Annual Governance Statement to the 2018/19 Accounts

Scope of responsibility

The CIPFA/SOLACE Delivering Good Governance in Local Government Framework (2016) requires local authorities to publish an Annual Governance Statement. This statement requires Canterbury City Council to be 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 to achieve its objectives which benefit the local community.

Canterbury City 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.

In discharging this overall responsibility, Canterbury City Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

The key elements of the governance framework

The governance framework comprises the systems, processes, 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 achievements 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 a reasonable level. It cannot eliminate all risk and can therefore only provide reasonable and not absolute assurance of effectiveness.

The key elements of the governance framework that has been in place at Canterbury City Council for the year ended 31 March 2019 are:

Council, Committee Structure and Leader
- Collectively to provide leadership, develop and set policy and carry out a number of strategic and corporate management functions
- Support the districts diverse community to thrive and succeed and encourage citizen involvement in decision making.

  Decision making
- All Committee meetings are held in public
- Decisions are recorded on the councils website

Scrutiny and Review
- Policy and Resources Committee review Councils Policy and can challenge decisions
- The council also has an Audit Committee, Governance Committee and a Standards Committee which, in different ways, scrutinise the performance of the council and its ethical standards.
- The Decision Review Committee (DRC) can also review committee decisions if the request for review falls within the criteria set out in the DRC procedure rules.

Management Team
- Head of Paid Service is the Chief Executive who is responsible for all Council staff and leading an effective corporate management team
- Deputy Chief Executive is the Councils Section 151 Officer and is responsible for safeguarding the Councils financial position
- Head of Legal is the Monitoring Officer who is responsible for ensuring legal compliance and promoting high standards of conduct from officers and Councillors.
- Departmental Directors (4) each has a portfolio of responsibilities which may include statutory responsibilities, service areas, corporate themes and strategies and specific projects. They are supported by Heads of Service.

Risk management
- Risk registers identify both operational and strategic risks
- Key risks are considered by Management Team every quarter
- Strategic Risk Register is presented at Audit Committee each quarter to inform Councillors

The governance framework

There are 7 core principles that underpin the CIPFA/SOLACE Framework. These are set out in the table below with an overview of how the Council's own governance arrangements fulfil these principles:

Principle 1 – Behaving with Integrity, with commitment to ethical values, and respect for the law	
Comment	**Evidence**
Canterbury City Council has adopted the model code of conduct for councillors and supplementary protocols, including Nolan's 7 Principles of Public Life. This is clearly defined in the Constitution. A full revision of the Constitution is undertaken each year and presented to the Policy and Resources Committee to be agreed and adopted. The Code of Conduct for employees is part of the conditions of service and included in induction packs. Tri-annual attendance at training for the Anti Fraud, Bribery, Corruption and Whistleblowing Policy is mandatory for every member of staff. Policies are reviewed and enforced by a suite of training courses such as Information Security Policy, Access to Information, Equalities and Access Policy. Procurement Team work with Officers and Legal to ensure processes are legally compliant. Independent monitoring of contracts is undertaken to satisfy stakeholders that policies and procedures are followed The Standards Committee scrutinises the performance of the council and its ethical standards to support the Governance Committee and the Audit Committee. Managers at all levels are responsible for ensuring their service is compliant with relevant laws and regulations and are supported with extensive, detailed and clear strategies, policies and procedures. The Monitoring Officer is responsible for dealing with breaches of legal and regulatory provisions effectively and reporting these to Councillors. The Council's Anti-Fraud, Bribery, Corruption and Whistleblowing Policy conforms to legislative requirements and sets out the steps the council take to minimise the risk of fraudulent activity within the council. The Whistleblowing Policy allows staff to raise concerns confidentially and details the procedures that will be followed to carry out a full investigation. The Policy is reviewed annually and staff attend tri-annual mandatory training on the Policy.	Terms and conditions of employment (includes Code of Conduct for Officers) Councils Constitution Code of Conduct for Councillors Councillors Declaration of Interests Gifts and hospitality register Partnering and Procurement Policy Standards Committee All strategies and Policies are available on the councils intranet Committee minutes Anti-Fraud, Bribery , Corruption and Whistleblowing Policy available on the council website. Regular training sessions.

Principle 2 – Ensuring openness and comprehensive stakeholder engagement	
Comment	**Evidence**
Council's website gives all stakeholders access to up to date information on the council and a wealth of information about their community.	Corporate Plan
Consultations with residential groups are carried out before any major change and public events and exhibitions to inform of large scale developments. Current and previous consultations are accessible on the council's website along with current petitions.	Councils website
An annual residents survey is undertaken to gain insight into the communities views and priorities to inform the council's objectives and budgets.	Annual Residents Survey
Attendance records of every Councillor can be viewed by the public enabling them to see how often councillors attend committee meetings.	Councillor attendance records on website
Minutes of all Committee meetings are available on the council's website to provide evidence and clear reasoning for decision making to stakeholders.	Council meeting minutes
There is a calendar of dates for submitting, publishing and distributing committee and agendas and this allows members of the public to plan and submit requests to speak at Committee meetings.	Calendar of meeting dates published on Internet.
The council complies with the Freedom of Information Act and publishes expenditure data for our suppliers, councillors and management salaries to provide openness and transparency.	Transparency data on the Internet.
Consultation and Research Guidance available to help all staff understand the key stages involved in consultation, engagement and research to ensure that they remain relevant, meaningful and to give our communities a real opportunity to influence decisions which affect them.	Consultation and Research Guidance on the Intranet.
The Constitution of the Council includes a comprehensive Communications Protocol detailing a framework that is designed to make all the councils communication effective, targeted and legally sound and providing mediums for effective 2 way communication.	Communications Protocol
Canterbury City Council is involved in many different partnerships at all levels each with their own terms of reference for effective joint working and committed to delivering improved outcomes for our community.	

Principle 3 – Defining outcomes in terms of sustainable economic, social and environmental benefits	
Comment	**Evidence**

The Council's Corporate Plan is a clear vision of the organisations purpose for 2016-2020. It defines three key areas: People, Places and Prosperity and clearly sets out the ambitions we have to lead our communities, concentrate our resources and work with our partners to achieve these ambitions.
The main aspirations are to create opportunities for people and businesses to thrive and prosper to encourage future prosperity of the district.
 	
To achieve the vision the Council has identified specific Performance Indicators for each service area. These are reported on quarterly to Regeneration & Planning and Community Committees.
The programme of commissioning reviews was completed in 2018/19 and have achieved the intended purpose of moving services forward sustainably and economically by:
 	
  1) Ensuring resources are focussed on activities and functions that deliver customer satisfaction and make the greatest contribution to our priority outcomes
  2) Ensuring best value in our service delivery
  3) Ensuring that our working methods are as fully automated as possible.
 	
Councillors have agreed and support strategies to assist the council in achieving its vision and ambitions and these also focus on sustainability and the environment e.g. Green Travel Plan, Air Quality Strategy.
 	
A Sustainability Appraisal was delivered as part of the Local Plan which describes the way in which the council has taken environment and sustainability considerations and the views of consultees into account as part of the adoption of the Local Plan. It assesses the effects of certain plans and programmes on the environment and the Environmental Assessment of Plans and Programmes Regulations.
	Corporate Plan 2016-20
	
	Green Travel Plan
	
	Air Quality Strategy and Plan.
	
	Performance Indicators held on Pentana
	
	Commissioning review programme
	
	Sustainability Appraisal

Principle 4 – Determining the interventions necessary to optimise the achievement of the intended outcomes	
Comment	**Evidence**
Performance review is measured against key performance indicators and performance is monitored by management team. All services are reviewed on a cyclical basis by the Strategic Challenge Group who also highlight areas where corrective action is necessary to achieve intended outcomes.	Strategic Challenge Group minutes Performance Indicators held on Pentana
A standard format report for decision making is used to ensure decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved. Best value is therefore achieved however the services are provided.	Reports to Committee
Budgets are prepared in accordance with organisational objectives, strategies and the medium term financial plan to prioritise competing demands within limited resources available. Realistic estimates of revenue and capital expenditure are identified as part of the budget setting process aimed at maintaining a sustainable funding strategy. The budgeting process takes into account the full cost of operations over the medium and longer term.	Budget setting process Quarterly budget monitoring
The capital strategy report identifies how capital expenditure, capital financing and treasury management actively contribute to the provision of the corporate objectives along with an overview of how the associated risk is managed and the implications for future financial sustainability. This is reported to Audit Committee.	Capital Strategy Report. Audit Committee minutes
The council engages with internal and external stakeholders to determine how services and projects should be planned and delivered within limited resources available including people, skills, land and assets and being mindful of future impacts.	Annual Residents Survey
Working collaboratively with our partners to consider and monitor risks and ensuring arrangements are flexible and agile so that the mechanisms for delivering those outputs can be adapted to changing circumstances.	Contract management processes and contract monitoring.

Principle 5 – Developing the entity's capacity, including the capability of its leadership and the individuals within it	
Comment	**Evidence**
The Constitution sets out clearly defined roles and responsibilities for the Chief Executive, Management Team and Councillors and how they will be put into practice.	Constitution of the Council
The council reviews its operations, performance and use of assets regularly to ensure continuous effectiveness. Identifying where partnership working can achieve added value is carried out via service reviews and benchmarking against other local authorities and commercial organisations to improve the use of resources.	Customer Focus Reviews and Commissioning Reviews
As reviews identify skills gaps, job descriptions are updated to develop and maintain an effective workforce. Policies are also updated to support and give clear guidance to managers and staff and to maintain the health and wellbeing of the workforce.	Job descriptions and job evaluation process. HR Policies
Investment in training, Apprenticeship Levy opportunities and an ELearning programme are utilised to develop staff at all levels.	Management Team Minutes Cascade
An extensive training plan is reviewed and agreed annually by Management team that identifies areas where training will be required during the year. This is informed by the corporate objectives, direction and projects identified for that year and the skills that are required to successfully deliver those outcomes.	Learning Zone and E-Learning
One to one meetings and Team meetings provide staff and managers with direction, development opportunities and an ongoing process for monitoring performance towards objectives.	Corporate Training Programme
The councils seven adopted behaviours are discussed at 1-2-1 meetings and examples of good behaviours reported to management team and publicised to all staff via Cascade.	Training calendar on the intranet
Councillors are required to attend relevant training to ensure they are equipped for particular roles, informed by a member survey and officer assessment. A training plan is undertaken after every local election to inform new Councillors of policies and help them deliver the Councils priorities effectively and efficiently.	Councillor training Programme
Corporate Training advertised as a Training Calendar on the intranet with staff able to book themselves onto sessions.	Apprenticeship Levy Training
An ongoing Leadership and Management Training scheme at both Level 3 and Level 5 is undertaken as part of the Apprenticeship Levy scheme.	ILM Training scheme

Principle 6 – Managing risks and performance through robust internal control and strong public financial management	
Comment	**Evidence**
The Section 151 Officer is responsible for maintaining a continuous review of the Financial Regulations and Full Council must approve changes. Last thorough review was undertaken in February 2019.	Financial Regulations
Contract Standing Orders are reviewed and updated annually.	Contract Standing Orders
Finance Officers support both long term achievement of outcomes, transformational change and short term operational performance by identifying risks and working with Budget Holders to secure good stewardship. Quarterly budget monitoring is carried out and reported to Management Team.	Quarterly Budget monitoring reports to Management Team
Risk Management Policy is to adopt best practice in the identification, evaluation and cost effective control of risks to ensure they are either eliminated or reduced to an acceptable level.	Risk Management Policy
The Audit reviews undertaken provide management with a level of assurance on the adequacy of internal controls and of risks to the councils functions/systems including ensuring full compliance with relevant laws, internal policies and procedures. A summary of the completed Audit reports along with the level of assurance achieved is presented to Audit Committee quarterly. Internal Audit also give additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control.	Annual Audit Plan

Audit Reports and Audit Committee Minutes

Annual Governance Statement |
Each year Senior Managers and Directors are required to certify that their service area operates a system for identifying its key business risks and has put in place effective controls to limit the impact of those risks	Annual Service Compliance Statements
Decision making is based on relevant objective analysis which identifies the risks inherent in each project or proposal.	Committee minutes
The council has in place effective arrangements for the safe collection, storage, use and sharing of data as prescribed in the General Data Protection Regulation and these are reviewed for quality and accuracy by the Corporate Governance officers. Regular mandatory training is undertaken by all officers in the council.	Attendance sheets at GDPR Training.

Principle 7 – Implementing good practices in transparency, reporting, and audit to deliver effective accountability	
Comment	**Evidence**
Audit Committee meets quarterly with the risk register reported quarterly. Their activity and regulatory framework is clearly identified in the Constitution.	Audit Committee Terms of Reference
The internal audit function is an independent appraisal process whose staff have direct access to Councillors. The conclusion of every audit review is a report produced for Management that includes an assessment of the level of assurance that can be given from the system of internal controls related to that review and an action plan of recommendations for improvement. All Audit report findings are presented to Councillors quarterly at Audit Committee. A further follow up review is undertaken 3 months after the initial review to assess the improvements that have been made following the original action plan. This is also reported at Audit Committee. This complies with Public Sector Internal Audit Standards.	Constitution of the Council Internal Audit Reports Audit Committee Minutes
External Audit report quarterly to Audit Committee on the progress that has been made on their testing of systems and processes in place and their Audit of the financial statements. This culminates in an Annual Audit report of their findings with regard to the council's performance, value for money and stewardship of its resources.	Annual Audit Letter
The Annual Governance Statement details the robust arrangements that are in place for assessing the overall governance of the council, this is approved at Audit Committee and signed by the Chief Executive and the Leader of the Council to certify that the council's business is conducted in accordance with the law and proper standards.	Annual Governance Statement
The Statement of Accounts are published on the council's website each year. They follow the prescribed format to allow for comparison with other similar organisations and are prepared, agreed and published to a strict timeline.	Statement of Accounts
Data required for publishing as stated in the Local Government Transparency Code is produced in line with the requirements of the Code and published on the council's website. All expenditure is published on the council's website monthly.	Transparency data

Review of effectiveness

Canterbury City 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 executive managers within the authority 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.

The process that has been applied in maintaining and reviewing the effectiveness of the governance framework are given in the table below:

DESCRIPTION OF KEY ELEMENTS	ROLE	REVIEW OF EFFECTIVENESS
1. The Authority	The Authority's objectives are set out in its Corporate Plan. These are based on 3 key areas of action: 1). People – Residents enjoy a good quality of life and those in need are supported. 2) Places – We make the most of our unique built and natural environment 3) Prosperity – The district has a resilient, diverse economy which supports job growth Under each of these key areas there are a number of smaller aims and objectives: **People** 1) Working to achieve high quality housing to meet everyone's needs 2) Contributing to the good health of local people 3) Focussing our community support on those in most need of it. 4) Acting with others to protect communities from flooding, crime and anti-social behaviour 5) Inspiring people through a wide range of cultural activities and opportunities.	A wide range of control and reporting mechanisms are in place to monitor performance against the Corporate Plan and Community Strategy. These include both internal mechanisms: such as the Audit and Governance Role; Risk Management; Budget Monitoring & Control; the Performance Management framework and the procedures set out in the Council's Constitution, and externally Resident / Public consultation and Satisfaction Surveys.

DESCRIPTION OF KEY ELEMENTS	ROLE	REVIEW OF EFFECTIVENESS
	Places	
	6) Making our city, towns and villages places to be proud of	
	7) Keeping our district clean	
	8) Protecting and enhancing our open spaces, heritage and wildlife	
	Prosperity	
	9) Supporting business growth	
	10) Enabling infrastructure improvements to regenerate our urban spaces and deliver economic growth.	
2. The Committee Structure	The main committees are: Policy and Resources - co-ordinates the development and recommendations to Full Council of the Budget and Policy Framework, including in-year adjustments. Community - This committee has delegated authority to exercise the council's functions relating to the delivery, by or on behalf of the city council that fall within the areas of housing, environment, culture, health and wellbeing, leisure and community. Regeneration and Property - This committee has delegated authority to exercise the council's functions relating to the delivery, by or on behalf of the city council that fall within the areas of property, economic development, regeneration and travel. The role of the Full Council is to lead the implementation of council policy within the council's budgetary and control framework.	Under the Committee structure adopted in 2015 the committees are all politically balanced so there is cross party involvement in decision making. The committees are responsible for their own performance management and their policy formulation role has been reinforced in the terms of reference. Working Groups have been retained within these arrangements, who undertake in-depth reviews of topics in the way that Scrutiny Committees used to do under the 'call-ins' process. The Council included 'Decision Review' procedures in the constitution to provide an additional layer of challenge in relation to decisions made by the three 'Service Committees' (Regeneration and Property, Community and Policy and Resources). It is modelled loosely on the former call-in procedures and there were no review requests during 2018/19.

DESCRIPTION OF KEY ELEMENTS	ROLE	REVIEW OF EFFECTIVENESS
3. The Audit Committee	The Audit Committee's role is split into 3 areas: Audit – overseeing and reviewing the results of internal and external audit activity; Regularity – overseeing and reviewing procedures relating to contract procedures, financial regulations, codes of conduct, anti-fraud & corruption and whistle-blowing arrangements, risk management and complaints; Accounts – reviewing the annual accounts and considering whether there are any matters of concern to raise. There is also a Governance Committee to monitor the workings of the Council's constitution and recommend changes.	The Audit Committee approved the 2018/19 Audit Plan setting out the programme of work for reviewing and monitoring the activities of the Council, in particular its internal financial controls. Quarterly updates of progress against this plan were reported to this committee and a summary annual report in July 2018, including a review of the effectiveness of Internal Audit. Quarterly reports of the Strategic Risk Register are made to this committee after they have been updated by Senior Managers and Directors. The Audit Committee approves the annual accounts at the July meeting each year. The Audit Committee met four times during the 2018/19 financial year.
4. Complaint Handling under the Localism Act	Under the Localism Act 2011, arrangements have been adopted for dealing with complaints of misconduct by councillors.	The council has adopted the Kent-wide code of conduct for councillors and a standardised procedure for handling a complaint as agreed by the Kent Secretaries*. This is kept under review and minor amendments to process are made as necessary. 3 complaints were ongoing from 2017/18 and were resolved in 2018/19, but none of them were upheld. 8 new complaints were taken through the system in 2018/19 and 7 were resolved and none of those upheld. 1 has been carried over into 2019/20 and is still ongoing.

DESCRIPTION OF KEY ELEMENTS	ROLE	REVIEW OF EFFECTIVENESS
5. Internal Audit	The role of Internal Audit is "To give an independent opinion on the adequacy, effectiveness and operation of controls within the Authority's systems". Internal Auditors have direct access to the Chair of the Audit Committee 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.	The council has very high levels of assurance in respect of all of its main financial systems and the majority of its governance arrangements. Almost all of the main financial systems which feed into the production of the council's Financial Statements have achieved a substantial assurance level. 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 Committee in July. As at 31 December 2018 the Internal Auditors completed 115 days of review equating to 63% of planned completion. A regular schedule of follow up audits are undertaken to ensure 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 Committee in July 2019. As part of EKAP's quality monitoring arrangements a satisfaction questionnaire is completed by the managers of the service after every audit enabling the officers involved to comment on the conduct and outcome of the audit. This information is used to monitor quality and inform self assessment for continuous improvement.

DESCRIPTION OF KEY ELEMENTS	ROLE	REVIEW OF EFFECTIVENESS
6. Other reviews / Assurance Mechanism	Performance and Value for Money is achieved through the work of the Commissioned Services Section and the Audit and Governance Committees. The External Auditors (Grant Thornton) also reports on these areas under their Annual report. Councillor Task and Finish Working Groups have been set up to review services since May 2015 and are overseen by the Policy and Resources Committee.	Since the introduction of the new governance system in May 2015 the Scrutiny Reviews have been replaced by Councillor Task and Finish Working Groups. The following task and finish working groups were in place during 2018/19: ● Community Governance Review Working Group ● Review of Polling Districts Working Group

Significant Governance Issues

The council identifies and monitors significant governance issues through its Strategic Risk Register.

How the council identifies and assesses its corporate risks and how the Risk Register and the Annual Governance Statement are set out is detailed in the council's **Local Code of Governance** and **Risk Management Policy**, available on the council website.

The risk register is updated on an ongoing basis from the following sources: -

▪ Risks identified by individual officers during the course of their work,

▪ Risks identified from both internal and external audit reports.

▪ Risks identified in the course of the performance review processes and entered onto Covalent.

▪ Risks identified from assessments carried out in other council reports notably Project Scope and Project Brief documents.

▪ Risks identified during the course of the Risk Register review process, notably by Senior Managers, Directors, Management Team and Councillors at Audit and Governance Committees.

▪ Risks identified at Management Team and Departmental Team meetings. These are standing agenda items.

The risk register is monitored and reviewed quarterly by the following: -

▪ Directors and Service Heads

▪ Management Team

▪ Audit Committee

The Strategic Risk Register is a public document updated and published quarterly in the agenda of the Audit Committee. Significant governance issues are identified on the risk register together with the steps the council is taking to either control or mitigate these risks including reference to other action plans and reports where appropriate. The highest risk score that can be given to a significant issue is 25 (5 for impact and 5 for likelihood). The council had a total of 24 risks on the strategic risk register at 31st March 2019, scores ranging from 25 down to 6.

The highest risk score was concerned with:

● Major repair works that need to be carried out on the Beaney Museum where mosaic pieces are falling from the building façade and need to be replaced. The council has erected a scaffolding canopy to protect people from falling debris as required by Health and Safety but this is an expensive repair and will put a financial burden on the council.

The risk register is an ever moving document that is updated throughout the year as the council progresses to achieve it's objectives. Since the end of the 2018/19 financial year it has been identified that there have been serious issues of non-compliance by the management company of our housing stock, which could put our tenants at risk. The Council acknowledges that there was a breakdown in the internal control systems that resulted in the power safety certificates for a number of our housing properties to fall out of date. The Strategic Risk Register has been updated and this is now the highest scoring risk on the register at a score of 25.

The client officers and monitoring officers are working closely with the management company to monitor their performance and address the non compliance issues and the council is now looking at future options for the delivery of our housing landlord services to ensure the safety of all our tenants. Regular updates and reports are being submitted to Management Team and Councillors to keep them updated on the progress of this.

Conclusion and Corporate Governance Opinion

Taking account of the controls and actions taken listed above we are confident that we have satisfactory governance arrangements in place.

The Audit committee has advised us on the implications of the result of the review of the effectiveness of the governance framework. The actions listed in the strategic risk register are aimed at addressing risks and ensuring continuous improvement of the governance systems in place.

We continue to monitor these actions to further enhance our governance arrangements. We are satisfied that these address the improvements identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

Councillor Robert Thomas

Leader Canterbury City Council

Signed:

Colin Carmichael

Chief Executive on behalf of Canterbury City Council

31 July 2019