

# Thanet District Council Annual Governance Statement 2017-2018

July 2018

A decorative graphic at the bottom of the page consisting of overlapping, curved shapes in various shades of blue, creating a wave-like effect.

## 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 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](http://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 2018. 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.

The members of the Council's Corporate Management Team have completed assurance statements for each of their areas of control, acknowledging responsibility for risk management and internal control, and certifying satisfaction with the arrangements in place throughout 2017/18.

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 2017/18 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

The Panel's Corporate Performance Review Working Party received quarterly reports from the Council, EK Services and EK Housing and were able to question relevant officers on performance.

The Panel's Dreamland Working Group met for its fourth and last meeting on 31 July 2017. Members concluded that some important lessons had been learnt about project management and were satisfied despite the challenges, that Phase 1 had been successfully carried out and laid a good foundation for Phase 2. The lessons learnt would be used to successfully manage Dreamland Phase 2.

The Panels OSP Local plan Task and Finish Group was set up by the Panel in December 2017 and met three times to review proposals for the draft Local Plan as part of the preparations for considering these proposals at a formal Overview and Scrutiny Panel.

The working sessions conducted between October and November were arranged around the following topics: Housing; Employment and Economy; Infrastructure provision and Environmental Policy. Although there were no specific recommendations that were forwarded to the Panel by the sub group, Members used these sessions to get a better understanding of the rationale and technical detail underpinning these proposals.

There was one call-in made by the Panel in this municipal year and it related to the key officer decision regarding the closure of the Ramsgate District Office. The Panel was concerned that the closure of this office would limit access to some of the council services to some residents. After a number of queries regarding this decision were addressed by officers the Panel decided to take no further action. This was a useful and appropriate intervention by the Panel.

## 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 2018. Concluded that:

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 2017 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.

## 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 2018.

## Standards Committee

In his annual report the Independent Chair of the Standards Committee stated that overall the behaviour of members in Full Council has been satisfactory. Certainly the exchanges between the leading Members have been maintained in a respectful and appropriate manner. Regrettably, however there have been some isolated lapses from expected behaviour from some Members.

Complaints that have a social media content have again emerged as a key source; this notwithstanding the Council's advice, policy on use and training offered. Further, complaints involving Member against Member have become an increasing feature, which is to be regretted.

The Member Training Strategy, received and adopted by Full Council during 2017, was particularly welcomed especially as a product of cross party working. The Council is working actively for Charter status through compliance with the South East Employers Charter for Elected Member

Development. A Members' focus group has been engaged with a learning needs analysis for the quest for Charter accreditation and which already sustains the ongoing training programme already provided by the Council.

## Constitutional Review Working Party (CRWP)

The Constitutional Working Party met on 20 February 2018. The substance of the changes being considered derive from issues that have arisen over the past six months. In due course the proposed changes will be presented to Full Council for approval. The infrequency of CRWP meetings continues to be testament to the considerable work to overhaul the Council's Constitution during the period 2015/16.

## 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. This, coupled with the challenging and uncertain external financial environment, the savings required in 2017-18 and beyond, and the low level of reserves has resulted in a continuing high overall score.

### Political Stewardship

This continues to represent a risk to the council, especially in light of the need to approve publication of the Local Plan. There are actions being delivered through the Strategic Group to help develop the role of members; and the council continues to pursue opportunities for cross-party working.

### Local Plan Adoption

Delay could impact investment in the area, investor confidence, and the commitment of partner organisations. Lack of evidence at Inspection risks planning decisions being overturned, risk of 'special measures' from CLG, no ability to demonstrate 5-year housing land supply, losing appeals or High Court challenges, costs awarded against the council. Mitigation is to ensure the evidence base is robust and defensible and timely and rigorous decision making is upheld.

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 47 complaints during the year, of which 2 were invalid, 28 were referred back for local resolution, 12 were closed after initial inquiries, 3 were not upheld and 5 were upheld.

The Ombudsman issued one public report against the Council. The investigation found the Council had wrongly calculated a family's housing priority, which meant it did not adequately reflect their housing need. The Ombudsman recommended an apology and a payment to acknowledge the

impact on the family of remaining in unsuitable accommodation for such a long period. The Council accepted the recommendations and fully complied with them.

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

## 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 2018/19 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.	Limited Resources	This corporate risk will be monitored by the Corporate Management Team and reported to the Governance Audit Committee
2.	Political Stewardship	This corporate risk will be monitored by the Corporate Management Team and reported to the Governance Audit Committee
3.	Local Plan Adoption	This corporate risk will be monitored by the Corporate Management Team and reported to the Governance Audit Committee
4	The Contract Standing Orders and Financial regulations are out of date and need to be refreshed	These are soon to be published for consideration by the Constitutional Review Working Party, Standards Committee and Council.
4	The new Council website needs to include all revised documents which support the governance framework	This is substantially complete but will be reviewed during the year.
5	The terms of reference of the Governance and Audit Committee should be reviewed against CIPFA best practice	This is planned for late 2018.

## 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 26 July 2018.

Signed Robert Bayford  
Cllr Robert Bayford  
Leader of the Council

Date 26 July 2018