

**Annual Governance Statement**

**2017-18**

## **Introduction**

The Annual Governance Statement is a review of the council's governance arrangements in 2017-18. The statement evaluates how we meet the governance framework and provides an opinion on whether the current governance arrangements are fit for purpose.

## **Scope of Responsibility**

Maidstone Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. Maidstone Borough 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. This Annual Governance Statement for 2018 also meets the requirements of the Accounts and Audit Regulations 2015, regulation 6(1) which requires an authority to conduct a review of the effectiveness of its system of internal control and the duty to prepare an annual governance statement.

The Council's section 151 Officer, Mark Green and the Monitoring Officer, Patricia Narebor are key members of the Corporate Leadership Team, reviewing all decisions taken through Leadership Team, Committees and Full Council. The Section 151 officer has a number of statutory duties, including the duty to report any unlawful financial activity involving the authority (past, present or proposed) or failure to set or keep to a balanced budget. The Section 151 officer also has a number of statutory powers in order to allow this role to be carried out, such as the right to insist that the local authority makes sufficient financial provision for the cost of internal audit.

The Monitoring Officer serves as the guardian of the Council's Constitution and the decision-making process. During the course of 2017-18 amendments to the Constitution have been referred to the Democracy Committee and revisions implemented in line with the decision of the Committee and under the monitoring officer's delegation. The Monitoring Officer is also responsible for advising the Council on the legality of its decisions and providing guidance to councillors and officers on the Council's Constitution and its powers. This includes dealing with complaints under the Councillors' Code of Conduct.

The Corporate Leadership Team is led by the Chief Executive who is the Council's chief policy advisor with overall corporate management and operational responsibility.

The Council operates a committee system of governance and the Leader is the Council's political and elected head, the focus for political direction and the chief spokesperson for the Borough. The Leader is also Chair of Policy and Resources Committee. The Council has four service based committees taking decisions within their terms of reference as agreed by Council, individual Councillors do not have the power to make decisions. In addition there are committees that

deal with licensing, planning, audit, governance and standards; democracy; urgent matters employment and other regulatory matters.

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

The Council has approved and adopted a Local Code of Corporate Governance in 2017, which is consistent with the principles of the Chartered Institute of Public Finance & Accountancy (CIPFA) and Society of Local Authority Chief Executive's (SOLACE) Framework [Delivering Good Governance in Local Government Guidance Notes for English Authorities 2016](#).

## **Our Governance Framework**

The governance framework comprises the systems and processes, and culture and values, by which the Council is directed and controlled and the activities through which it is accountable 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.

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 the council's objectives, and therefore can 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 objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The monitoring of Corporate Governance has a high priority at the Council. The Head of Policy, Communications and Governance is responsible for Corporate Governance. A small working group made up of the Head of Finance, the Head of Legal services (Monitoring Officer) and the Head of Policy and Communications assisted by the Head of Audit Partnership reports biannually to the Corporate Leadership Team and the Audit, Governance and Standards Committee on governance matters.

This governance framework has been in place at Maidstone Borough Council for the year ended 31 March 2018 and up to the date of approval of the Statement of Accounts.

The International Framework: Good Governance in the Public Sector states that

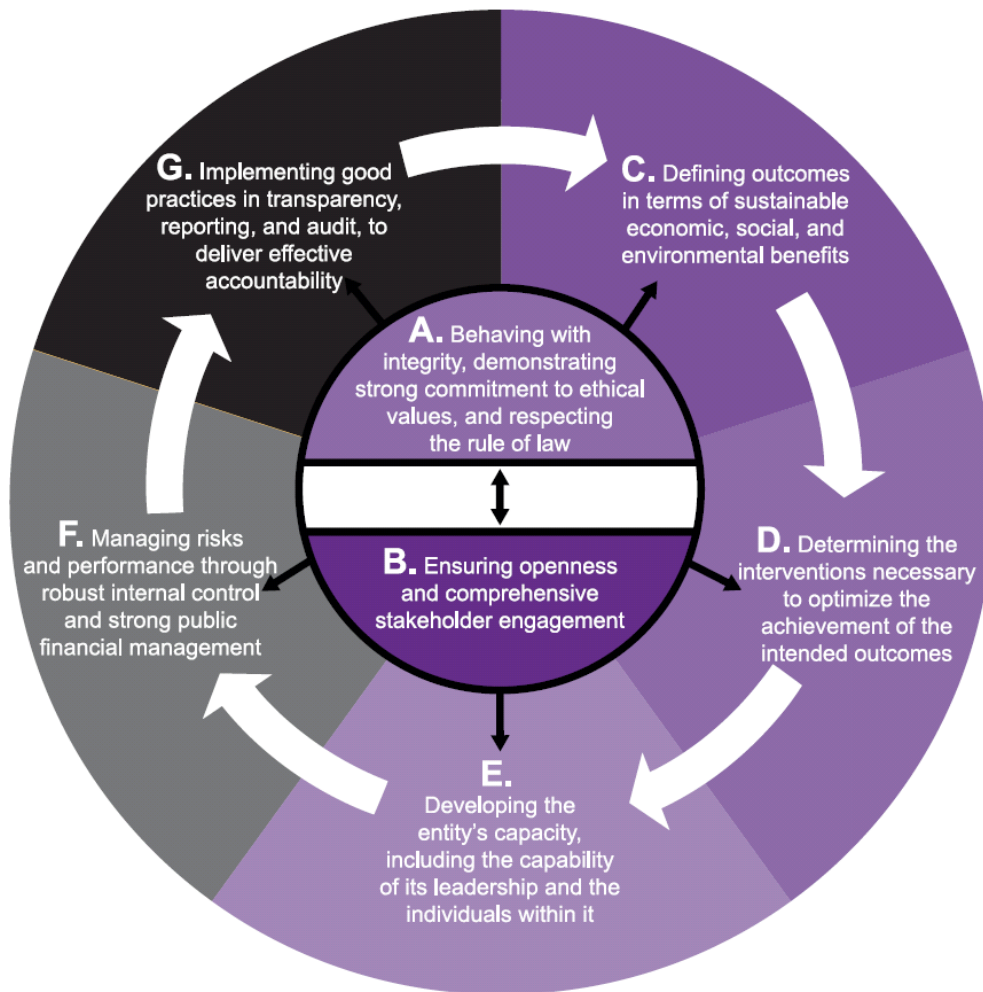
"Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved."

Our Local Code sets out the framework within which we conduct our business and affairs and the governance structure we have in place. Whilst this code sets

out principles, processes and policies, it is the application of the framework that will demonstrate good governance.

This statement sets out how we have demonstrated and met those principles in 2017-18.

### The 7 principles within the Local Code of Corporate Governance



## Review of Effectiveness

### A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting rule of law

The Council adopted a new local code of corporate governance in 2017 which complies with the latest CIPFA and SOLACE "Delivering Good Governance in Local Government".

The Council also has in place a local code of conduct for Councillors and a code of conduct for staff. Code of Conduct training is carried out annually for Councillors and included in the new councillor induction programme. During the municipal year 2017-2018, there were 4 code of conduct complaints dealt with under the Localism Act 2011 against parish councillors and 3 complaints against Borough Councillors. None were referred to the Standards Committee for a formal investigation hearing.

Information on the code of conduct is set out in the staff handbook and is included in the induction for all new employees.

A [Register of Interests](#) is maintained and training is offered to councillors on standards, interests and our code of conduct. Councillor and Officer codes of conduct are in place. A register of gifts and hospitality is maintained and staff are regularly reminded to complete this. Information on conduct is included in our Staff Handbook. Under the Local Government Act 1972, section 117, the Council requires officers to disclose any direct or indirect pecuniary interests they may have in any contract or potential contract involving the Council. This entails reminders being issued to all staff on an annual basis with registers maintained by the Monitoring Officer.

The [Audit, Governance and Standards Committee](#) purpose is to promote and maintain high standards of Councillor and Officer conduct within the Council. The Committee has responsibility for adopting and reviewing the Annual Governance Statement; independent assurance of the adequacy of the financial and risk management framework and the associated control environment.

We have a clearly defined set of core values that are embedded at the Council, they form part of our competency framework, are used as part of the appraisal process. Annually we hold a staff awards event for those who have demonstrated they have exceeded the standards by going above and beyond the expected in their behaviour:

- Service

- Teamwork
- Responsibility
- Integrity
- Value
- Equality

There is an [Equality Policy](#) in place for the organisation a new equality policy and objectives were agreed in 2017-18.

The Democracy Committee approved a member development programme that included training on interests and conduct. The Programme is focused on the following areas for Member Development:

- Support and build on existing skills for their role in the community now and in the future
- Support and build on existing skills for the various roles undertaken within and on behalf of the Council

The constitution is kept under review by the Democracy Committee and the Monitoring Officer, with changes agreed by full Council.

## **B. Ensuring openness and comprehensive stakeholder engagement**

The Policy and Information Team and Communications Team work together with teams across the Council to ensure consultation is run consistently and effectively and are well communicated to all stakeholders. This collaborative working enables the teams to more effectively manage the consultation process, and in particular, better manage barriers such as such as consultation fatigue. Recognising of the importance of effective engagement with our stakeholders, the Council became a member of the Consultation Institute earlier in the year, which provides a wealth of resources and insight. Officers are currently undertaking accredited training via the Institute to further improve our approach and processes.

A Member Sounding Board is in place to consider how Councillors engage with officers, public consultation and engagement, share information as well as get involved in communications projects such as the residents' survey. This has ensured Councillors have an opportunity at an early stage to influence public engagement. The board were involved in the development of the 2017 resident survey, the Council magazine Borough Insight and the redevelopment of our website.

Over the course of 2017-18 we have carried out a number of consultations and surveys our largest being the Resident Survey 2017 which had over 2000 responses. Other consultations included taxi licensing, the low emission strategy, park and ride and council tax.

The council has a Communication and Engagement Action Plan in place which is reviewed annually and approved by the Policy and Resources Committee, we also have a statement of community involvement plan in place for planning covering a whole variety of means of communicating with and involving residents.

We believe in transparency and have a large amount of information available on the [data and information](#) pages of our website including details of payments to suppliers, decision notices, performance information, a list of our assets and senior staff salaries. We have dealt with a large volume of FOI requests in 2017-18 processing 98% on time.

The Council takes up opportunities to engage with partners and stakeholders through avenues such as the Developers' forum, Parish Liaison meetings, Maidstone Destination Management Plan, BME forum, Children and Young People forum, Voluntary and Community Services focus group, disability network and older person's forum.

### **C. Defining outcomes in terms of sustainable economic, social, and environmental benefits.**

The Council has a clear vision set out in the [Strategic Plan](#). The Strategic Plan is refreshed annually. In 2017/18 we refreshed and updated the Strategic Plan, this was led by Committees using information from the resident survey.

Outcomes are measured through strategy action plan updates, performance measures and targets which are reported regularly to Wider Leadership Team and the Service Committees.

To ensure the delivery of the strategic plan priorities and actions each service is required to produce a service plan and individuals also identify how they meet the priorities in their objectives for the year. The Investors in People (IiP) review in January 2017 identified Strategic Planning as a strength, "*Staff clearly understand the challenges ahead and all take part in discussing service plans and their contribution.*"

Our corporate report template requires report authors to identify how decisions align with the Council's priorities and show the options that have been

considered and the impact of the recommended course of action. We have a robust risk management framework in place.

#### **D. Determining the interventions necessary to optimise the achievement of the intended outcomes**

The [Council's Constitution](#) clearly defines the roles and responsibilities of Officers and Councillors. The Head of Legal Partnership has reviewed the constitutional arrangements and made recommendations for amendment in 2017/18.

The Council's four service committees are responsible for making decisions on the services delivered by the Council. The four service committees, Democracy Committee and Audit, Governance and Standards Committee have work programmes in place. These programmes detail the decisions and reports for the year and are reviewed monthly by each committee. Details of committees and their work can be found on our [website](#).

Performance is reported on a quarterly basis to each service committee as well as updates on plans and strategies throughout the year.

The highest level risks on the Comprehensive [Risk Register](#), were reported and monitored by Corporate Leadership Team throughout the year, and action taken to manage risks to an acceptable level. Further to this, risks updates were reported to Policy & Resources Committee and also to Audit, Governance and Standards Committee during the year for oversight and challenge.

#### **E. Developing the entity's capacity, including the capability of its leadership and the individuals within it**

The Council in 2017 was accredited Silver following an Investors in People assessment. To achieve this level the council had to demonstrate that we have in place regular appraisals, service plans, learning and development activities, recruitment and selection procedures as well as a clear strategic vision, good leadership and strong corporate values.

The appraisal process for staff includes a personal development section where staff are encouraged to think about development needs and identify training required. This information is then fed into the Learning and Development team



and assists with the development of the programme for the year. The Council has a management toolkit and training programme and introduced the "Maidstone manager" in 2017-18 which sets out the behaviour and standards that are expected of managers.

The Council has a learning and development programme in place for officers and councillors. This has been assessed as good in the IiP assessment. There is a wide variety of training offered to staff and councillors.

## **F. Managing risks and performance through robust internal control and strong public financial management**

The Council manages risk through a comprehensive risk management framework. This involves identification of risk at corporate and service levels, ownership of individual risks by named officers, development of controls to mitigate risks, and regular reporting. Quarterly reports are presented to the Corporate Leadership Team and bi-annual reports to Policy and Resources Committee. Members take an active interest in the risk management process and engage fully in discussion about individual risks. The Council has in place a robust risk management framework and guidance, risk management is considered by the Audit Governance and Standards Committee.

Performance reports aligned to the Council's priorities are reported to the wider leadership team and service committees.

Service committees carry out policy and strategy development. Financial performance is reported to all the service committees on a quarterly basis.

Monthly budget spending is reported to budget holders and quarterly review meetings with the Director of Finance and Business Improvement are in place. The corporate report template requires information explaining the legal and financial impact of decisions and the S151 Officer and Monitoring Officer are required to comment on financial and legal implications of reports.

The Council has an anti-fraud and corruption policy in place and a whistle blowing policy.

The Council has appointed a Data Protection Officer and in 2017 put in place a GDPR action plan to ensure compliance with the new Data Protection Legislation. The information management group chaired by the Senior Information Risk Owner meets quarterly to review information management practice and policies.

The Council took part in a review of the Kent and Medway Information sharing Partnership in 2017 -18 and a new agreement has been signed for 2018-19.

## **G. Implementing good practices in transparency, reporting, and audit to deliver effective accountability**

The Council's website includes information that is required under transparency. We publish an [annual report](#) as part of our statement of accounts which includes our performance, progress against priorities and financial performance. We report the results of public consultation on our website and our committee meetings are webcast.

The Whistleblowing Policy was updated in 2016 and is due to be refreshed in September 2018. The policy is available on the intranet and sets out a confidential reporting process for those who wish to raise concerns.

The annual governance statement and action plan is published on-line as part of the statement of accounts and reported to the Audit, Governance and Standards Committee. The Local Code of Corporate Governance was rewritten in 2017 and will be refreshed in 2019.

Internal audit activity is reported on an annual basis to the Audit, Governance and Standards Committee to inform members of the internal audit activity that has taken place during the year.

### Internal Audit Opinion

The Head of Internal Audit will present the annual report and opinion to Audit, Governance and Standards Committee on 30 July 2018. The specific extract of that report that includes the opinion reads:

#### *Internal Control*

I am satisfied that during the year ended 31 March 2018 the Council managed a system of internal control that offers sound assurance on control effectiveness.

#### *Governance*

I am satisfied that Council's corporate governance arrangements for the year ended 31 March 2018 comply in all material respects with guidance on proper practices.

#### *Risk Management*

I am satisfied the risk management arrangements at the Council for the year ended 31 March 2018 are effective and provide sound assurance.

In addition, the report notes findings at a weak assurance level on *accounts receivable, procurement and land charges*. These are included among the governance actions below.

**Governance actions 2017-18 - Update**

<b>Governance Issue</b>	<b>Action Update</b>
Engaging with local people: -Implementing new Customer Service Standards -Refresh of the Communication and Engagement Strategy	New Customer Service Standards in place Resident Survey 2017 undertaken Communication and Engagement Action Plan 2017-18 agreed and delivered 3 editions of Borough Insight delivered
Member and Officer Relationships -Externally led away day -Member Bulletin	Externally led away day held where the governance arrangements were endorsed. Monthly member bulletin introduced Sounding boards in place Regular briefings for key topics
Risk Management -setting the risk appetite -improving report writing in relation to risk	New report writing template agreed Risk appetite agreed
Decision Making - Improving report writing - Officers trained to deliver accurate procedural advice in meetings -	New report template in place Training for report authors delivered Training for democratic services staff
Information Management - Ensure the council is compliant with the new General Data Protection Regulations (GDPR)	Action plan in place further action identified for summer 2018. Progress has been reported to Leadership Team and Audit, Governance and Standards Committee Elearning module and team talks rolled out across the council Briefings held for councillors
Contract Management - Improving consistency and effectiveness of contract management across the council	Contracts and Compliance Officer was appointed September 2017. Review of contract management processes completed Management actions being undertaken

<b>Governance Issue</b>	<b>Action Update</b>
	to address recommendations identified in the Internal Audit review of Procurement.
Audit Reviews with weak assurance	
Hazlitt Theatre	All recommendations implemented and reassessed as sound
Health & Safety	All recommendations implemented and reassessed as sound
Park and Ride	All recommendations implemented and reassessed as sound
Performance Management	1 high priority and 1 medium priority recommendations outstanding and reassessed as sound in March 2018

### **Governance Actions for 2018-19**

We do not consider there are any significant governance issues arising from the review; we have however identified actions to ensure good standards of governance are maintained. Updates on the actions will be provided to the Audit Governance and Standards Committee on a six monthly basis and kept under review by the Corporate Governance Group.

<b>Governance Issue</b>	<b>Action</b>
Develop a clear and consistent strategic narrative with agreed vision and priorities	The Strategic Plan will be revised one year ahead of schedule to ensure that the review of the Local Plan flows from an up to date agreed strategic vision
Audit Reviews with weak assurance: <ul style="list-style-type: none"> <li>• Accounts receivable (focussed on debt recovery)</li> <li>• Procurement (focussed on small to medium contracts)</li> <li>• Land charges (focussed on controls between partner authorities)</li> </ul>	Recommended actions implemented
Stress Survey	Implement actions arising from the stress survey results to improve organisational resilience
Risks:	

Governance Issue	Action
Housing Pressures Continue to Increase	Homelessness Strategy Closer working with the private sector In house housing management team
Project Failure – failure of significant capital projects of a housing and regeneration nature	Detailed and consistent analysis of project risks at committee approval stage
Financial Restrictions – The Council does not achieve its income or savings targets or does not have the funding to meet standards or deliver aims.	MTFS adopted Lobbying to avoid council suffering from negative RSG
Data Protection Compliance	Implement the GDPR action plan
PCI compliance	Completion of compliance project to ensure the council is fully compliant

### Conclusion

Overall we are compliant and our governance arrangements are fit for purpose.

A number of actions have been identified to ensure we maintain good governance standards in 2018-19.

The actions we propose to take are set out in the table above.

Signed

Chief Executive:

Date:

Leader of the Council:

Date: