

Annual Governance Statement

2015/16

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 Leadership Team, Committees 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 reviewed annually. 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 3 of the Accounts and Audit (England) Regulations 2015.

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 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.
- 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 2016 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. The Head of Policy and Communications is responsible for Corporate Governance. 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 reports biannually to the Corporate Leadership Team and the Audit, Governance and Standards Committee on governance matters.
- 3.2 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 Strategic Plan • The Strategic Plan contains our vision, mission and sets out our priorities and outcomes. Each outcome has an action plan, performance indicators and targets. • The Annual Corporate Planning Cycle 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 operational performance indicators, key performance indicators and the Council's Performance Plan • The Council's Values have been identified under the acronym STRIVE which stands for Service, Teamwork, Responsibility, 	<ul style="list-style-type: none"> • The Strategic Plan was developed following consultation with residents to determine the priorities 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 Policy and Resources Committee • Key Performance Indicator outturns are subject to review by Leadership Team and the Service Committee • Annual STRIVE staff awards based on our values

Principle	Governance Mechanism (what we are doing)	Assurance
	<p>Integrity, Value and Equality.</p> <ul style="list-style-type: none"> • 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 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
<p>Members and Officers working together to achieve a common purpose with clearly defined functions and roles</p>	<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 responsibilities of the Service Committees and Audit Governance and Standards Committee. • A well established and effective Audit, Governance and Standards Committee 	<ul style="list-style-type: none"> • The constitution is kept under constant review by the Monitoring officer • Half yearly reports are produced for Audit, Governance and Standards Committee which evaluate 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, Governance and Standards Committee • The new Governance Arrangements were reviewed in 2015-16 by the Democracy Committee in early 2016, resulting in amendments to the constitution

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 • Code of Corporate Governance in place 	<ul style="list-style-type: none"> • The Council is a member of a well established and effective Internal Audit partnership that works to an approved annual audit plan • 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 • The Local Code of Corporate Governance is reviewed and updated annually
Promoting values for the authority and	<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 	<ul style="list-style-type: none"> • Annual Award Ceremony for Staff focused on the Values

Principle	Governance Mechanism (what we are doing)	Assurance
<p>demonstrating the values of good governance through upholding high standards of conduct and behaviour</p>	<p>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.</p> <ul style="list-style-type: none"> • At the mid year and full year appraisal points all staff are asked how they demonstrate the values. • The Audit, Governance and Standards 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 and has a Corporate Equality Policy • HR procedures and systems are in place for disciplinary and 	<ul style="list-style-type: none"> • The competency framework is aligned to the council’s values • The Audit, Governance and Standards 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 Assessments 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 and a peer review in 2014-15.

Principle	Governance Mechanism (what we are doing)	Assurance
	capability management	
Taking informed and transparent decisions which are subject to effective scrutiny and managing risk	<ul style="list-style-type: none"> • 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. • Open meetings and webcasting • Transparent and Evidence based decision making • Effective governance of shared services through 	<ul style="list-style-type: none"> • 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 on covalent • Meetings are webcast. Agenda papers and the access to information procedure rules are complied with. In 2015-16 we procured an improved webcasting system • Reports include information on the options considered alternatives and reason for decision • Collaboration agreements for shared services

The Risk Appetite for the authority needs to be reviewed and agreed in 2016-17

Principle	Governance Mechanism (what we are doing)	Assurance
	agreements and Shared Service Boards	and governance arrangements have been reviewed in 2015-16.
Developing the capacity of Members and Officers to be effective	<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 in 2013 • We have a Member Development Policy • Annual Member development programme • New Member induction programme • Councillor Handbook • A well established staff appraisal process is in place and guidance and training is available for all staff and managers. • Developing Everyone Framework • Workforce Strategy – being updated 	<ul style="list-style-type: none"> • The council was assessed as level Silver for IiP in 2013 • The workforce strategy was refreshed in 2015-16 • Regular Member seminars and workshops. • The Democracy Committee review the development programme and budget for Members annually • Appraisals are held at mid year and end of year points with all staff, they include a section to identify personal development needs • Service delivery by trained and experienced people.

Principle	Governance Mechanism (what we are doing)	Assurance
<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 • Engagement with stakeholders through various groups such as the older person's forum, BME forum, Maidstone Disability Network and Museum Strategic Board • Membership of the Chamber of Commerce and work through the Chamber, Federation of Small Businesses, One Maidstone, Maidstone Economic Board, Maidstone Tourism Association and Rural Business Forums to engage businesses, Town Centre Advisory Board, Safer Maidstone Partnership and Maidstone Destination Management Plan Groups • Annual consultation with residents on our budget • We carry out a survey of residents every other year 	<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 • Resident Survey in 2015 • Focus groups to develop the Housing Strategy • A new Communication and Engagement Strategy was agreed in 2015 • Community Development Strategy • Single point of contact for businesses in the Borough established through the Economic Development Team Business Visits and Business Terrace • Website tested by residents to ensure it is user friendly • Staff and Councillor Workshops held on the

A refreshed communication and engagement plan will be developed with Councillors to respond to the results of the residents' survey

Principle	Governance Mechanism (what we are doing)	Assurance
	<ul style="list-style-type: none"><li data-bbox="595 384 1070 408">• We launched a new website in 2013 <li data-bbox="595 528 1335 587">• Regular consultation with residents to inform our decision making	results of the residents survey.

4 REVIEW OF EFFECTIVENESS

- 4.1 Regulation 6 of the Accounts & Audit Regulations 2015 says Maidstone Borough Council must each year review the effectiveness of its system of internal control. The Corporate Leadership Team leads the review, drawing on Internal Audit's work, views from other Senior Officers and comments from external auditors and other agencies and inspectorates.
- 4.2 The Council's internal audit service - Mid Kent Audit - works in a four-way shared service partnership with Ashford, Tunbridge Wells and Swale Borough Councils. It works in full conformance with Public Sector Internal Audit Standards. Mid Kent Audit works to an audit plan agreed each year by Members. The Audit Committee agreed the 2015/16 plan on 30 March 2015.
- 4.3 Mid Kent Audit presented the overall results of 2015/16 audit work to the Audit, Governance & Standards Committee on 11 July 2016. This internal audit annual report included the Head of Internal Audit Opinion.
- 4.4 Following the Regulations, the Opinion considered the Council's internal control, corporate governance and risk management. The Opinion reported that the Council can place reliance on the overall adequacy of its internal control, governance and risk management.
- 4.5 Mid Kent Audit uses a four level grading scale for assurance rating individual audit projects. In 2015/16 17 projects received a positive assurance rating ('Strong' or 'Sound') with 3 projects receiving an adverse rating ('Weak'). Mid Kent Audit did not assess any areas of the Council as 'Poor' and issued 3 further reports as advisory without assurance rating. Note that the audit plan includes a review of services Maidstone shares.
- 4.6 Mid Kent Audit complete follow up work considering progress towards implementing audit recommendations. During 2015/16 audit re-assessed 4 'Weak' rated projects as 'Sound' following officers acting on audit findings. However, this reassessment included none of the projects first issued in 2015/16 so at year end 3 reports remained at 'Weak' level:
 - **Safeguarding:** The audit noted good progress of the Safeguarding working group but observed that the Council needs to make further improvements on training, policy and integration with recruitment.
 - **Business Continuity:** The audit reported that the Council had not progressed and completed previous efforts and so does not have a fully integrated and tested business continuity plan. While local arrangements exist in specific services, not having an overarching plan will limit an effective response to a business continuity incident.
 - **Mote Park & Cobtree Café:** The audit made recommendations to improve cash handling, reconciliation and income management controls at the Council operated cafes in its parks.

- 4.7 Officers continue working to act on audit recommendations. Mid Kent Audit will monitor and report on progress throughout 2016/17.
- 4.8 The Council's financial management conforms with the governance requirements of the CIPFA Statement on the role of the Chief Financial Officer in Local Government (2010). Also, the Head of Audit Partnership role conforms to the principles set out in the CIPFA statement on the role of the Head of Internal Audit in Public Service Organisations (2010).
- 4.9 A number of areas were identified in the proceeding statement where action is required these have been included within our significant governance issues for 2016-17 action plan below.

5 SIGNIFICANT GOVERNANCE ISSUES

Action taken to address governance issues in 2015-16

Governance Issue	Action Update	By When	By Whom
Implementation of the Information Management Action Plan	<p>The Information Management Strategy has been to Leadership Team including an action plan and resources required.</p> <p>The Information Management Group met in November to consider and agree the communications plan for information and any matters relating to information security.</p> <p>Briefings on information management have been held with unit managers and a presentation on data protection and freedom of information has been given to the planning and environmental health teams.</p>	Actions completed as timetabled throughout 2015-16	Head of Policy and Communications
Embedding Corporate Governance and Ensuring Best Practice is identified	The Corporate Governance Working Group has met as scheduled	Quarterly meetings with updates to Audit, Governance and Standards Committee and CLT every six months.	Head of Policy and Communications
Communication and Engagement of the New Strategic Plan	Strategy and Annual Action Plan approved Engagement Plan in place for Employees.	Action plan covers 2015-16	Head of Policy and Communications

	<p>Action plan:</p> <p>Completed work includes the annual report and “you said we did” information in Borough Update</p> <p>A new social media policy has been produced and circulated to staff</p> <p>Information on the new committee system has been provided on our website and in Borough Update</p> <p>Budget and Strategic Plan consultation was undertaken as part of the resident survey</p> <p>One Council and Staff Engagement- team game on the priorities has been rolled out, briefing managers at Unit Managers including on tools such as Visual Management Boards – which include purpose and performance information for teams</p> <p>Once Council briefing held in June 2015 and January 2016 covering the council’s priorities and staff award ceremony based on the Council’s values.</p>		<p>Learning and Development Manager</p>
<p>The residents survey identified that more</p>	<p>The Borough update included information to promote the new committee system of</p>	<p>Action plan covers 2015-16</p>	<p>Head of Policy and Communications</p>

<p>work needed to be done on developing residents involvement in decision making as only 29% of respondents believe they can influence decision making in their area.</p>	<p>governance including public question time at meetings.</p> <p>Webcasting has been reviewed and a new system procured with the technology to improve resident engagement in meetings.</p> <p>Resident survey results showed an increase of 2% to 31%. This is still an area that requires improvement for us.</p>		
<p>Updating the Strategic Risk Register</p>	<p>A framework has now been approved and risks now need to be identified and managed.</p> <p>Audit attendance at service management meetings and project boards across the Council to develop service/project risk registers.</p> <p>Based on the strategic plan, risk workshop with senior officers and Members looking to refresh and update the 'strategic' risks.</p> <p>First comprehensive risk register compiled by audit.</p> <p>First summary risk register review by Corporate Leadership Team.</p> <p>First summary risk register review by Policy and Resources.</p>	<p>June 2015</p> <p>July-October 2015</p> <p>December 2015</p> <p>December 2015</p> <p>January 2016</p>	<p>Head of Audit Partnership</p>

	<p>Risks refreshed as part of revised service planning process.</p> <p>Audit, Governance and Standards Committee review of effectiveness of the risk management process.</p>	<p>Spring 2016</p> <p>Spring/Summer 2016</p>	
Disaggregation of Planning Support Shared Service	Tunbridge Wells Borough Council (TWBC) took the decision to withdraw from the Mid Kent Planning Support partnership. A Planning Support Disaggregation Board was set up to manage this. Separate service effective from 4 July 2016	Updates will be given to Councillors via the relevant Service Committee.	Head of Policy and Communications
Audit Reviews with weak Assurance.	Action Plans and implementation dates have been put in place and agreed. Both the Data Protection and Emergency Planning Audits are now no longer rated as weak.	<p>Actions to be followed up as they fall due.</p> <p>To be reviewed as part of the six monthly review of the annual governance statement action plan</p>	<p>Head of Policy & Communications</p> <p>Chief Executive</p>
New Committee System of Governance	A review of the effectiveness of the new system to identify what is working well and any improvements that need to be made was carried out by the Democracy Committee in early 2016.	March 2016	Democracy Committee
Appointment of Mayor	The Democracy Committee carried out a review of the process for appointing the Mayor.	February 2016	Democracy Committee supported by Democratic Services

Actions for 2016-17 as identified in the current Annual Governance Statement

Governance Issue	Action	By When	By Whom
Training and Communication on Information Management	Online learning modules rolled out across the council Briefing at team meetings Communication Plan for Information Management Implemented	Plan covers 2016-17	Director of Head of Policy and Communications
The residents survey identified that more work needed to be done on developing residents involvement in decision making and how informed residents feel about our services	An action plan will be developed and approved by Policy and Resources Committee, a workshop has been held and analysis of the results conducted A further workshop is planned with Councillors and Communications Team in July	Workshop July Report to Policy and Resources in September 2016	Head of Policy and Communications
Establishing Risk Appetite	Risk Appetite reviewed and agreed by Policy and Resources Committee	September 2016	Head of Audit Partnership
Audit Reviews with weak Assurance.	Action Plans and implementation dates have been put in place and agreed. Audit reviews with weak assurance in 2015-16: <ul style="list-style-type: none"> • Safeguarding • Business Continuity 	Actions to be followed up as they fall due. To be reviewed as part of the six monthly review of	Head of Housing and Community Partnerships Director of Regeneration and Place

- Mote Park and Cobtree Cafe

the annual governance
statement action plan

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: _____