

MAIDSTONE BOROUGH COUNCIL
RECORD OF DECISION OF THE CABINET

Decision Made: 13 July 2011

ANNUAL GOVERNANCE STATEMENT

Issue for Decision

To agree the Annual Governance Statement 2010/11.

Decision Made

1. That the Annual Governance Statement, as attached at Appendix A to the report of the Chief Executive, be endorsed.
2. That the Statement be referred to the Audit Committee.

Reasons for Decision

The Accounts and Audit (England) Regulations 2011 recognise the Annual Governance Statement as a key statement in its own right. To this end it is no longer required to be "included in" the Statement of Accounts. From 31st March 2011 the regulations require that the Annual Governance Statement "accompanies" the Statement of Accounts instead.

The Annual Governance Statement will be signed by both the Chief Executive and the Leader of the Council. The statement must identify the key controls in operation in the Council to facilitate the effective exercise of its functions.

It should be noted that the June 2007 CIPFA/SOLACE publication entitled Delivering Good Governance in Local Government (Framework) is considered 'proper practice'. Therefore, the production of the Annual Governance Statement is based on this publication.

The Accounts and Audit (England) Regulations 2011 make only minor changes to the internal control requirements of the 2006 regulations. These are that:-

- a) The regulations now use the term "Annual Governance Statement" as the statement produced as a result of the necessary annual review of internal control.
- b) The Annual Governance Statement should remain a statement in its own right and accompany the Statement of Accounts rather than be included within it.

The review of the system of internal control covered by the Annual Governance Statement required by Regulation 4 is dealt with by this report. Members are reminded that the Audit Committee will be considering the Annual Governance Statement and, in particular, the response to the Statement itself and the view taken by the Executive. If the Audit Committee feels that there are any errors or omissions then they will have a responsibility to refer this back to the Cabinet for consideration, and if they feel strongly that any issues have not been sufficiently addressed then the matter may be referred to Council.

With reference to Regulation 6, the Audit Committee, at its meeting in June 2011, considered the report of the Head of Internal Audit and Risk Management which included a review of audit work during 2010/11 with a recommendation that the Audit Committee consider the effectiveness of internal audit. This annual review is backed up by a three yearly review of Internal Audit by the external auditors which took place in 2008/09 and confirmed that Internal Audit meet all 11 standards of the CIPFA code of Internal Audit.

Best practice has identified that the Annual Governance Statement should be considered separately from and before consideration of the Statement of Accounts. The Statement of Accounts will be submitted for final approval in September 2011.

The Annual Governance Statement covers arrangements to:-

1. Establish principal statutory obligations and organisational objectives
2. Identify principal risks to achievement of objectives
3. Identify key controls to manage principal risks
4. Obtain assurance on the effectiveness of key controls
5. Evaluate assurances and identify gaps in control/assurances
6. Prepare an action plan to address weaknesses and to ensure continuous improvement of the system of internal control

Attached at Appendix A to the report of the Chief Executive is the draft Statement for 2010-11 which has been compiled and updated based upon the Statement approved in June 2010 for the financial year 2009-10.

Officers' views have been obtained on the revised Statement along with external validation, particularly through external audit assessment, but it would be helpful to have Cabinet's views prior to signing the Statement for submission to Audit Committee with the Statement of Accounts.

Best practice has identified that the auditors should be presented with a Statement of Evidence to back up the Annual Governance Statement and this has been produced and is available as part of the Local Code of Corporate Governance.

An action plan has been prepared including proposals to address those areas where the Statement identifies that further work would be beneficial to the overall governance arrangements. The actions will be subsumed into the overarching Corporate Improvement Plan.

The Statement will be referred for consideration by the Audit Committee, which will be asked to approve it, after appropriate updates if necessary, along with the Statement of Accounts in September 2011.

Alternatives considered and why rejected

The Annual Governance Statement is a necessary part of the Statement of Accounts and must, therefore, be ultimately agreed by Audit Committee. However, it is possible for members to disagree with the detail of the Statement, to ask for further details to be included or evidence to be produced. However, it must be acknowledged that the Accounts and Audit Regulations require the full Statement of Accounts to be agreed by Audit Committee before the end of September 2011.

Background Papers

Minutes of the Corporate Governance Officer Working Group
Local Code of Corporate Governance
Accounts and Audit Regulations 2003 (as amended in 2006)
Evidence to support the Annual Governance Statement

Should you be concerned about this decision and wish to call it in, please submit a call in form signed by any two Non-Executive Members to the Head of Change and Scrutiny by: 20 July 2011

MAIDSTONE BOROUGH COUNCIL

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CHANNEL SHIFT STRATEGY

Issue for Decision

To consider the adoption of a channel shift strategy which identifies ways in which Maidstone Borough Council can 'shift' customer contacts to more efficient channels and provide a better, more convenient service to the customer.

Decision Made

That the Channel Shift Strategy 2012-2015, as set out at Appendix A to the report of the Head of Business Improvement be adopted.

Reasons for Decision

The 2011/12 MBC Strategic Plan highlights the benefits of providing services on line both for the customer and for the Council. This strategy is designed to enable the growth of these on line services.

A sizable proportion of residents are unable to contact the Council when they want because our traditional contact channels are either not easily accessible or not open at an appropriate time. This assumption is born out by analysis of visits to our website and where they have originated from. Computers located in London account for 15% of site visits, which would suggest commuters who are not able to access our services by traditional means due to work commitments. On line services are 24/7 and can be accessed 365 days a year.

A growing number of customers choose on line channels over other means of contact in all aspects of their lives, but especially when requesting services. These customers increasingly expect organisations to be able to deal with their requests on line.

Service areas have to make savings, in order to preserve service levels new way of working will have to be found. Delivering services on line, or by automated means, can deliver savings without the customer even being aware of any significant change. The move to on line service delivery is actually seen by a growing majority of customers as a service improvement and has very few negative connotations.

Moving services on line and allowing the customer to do more for themselves benefits the service area, because of the increased efficiency of requests being delivered direct to the appropriate officers, but also because the customer will have done some of the work themselves. If the customer becomes responsible for the data entry then mistakes should be reduced and officer time freed up to deal with the more specialist/detailed part of the request.

Nationally, central government is moving toward a position whereby services are 'digital by default'. The Direct Gov website is being re-engineered so that it is purely a customer transaction site. The necessity for channel shift will increase across the public sector due to the continued need to find savings. This strategy outlines what we could achieve over the next few years.

This strategy also outlines how by working with service areas we will be able to take a fresh look at the way services are delivered and ask could it be done better. Integral to this work is putting the customer at the centre, by understanding what they want and how they would like to receive it. A top 6 list of service areas that have a customer base more inclined to transact on line has been drawn based on analysis of contact s to the Council and Mosaic types. (see section below)

Customer contacts as well as being shifted can also be reduced. One of the aims of the strategy is to work with departments to reduce the amount of avoidable contact through, for example better/easier to understand correspondence.

The strategy also outlines plans for greater automation. This would initially be focused on payments, but could be extended to the handling of switchboard calls or even the taking of parking appeals.

Customer insight and priorities for channel shift

The table below shows the 4 most likely Mosaic groups to transact on-line, this information is based on national data compiled by Experian from various sources including on-line banking and shopping.

K & M Segment	Type Description	% of House-holds	% of MBC Contact s *	Most appropriate method of transactio n **
1	Kent's most highly educated and financially successful citizens, living in sought after locations	20.50%	16.04%	Internet
3	Young singles and families in steady employment, who enjoy a prosperous lifestyle in relatively small houses	16.24%	22.9%	Internet

4	Young, full nest families that have recently bought modern, spacious housing	10.02%	5.8%	Internet
6	Well qualified young students, singles and couples, working in professional occupations and living in urban locations	2.76%	4.2%	Internet
	Total	49.5%	49%	

* The contact % is taken from Gateway visits and cases logged in our CRM system, they are not all contacts with the Council.

Table 1 – Mosaic groups most likely to want to transact on-line

As set out in the table, about half of borough residents and customers who contact us belong to the groups who are more likely to transact on-line. This analysis is also born out nationally, those more socio economically prosperous groups and those with a younger demographic have higher levels of broadband access and are more confident when using the internet¹. K and M Segments 1 and 2 above are more affluent and 4 and 6 tend to be younger, so mirror the national picture.

There is no doubt a large scope for channel shift, if we were able to 'shift' only a third of the contacts by the four groups outlined above it would equate to nearly 40,000 contacts based on overall contact figures for 2010/11. The figure of 40,000 is based on a reduction of contacts via the 'traditional' channels of phone and face to face. The table below shows by service area the numbers and percentages of contacts that could be reduced from the Gateway and Contact Centre if one third of the contacts from K&M groups 1, 3, 4 and 6 were carried out on line instead.

The table below shows the services that would most benefit from the shift of contacts outlined above. The % reduction is a reflection of the usage of the service by the most likely groups to transact on line (see table above)

Department	% Reduction	Total Contact Reduction (Gateway + Contact Centre)	Contact Reduction Gateway	Contact Reduction Contact Centre
Parking	23%	5158	1265	3893
Environmental Health/Enforcement	18%	1028	22	1005
MBS	17%	4998	46	4952

¹ Ofcom Communications Market Report August 2010

C Tax	17%	8461	589	7872
Planning	16%	4457	336	4122
Waste Management	16%	3544	107	3437
Benefits	16%	6789	2790	3999
Housing Options	14%	3604	1564	2040
Bereavement Services	12%	639	0	639
		38677	6718	31959

Table 2 – Percentage and number of contacts that could be shifted on-line from telephone and Gateway visits

Financial Implications

The development of on line forms does not require a capital investment. Development of new forms will require a strong commitment of resources from the IT development team, over the period of the strategy

The largest capital out lay would be if the decision was made to invest in greater automation, such as an automated switchboard based on speech recognition, or greater integration such as on line integration with our revenues and benefits system. Any investment should be recouped by capital savings and could be made using an 'invest to save' bid.

The financial implication of not doing anything is hard to quantify, but would certainly be considerable. As resources within departments get scarce and existing processes come under increasing pressure, the need for re-engineering will become paramount if savings are to be made.

Alternatives considered and why rejected

The 'do nothing' option and would mean that the current channel position would remain. No new on line forms would be developed and no systems for greater automation would be considered. This option would still see an increase in the use of on line, though at a far slower pace.

The negative impact of this option would only really be seen in time as customers became increasingly frustrated by the lack of channel choice offered by the Council.

Organisationally, the negative impact would be that processes would not evolve to become more efficient. Service areas would find themselves having to use existing processes, but with fewer and fewer resources.

Background Papers

None

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LOCAL CODE OF CORPORATE GOVERNANCE

Issue for Decision

To consider and approve an amended Local Code of Corporate Governance.

Decision Made

1. That the amended Local Code of Corporate Governance, as set out in Appendix A of the report of the Chief Executive, be approved.
2. That the views of the Audit Committee be sought.

Reasons for Decision

The principles and standards of good corporate governance in local government were set out in a previous framework and guidance notes published by CIPFA/SOLACE in 2001. In August 2001, Cabinet agreed that the Council implements the recommendations of this publication "Corporate Governance and Local Government in England and Wales – A Keystone for Community Governance". Cabinet agreed a local code in September 2003 and has considered an annual update since then.

In 2007 CIPFA/SOLACE updated their guidance in the publication "Delivering Good Governance in Local Government". This publication set out a number of core principles and supporting principles, which may be summarised as follows:-

Core Principle 1 – will focus on the purpose of the Authority and on outcomes for the community in creating and implementing the vision for the local area:

Core Principle 2 – Members and officers will work together to achieve a common purpose with clearly defined functions and roles;

Core Principle 3 – promote values for the Authority and demonstrate the values of good governance through upholding high standards of conduct and behaviour;

Core Principle 4 – take informed and transparent decisions which are

subject to effective scrutiny and manage risk;

Core Principle 5 – develop the capacity and capability of Members and officers to be effective;

Core Principle 6 – engage with local people and other stakeholders to ensure robust public accountability.

In May 2008, Cabinet agreed a Local Code of Corporate Governance that was based on the new requirements and an annual update was also agreed in May 2009.

In 2010 CIPFA published guides to the role of the Chief Finance Officer and the Head of Internal Audit. Both guides considered the role of these officers in relation to the Local Code of Corporate Governance. Consideration has been given to these publications in updating the Local Code of Corporate Governance.

Since 2004, an officer working group has existed to review and monitor Corporate Governance issues. The working group is chaired by the Chief Executive and includes the Director of Regeneration & Communities, Director of Change, Planning & the Environment, Head of Legal Services, Head of Audit Partnership and the Head of Finance & Customer Services. This Working Group has considered the framework agreed last year and attached at Appendix A of the report of the Chief Executive is the proposed updated Local Code of Corporate Governance and this includes a full analysis of the core principles, and the supporting principles and details the current practice of this Authority in delivering good governance.

It is intended that where there are areas of weakness or omission that this will be addressed in 2011.

During 2011 consideration will also need to be given to the impact of the proposed Localism Bill, and in particular suggested changes to the standards regime which will have an impact on this code.

As supporting evidence to allow Audit Committee to agree the Statement of Accounts, Audit Committee will be presented with an Annual Governance Statement; this will cover the whole range of Corporate Governance as set out in the framework. The Annual Governance Statement, attached at Appendix A to the report of the Chief Executive (Annual Governance Statement) will detail the major elements of Corporate Governance, the review process, any weaknesses identified and an action plan to address those weaknesses.

Alternatives considered and why rejected

The agreement to an Annual Code is now considered best practice and is necessary to allow the Audit Committee to agree the Statement of Accounts by its statutory date of end of September 2011.

Background Papers

CIPFA/SOLACE publication Delivering Good Governance in Local Government.

Minutes of the Corporate Governance Officer Working Group

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RURAL ECONOMY REVIEW SCRUTINY COMMITTEE
RECOMMENDATION ACTION AND IMPLEMENTATION PLAN
(SCRAIP)

Issue for Decision

To consider the response to the Rural Economy Review Scrutiny Committee Recommendation Action and Implementation Plan (SCRAIP).

Decision Made

That the response to the SCRAIP, as set out at Appendix A to the report of the Head of Democratic Services, relating to the Rural Economy Review, be agreed.

Reasons for Decision

The response to the SCRAIP on the Rural Economy Review has been prepared and sets out the actions required by the Cabinet to each of the recommendations of the Leisure and Prosperity Overview and Scrutiny Committee.

Alternatives considered and why rejected

No response could be made but this would mean that the Cabinet would not be complying with the requirement under the Constitution.

Background Papers

None

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