

Draft Annual Governance Statement

2013/14

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 and the Monitoring Officer are key members 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 will be reviewed and updated in July 2014. 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.
- 2.3 This governance framework has been in place at Maidstone Borough Council for the year ended 31 March 2014 and up to the date of approval of the Statement of Accounts.

3 THE GOVERNANCE FRAMEWORK

- 3.1 The monitoring of Corporate Governance has a high priority at the Council. Responsibility for Corporate Governance was moved to the Head of Policy and Communications. A small working group made up of the Head of Finance and Resources, the Head of Legal services (Monitoring Officer) and the Head of Policy and Communications assisted by the Head of Audit Partnership reporting six monthly to the Corporate Leadership Team and the Audit Committee on governance matters.
- 3.2 At appendix A are the Council's pillars of governance this identifies the key strands of governance and the documents and actions represented within 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
<p>Focusing on the purpose of the authority and on outcomes for the community and creating and implementing a vision for the local area</p>	<ul style="list-style-type: none"> 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 which stands for Service, Teamwork, Responsibility, Integrity, Value and Equality. A project overview board exists and a project management toolkit is utilised to develop and monitor major projects. 	<ul style="list-style-type: none"> 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

A new Strategic Plan for 2015/2020 will be developed in 2014/15.

Principle	Governance Mechanism (what we are doing)	Assurance
		strategic level and ensures resources are applied and actions taken to maintain control over all such projects.
Members and Officers working together to achieve a common purpose with clearly defined functions and roles	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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 in 2013 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 annual audit plan.

Principle	Governance Mechanism (what we are doing)	Assurance
	<ul style="list-style-type: none"> • Effective Audit function. • 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 	<ul style="list-style-type: none"> • Individual audit reports are produced for the relevant managers, with a copy to the Chief Executive and appropriate Director. • 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 Programme reported to Cabinet twice a year • The Local Code of Corporate Governance will be reviewed and updated in July2014

Principle	Governance Mechanism (what we are doing)	Assurance
<p>Promoting values for the authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour</p>	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Annual Award Ceremony for Staff focused on the Values • The competency framework is aligned to the council's values • 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. In 2013 Audit reviewed our compliance with the Public Sector Equality Duty which was followed by a public sector equality duty self-assessment.

Principle	Governance Mechanism (what we are doing)	Assurance
	<ul style="list-style-type: none"> HR procedures and systems are in place for disciplinary and capability management 	<ul style="list-style-type: none"> Corporate Equality Policy. <p style="border: 1px solid orange; border-radius: 15px; padding: 5px; display: inline-block;">We will be setting new equality objectives in</p>
<p>Taking informed and transparent decisions which are subject to effective scrutiny and managing risk</p>	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> 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 for service plans are logged in covalent <p style="border: 1px solid orange; border-radius: 15px; padding: 5px; display: inline-block;">The Strategic Risk Register will be reviewed and refreshed alongside the new strategic plan for 2015-</p>

Principle	Governance Mechanism (what we are doing)	Assurance
	<ul style="list-style-type: none"> • Open meetings and webcasting • Transparent and Evidence based decision making 	<ul style="list-style-type: none"> • Meetings are webcast. Agenda papers and the access to information procedure rules are complied with • Reports include information on the options considered alternatives and reason for decision
<p>Developing the capacity of Members and Officers to be effective</p>	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • IiP Health Checks, compliance with IiP is regularly reviewed the Council has a target to be at gold level by 2015. • The council was assessed as level Silver in 2013. • 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.

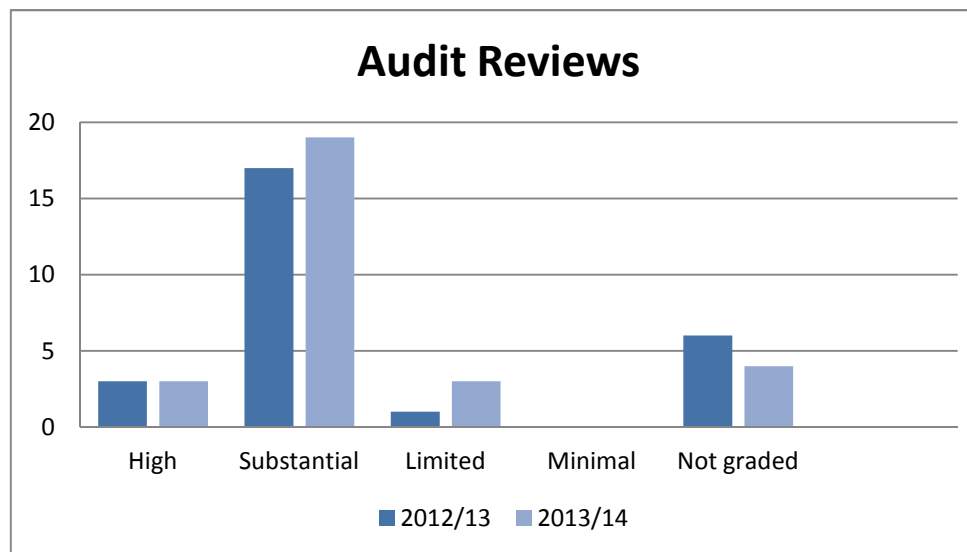
Principle	Governance Mechanism (what we are doing)	Assurance
	<ul style="list-style-type: none"> • Workforce Strategy 	<ul style="list-style-type: none"> • Service delivery by trained and experienced people. • Regular reports to the Member and Employment Development Panel
<p>Engaging with local people and other stakeholders to ensure robust public accountability</p>	<ul style="list-style-type: none"> • 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 <p style="text-align: center;">A new Communication and Engagement Strategy for 2015-2020 will be produced aligned to the new Strategic Plan</p> <ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • 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 Plan in place for 2014-2015 • 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

Principle	Governance Mechanism (what we are doing)	Assurance
	<ul style="list-style-type: none"> • Annual consultation with residents on our budget • We carry out a survey of residents every other year • We launched a new website in 2013 • 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. • Regular consultation with residents to inform our decision making 	<ul style="list-style-type: none"> • In 2014 a survey was undertaken of local businesses to inform the new economic development strategy and our vision for growth. • 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.

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 2013/14 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 The Council's internal audit service has been provided since 2010 in a four way shared service partnership with Ashford, Tunbridge Wells and Swale Borough Councils. Internal audit works to a plan discussed and agreed with officers and Members, at the Audit Committee on 25 March 2013.
- 4.3 The overall conclusions of the work of Internal Audit were presented to the Audit Committee on 14 July 2014 in the Internal Audit Annual Report. This report included the Head of Internal Audit Opinion, issued in line with Public Sector Internal Audit Standards and covering the period 1 April 2013 to 31 March 2014.
- 4.4 The Head of Internal Audit Opinion considered the Council's internal control, corporate governance and risk management arrangements, informed by work completed during 2013/14. The opinion concluded that the council can place substantial assurance that the systems in place during the year accord with proper practice, extending to both the financial and non-financial systems of the Council insofar as they have been subject to audit review.

4.5 Audit reports are generally graded individually to report on the level of assurance available to the Council from the area under review. Conclusions for this year were:



4.6 For 2013/14 a total of 22 reports had a positive assurance statement compared with 20 in 2012/13. As noted by the Head of Internal Audit Opinion, the level of assurance offered overall remains substantial but the 2013/14 audit plan examined a broader range of areas informed by a detailed risk assessment.

4.7 Of the three reports which received limited assurance:

- **Housing options:** The audit raised recommendations aimed at addressing identified weaknesses in the management and administration of the housing register, noting that the service is operating a new scheme which had been in place less than a year at the time of the review.
- **Museum collections:** The audit identified that resource issues meant that the project cataloguing the museum's collection had made little progress and was not acting to clear procedures. The audit also noted inconsistent VAT treatment on disposals and insufficient documentation supporting loaning out and borrowing artefacts.

- **Freedom of information:** The audit identified that previously highlighted weaknesses within this area had not been addressed by the Council, and made recommendations for improvement. The areas noted were on ensuring compliance with legislation, clarity of responsibility for handling requests and the publication scheme.

- 4.8 All recommendations made are subject to audit follow up during 2014/15. Progress made to date with those reviews that received limited assurance will be monitored in the action plan for 2014/15 in section 5.
- 4.9 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).
- 4.10 A number of areas were identified in the proceeding statement where action is required these have been included within our significant governance issues for 2014-15 action plan below.

5 SIGNIFICANT GOVERNANCE ISSUES

Actions for 2013/14 as identified in the last Annual Governance Statement

Governance Issue	Action Taken	By When	Progress
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	30 September 2013	Review completed. Action Plan has been put in place for the next 18 months which should be reviewed for 2014/15
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	Governance group is in place.
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	Completed
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	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	The work with the Comms Lab has started and the revised competency framework will be in place by September.	Completed

Governance Issue	Action Taken	By When	Progress
action is still required to return to the ideal levels of stress in the organisation.	how we engage with employees looking at support for managers, developing a coaching culture and tools for employee engagement on our priorities.	Tools for managers will be used throughout the year in accordance with the one council engagement plan.	
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	Completed
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	Completed
The Council's Communication and Engagement Strategy will be revised in	Revised Strategy to accompany the Strategic Plan refresh	(Proposed timetable) Drafted September 2013.	Action Plan approved and in place

Governance Issue	Action Taken	By When	Progress
2013/14		Cabinet Approved for Consultation December 2013. Overview and Scrutiny Invited to Review January 2014. Approved by Cabinet February 2014.	
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.		Completed
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.	Public Engagement meetings have ceased pending a full review of communication and engagement in 2014/15.

Actions for 2014-15 as identified in the current Annual Governance Statement

Governance Issue	Action Taken	By When	By Whom
Implementation of the Information Management Action Plan	The vision and principles for information management have been agreed	The action plan has targets for the next eighteen months.	Angela Woodhouse, Head of Policy and Communications
Embedding Corporate Governance and Ensuring Best Practice is identified	The Corporate Governance Working Group will continue	Quarterly meetings with updates to Audit Committee and CLT every six months.	Angela Woodhouse, Head of Policy and Communications
A new Communication and Engagement Strategy will be put in place to run from 2015-2020 alongside the Strategic Plan	Work has been undertaken to identify the key stakeholders	(Proposed timetable) Drafted September – October 2014. Cabinet Approved for Consultation December 2014. Overview and Scrutiny Invited to Review January 2015. Approved by Cabinet February 2015.	Angela Woodhouse, Head of Policy and Communications
The residents survey identified that more work needed to be done on developing residents involvement in decision	The communication and engagement action plan for 2014-15 includes actions to run you said we did campaigns.	September 2014	Angela Woodhouse, Head of Policy and Communications

Governance Issue	Action Taken	By When	By Whom
making as only 29% of respondents believe they can influence decision making in their area.	The Strategic Leadership and Corporate Services Overview and Scrutiny Committee held a session to consider actions to increase resident involvement in decision making.		
Updating the Strategic Risk Register		<p>(Proposed timetable) Drafted September – October 2014.</p> <p>Cabinet Approved for Consultation December 2014.</p> <p>Overview and Scrutiny Invited to Review January 2015.</p> <p>Approved by Cabinet February 2015.</p>	Corporate Leadership Team
<p>Audit Reviews with Limited Assurance:</p> <p>Housing</p> <p>Freedom of Information</p> <p>Museum Collections</p>	Action Plans have been put in place	To be reviewed as part of the six monthly review of the annual governance statement action plan	<p>Head of Housing and Community Services</p> <p>Head of Policy and Communications</p> <p>Head of Commercial and Economic Development</p>

Governance Issue	Action Taken	By When	By Whom
New Strategic Plan for 2015/2020	<p>A corporate planning timetable will be agreed by Cabinet in August 2014</p> <p>Work has already begun on agreeing the new priorities and outcomes using performance and resident survey information</p> <p>Public engagement through focus groups has been planned for the summer</p>	<p>(Proposed timetable) Drafted September – October 2014.</p> <p>Cabinet Approved for Consultation December 2014.</p> <p>Overview and Scrutiny Invited to Review January 2015.</p> <p>Approved by Cabinet February 2015.</p>	Cabinet and Corporate Leadership Team

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 annually

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

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](#)

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