Maidstone Borough Council

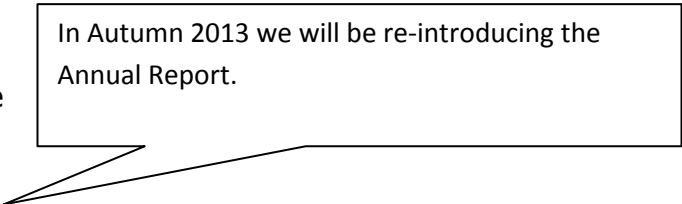# Draft Annual Governance Statement

2012/13

1.   SCOPE OF RESPONSIBILITY

1.1   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. The Council's section 151 Officer is a key member of the Corporate Leadership Team , reviewing all decisions taken through management team, Committees, Cabinet and Full Council.

1.2   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.

1.3   Where actions have been identified they are highlighted in speech bubbles at the appropriate point in the statement.

1.4   Maidstone Borough Council has approved and adopted a Local Code of Corporate Governance, this was reviewed and update in June 2013. The code of corporate governance is consistent with the principles of the CIPFA/SOLACE framework "Delivering Good Governance in Local Government". A copy of the Code is on the website at www.maidstone.gov.uk or can be obtained from the Council at Maidstone House, King Street, Maidstone, Kent ME15 6JQ. This statement explains how Maidstone Borough Council has complied with the code and also meets the requirements of regulation 4(3) of the Accounts and Audit (England) Regulations 2011.

2   **THE PURPOSE OF THE GOVERNANCE FRAMEWORK**

2.1   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.

2.2   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 policies, aims and objectives and can therefore 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 the risks to the achievement of Maidstone Borough Council's policies, aims and objectives. It evaluates the likelihood of those risks being realised and the impact should they be realised then provides a means of managing the risks efficiently, effectively and economically.

In Autumn 2013 we will be re-introducing the Annual Report.

2.3   This governance framework has been in place at Maidstone Borough Council for the year ended 31 March 2013 and up to the date of approval of the annual report and Statement of Accounts.

3   THE GOVERNANCE FRAMEWORK

3.1   The monitoring of Corporate Governance has a high priority at the Council. As part of the recent senior restructure, responsibility for Corporate Governance was moved to the Head of Policy and Communications. A small working group made up of the Head of Audit, Head of Finance and Resources and the Head of Legal services (Monitoring Officer) has been set up to work with the Head of Policy and Communications reporting quarterly to the Corporate Leadership Team and six monthly to the Audit Committee on governance matters.

3.2   At appendix A are the Council's pillars of governance this identifies they key strands of governance and the documents and actions represented with-in each.

3.3   The Governance Framework is based on the CIPFA/SOLACE six principles of effective governance

1. Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area

2. Members and officers working together to achieve a common purpose with clearly defined functions and roles

3. Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour

4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

5. Developing the capacity and capability of members and officers to be effective

6. Engaging with local people and other stakeholders to ensure robust public accountability

How we deliver good governance

Principle	Governance Mechanism (what we are doing)	Assurance
Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area	- The vision for Maidstone is set out in our Sustainable Community Strategy . - The Strategic Plan reflects the vision and sets out our priorities and outcomes. Each outcome has an action plan, performance indicators and targets. - The Annual Corporate Planning Cycle approved by Cabinet facilitates the effective planning of service delivery, including the identification of risks, and budget requirements. - Performance Management of delivering our priorities and services is achieved through 'Reach the Summit' and the Council's Performance Plan and Scrutiny Committees. - The Council's Values have been identified under the acronym STRIVE. - A project overview board exists and a project management toolkit is utilised to develop and monitor major projects.	- The Sustainable Community Strategy was developed following consultation with residents and engagement in events to determine the priorities and vision for the borough. - One Council Engagement Plan is in place to communicate our priorities internally. - Resident Survey undertaken every two years to understand priorities and issues for residents - Monitoring against the key measures of success is reported six monthly to Cabinet and Scrutiny. - Key Performance Indicator outturns are subject to review by Cabinet, Overview and Scrutiny committees and ultimately, by full Council. - Annual STRIVE staff awards based on our values. - The project board considers the major projects currently being undertaken by the Council at a strategic level and ensures resources are applied and actions taken to maintain control over all such projects.

Principle	Governance Mechanism (what we are doing)	Assurance
Members and Officers working together to achieve a common purpose with clearly defined functions and roles	• The Council's Constitution specifies the roles and responsibilities of Members and Officers and lays down financial and contract procedural rules for the efficient and effective discharge of the Council's business. The Constitution includes the roles and responsibility of the Overview and Scrutiny and Audit Committees. • A well established and effective Audit Committee and Overview and Scrutiny function. • Effective Audit function.	• The constitution is kept under constant review by the Monitoring officer. • Half yearly reports are produced for Audit Committee which evaluates the overall internal control environment tested through the internal audit work. • An annual review of audit work and the effectiveness of the audit process is produced for Audit Committee. • Governance Arrangements were reviewed last year and created four Overview and Scrutiny Committees aligned to the Cabinet Portfolios. The role of overview and scrutiny has been re-defined including ensuring each has responsibility for scrutinising partnerships. • A protocol has been put into place between Audit and Scrutiny Committees to avoid duplication and overlap on the work programme and facilitate appropriate references between the committees. • The Council is a member of a well established and effective Internal Audit partnership that works to an approved three year audit plan. • Individual audit reports are produced for the relevant managers, with a copy to the Chief Executive and appropriate Director.

Principle	Governance Mechanism (what we are doing)	Assurance
	• The Council has appointed a Monitoring Officer to oversee its compliance with laws and statutory obligations. • The Council has clearly defined roles and responsibilities for Members and Officers • The Council has a Corporate Improvement Group who identify improvement projects and review the impact of change and improvement on a quarterly basis. • Code of Corporate Governance in place	• External Audit produce a number of reports which are reported to management and Members. Recommendations and comments are considered and, where necessary, action is taken to address any issues raised. • Scheme of Delegation is in place as defined in the constitution • Update on the Corporate Improvement Group reported to Cabinet twice a year • The Local Code of Corporate Governance was reviewed and updated in June 2013.

Principle	Governance Mechanism (what we are doing)	Assurance
Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour	• Good Corporate Governance is at the heart of everything the Council does, for staff this is incorporated into our six core values (STRIVE) in the delivery of services and in particular the value: Integrity and High Standards of Corporate Governance. The Council has an annual award ceremony focussed on our values, where individuals and teams are given awards for demonstrating the values. • At the mid year and full year appraisal points all staff are asked how they demonstrate the values. • The Audit Committee has a responsibility to monitor and improve the arrangements for Corporate Governance within the Council. • The Council's Monitoring Officer is responsible for ensuring that the Council acts in accordance with the constitution. • The Council has adopted a local code of conduct for Members and Officers. • The Council meets the requirements of the Public Sector Equality Duty.	• Annual Award Ceremony for Staff focused on the Values The Council's Competency Framework for staff is being revised to more clearly link to the Values (STRIVE) • The Audit Committee provides an Annual Report to Council on its effectiveness. • The Monitoring Officer reports to Council and provides advice to Members and Officers. • The Section 151 officer and monitoring officer review all reports for decision via our committee report management system (moderngov). • Equality Impact Assessment are carried out to demonstrate equalities being taken into account in our decision making. • Corporate Equality Policy.

Principle	Governance Mechanism (what we are doing)	Assurance
	• HR procedures and systems are in place for disciplinary and capability management	• Quarterly reports to Corporate Leadership Team
Taking informed and transparent decisions which are subject to effective scrutiny and managing risk	• The Council commissioned an Overview and Scrutiny review of its governance arrangements focussed on whether the Council should change its system to a committee or an alternative system. It was agreed to adopt an enhanced scrutiny model with four Overview and Scrutiny Committees aligned to the Cabinet Portfolios. • An agreed Risk Management Strategy is in place with identified corporate strategic risks and Management Action Plans. • Risk management is a standard heading for consideration of all reports to Management Team and Members. A formal risk assessment is required for reports which require decisions on strategic issues or which seek approval for significant projects. • Heads of Service are asked to identify risks as part of their annual review of service plans. • The Council publishes details of all Council spending to suppliers, senior officer salaries and details of all new contracts via its website.	• Overview and Scrutiny report annually to full council on their effectiveness and outcomes. • The Strategic Risk Register is subject to regular review. Risks to service delivery (operational risks) have been accepted as the responsibility of individual authorised officers and incorporated into Service Plans. Heads of Service are responsible for ensuring that their service managers retain an effective operational risk

Risk Assessments in relation to service plans will be logged on Covalent, the Council's performance management system managers will be supported with additional training

Principle	Governance Mechanism (what we are doing)	Assurance
	• Open meetings and webcasting • Transparent and Evidence based decision making	• Meetings are webcast and agenda papers and the access to information procedure rules are complied with • Reports include information on the options considered alternatives and reason for decision
Developing the capacity of Members and Officers to be effective	• The Council has had an "Investors in People" (IiP) award for a number of years, which involves demonstrating that the Council has regular appraisals, service and training planning, training evaluation forms, recruitment and selection procedures and initiatives such as Work/Life Balance. The Council was re-accredited with IiP early in 2011. • We have revised our Member Development Policy. • Annual Member development programme. • New Member induction programme. • Overview and Scrutiny Handbook. • A well established staff appraisal process is in place and guidance and training is available for all staff and managers.	• IiP Health Checks, compliance with IiP is regularly reviewed the Council has a target to be at gold level by 2015. • Regular Member seminars and workshops. • The Employment and Member Development Panel reviews the development programme and budget for Members annually. • The Governance review in 2012-13 identified that Member's continued professional development was crucial going forward. • Appraisals are held at mid year and end of year points with all staff, they include a section to identify development needs. • Service delivery by trained and experienced

Principle	Governance Mechanism (what we are doing)	Assurance
	• Workforce Strategy	people. • Regular reports to the Member and Employment Development Panel
Engaging with local people and other stakeholders to ensure robust public accountability	• Consultations are held on decisions affecting local people and local people are encouraged to be involved, for example the work on developing the Council's Local Plan • Engagement with stakeholders through the Locality Board and supporting task groups • Membership of the Chamber of Commerce and work through the Chamber, Federation of Small Businesses, Town Centre Management, Maidstone Tourism Association and Rural Business Forums to engage businesses.	• Consultation feedback for example from the budget and Local Plan development. • Focus groups to inform policies and plans as they develop • Cabinet Roadshows • Communication and Engagement Strategy • Community Development Strategy • Single point of contact for businesses in the Borough established through the Economic Development Team Business Visits, Business Breakfasts and Lunch with Mayor held in order to develop better relationships with the business community

A new Communication and Engagement Strategy will be produced in 2013/14

Principle	Governance Mechanism (what we are doing)	Assurance
	• Annual consultation with residents on our budget • We carry out a survey of residents every other year • We launched a new website this year • We are running a programme of neighbourhood action planning (action plans to address issues identified by residents)working locally with you to identify how we can improve where you live. • Two Public meetings will be held twice a year to allow the Council and its Strategic Partners to debate with the public topics chosen by the public as set out in the constitution.	• Budget Roadshows and/or online consultation • Resident Survey • Website tested by residents to ensure it is user friendly • Neighbourhood action planning reviewed and monitored by scrutiny.

We have identified from our residents survey that more could be done to involve young people in decision making

Public Debate Meetings to be re-introduced

4 REVIEW OF EFFECTIVENESS

4.1   Maidstone Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of the system of corporate governance and internal control. This is undertaken by the Corporate Leadership Team. The review of effectiveness undertaken in 2012/13 is informed by the work of the internal auditors and the Council's Senior Officers who have responsibility for the development and maintenance of the overall governance environment, and also by comments made by the external auditors and other review agencies and inspectorates.

4.2   Internal Audit has concluded that substantial reliance can be placed on the overall adequacy and effectiveness of the Council's framework of governance, risk management and control. This opinion covers the period from 1 April 2012 to date.

4.3   The Council is able to confirm that its financial management arrangements conform with the governance requirements of the CIPFA statement on the role of the Chief Financial Officer in Local Government (2010).

4.4   A detailed post project review of the Museum East Wing Project has recently been completed and reviewed by the Audit Committee. The review identified that the Council's project management processes and control arrangements have significantly improved since the Museum project was commissioned.

4.5   A number of areas were identified in the proceeding statement where action is required these have been included within our significant governance issues for 2013-14 action plan below.

5   SIGNIFICANT GOVERNANCE ISSUES

Actions for 2012/13 as identified in the last Annual Governance Statement

Governance Issue	Action Taken	Completed/ or carry forward
Audit reports: Reports with levels of assurance lower than substantial.	A report on Emergency Planning was followed up in August 2012 and the control assurance was found to have increased from limited to Substantial	Completed
Annual Audit Report: Recommendations arising from report – review and replace the asset register.	We have replaced our asset register .	Completed
Actions arising from specific satisfaction level results of the residents survey.	Taken forward by service managers.	Completed
Enhance project sponsorship.	New project sponsorship toolkit has been created.	Completed
Museum East Wing Project.	Reviewed by Internal Audit and the Chief Executive actions taken to ensure good arrangements, project and contractor management arrangement for future projects.	Carried forward

Actions for 2013/14

Governance Issue	Action Taken	By When	By Whom
Corporate Leadership Team have identified a need to Review the Council's approach to Information Management	Objective have been appointed to undertake a piece of work to review how the Council manages information and identify a vision and strategy going forward	31 September 2013	Anna Collier, Project Manager David Edwards Project Sponsor Angela Woodhouse – responsible officer for Information Management
Embedding Corporate Governance and Ensuring Best Practice is identified	A corporate governance working group will be set up to report into the Audit Committee on governance issues and the progress of the action plan	Quarterly with updates to Audit Committee in October and March	Angela Woodhouse
Project Management	The report into the Museum East Wing project by the Chief Executive has confirmed that project management arrangements have significantly improved to address financial, planning and procurement of capital projects	Ongoing	Paul Riley, Head of Finance and Resources reporting to CLT who will continue to monitor the adequacy of project management in the context of "lessons learned" from the Museum Project.
The Council undertook a follow up Stress survey in December 2012. This showed that we have improved on most areas from the one in 2011. However action is still required to return to the ideal levels of stress in the organisation.	As a result of the original stress survey in 2011 the Council developed the one council engagement plan to focus on engaging all staff in our priorities. Following on from this initial piece of work we have now appointed the Comms Lab to review how we engage with employees looking at support for managers, developing a coaching culture and tools for employee engagement on our priorities.	The work with the Comms Lab has started and the revised competency framework will be in place by September. Tools for managers will be used throughout the year in accordance with the one council engagement plan.	Dena Smart and Corporate Leadership Team

Governance Issue	Action Taken	By When	By Whom
Testing the Council's approach to Strategic Planning and Meeting its outcomes for businesses and residents in regard to the economy	Corporate Peer Challenge from the LGA Any actions resulting from recommendations will be programmed following the review	31 October 2013	Cabinet and Corporate Leadership Team
Members' Professional Development The governance review in 2012/13 identified that this was an area for improvement particularly in relation to Members leading and owning their development.	The Member Development Policy has been revised and moved to Democratic Services to bring it closer to Members. Members will be asked via committees to identify their training needs and the process for attending conferences will be simplified.	Policy Approved 10 July 2013 Implemented during 2013/14	Democratic Services and Members
The Council's Communication and Engagement Strategy will be revised in 2013/14	Revised Strategy to accompany the Strategic Plan refresh	(Proposed timetable) Drafted September 2013. Cabinet Approved for Consultation December 2013. Overview and Scrutiny Invited to Review January 2014. Approved by Cabinet February 2014.	Angela Woodhouse, Head of Policy and Communications

Governance Issue	Action Taken	By When	By Whom
The residents survey identified that more work needed to be done to engage young people with the Council	An action plan has been developed and put into place as one of the Council's equality objectives.		
Public Debate Meetings are meant to be held twice a year.	Consultation will be carried out to identify issues of public concern for debate. Meetings of full Council will then take place on a topic of interest identified by the public.	Public Meetings will take place in November 2013 and April 2014.	Democratic Services

6   Certification

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvement that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Leader of the Council:_____

Date:_____

Chief Executive:_____

Date:_____

Appendix A - Pillars of Governance

Monitoring

Monitoring Officer, attends all meetings of the Corporate Leadership Team (CLT)

Effective Overview and Scrutiny Committees

Standards and Audit Committees in place

Corporate Project Board oversees all key projects

Effective Internal Audit partnership

Audit Reports produced for service areas in line with the approved Audit Plan

Annual Audit report to Audit and Council

External Audit, produce a number of reports which are reported to management

Local Code of Corporate Governance agreed annannually

Performance and Financial Management

An Annual Performance Plan is in place aligned to the Strategic Plan

Reach the Summit monitors performance of services internally on a quarterly basis

Quarterly performance reports to CLT, Cabinet and Scrutiny

Annual Corporate Planning cycle in place to identify service planning, risks and budget requirements

Regular meetings held with heads of service to monitor performance and ensure compliance with a range of corporate policies

IiP accreditation and health checks

Treasury Management Code

Prudential Indicators monitored daily

Transparency and Partnership Working

Complaints monitored and reported quarterly to CLT and Scrutiny

Reports available on the council's website

Senior Salaries, Spending with Suppliers and Contracts published on-line

The Locality Board is in the process of being reviewed, the Board has several working groups in place to meet corporate priorities in partnership with private public and voluntary and community sector partners.

A partnership protocol has been adopted for the Mid Kent Improvement Partnership

Risk Management

Risk Management Strategy and action plans agreed and implemented

Operational risks incorporated into service plans

Risk Management is considered in all reports to Corporate Leadership Team and Members

Formal Risk assessment is required for decisions on strategic issues or which seek approval for significant projects and funding

Reported to Audit Committee