

Policy and Resources Committee

29 July 2015

Is the final decision on the recommendations in this report to be made at this meeting?

Yes

Annual Governance Statement 2014-15 & Local Code of Corporate Governance

Final Decision-Maker	Policy and Resources
Lead Director or Head of Service	Chief Executive
Lead Officer and Report Author	Angela Woodhouse
Classification	Non-exempt
Wards affected	

This report makes the following recommendations to the final decision-maker:

1. To review and approve the Annual Governance Statement and Local Code of Corporate Governance prior to signing by the Leader and Chief Executive

This report relates to the following corporate priorities:

- Great Place: Keeping Maidstone Borough an attractive place for all
- Great Opportunity: Securing a successful economy for Maidstone Borough
- Great People: Our mission "Putting People First"

Timetable

Meeting	Date
Audit, Governance and Standards Committee	20 July 2015
Policy and Resources Committee	29 July 2015
Council	N/A
Other Committee	N/A

Annual Governance Statement 2014-15 & Local Code of Corporate Governance

1. PURPOSE OF REPORT AND EXECUTIVE SUMMARY

- 1.1 Attached at **Appendix A** is the Annual Governance Statement for 2014-15, the purpose of the Annual Governance Statement is to provide assurance on the council's governance arrangements.
 - 1.2 The statement is a look back at the arrangements for 2014-15 with an action plan identified for 2015-16.
 - 1.3 The Local Code of Corporate Governance attached at **Appendix B** was adopted in 2003, since then the Code has been reviewed annually to ensure it remains fit for purpose and up to date.
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2. INTRODUCTION AND BACKGROUND

- 2.1 Corporate governance describes 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 Local Code of Corporate Governance identifies the six core principles of Corporate Governance and how the Council will fulfill these obligations.
- 2.2 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.

2.3 In broad terms Maidstone Borough Council addresses corporate governance through the following 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. Audit, Governance and Standards Committee arrangements are in place. The Constitution includes 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 the public;
- c) **Comprehensive Performance Management** - Arrangements are in place that incorporates 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 service performance indicators. 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 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).

2.4 The Council produces an Annual Governance Statement (AGS) to accompany the statement of the accounts. The AGS went to the Audit, Governance and Standards Committee on the 20th of July for approval prior to agreement by Policy and Resources Committee and signing by the Leader and Chief Executive.

2.5 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.

3. AVAILABLE OPTIONS

3.1 It is possible for Councillors to disagree with the details of the Statement, to ask for further details to be included or evidence to be produced. However,

the statement is signed by the Chief Executive and the Leader of the Council and must accompany the Statement of Accounts to be agreed by Audit Committee before the end of September 2015.

- 3.2 The Annual Governance Statement can be presented in any way the Council deems appropriate. The format was last reviewed in 2013 in-line with guidance from Grant Thornton our external auditors, namely that the statement should not repeat the local code of 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. Grant Thornton publish guidance annually and this has been considered in the development of this year's statement. Future options could be combining the AGS with the Council's Annual report for example.
- 3.3 The Policy and Resources Committee can review the Code of Corporate Governance and identify changes as appropriate prior to its sign-off by the Leader and Chief Executive.

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 The Annual Governance Statement Attached at **Appendix A**, looks back at the governance assurance in place for 2014-15 as such it makes reference to the Cabinet and Scrutiny Committee system. Where appropriate the new governance arrangements have been referenced.
 - 4.2 The AGS covers: the Council's responsibilities, the purpose of the governance framework, the framework we have in place and a review of our effectiveness for 2014-15.
 - 4.3 Last year action was taken in regard to improving our communication and engagement, reviewing our approach to risk management and making changes to improve information management.
 - 4.4 In terms of future issues the Corporate Governance Group has identified the embedding of the risk management framework recently approved by Policy and Resources Committee, implementation of the communication and engagement strategy, the new governance arrangements and the potential disaggregation of the Planning Support Shared Service.
 - 4.5 The Local Code of Corporate Governance at **Appendix B** has been reviewed alongside the preparation of the Annual Governance Statement. Amendments have been made to reflect the establishment of the committee system of governance.
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5. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 5.1 The Head of Internal Audit Partnership, the Monitoring Officer and the Section 151 Officer have reviewed the Local Code of Corporate Governance. The Corporate Leadership Team considered the Annual Governance Statement and Action Plan.
- 5.2 Audit, governance and Standards Committee considered both items at its meeting on the 20th of July both documents were approved subject to minor amendments to reflect the change in governance arrangements and strengthen part of the Annual Governance Statement.
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6. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 6.1 The statement once agreed by the Policy and Resources Committee will be signed by the Leader and Chief Executive. It will be made available on the Council's website and shared with our External Auditors alongside the statement of accounts.
- 6.2 The Local Code of Corporate Governance will also be made available on the Council's website once signed.
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7. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.	Head of Policy and Communications
Risk Management	The AGS considers and gives assurance on the Council's approach to risk management.	
Financial	N/A	[Section 151 Officer & Finance Team]

Staffing	N/A	Head of Policy and Communications
Legal	The Annual Governance Statement assists the Council in having good corporate governance arrangements which are essential in ensuring robust and lawful decision-making and therefore minimising the risk of legal challenge.	Team Leader Corporate Governance
Equality Impact Needs Assessment	N/A	Policy & Information Manager
Environmental/Sustainable Development	N/A	Head of Policy and Communications
Community Safety	N/A	Head of Policy and Communications
Human Rights Act	N/A	Head of Policy and Communications
Procurement	N/A	Head of Policy and Communications
Asset Management	N/A	Head of Policy and Communications

8. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix A: Annual Governance Statement 2014-15
- Appendix B: Local Code of Corporate Governance

9. BACKGROUND PAPERS

None