

**MAIDSTONE BOROUGH COUNCIL**  
**RECORD OF DECISION OF THE CABINET**

Decision Made: 9 July 2014

**ANNUAL GOVERNANCE STATEMENT**

**Issue for Decision**

To consider the draft Annual Governance Statement for 2013/14 to be signed off by the Leader of the Council and the Chief Executive, and to accompany the Statement of Accounts. This is as required by the revised Accounts and Audit (England) Regulations 2011 which came into force on 31 March 2011.

**Decision Made**

That subject to the insertion of dates for the setting of new equality objectives (2015) and the period of the new Strategic Plan (2015-2020) on page 9 of the document, the draft Annual Governance Statement, attached as Appendix A to the report of the Chief Executive, be approved for sign off by the Leader of the Council and the Chief Executive, having regard to any comments which may be made by 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 31 March 2011 the Regulations require that the Annual Governance Statement "accompanies" the Statement of Accounts instead.

The draft Annual Governance Statement was significantly revised in 2013 to take into account the best practice identified by Grant Thornton namely that the Statement should not repeat the Local Code of Corporate Governance. It should have user friendly language and layout with more emphasis on significant governance or control issues that arise in earlier sections of the document.

The Statement has also been produced in line with the CIPFA Delivering Good Governance in Local Government: Framework Addendum released in December 2012. The update reflects the emphasis on a strategic approach. As a matter of best practice the Annual Governance Statement should be approved at the same time as the Statement of Accounts. The Statement fulfils the statutory requirement in England for a local authority to conduct a review at least once in each financial year of the effectiveness of its system of internal control.

The Corporate Governance Working Group assisted by the Head of Audit Partnership has reviewed the Annual Governance Statement and identified actions for 2014-15. There were three audits that were given limited assurance in 2013-14, and these have been added to the action plan for review. The Council will also be developing a new Strategic Risk Register, Strategic Plan and Communication and Engagement Strategy. The Residents' Survey has highlighted that a large proportion of respondents do not believe that they can influence decision making. This has already been the focus of scrutiny activity and actions will be brought forward. The new Communication and Engagement Plan will focus on how the Council engages residents in the services it provides. Engagement needs to go beyond telling people about decisions and where possible should engage them in the co-production of solutions.

The Audit Committee within its terms of reference has responsibility for "The Council's arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice." The draft Annual Governance Statement will be submitted to the Audit Committee for consideration prior to being signed off.

### **Alternatives Considered and Why Rejected**

The Annual Governance Statement is a necessary part of the Statement of Accounts and must, therefore, be considered by the Audit Committee. It is possible for Members to disagree with the detail of the Statement, to ask for further details to be included or to ask for evidence to be produced. However, it must be acknowledged that the Statement is signed off by the Leader of the Council and the Chief Executive and must accompany the Statement of Accounts to be agreed by the Audit Committee before the end of September 2014.

### **Background Papers**

None

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 Policy and Communications by: <b>18 July 2014.</b>
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**MAIDSTONE BOROUGH COUNCIL**  
**RECORD OF DECISION OF THE CABINET**

Decision Made: 9 July 2014

**LOCAL CODE OF CORPORATE GOVERNANCE**

**Issue for Decision**

To consider the Local Code of Corporate Governance for referral to the Audit Committee prior to sign off by the Chief Executive and the Leader of the Council.

**Decision Made**

That the Local Code of Corporate Governance, attached as Appendix A to the report of the Chief Executive, be approved for sign off by the Chief Executive and the Leader of the Council, having regard to any comments which may be made by the Audit Committee.

**Reasons for Decision**

The Local Code of Corporate Governance was adopted in 2003; since then the Code has been reviewed annually to ensure it remains fit for purpose and up to date.

Corporate Governance is the processes, procedures and measures we use to manage ourselves and how we engage with and are accountable to our residents. Maidstone Borough Council must ensure that it does the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. The Code identifies the six core principles and how the Council will fulfill these obligations.

The core principles are as follows:

- 1) The Authority will focus on its purpose and on outcomes for the community in creating and implementing a vision for the local area.
- 2) Members and Officers will work together to achieve a common purpose with clearly defined functions and roles.
- 3) Members and Officers will promote the core values for the Authority and demonstrate the values of good governance through upholding high standards of conduct and behaviour.
- 4) The Authority will take informed and transparent decisions which are subject to effective scrutiny and will manage risk.

- 5) The Authority will develop the capacity and capability of Members and Officers to be effective.
- 6) The Authority will engage with local people and other stakeholders to ensure robust public accountability.

In broad terms Maidstone Borough Council addresses Corporate Governance through the following main areas:

- a) **Constitution** - The Constitution has a comprehensive scheme of delegation to Members and Officers and therefore clearly sets out the arrangements for the provision of services. This includes effective Overview and Scrutiny, Standards and Audit Committee arrangements. The Constitution is backed up by Codes of Conduct for both Officers and Members;
- b) **Vision** - The Council has a long term vision (through the Sustainable Community Strategy) with short to medium term delivery through the Strategic Plan, which is reviewed annually. The delivery of priorities is related to funding availability and capacity through the Budget Strategy and is based on consultation with partners and public;
- c) **Comprehensive Performance Management** - Arrangements are in place incorporating strategic and service based risk management and business continuity. Reporting on performance is undertaken through quarterly reports on the Authority's Key Performance Indicators and monthly reviews by Officers of service performance through Reach the Summit. The system of Performance Management runs in parallel with and is related to a comprehensive system of financial management;
- d) **Partners and Public** - Partners and the public are consulted regularly on the Authority's service priorities and budget issues and reports to the public on finance and performance are undertaken through the Borough Update and an annual report; and
- e) **Staffing** - There is a comprehensive Code of Conduct for Officers and Corporate Governance is embedded in the Authority's core values - Service, Teamwork, Responsibility, Integrity, Value and Equality (STRIVE).

The Local Code of Corporate Governance has been reviewed alongside the preparation of the Annual Governance Statement. Schedule 1 of the document has been reformatted to take out duplication and the actions to fulfil each principle have been reviewed with some amendments made for accuracy.

### **Alternatives Considered and Why Rejected**

The Cabinet could have chosen not to review the Local Code. However, consideration of the Local Code of Corporate Governance on an annual basis to ensure it is up to date and effective is considered to be best practice.

## **Background Papers**

None

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 Policy and Communications by: **18 July 2014.**

## **MAIDSTONE BOROUGH COUNCIL**

### **RECORD OF DECISION OF THE CABINET**

Decision Made: 9 July 2014

#### **ANNUAL PERFORMANCE REPORT**

##### **Issue for Decision**

To consider the performance out-turns and end of year Strategic Plan action updates in the Strategic Plan Annual Performance Report; to agree areas where further action is required; to agree the Key Performance Indicators and targets for 2014-17; to consider a list of indicators recommended to be removed from the KPI set; and to note the progress made during the period October 2013-March 2014 on the Corporate Improvement Plan work streams and projects.

##### **Decision Made**

- (a) That the performance out-turns and end of year Strategic Plan action updates set out in the Strategic Plan Annual Performance Report, attached as Appendix A to the report of the Head of Policy and Communications, be noted (Indicator Definitions are included for reference at Appendix B);
- (b) That individual Cabinet Members should discuss areas within their portfolios where action needs to be taken to improve performance against targets with the responsible Officers;
- (c) That the targets for the Strategic Plan 2014-15 refresh for the Key Performance Indicators for 2014-17, as set out at Appendix C to the report of the Head of Policy and Communications, be approved subject to the amendment of the 2014-15 target in respect of KPI HSG 001 (Number of affordable homes delivered) from 150 to 200;
- (d) That with the exception of DEP 007 (Percentage of fly-tipping reports responded to within one working day) which should be retained due to its sensitive nature, the Key Performance Indicators set out at Appendix D to the report of the Head of Policy and Communications be removed from the KPI set; and
- (e) That the progress made during the period October 2013 – March 2014 on the Corporate Improvement Plan work streams and projects, as set out in Appendix E to the report of the Head of Policy and Communications, be noted.

## Reasons for Decision

Having a comprehensive and relevant set of performance indicators and targets is vital to ensure that the Council delivers the priorities and outcomes set up until 2015. It is important to look at these measures and set targets that reflect the Council's overall aim of continuous improvement. Definitions of performance indicators are included at Appendix B to the report of the Head of Policy and Communications for reference.

### Performance Summary 2013/14

There were 68 Key Performance Indicators (KPIs) agreed in the Strategic Plan 2011-15 for 2013/14 relating to seven strategic outcomes. Overall 51% (31) of KPIs achieved the annual target set and for 44% of indicators performance improved. At the yearend in 2012/13 60.5% (26) of the targets were met and 43% (20) of indicators had improved. Full details of KPI out-turns are set out at Appendix A to the report of the Head of Policy and Communications.

There are 14 indicators that have been rated as amber (within 10% of target); of these 14, it should be noted that nine (64%) only marginally missed the target and achieved a minimum of 95% of target.

In terms of the Strategic Plan Outcomes, performance has been strong for the clean and attractive place to live and residents are not disadvantaged outcomes. It is good to see that despite the economic situation the Council has maintained performance and continued to ensure outcomes are achieved particularly in the area of reducing disadvantage and deprivation.

### Performance Against Target

Performance against target	On target	Missed target (within 10%)	Target not achieved	N/A <sup>1</sup>	Total
For Maidstone to have a growing economy	5 (46%)	4 (36%)	2 (18%)	3	14
For Maidstone to be a decent place to live	14 (52%)	7 (26%)	6 (22%)	4	31
Corporate & Customer excellence	12 (52%)	3 (13%)	8 (35%)		23
<b>Total</b>	<b>31 (51%)</b>	<b>14 (23%)</b>	<b>16 (26%)</b>	<b>7</b>	<b>68</b>

### Direction of Performance

Direction	Improved	Sustained	Declined	n/a	Total
For Maidstone to have a growing economy	3 (25%)	1 (8%)	8 (67%)	2	14
For Maidstone to be a decent place to live	9 (43%)	1 (5%)	11 (52%)	10	31

<sup>1</sup> N/A's are not included in percentage calculations

Direction	Improved	Sustained	Declined	n/a	Total
Corporate & Customer excellence	12 (55%)	1 (4%)	9 (41%)	1	23
<b>Total</b>	<b>24</b> <b>(44%)</b>	<b>3</b> <b>(5%)</b>	<b>28</b> <b>(51%)</b>	<b>13</b>	<b>68</b>

### Good Performance

The level of people claiming job seekers' allowance has reduced over the course of the year and currently stands at 1.8%, 1.1% lower than the figure for Great Britain as a whole. This is the fourth lowest figure out of the Kent districts. In addition the percentage of working age population educated to NVQ level 4 or higher has improved from 30.8% to 32.6%.

The Local Plan has progressed over the course of the year and Regulation 18 Public Consultation began on 21 March. Consultation on Regulation 19 is expected to take place in February 2015 with submission to the Secretary of State on track for Autumn 2015 with adoption mid 2016.

The Housing service continues to perform well. Although the target for affordable homes was marginally missed (189/200), over the last three years the team has delivered 717 affordable homes. The average grant per affordable home funded by the Council has reduced by £566 and is currently £7,698 per Council funded unit. In addition the team has improved 295 private sector homes – significantly exceeding the target of 180. A new Homelessness Strategy has been drafted and is due to be considered by the Cabinet Member in August 2014.

The Council carried out a Residents' satisfaction survey in 2013 to gauge the levels of satisfaction with Council services. Overall satisfaction with Maidstone as a place to live remains unchanged at 84%. Satisfaction with both Parks and Open Spaces and the Leisure Centre has improved. The Hazlitt Arts Centre has been contracted to Parkwood leisure. A business plan is currently being prepared for Maidstone Culture and Leisure (MCL) service.

Internet speeds and connections have improved over the last year in Maidstone with over 83% of the Borough covered by broadband internet.

The Maidstone Families Matter programme has progressed well over the year. The target for accepting families onto the programme has been met and over 95% of those accepted have been engaged with. The criteria for accepting families were widened mid-year to include anti-social behaviour and education referrals from the relevant professionals. Maidstone is now achieving the payments by results measures for the programme and we currently have the highest rate for returning people to employment and the second highest rate across all categories overall out of the Kent districts.

Average working days lost due to sickness absence has achieved the annual target and has reduced by one day compared to the same period last year. Short term sickness is currently 2.6 days per employee and long term sickness is currently 5.57 days per employee.



## Areas Where Targets Were Not Achieved

The Skills and Employability programme started well but the Officer responsible for the programme left the Council in quarter 2 and a new Officer was not then in post until quarter 4. This has meant that only 32 out of a targeted 50 work experience placements have been delivered by the Council with 17 employers engaged with NEETs (Not in Education, Employment or Training) as a result. There has been a slight increase in the proportion of NEETs by 0.5%. The Council received two Job Centre Plus (JCP) South East Partnership Awards, one business award for community support and one highly commended in the skills and training category. These awards relate to jobseeker coffee mornings and fairs, ongoing mentoring and welfare reform work.

The changes to the Local Plan have impacted on the review of the Regeneration & Economic Development Plan, which was expected to happen in 2013. A consultant has been engaged, and work has started on a new plan. A Maidstone Economic Business Partnership (MEBP) has been established to help shape future development plans in relation to economic development. In March 2014 a business survey was launched (still underway) to identify what Maidstone businesses want and need to support growth in the Borough.

Satisfaction with street cleansing has declined by 3% compared to 2011 and there has been a slight increase in the cost of street cleaning per head of population (DEP 003 up £1.04). However, it should be noted that both the indicators that measure litter and detritus have reduced compared to the previous year. Following the flooding experienced in Maidstone over Christmas and in January additional street cleaning was undertaken, and this additional cleaning will have contributed to the slight rise in costs. Further work is being undertaken to look at the factors that have contributed to lower resident satisfaction. The team intends to do this on a ward basis through undertaking ward walks.

During 2013 the new waste contract was rolled out, and this has saved the Council over £1 million, with a reduction in the cost of household waste collection (WCN 002). We have not achieved the recycling rate anticipated for the year and residual waste per household has increased. This is thought to be partly due to the flooding experienced around Christmas and in January as we collected additional items damaged by the flooding. In addition the new contract changed some of the collection routes which has resulted in a higher number of missed bins for the year. A programme of public information on what can go in each of the waste bins will start later in the year.

The channel shift indicators (BIM 003abc and BIM 004) have not achieved the annual targets. There was a 5% increase in calls to the contact centre compared to last year. This increase has been attributed to the Council Tax and Waste departments with people ringing to report missed bins as the waste contract was rolled out and the changes to Council Tax benefits and exemptions. The number of post items sent out has reduced but not as fast as expected; further reductions will be seen as more information and business is transacted electronically. Specific projects on Council Tax

and Planning will take place during 2014/15 as well as an overall look at how residents and customers access services.

The Head of Policy and Communications will investigate Members' concerns regarding the Council's telephone system, and report back to them direct.

### Key Performance Indicator and Targets 2014-17

Details of proposed KPIs and targets are attached at Appendix C to the report of the Head of Policy and Communications. Where possible, targets have been set for the next three years. This does not mean that all targets are fixed for three years. Targets are proposed by Service Managers and Heads of Service. Each year targets are reviewed and throughout the year managers are asked if the annual target is likely to be achieved. This is then reported to the Corporate Leadership Team and Cabinet through the Quarterly Monitoring Reports, so that early action can be taken to mitigate the situation where necessary.

Following the consideration of the quarter 3 performance report by Strategic Leadership and Corporate Services Overview & Scrutiny Committee, a workshop was held with Members of this Committee to look at the KPI set and to recommend changes for 2014/15. The result of this workshop was that the Committee felt that there were too many KPIs and the set was planning heavy.

The Committee also felt that although the Residents' Survey indicators were important in assessing residents' perceptions and identifying areas for improvement, these could be removed from the KPI set and reported separately. However, the Committee did recognise that this is the last year of the current Strategic Plan and therefore the appropriate time for a major review of KPIs would be during 2014/15 to align with the new Strategic Plan that will run from 2015 to 2020.

The Key Performance Indicators (KPIs) for 2011-15 were agreed in the Strategic Plan 2011-15. Since this was agreed a number of indicators have been changed and refined as the Plan has been regularly refreshed and the effectiveness of indicators has been tested. A summary list of indicators recommended to be removed from the KPI set was presented at Appendix D to the report of the Head of Policy and Communications. A total of 10 KPIs were recommended for removal and two were added leaving 60 KPIs in place for 2014-15.

The two new KPIs added for 2014/15 are:

- Total waste arising per household; and
- Average length of stay in bed and breakfast accommodation

The Cabinet agreed that due to its sensitive nature, KPI DEP 007 relating to fly-tipping should be retained.

## Corporate Improvement Programme

The Council has set the priorities and outcomes for the Borough of Maidstone in its Strategic Plan. The Medium Term Financial Strategy (MTFS) sets out what will be spent and where savings will be made. In order to deliver the priority outcomes and the savings required, a number of key pieces of work and projects will be carried out. These are detailed in the Corporate Improvement Plan 2014-17, which ensures the improvement work is aligned with the Strategic Plan and the MTFS, and looks at the work required to 2017.

The Improvement Plan 2012-15 was first adopted in February 2012 and refreshed as the Corporate Improvement Plan 2013-16 in February 2013. Progress on the Corporate Improvement Plan 2013-16 was last reported in the Strategic Plan Performance Report in November 2013. Some key improvements implemented in 2013/14 include:

- Launch of a new more customer focussed website and an increase in online self-serve forms available for people to use, leading to a 25% increase in the number of self-serve forms completed;
- New multi-functional devices and printers and new print and post rules introduced that are expected to save around £43,000;
- Achieved Investors in People Silver award;
- Efficiencies of 1.5 FTE in staff time delivered through the Customer Service Improvement Programme, with a further potential 5.5 FTE efficiencies and £6,300 savings currently identified;
- Embedding of the new ICT shared service;
- Launch of the new waste contract which has been awarded the iESE Improvement and Efficiency Award for Transformation in Waste and Environment;
- Commercial Waste service has exceeded the target of 150 new customers signing up within the first 12 months of operation: 170 customers have signed up to the service;
- Environmental Health and Planning Support shared services went live in June 2014; and
- Transfer of Hazlitt Arts Centre to Parkwood Leisure.

The three objectives of the Corporate Improvement Plan are:

- 1) A reduction in net cost, through making savings or increased income;
- 2) Improving or maintaining quality and ensuring we deliver excellent services, which means delivering what is promised to agreed standards; and
- 3) Identifying and responding to opportunities aligned with the Strategic Plan

The four corporate work streams (1-4) and enablers (5-7) of the 2013-16 plan are shown below. Progress on these for the last 6 months is reported at Appendix E to the report of the Head of Policy and Communications:

- 1) Incremental improvement
- 2) Asset management
- 3) Transformation

- 4) External challenge
- 5) Organisational culture
- 6) Good information and knowledge management
- 7) Councillor assurance

It should be noted that these have been changed in the updated Corporate Improvement Plan to reflect the need to become more financially self-sufficient and viable for the future, so this is the last time they will be reported in this way.

### **Alternatives Considered and Why Rejected**

Previously local authorities had a duty to produce a Best Value Performance Plan setting out the annual out-turns for all performance indicators and targets for the next three years. In 2009 this duty was removed, but it is still considered best practice to produce an annual performance report as well as to set and publish targets for the next three years.

The Council could choose not to produce an annual performance report and/or could choose alternative performance management arrangements, including reducing the number of Key Performance Indicators.

### **Background Papers**

None

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 Policy and Communications by: <b>18 July 2014.</b>
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