
  - Take the management development programmes within the organisation further, review the effectiveness of existing programmes and investigate the potential for partnership delivery in East Kent.
  - Throughout January / February 2008 officers with responsibility for risks and / or control measures in the Council Risk Register have been provided access to the system and received training on how to undertake a review. This encourages ownership of the risk or opportunity and helps embed this process throughout the Council.
- 3.13 The Council is planning to survey Members to identify future training needs, with a view to establishing a more formally structured Member development programme. Member Development sessions are programmed on a quarterly basis to ensure issues such as equalities, child protection and other governance processes are communicated as necessary to Members. A wide range of other Member development activities are undertaken, including a number of recent and planned sessions on ethical standards and the Code of Conduct. In the case of the revised Members Code of Conduct agreed in May 2007, just over 70 Councillors attended training sessions throughout November 2007. There is a comprehensive induction programme for Members following District elections, and the Governance and Audit Committee receive regular training prior to the commencement of most meetings on matters relevant to the Group's remit.
- 3.14 The Council has established clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation. Close links have been forged with local community groups through the development of the Community Network, a database of over 200 local groups and organisations who have agreed to participate in a range of council consultation. Engagement with the Network is part of the Council's formal consultation process, and has also helped to improve links with harder to reach groups in the area. The Community Network includes organisations who work with children, the elderly, those with mental and physical disabilities, ethnic minority groups, people not in training, education and employment, the homeless, faith groups as well as many other specific interest groups in Thanet. The Council has been involved in the Thanet Inter-Faith Council, which has been meeting informally since October 2007 with the intention of progressing to a formal group in May 2008.
- 3.15 The Council recognised that incorporating good governance arrangements in respect of partnerships and other group working, as identified by the Audit Commission's report on the governance of partnerships, needed to be reflected in the authority's overall governance arrangements, and work commenced on producing a Partnership Framework and database for this purpose. This will be launched in 2008/09
- 3.16 The Thanet Compact Implementation Group was re-established in 2007 following the efficiency review in 2006 and an officer assigned to take the implementation of the Thanet Compact forward. The Compact provides a framework for improving working relations between local public and Voluntary and Community Sector (VCS) organisations to strengthen relationships between partners for mutual advantage by establishing codes of practice that set out what partners can expect from each other. By following the codes and working within the "spirit" of the Compact, partners relations will change for the better and it will improve how partners engage, behave and work together at individual, organisational and partnership level.

**4. Review of effectiveness**

- 4.1 Thanet District Council has responsibility for conducting, at least annually, a review of effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the East Kent Audit Partnership's annual report, and also by comments made by the Audit Commission and other review agencies and inspectorates.
- 4.2 The processes that have been applied in maintaining and reviewing the effectiveness of the governance framework, have been undertaken through the following methods:
- 4.2.1 Gaining assurances from various areas such as Managers, Democratic Services, Human Resources, performance management, risk management, the Section 151 and Monitoring Officers and also Members of the Governance and Audit Committee.
- 4.2.2 Cabinet receiving quarterly Performance Packs to monitor achievement of key priorities, service objectives, performance indicators and budget spend.
- 4.2.3 Overview and Scrutiny reviewing the work and decisions of the Cabinet, and all areas of the Council's work, as well as carrying out specific projects and investigations and considering matters or services provided by an outside organisation that could affect the local residents. They also receive the quarterly Performance Packs for information.
- 4.2.4 The Governance and Audit Committee receive regular reports from the East Kent Audit Partnership on their progress against the Annual Audit Plan which provides detail on the assurance levels that can be placed against the various systems and processes in place. They also provide an annual assessment at year end. Regular reports are also provided on the Council's Corporate Risk Register, along with associated documents such as the Risk Management Strategy and Process when they are due to be reviewed.
- 4.2.5 Attendees at the Governance Group are all Heads of Service, representatives from the East Kent Audit Partnership and Communications & Marketing Section. The Head of Financial Services (Section 151 Officer) chairs the meetings and may co-opt any other officers as is required. This Group's purpose is to monitor and review the risk, control and governance processes that have been established and address any upcoming processes when required.
- 4.2.6 The Standards Committee promote and maintain high standards of conduct by Councillors and co-opted members. They monitor the operation of the Members' Code of Conduct advising, training or arranging to train Councillors and co-opted members on matters relating to the Code where necessary. In February 2008 it was agreed that a third Independent Member of the Standards Committee be appointed.
- 4.2.7 The Internal audit function is an independent appraisal with direct access to Members, which seeks to provide management with a level of assurance on the adequacy of internal controls and of risks to the Council's functions / systems. The Internal Audit function for this Council is bought under contract from the East Kent Audit Partnership. This provides sound objectivity as well as benefiting from a large resource-pool which brings with it a good level of robustness. Throughout the year, the Internal Auditors have performed a wide range of reviews covering both financial matters and other more service / output specific

objectives, including Value for Money assessments, the conclusion of which is a report that is produced for Management, which includes an assessment of the level of assurance that can be derived from the system of internal controls related to the service that is reviewed.

- 4.2.8 During 2007/08 the Internal Auditors completed 402 days of review, which was spent undertaking 50 audits. Of these 14 were assessed as being able to offer substantial levels of assurance; 11 reasonable assurance; 6 limited assurance and only 2 were found to have nil assurance. 17 of the audits were on special investigations or work commissioned by management, which did not merit an assurance level. Taken together 75% of the reviews account for substantial or reasonable assurance, whilst only 25% of reviews placed a limited assurance to management on the system of internal control in operation at the time of the review. Where appropriate, the audit report provides management with a set of recommendations that are designed to address weaknesses in the system of internal control. The outcomes of these Internal Audit reviews are reported to the Governance and Audit Committee on a quarterly basis, giving Members an opportunity to understand the Council's compliance with key controls and to discuss any areas of concern with the Auditors.
- 4.2.9 The External Auditors are appointed to the Authority by the Audit Commission. They are required to conduct their audit work to the strictest standards as laid down by the Audit Code of Practice, which ensures that they approach the work with the highest level of objectivity. In addition to being appointed by a third party, their independence is further reinforced by the restrictions put into place on the levels of non-audit work able to be purchased from external auditors. The External Auditors provide another area of assurance, which is an essential element in the process of accountability for public money and makes an important contribution to the stewardship of public resources and the corporate governance of the Council. They undertake a series of thorough and comprehensive audits that cover matters including financial reporting, financial stewardship and the Council's approach to its use of resources.
- 4.2.10 The Audit Letter - Each year the Authority receives a report from its External Auditor on the quality of its financial and management administrative arrangements. The most recent Audit Letter, which was presented for Members' consideration at the Governance and Audit Committee meeting on 25 March 2008, indicated that the Authority's approach to financial management, its performance management framework and its overall governance arrangements were all considered to be satisfactory. Actions required from this Audit Letter are incorporated into section 5 of this document.
- 4.2.11 Use of Resources Outcomes - In March 2008 the Authority was advised that it had achieved an overall level 2 in Use of Resources Assessment under the Comprehensive Performance Assessment (CPA) which means that the Council is judged to be performing adequately. In terms of internal controls issues within the report, there were a few areas where the auditors identified areas for improvement; the most notable of which related to the management of partnerships and the approach to risk management, which feature within the actions listed in Section 5.
- 4.3 We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Governance and Audit Committee and Governance Group and a plan to address weaknesses and ensure continuous improvement of the systems in place.

## 5. Significant governance issues

- 5.1 The identified areas detailed below have arisen from our numerous assessments into the Council's governance arrangements and having been deemed to be significant by the Governance Group will be addressed during 2008/09.

### HIGH

- Business Continuity arrangements are not in place for all service areas and a Corporate Plan needs to be approved which identifies arrangements for testing and reviewing the document. This process has impacted on the development and implementation of procedures for each business critical process within service areas. Concerns have been expressed around the uncertainty of roles in emergency plan responses and the lack of a corporate emergency planning resource.  
**Proposed action:** Business Continuity arrangements are being progressed through the Governance Group and proposals will be made to ensure this matter is completed during 2008/09. Once the business critical functions have been identified, required procedures can then be written where lacking and detailed within personal appraisals. The roles and responsibilities for Emergency Planning will be addressed through the current proposed changes to senior management within the Council.
- The constitution is in need of continual review and update, and a local “decision-making guide” will be produced for officers.  
**Proposed action:** The Improvement and Performance service plan has objectives relating to the Constitution, and targets set for completion in 2008/09.
- The Council should put in place arrangements for robust preparation and review of the financial statement to ensure the presented accounts are free from significant error.  
**Proposed action:** More robust system of checking and reviewing the financial statements are now in place, and will be monitored.
- Health and safety risk assessments need a thorough review to ensure they encompass lone working, out of hours and enforcement tasks. A corporate approach is needed and the current vacancy of the Health and Safety post following retirement has created concerns in this area.  
**Proposed action:** It has been agreed that the Health and Safety officer vacant post will be filled and the risk assessment process will then be addressed.

### MEDIUM

- To be effective the new corporate plan must have specific and measurable targets against the new priorities to enable residents to gauge progress on the corporate plan over the coming year.  
**Proposed action:** Ensure that all future Corporate Plan objectives are SMART, and this process will be monitored and challenged through Improvement and Performance.
- There is no corporate approach to ensuring that all equipment and portable assets are properly safeguarded and controlled.  
**Proposed action:** A Corporate procedure to address this issue will be produced and disseminated throughout the authority, to address issues such as inventories and insurance.

- The East Kent Audit Partnership's work throughout 2007/08 has indicated that its main areas of concern regarding systems of internal control are: Achievement of BS7799 ISO27001; Cliftonville West Renewal area; Recruitment; Risk Management of partnerships; Housing Repairs Contract; Freedom of Information Management and the revised Local Code of Corporate Governance.  
**Proposed action:** In each of the cases indicated above, actions plans have been agreed with Managers and are being progressed as directed.
- Budget monitoring and also counter fraud measures need to include an element of risk assessment and should be focused on the lead indicators of expenditure.  
**Proposed action:** The current process will be reviewed and revised to ensure a risk element is included and embedded.
- The Council needs to ensure that whilst it is capable of maintaining expenditure within overall budget it should monitor any significant over or under spends through out the year to enable timely action to be taken to address them.  
**Proposed action:** A change to the budget reporting format will make significant variances more visible so that timely action may be taken.
- The effectiveness of recovery action and the costs of inefficient recovery need to be considered.  
**Proposed action:** The Council's approach to debt recovery is reviewed by the Income Management Group, which will monitor the performance of recovery action and make changes to processes to improve efficiencies where appropriate.
- A property survey and assessment of backlog maintenance for general fund properties is out of date and therefore identified as a weakness.  
**Proposed action:** The Council has allocated £250,000 to update it's property register, including valuations, surveys and agreements. So far 50% of the update is complete. It is already enabling the new Asset Management Strategy to implement 'planned' rather than 'reactive' repairs.

**LOW**

- There are minor concerns around the knowledge of the content of some corporate policies / strategies and frameworks, such as the Medium Term Financial Strategy, the Learning and Development Strategy, the Partnership Framework, the Risk Management Strategy and Process, Corporate Equalities Policy and Plan and the implications for some service areas.  
**Proposed action:** Review the process for rolling out such documents and encourage use of the intranet, staff development, managers' conference and members' development sessions to inform both members and officers.
- The East Kent Audit Partnership have met and considered the CIPFA checklist for compliance with the CIPFA Code of Practice for Internal Audit and can demonstrate that they are 95% compliant.  
**Proposed action:** The areas of weaknesses have been identified and an action plan put in place to deal with the areas of concern.

5.2 We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements, and these will be regularly reported to the Governance and Audit Committee. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

5.3 We will also be carrying out the following actions to improve the overall effectiveness of the Council's governance arrangements:

- The Council will continue to work towards Level 3 of the Equalities Standard for Local Government through developing extensive links with local equality and diversity groups.
- A programme of Value for Money reviews will be progressed, which will look at all services of the Council over a 3 year period.
- The policies and strategies of the Council will be reviewed to ensure they support delivery of the Council's Corporate Plan.
- An action plan for the training and implementation of the Child Protection and Safeguarding Children policy has been approved and will be rolled out in 2008/09.

5.4 Further information in support of this statement is available which details the governance processes in place. This document will be made available following the approval process on the Council's website.

Councillor Sandy Ezekiel  
Leader of the Council

Date

Richard Samuel  
Chief Executive

Date