



Folkestone & Hythe District Council

Annual Governance Statement 2018/19

Table of Contents

1.	SCOPE OF RESPONSIBILITY	2
2.	THE PURPOSE OF THE GOVERNANCE FRAMEWORK	2
3.	THE GOVERNANCE FRAMEWORK.....	3
4.	REVIEW OF EFFECTIVENESS	14
5.	CERTIFICATION	17
6.	SIGNIFICANT GOVERNANCE ISSUES	17

APPENDICES:

<u>Appendix 2 - Review of the 2018/19 Action Plan for improvement following review of effectiveness of governance arrangements</u>	18
--	----

<u>Appendix 3 - Action plan for improvement following review of effectiveness of governance arrangements (2019/20)</u>	22
--	----

ANNUAL GOVERNANCE STATEMENT 2018/19

1. SCOPE OF RESPONSIBILITY

- 1.1 Folkestone and Hythe 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. 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.
- 1.2 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, and the management of risk.
- 1.3 The Council has a Local 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 or a copy can be obtained from the Council offices. This statement explains how the Council has complied with the code and also meets the requirements under the Accounts and Audit Regulations 2015 (SI 2015/184).

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

- 2.1 The governance framework comprises the systems and processes, culture and values, by which the Council is directed and controlled. It also comprises the activities through which the Council accounts to, engages with and leads the community. The governance framework 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.
- 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. It 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 the Council’s aims and objectives.
 - Evaluate the likelihood and impact of those risks.
 - Manage those risks efficiently, effectively and economically.
- 2.3 The information provided in the governance framework includes matters to the year ending 31 March 2019, and up to the date of approval of the annual report and statement of accounts.

3 THE GOVERNANCE FRAMEWORK

3.1 The key systems and processes that comprise the Council's governance arrangements are set out in this section:

3.1.1 ***Arrangements for identifying and communicating the Council's vision of its purpose and intended outcomes for citizens and service users:***

The Council identifies and communicates its aims and ambitions for the district through its Corporate Plan. The most recent plan covers the period 2017 to 2020, and was agreed by both Cabinet and Council in April 2017. Service planning is also an integral part of the corporate planning process, linking the Council's strategic aspiration (Corporate Plan) to team performance (service plans) and individual performance (performance reviews), in order to effectively manage resources and deliver high quality services. All team members were asked to contribute to their team service plan. The Council's service plans were developed by each team manager alongside the budget setting process and provide the priorities and key outcomes for the coming year. These operational service plans consider the Corporate Plan objectives and all priorities were fully financed and support the strategic objectives set out in the Corporate Plan.

Informal staff 1-2-1s and formal staff appraisal system establishes a "golden thread" from our strategic objectives, to the operational service plans, to individual action plans and performance management. The Corporate Plan and organisational performance are regularly reported to Overview and Scrutiny and Cabinet.

All the Council's strategic risks are documented in the Corporate Risk register, which was reviewed by Cabinet in September 2018 and operates within the framework outlined within the Risk Management Strategy and Policy. This framework was refreshed during 2018/19 and agreed by Cabinet. Following this exercise the Corporate Risk Register was re-written with cross organisational input, the Corporate Risk Register has been reported to the Audit & Governance Committee in December 2018 and March 2019. Additionally the development of Operational Risk Registers covering departmental risks are being developed.

The Equality Impact Assessments required will be identified out of the Service Plans that need to be carried out by each of service, in order to comply with our duties under the Equality Act 2010. The Council's annual Equality and Diversity report was presented to and approved by Cabinet in September 2018.

Emergency planning and business continuity matters are considered throughout the year, with specific exercises to test our approaches and training session undertaken regularly. This ensures we have the necessary resilience across key teams and officers from the Council in the support of delivering our duties and in supporting our partners.

The Council's vision is embedded into the culture of the organisation by the staff induction process, regular staff briefings by senior management and through communications on the staff Intranet.

3.1.2 *Arrangements for reviewing the Council's vision and its implications for the Council's governance arrangements:*

Development of Governance Reporting

In line with good practise (Delivering Good Governance in Local Government: Framework) the Council is compliant with the guidance and framework which became effective for periods from 2016/17. In line with this framework and the Accounts and Audit Regulations 2015 (applicable to authorities in England) requirements, the Council undertakes a review of the effectiveness of the system of internal control, which is included within the AGS.

The Corporate Plan 2017-20 sets out the Council's vision for improving the lives for all those who live and work in the district for the next three years.

The vision for Folkestone & Hythe is '**Investing for the next generation – delivering more of what matters**'.

To help achieve the vision for the district, the Council has six strategic objectives:

- More homes
- More jobs
- Appearance matters
- Health matters
- Achieving stability
- Delivering excellence

For each strategic objective, the Council has committed to a number of priorities within the Corporate Plan. The priorities are monitored regularly to ensure they are being delivered effectively.

3.1.3 *Arrangements for measuring the quality of services for users, for ensuring they are delivered in accordance with the Council's objectives and for ensuring that they represent the best use of resources.*

The Performance Management Framework was originally adopted by the Council in July 2014. In 2017, the performance framework was reviewed and revised to reflect the changing working practices throughout the Council. The revisions to the framework included: the incorporation of 2017-20 Corporate Plan's strategic objectives, the process for creating service plans annually, details of the new customer feedback and complaints policy as well as inclusion of the data quality strategy. On the 13th September 2017, a report was approved by Cabinet adopting the revised changes to the performance framework.

The Council's performance management framework has undergone a review this year, and as a result of the Transformation project, it has been subject to further review by iESE (the Council's transformation partner) to consider wider efficiency considerations. The further work undertaken by iESE has now concluded and Council officers will start to develop a revised framework for approval during 2019/20.

The Medium Term Financial Strategy (MTFS) ensures that the Council's plans are affordable and deliverable. It contains projections of the Council's financial position over the next five years and identifies ways to address any shortfall. The strategy is updated annually.

The Customer Service Excellence is a Government standard developed to offer a practical tool for driving customer-focused change within organisations. In August 2013 the Council originally applied for the corporate accreditation and achieved full compliance and a total of 7 compliance pluses (over the 3 year programme). In August 2016, the Council re applied for the accreditation and achieved full compliance and 7 compliance pluses. On 3 August 2017, the 1st surveillance visit was completed and the Council retained its accreditation and 7 compliance pluses. On 2 August 2018, the second surveillance visit was completed. The Council successfully retained its accreditation with 7 compliance pluses and was awarded a further 4 compliance pluses.

As part of the Council's commitment to continuous organisational improvement, Cabinet unanimously agreed on 14th December 2017 to the Council's participation in the LGA Corporate Peer Challenge in 2018. The review provides an opportunity to look at the work the council does and invites a team of local government officers and Councillors as peers to provide challenge and share learning. The Peer Review team visited the Council over a three day period in June 2018, collectively spending more than 200 hours determining their findings meeting with more than 120 people including Council staff, elected members, external stakeholders and partners. The feedback report provided by the Peer Review team highlighted the Council's ambition for growth, positive performance of core services, respect given by external partners and an overall healthy financial position as well as areas of further improvement.

Following on from the LGA's report outlining their recommendations and work on further improvement, the Council's Senior Management Team (SMT) agreed in July 2018, to develop an Action Plan setting out the actions already being undertaken by the Council. The action plan, also outlined future actions required to address the report's recommendations and is owned by SMT with individual owners being assigned to lead and complete agreed actions. The majority of the actions set out within the plan have successfully been completed within the 2018/19 financial year and a final annual report on outstanding actions is scheduled for consideration by the Corporate Leadership Team (CLT) in September 2019.

At a time of reducing resources, the Council is committed to delivering value for money, ensuring cost effectiveness in the services provided, making best use

of our resources and assets, and focussing on those areas which will have a transformational effect for the people of the district and provide longer term sustainability for the Council.

3.1.4 *Arrangements for defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions with clear delegation arrangements and protocols for effective communication.*

Roles and responsibilities of Council, Cabinet, Overview and Scrutiny and all committees of the Council, along with officer functions are defined and documented, with clear delegation arrangements within the Council's constitution. The Constitution is kept under regular review to ensure best practice and good governance. Since the last major revision in 2013, the Council has made various minor changes to the Constitution to reflect both changes in legislation and changes in responsibilities of members of the executive. The latest review of the Constitution (in terms of committee structures) was carried out in 2016 following the merger and reduction in the number of committees. The new committee structure came into force in May 2016. Since 2016 minor changes/amendments have been made to the constitution, which have all been reported to the Audit and Governance Committee and Full Council.

The Cabinet is the part of the Council that is responsible for most strategic decisions. In 2018/19, Cabinet is comprised of the Leader and nine other Councillors. All decisions to be discussed were published prior to the relevant meeting under the relevant publication regulations. The Overview & Scrutiny Committee identified any decisions they wished to contribute to, or comment on prior to the decision being taken.

All decisions (except those defined as exempt under Schedule 12A of the Local Government Act 1972) are discussed in meetings open to the public. Cabinet makes 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.

3.1.5 *Arrangements for developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff:*

Codes of conduct defining the standards of behaviour for members and officers have been developed and communicated through the induction process and are available on the Council's intranet. These include:

- The Councillor Code of Conduct and Officer Code of Conduct
- The Anti-fraud and Corruption Strategy
- Planning and Licensing Codes of Conduct
- Protocols on Councillor / staff relationships
- Personal performance reviews linked to service and corporate objectives carried out
- The Council's Core Values

The Councillors' and officers' codes of conduct, protocol on Councillor/staff relationship and the planning and licensing codes of conduct also form part of the Council's Constitution.

The Council has an Audit and Governance Committee comprising of five Councillors. The Council has also appointed an Independent Person in accordance with the Localism Act 2011.

The Monitoring Officer has dealt with two complaints under the Code in consultation with the Independent Person. An investigating officer was appointed for both complaints and both investigations have been completed.

The following training is compulsory for all staff, and is part of the induction process;

- Safeguarding/ Child Protection training
- Equality and Diversity Training
- Data Protection & Information Security
- Anti-Bribery & Anti-Corruption
- Health & Safety training on manual handling, fire safety, office health and safety and workstation assessments

3.1.6 *Arrangements for reviewing and updating Standing Orders, Financial Procedure Rules, a Scheme of Delegation and supporting procedure notes/ manuals, which clearly define how decisions are taken and the processes and controls required to manage risk:*

The Council is required to ensure compliance with relevant laws and regulations, internal policies and procedures, and to ensure that expenditure is lawful.

The Council has therefore adopted a number of procedures, protocols and processes that underpin the delivery of its services and functions. These protocols and procedures are kept under review and updated where necessary, in order to define how decisions are taken and the process and controls required to manage risks. The Financial Procedure Rules were fully reviewed as part of the review of the Constitution, adopted on 9th May 2016. During 2016/17, the Financial Procedure Rules were reviewed in response to a small number of internal audit recommendations relating to changed role titles and authorisation limits; the consequent amendments have been incorporated in an updated version and presented to the Audit and Governance Committee on the 8th March 2017 and the Council on 10th May 2017.

3.1.7 *Arrangements for undertaking the core functions of an audit committee, as identified in CIPFA's "Audit Committee: Practical Guidance for Local Authorities."*

The Audit and Governance Committee receives regular reports from the East Kent Audit Partnership on their progress against the annual audit plan, which provides detail on the assurance levels which can be placed against the various

systems and processes in place. The committee also considers an annual assessment at the end of the year provided by the Head of the East Kent Audit Partnership and reports from the external auditor. The committee will also:

- Review and approve the financial statements, external auditor's opinion and reports to members and monitor management action in response to the issues raised by external audit.
- Be satisfied that the authority's assurance statements, including the Annual Governance Statement properly reflect the risk environment and any actions required to improve it.
- Review summary internal audit reports and the main issues arising and seek assurance that action has been taken where necessary.
- Consider the effectiveness of the authority's risk management arrangements, the control environment and associated anti-fraud and anti-corruption arrangements and seek assurance that action is being taken to mitigate those risks identified.

3.1.8 *Arrangements for ensuring compliance with relevant laws and regulations, internal policies and procedures and that expenditure is lawful:*

All reports to Cabinet are seen and commented on by the Council's legal and financial officers. The Financial Procedure Rules govern the approvals of expenditure and virement. An annual audit plan is agreed before the start of each financial year, which ensures coverage of key Council operations. Additionally, the plan is based upon a formal risk assessment that seeks to ensure all areas of the Council's operations are reviewed within a four-year cycle of audits.

3.1.9 *Arrangements for whistle-blowing and for receiving and investigating complaints from the public*

A Whistleblowing Protocol was approved by Corporate Management Team on 22 March 2016 as part of the Anti-fraud and Corruption Framework. The procedure is available to be used by the Council's staff and contractors. The procedure clearly sets out to whom concerns should be raised and provides assurance on how the person raising the concern will be treated. In addition an annual report on whistleblowing is presented to the Audit and Governance Committee.

The Council recognises the value of a robust system to deal with complaints. All feedback, both positive and negative is a useful tool to shape further improvements to service delivery. The Council has a two stage complaints process. At stage one, the complaint is investigated within the relevant service area. If the complainant is not satisfied with the outcome of stage one, the complaint is escalated to stage two and is investigated by an independent senior manager. If the complainant remains dissatisfied after stage 2, s/he can refer the complaint to the Local Government Ombudsman to investigate and conclude.

Responsibility for the corporate complaints function sat with the Assistant Director Law, Governance and Regulatory Services, but has now recently been transferred over to the Assistant Director – Finance, Customer and Support Services. Additional training and support for staff has been undertaken during the year.

During 2018/19 230 official complaints were recorded (194 stage one, 31 stage two and 5 Local Government Ombudsman (LGO)). Of those to the LGO, 3 were not upheld and 2 required no further evidence.

Overall - 99 complaints were not upheld, 33 were upheld, 10 were partially upheld, 10 had agreed action, 14 were apology, 4 were given compensation, 14 are blank as they are still live, 46 required no further response as they could not be investigated and 0 are still with the LGO.

3.1.10 Arrangements for identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training

A comprehensive training programme was arranged for Councillors following the May 2015 elections.

Subsequent to this Councillors have undertaken more tailored activities depending on their individual needs. These have included:

- Taxi Licensing training (April 2018)
- Planning and Licensing Training following judicial review (May 2018)
- General Data Protection Regulation (GDPR) training (May 2018)
- Licensing Hearings Training (October 2018)

Councillors have points of contact within the HR team and Committee Services Team in order for them to be able to request any individual training or conferences.

Councillors have a specific page on the Learning Zone of the staff intranet. All training presentations are uploaded after each session has taken place to enable those who could not attend to view the materials.

A continuous training programme is ongoing which aims to develop senior managers, middle managers and team leaders. Sessions this year have included:

- Motivation Forum (April 2018)
- Supporting staff with uncertainty (April 2018)
- 360 feedback (September-October 2018)
- Communications (November 2018)
- Political Awareness (November 2018)
- Commercial Awareness (January 2019)

- Effective Performance Appraisals (February 2019)
- Risk Management (March 2019)

The Council is an Institute of Leadership and Management (ILM) Approved Centre which means it can teach and award ILM qualifications. The Council is also an approved apprenticeship provider and currently delivering an ILM Level 3 Diploma in leadership and management for 5 staff from the Council and 3 employees from neighbouring authorities. This in-depth, year-long qualification sits under the apprenticeship banner from a funding perspective and represents a significant development investment in Council staff identified as having potential at team leader/ aspiring team leader level.

There have also been sessions on Project Management, Conflict Management, Personal Resilience, and Managing Stress & Promoting Well-being. Training priorities reflect those of the Corporate Plan and this year have included:

- HMO Enforcement (September 2018)
- Unauthorised Encampments (October 2018)
- Commercial & Development Appraisal (November 2018)
- Strategic Communications – managers’ responsibilities (November 2018)
- Better Business Cases (December 2018)
- Enforcement - animal inspections (January 2019)

We also fund individual officers to undertake relevant technical training to support performance in their roles, including an Undergraduate degree in Planning and Urban Design, Project Management Qualifications, a course on copy-writing, and various conferences.

The Council’s Senior Management Team are also offered coaching and bespoke training courses provided by respected organisations such as universities, Roffey Park Institute and the Society of Local Authority Chief Executives (SOLACE).

3.1.11 ***Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation.***

Individual Ward Member grants are currently £3,000 per member, per annum giving Members more control in supporting voluntary and community sector groups to deliver projects and activities in the locality for the benefit of the community.

The Council continues to support the voluntary and community sector through grant agreements and has strong consultation links with the Folkestone & Hythe Voluntary and Community Sector Forum, Homelessness Forum, Local Children’s Partnership Group and Pensioners Forum.

In autumn 2018, the Council launched Spotlight, an online community asset database for the district, promoting voluntary and community groups, clubs and

village hall facilities etc., which will help signpost residents to access local community support and activities across the district.

The Council consulted and adopted its draft Parish Charter in May 2016. A number of town and parish Councils have adopted the charter through their committees. Councillors and officers meet with Town and Parish councils regularly and a forward schedule of meetings is in place.

The Economic Development Strategy 2015-2020 sets out the Councils ambitions for economic growth and outlines how the Council will deliver its actions in the Corporate Plan that relate to building the local economy to create more jobs. The strategic priorities include building on our existing strengths, boosting productivity and supporting business growth. A key component of this is engagement with the local business community, which has continued to increase through a programme of regular one to one engagement with key employers in the district, and through the Folkestone and Hythe Business Advisory Board whose membership has continued to expand and where businesses provide important input in to shaping the district Council's policies and activities.

Following the establishment of the Folkestone & Hythe Tourism Business Board in 2017/18, members of the board agreed to fund the development of a new tourism website for the district in 2018/19 which links to the main Visit Kent website. This promotes our visitor attractions and events and highlights the reasons why visitors should come to our district. Other initiatives to raise the profile of the area as a visitor destination are being considered by the board to maintain the momentum of partnership working.

The Folkestone Works website, which was developed to provide a resource for local businesses to access the support they need to grow and to attract inward investment into the district, continues to be enhanced and the usage of the site has continued to rise. Direct support for business has continued this year through working with the Proactions Group which has provided free bimonthly business briefings on various topics to support businesses to grow. The Council has also continued to promote the Kent & Medway Growth Hub, which promotes free business advice through the South East Business Boost scheme administered by Kent Invicta Chamber of Commerce.

Following the successful award of the Folkestone Community Works programme an EU funded community led local development programme for the central, eastern and harbour areas of Folkestone, the programme was launched in February 2018 with the first Call for project applications. The programme has been allocated £2.5million of ESF and ERDF funding and will run to 2022. The three objectives of the programme are to help residents into work, support local businesses to grow and improve access to services for businesses and residents.

Progress has continued with taking forward plans to develop out the remaining council-owned land at Mountfield Road Industrial Estate, New Romney. With a financial contribution from Magnox Industries, the masterplan and feasibility

work for the remainder of the estate was completed in March 2018 which identified the potential for a new employment and skills hub.

The Council consulted with several key voluntary organisations before setting the General Fund budget for 2018/19, as well as formally consulting with the Business Community through their established forum.

The Government has introduced a Code of Transparency for Local Authorities. This increases further transparency of financial management, data and expenditure. Full details are available on the Council's website.

3.1.12 *Arrangements for 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 and reflecting these in the Council's overall governance arrangements.*

The Council has a partnership policy which sets out the Council's vision and scope for partnership working; providing clarity of the types of partnership the Council is involved with and guidance to assist in making decisions regarding setting up or joining partnerships. All the Council's partnerships are recorded on the Partnerships Register.

Our key partnerships/alternative service delivery models are detailed below:

East Kent Housing Limited is an Arm's Length Management Company (ALMO) set up to manage the retained housing stock of four Councils in East Kent. It is owned in equal share by Canterbury, Dover, Folkestone & Hythe and Thanet Councils. It is governed by a board that includes representation from each of the Councils as well as resident representatives and independent members and has a contractual relationship with each of the owner Councils that sets out the nature of the relationships.

The **Folkestone & Hythe Community Safety Partnership (CSP)** is a statutory partnership and the Council as a statutory partner plays a full and important role in its function / activity. Regular reporting to the Police Crime Commission (PCC) assures all financial spend is appropriately used. The role of partners in the CSP has been extended to oversee key multi-agency sub-groups that deliver activity for the CSP (covering safeguarding and wellbeing (incorporating domestic abuse, radicalisation, health and wellbeing etc), vulnerability and offending (incorporating gangs, integrated offender management etc) & clean, green, safe The Overview & Scrutiny Committee has a statutory duty oversee elements of the work of the CSP.

On 16 July 2014, the Cabinet approved the formation of a housing and regeneration company, Oportunitas Limited, to;

- Assist the Council in achieving its priorities for regeneration;
- To deliver more homes; a wider range of housing tenures and rental levels than currently delivered by the Council; and
- To provide a delivery vehicle for profitable traded services.

Councillors make up the board of the company. Councillors who are also directors have been given dispensation to speak and vote on matters concerning the company at meetings of the Council / Committees or Cabinet. These dispensations will expire on 2 May 2019 which is the date of the next district election.

An initial sum of £4.78m funding was approved by the Council for investment by Oportunitas Limited and, to date, 37 homes and one commercial unit have been acquired and are under management. Further investments are in the pipeline. On 28th February 2018, Cabinet approved a further £6,900,000 in to the company for further investment following a strategic review of its operations, impact and potential. The planned capital funding to support the expansion and long term sustainability of the Company is due to commence in 2019/20. The Company is currently in negotiations to acquire up to 30 residential units as part of a redevelopment opportunity in central Folkestone, which would require most of the remaining investment earmarked for it. A new Business Plan reflecting the Company's long term objectives and investment opportunities will be considered by Overview & Scrutiny Committee and Cabinet in July 2019. Currently, the Company's activities include housing acquisition for rent, along with Grounds Maintenance and handyman expertise offered as traded services through Oportunitas Limited. In line with agreements with the Council as its sole shareholder, regular progress reports as appropriate are given to Cabinet across all of the company's activities and performance. In April 2016 internal audit undertook a review of the governance arrangements and gave a substantial level of assurance. Notwithstanding awarding the highest level of assurance, twelve recommendations were made and a progress report which was completed in February 2017 found all twelve recommendations had been addressed to their satisfaction. The Board of Oportunitas and the Shareholder were kept informed during the audit and of the findings.

The Council is a member of the Folkestone & Hythe Local Children's Partnership Group (which replaced the Children's Trust Boards) and a member of South Kent Coast Health and Wellbeing Board (SKC HWBB).

The SKC HWBB is a sub-committee of the Kent Health and Wellbeing Board and it is, made up GPs, district and county Councillors, senior local government officers and the voluntary and community sector. The aim of the board is to improve the quality of life, health and wellbeing, including mental wellbeing, for our residents. The board is currently reviewing its remit to address the changes within health around the current Kent and Medway Sustainable Transformation Plan to look at more integrated models of care provision and role of prevention in future health care. Across East Kent, the CCGs are considering the formation of an East Kent Health and Wellbeing Board following the decision to place the East Kent CCGs into special measures in 2018. The Council is also represented within the new Local Care Structure set up across the SKC CCG boundary to develop reform of health services.

Members receive updates on the changes to the health sector from local GPs and health care professionals from time to time.

4. REVIEW OF EFFECTIVENESS

- 4.1 The 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 Council who have responsibility for the development and maintenance of the governance environment, the Head of East Kent Audit Partnership's annual report and also by comments made by the external auditors and other review agencies and inspectorates.
- 4.2 The main role in maintaining and reviewing effectiveness is through the Audit and Governance Committee, which has responsibility to provide independent assurance on the adequacy of the risk management framework and the associated control environment. The committee provides independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk. It also oversees the financial reporting process and oversees the work of the East Kent Audit Partnership.
- 4.3 Other key roles are undertaken by:

Council

The Council is responsible for adopting the authority's Constitution, including codes of conduct and approving the budget and policy framework.

Cabinet

The Cabinet is responsible for discharging executive functions in accordance with the policy framework and budget, also for approving the authority's risk management policy statement and strategy, and for reviewing the effectiveness of risk management. It is also responsible for approving the anti – fraud and corruption framework. It receives quarterly performance updates to monitor achievement of key priorities, customer charter standards, performance indicators and spend against the planned budget.

The Overview and Scrutiny Committee

The committee is responsible for 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 local residents. It can also exercise the power to call – in a decision of the cabinet or a cabinet member.

Audit and Governance Committee

The committee promotes and maintains high standards of conduct by Councillors and co-opted members. It monitors the operation of the Councillors' Code of Conduct, advising, training or arranging to train Councillors and co-opted members on matters relating to the Code where necessary. It also considers and recommends to Council, when necessary, changes to the financial procedure rules and contract standing orders.

The Head of Paid Service

The 'Head of Paid Service' has a duty to monitor and review the operations of the Constitution to ensure its aims and principles are given full effect. The Authority keeps the appropriateness of the Constitution under review.

Corporate Leadership Team

One of the purposes of CLT is to deliver the Council's priorities. It receives reports on progress against corporate priorities and any issues which affect the Council. In addition, CLT:

- oversees management of non-executive functions
- reviews overall budgets
- leads organisational development
- addresses staffing matters within the policies of the Council
- co-ordinates the professional and technical advisors of the Council
- advises the Council on corporate direction and initiatives

The Chief Financial Officer

The authority conforms to the governance requirements of the CIPFA Statement on the role of the Chief Financial Officer in Local Government (Good Governance in Local Government: Guidance note for English authorities (2012)). The role of the Chief Financial Officer is a fundamental building block of good corporate governance. The two critical aspects of the role are stewardship and probity in the use of resources; and performance, extracting the most value from the use of those resources.

Head of Internal Audit

The authority conforms to the governance requirements of the CIPFA Statement on the role of the Head of Internal Audit in Local Government (Good Governance in Local Government: Guidance note for English authorities (2012)). The Head of Internal Audit in a public service organisation plays a critical role in delivering the organisation's strategic objectives by: championing best practice in governance, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments; and giving an objective and evidence based opinion on all aspects of governance, risk management and internal control. In Folkestone & Hythe this role is fulfilled by the head of the East Kent Audit Partnership.

Internal Audit

The Internal Audit function provides independent appraisal with direct access to members. It aims to provide management with a level of assurance on the adequacy of internal controls and of risks to the Council's functions and systems.

The internal audit function for the Council performed by the East Kent Audit Partnership (EKAP), which provides internal audit services to the Councils of Canterbury, Dover and Thanet, as well as to Folkestone & Hythe. As a result of this collaborative approach the partnership is able to be robustly resourced and provides a mechanism for sharing best practice to the East Kent authorities that use its services.

External Audit

The external audit work of the Council is undertaken by Grant Thornton UK LLP. The main duties are governed by section 15 of the Local Government Finance Act 1982, and the Local Audit and Accountability Act 2015 section 4.

The external auditors were appointed to the Council by the Public Sector Audit Appointments Ltd (PSAA). 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. 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 a further 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 deliver two main pieces of work: they give their opinion on the audit of the Council's financial statement and they look at the Council's arrangements for securing economy, efficiency and effectiveness in the use of its resources (value for money).

Annual assurance statements

Assurance statements assess the adequacy of governance arrangements. Each Assistant Director and Chief Officer directly report to a Corporate Director to provide assurance statements covering their service area. No significant concerns arose from the assurance statements.

Annual Audit Letter

Each year the Council receives a report from its external auditor on the quality of its financial and management administrative arrangements. This is considered both by Cabinet and the Audit and Governance Committee.

- 4.4 The Council has, by reports to the Audit and Governance Committee, been advised on the implications of the result of the review of the effectiveness of the governance framework and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined below.
- 4.5 The overall opinion of the System of Internal Controls in operation throughout 2018/19 based on the work of the East Kent Audit Partnership during 2018/19 will be presented in their annual report to the Audit and Governance Committee in July 2019.
- The internal auditors are independent to the management of the Council and have direct access to the Chair of the Audit and Governance if required. They provide a regular update to the Committee at each of the quarterly meetings, and attend any special meetings that may be convened during the year.
 - As at 31 March 2019 the Internal Auditors completed 333.41 days of review equating to 88% of planned completion, the remaining audits being carried

over as work in progress at the year end. The East Kent Audit Partnership (EKAP) undertake a regular schedule of follow up audits to ensure that management have implemented the action plans arising from each audit. Members can see full details within the Internal Audit Annual Report that will be presented to the Audit and Governance Committee in July 2019.

- The EKAP have met as a team and considered the Public Sector Internal Audit Standards Checklist for compliance. The results of this self-assessment showed that internal audit is currently working towards full compliance and has agreed an action plan to achieve this. An external assessment, as required by the standards, has not been undertaken.
- As part of EKAP's quality monitoring arrangements Members should be aware that following the completion of each audit, a satisfaction questionnaire is completed by the managers of the service that has been audited enabling the officers involved to comment on the conduct and outcome of the audit. This information is used, in part, to inform the self-assessment.

4.6 The 2017/18 Annual Audit Letter from Grant Thornton UK LLP was reported to Cabinet on the 17 October 2018. This gave an unqualified opinion on the Council's financial statements and was satisfied the Council had put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources. The auditors were also able to certify the pooling of housing capital receipts return without amendment or qualification, and confirmation that the Housing Benefits Subsidy return was certified by the auditor and submitted to Department of Work & Pensions shortly after the deadline of 30 November 2018.

5. CERTIFICATION

- 5.1 Grant Thornton UK LLP, as the Council's auditors, is required to certify the claims submitted by the Council.
- 5.2 For 2017/18, one claim was certified relating to expenditure of £38,585,602. The claim was submitted and certified by the required deadlines. The claim was not qualified.

6. SIGNIFICANT GOVERNANCE ISSUES

- 6.1 Set out in Appendix 3 is the action plan to deal with outstanding governance issues.
- 6.2 The Council proposes over the coming year to take steps to address the matters shown in the appendix to further enhance our governance arrangements. The Council is satisfied that these steps will address the need for improvements that were identified in the review of effectiveness and will monitor their implementation and operation as part for the next annual review.

Signed

Signed

Cllr David Monk
Leader of the Council

Dr Susan Priest
Head of Paid Service

Date:

Appendix 2 - Review of the 2018/19 Action Plan for improvement following review of effectiveness of governance arrangements:

		Who	Date	End of Year Update
1.	<p>Annual Review of Corporate Governance At the end of the year, the Council will produce its statement on governance, which includes end of year assurance statements by Heads of Service and internal audit's opinion report</p>	Monitoring Officer	May 2019	This will be sent out to Assistant Directors by the Monitoring Officer.
2.	<p>Governance Arrangements Keep under review the Council's governance arrangements</p>	Monitoring Officer	March 2019	Action Completed
3.	<p>Anti-fraud and corruption Monitor ongoing compulsory training of staff, and review its effectiveness in the latter part of 18/19.</p>	AD Finance, Customer and Support	August 2018	Compliance with mandatory training has been good with 96% of staff having completed the training.
4.	<p>Transformation Project Identify the ownership and administration of the project's governance, providing a framework for accountability and responsibilities, ensuring that project decision making is robust, logical and that the project provides value to the organisation.</p>	AD Strategy, Performance and Communications	Sept 2018	The Transformation project's governance was approved by CLT on 21 August 2018, resulting in the establishment of the Transformation Executive Board to monitor and provide stewardship of the Transformation project.
5.	<p>New Delivery Models/ Partnerships: During 2018/19 the future operating model of the Council will be further developed through implementation and mobilisation of the Council's transformation. In addition, new commercial opportunities will be explored following the appointment of the new Corporate Director (Commercial Services) in April 2018.</p>	Chief HR Officer	March 2019	<p>As part of the new delivery model, a new senior management structure was introduced in 2018, alongside Area Officers and the Resource Pool.</p> <p>East Kent HR/ILM Partnership: The OD team has expanded in order to deliver on 2 year commercial contracts to deliver OD for TDC, CCC and DDC. This includes the delivery of</p>

				<p>apprenticeships using the Council's Apprenticeship Provider Status and ILM Approved Provider status. This increases resilience for the OD team and allows us to benefit from economies of scale.</p> <p>Governance for the establishment of the Accelerated Delivery Board was approved by CLT in September 2018 to direct the delivery of the major regeneration projects.</p>
6.	<p>Data Retention Policy and General Data Protection Regulation: Keep under review the Data retention policy and continue work on the implementation of the new General Data Protection Policy.</p>	Monitoring Officer	May 2019	Action completed and is an ongoing programme.
7.	<p>Review of Corporate Risk Policy for the Council: The adopted policy will be refreshed during the first half of 2018/19, followed by a comprehensive review of the register to ensure it is fit for purpose and aligned to corporate priorities.</p>	AD Finance, Customer and Support	September 2018	<p>Action completed. Risk Management Strategy and Process redrafted and adopted by Cabinet in July 2018. New Corporate Risk Register developed with cross-organisational input, register reported to December and March Audit & Governance Committees. Departmental risk registers are now being developed.</p>

8.	Performance Management Framework: Redevelopment of the Performance Management Framework.	Policy & Improvement Officer	October 2018	sThe PMF has been reviewed by iESE to consider wider transformation considerations. The draft updated framework, alongside refreshed key performance indicators is due to be presented to CLT by July 2019.
----	--	------------------------------	--------------	---

Appendix 3 - Action plan for improvement following review of effectiveness of governance arrangements (2019/20)

		Who	Date
1	Annual Review of Corporate Governance At the end of the year, the Council will produce its statement on governance, which includes end of year assurance statements by Assistant Directors/Chief Officers and internal audit's opinion report	Monitoring Officer	May 2020
2	Governance Arrangements To keep under review, the Council's governance arrangements.	Monitoring Officer	March 2020
3	Transformation Project To keep under review the project's governance framework for accountability and responsibilities, ensuring that project decision making is robust, logical and that the project provides value to the organisation.	AD - Strategy, Performance and Communications	March 2020
4	Data Retention Policy and General Data Protection Regulation: To keep under review, the Data retention policy and the new General Data Protection Policy.	Monitoring Officer	March 2020
5	Review of Corporate Risk Policy for the Council: Encourage all services to have up to date Departmental / Project Risk Registers that comply with the Corporate Policy. Undertake the annual review of the Policy alongside the Audit & Governance Committee and make recommendations to Cabinet.	AD Finance, Customer and Support	March 2020
6	Performance Management Framework: A revised performance management framework that reflects the principles and new ways of working associated with the Transformation project will produced for CLT consideration by July 2019.	Policy & Improvement Officer	July 2019
7	Folkestone & Hythe Accelerated Delivery Board: Existing governance arrangements will need to be reviewed and approved by CLT.	Chief Economic Development Officer	October 2019