

Appendix A

Maidstone Borough Council
Annual Governance Statement
2016-17

Introduction

The Annual Governance Statement is a review of the council's governance arrangements in 2016-17. The statement evaluates how we meet the governance framework and provides an opinion on whether the current governance arrangements are fit for purpose.

Our Responsibilities

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. 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. They are 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. 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 full 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, 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 2007 updated 2012](#). We will be adopting

a new local code of corporate governance to take into account the new 2016 framework in June 2017.

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 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 2016 and up to the date of approval of the Statement of Accounts.

Our Governance Principles

- 1) We will focus on our purpose and on outcomes for the community in creating and implementing a vision for the local area.**
- 2) Councillors and officers will work together to achieve a common purpose with clearly defined functions and roles.**
- 3) Councillors and officers will promote our values and demonstrate the values of good governance through upholding high standards of conduct and behaviour.**
- 4) We will take informed and transparent decisions which are subject to effective scrutiny and will manage risk.**
- 5) We will develop the capacity and capability of Councillors and officers to be effective.**
- 6) We will engage with local people and other stakeholders to ensure robust public accountability.**

Review of Effectiveness

1) We will focus on our purpose and on outcomes for the community in creating and implementing a vision for the local area.

The Council has a clear vision set out in the [Strategic Plan](#). In 2016/17 the Council refreshed and updated the Strategic Plan, this was led by Committees using information from the last [resident survey and budget consultation](#) roadshow carried out in Autumn 2016 in locations across the Borough. Outcomes are measured through strategy action plan updates, performance measures and targets which are reported regularly to Wider Leadership Team and the Policy and Resources Committee. 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.*"

A resident survey will be undertaken in June 2017 to identify satisfaction with our services, areas for improvement and residents priorities.

A Member Sounding Board was formed in 2016 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 has looked at the proposed changes to the Internet requesting that accessibility issues are taken into consideration in the new design.

The Council's performance management arrangements were audited in 2016-17, recommendations to improve the engagement in performance management and data quality were made and will be implemented in 2017-18. The Council produced an end of year performance report in 2016, it is planned to combine this with the Annual Report in 2017.

2) Councillors and officers will work together to achieve a common purpose with clearly defined functions and roles.

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 2016/17. These covered clarifying the roles and responsibilities of Heads of Service and some changes to procedure rules.

The [Democracy Committee](#) is charged with amending the council's constitution and has considered constitutional matters throughout the year. The Democracy Committee has begun a review into appointments to outside bodies to be completed in 2017, they also considered the web casting arrangements and held the provider to account in a meeting to discuss the problems with the system and solutions.

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. In 2016 they commissioned [a review](#) of whistle blowing which resulted in a new charter and briefings for staff and managers on the new policy.

The recent IiP assessment identified Member and Officer relationships as an area for development in 2017/18. It identified that "*Collaborative working needs to be focused on to ensure that MBC can achieve in challenging times.*" As a result an away day has been planned with Councillors and Corporate Leadership Team in Summer 2017.

The Strategic Plan was refreshed in 2016-17 a process which involved workshops with Committee Chairs and Vice Chairs and then input via committee meetings from each service committee. As a result we have identified three priority areas for 2017-18:

- A Home for Everyone
- Providing a Clean and Safe Environment; and
- Regenerating the Town Centre

3) Councillors and officers will promote our values and demonstrate the values of good governance through upholding high standards of conduct and behaviour

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

The recent IiP identified that:

"The STRIVE Values are embedded in all people processes such as recruitment, induction and within the appraisal process. In particular, the STRIVE awards presented at 'One Council' briefings work really well to reinforce the importance of positive behaviours."

There is an [Equality Policy](#) in place for the organisation and the equality objectives will be refreshed in 2017-18.

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.

The [Audit, Governance and Standards Committee](#) purpose is to promote and maintain high standards of Councillor and Officer conduct within the Council.

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

4) Taking informed and transparent decisions which are subject to effective scrutiny and risk management

A [Member Development Plan](#) was delivered in 2016-17 including training set by Committees such as planning and licensing. Training was not always well attended and the Democracy Committee was asked to review the training needs for 2017-18. The plan for 2017-18 has been developed in consultation with the Democracy Committee

We have introduced in 2016-17 work programmes for the four service committees, Democracy Committee and Audit, Governance and Standards Committee. These programmes detail the decisions and reports for the year and are reviewed monthly by each committee.

Our work to implement and embed improved risk management arrangements has continued throughout 2016-17, and builds on the work set out in last year's annual governance statement action plan. 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. This momentum of work will continue into 2017-18 as the Council works to refresh its corporate level risks, and seeks to establish its risk appetite.

Whilst the Council demonstrates there is good quality advice and support for councillors and officers in relation to the council's decision making process, it has been identified that report writing could be improved. As such a refresh of the report template and report writing and training is planned for 2017-18 for officers. As part of the refresh of the template we will look at best practice elsewhere as well as current expectations of both Councillors and Officers.

5) Developing the capacity of Councillors and Officers to be effective

The Council was recently 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 will be introducing the "Maidstone manager" in 2017-18 which will set out the behaviour and standards that are expected of managers. This was developed with staff at staff forum meetings and through team talks across the Council.

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

The recent assessment identified action needed to improve succession planning and this will be taken forward alongside other areas of development by a wider leadership team project group.

6) The Authority will engage with local people and other stakeholders to ensure robust public accountability.

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 new Communication and Engagement Strategy was approved in 2016-17 with actions aligned to our corporate priorities and action areas. This will be refreshed in 2017.

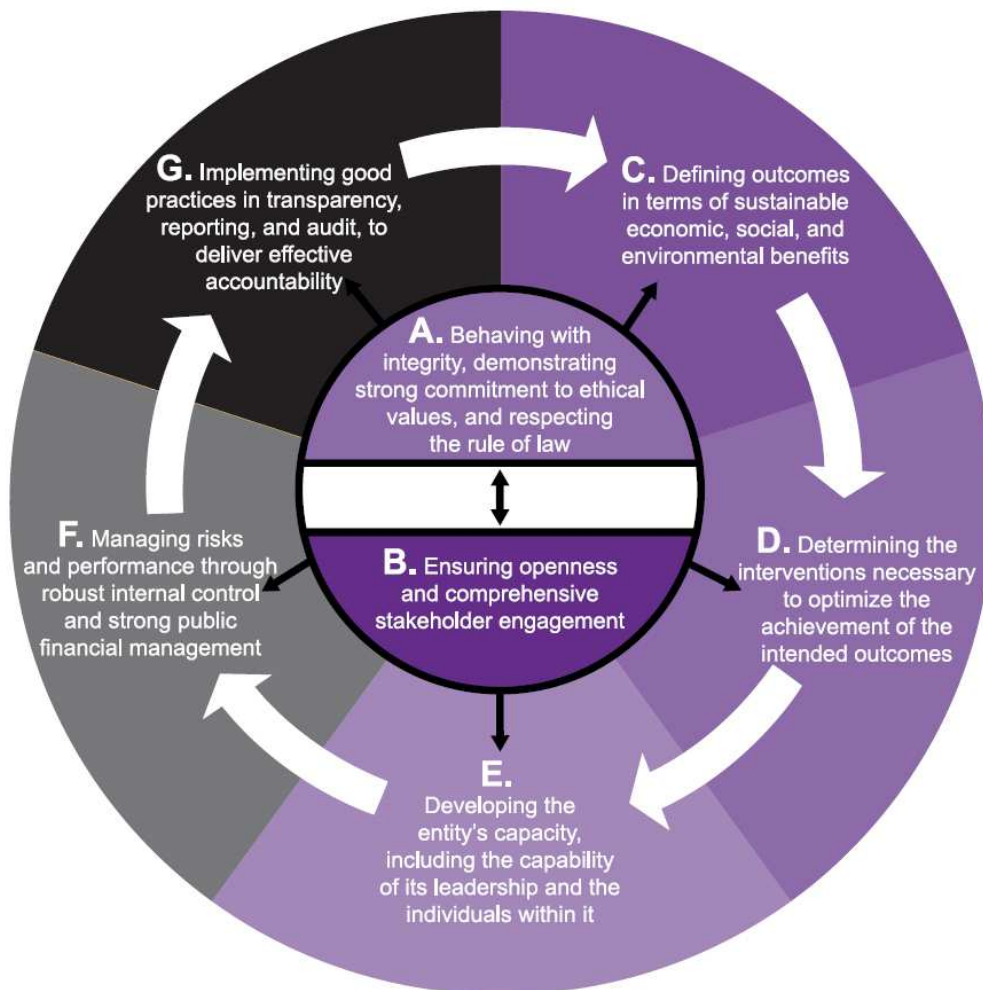
The annual budget consultation was held across a number of channels including face to face and digitally with our residents on the priorities for spending going forwards.

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.

During the year we also carried out a public consultation to update our customer service standards. A good level of response was received, and we will be working in 2017/18 to implement and embed the new standards. This will include a programme on communication externally (to the public), and internally (to staff) to ensure that we put the standards into practice.

Looking ahead

In 2017 the council will adopt a new CIPFA and Solace code. The new code has seven principles, effective governance will be judged against these principles when we review our performance for 2017-18, and in light of this the action plan identifies actions for these principles as well.



Internal Audit Opinion

The Head of Internal Audit will present the annual report and opinion to Audit, Governance and Standards Committee on 26 June 2017. The specific extract of that report that includes the opinion reads:

I am satisfied that during the year ended 31 March 2017 the Council managed a system of internal control that offers sound assurance on control effectiveness.

I am satisfied that Council's corporate governance arrangements for the year ended 31 March 2017 comply in all material respects with guidance on proper practices [CIPFA/SOLACE 2016 guidance].

I am satisfied the risk management arrangements at the Council for the year ended 31 March 2017 are effective and provide sound assurance.

In addition, the report notes consistent findings from the areas offering only weak assurance on a need for the Council to improve consistency in its contract management. This is included as one of the governance actions below.

Governance actions 2016-17 - Update

Governance Issue	Action Taken
Training and Communication on Information Management	<ul style="list-style-type: none">- New e-learning module has been developed and all staff have been asked to complete the module by the end of August- Briefings at manager's forum and staff forum- Action Plan in implementation
Involvement in decision making and informing residents about our services	<ul style="list-style-type: none">- New communication and engagement strategy introduced- Budget roadshows held as well as on-line survey- Consultations run on key decisions- Member Sounding Board in place for communications- Web casting issues resolved
Establishing Risk Appetite	<ul style="list-style-type: none">- Risk register has been reviewed and risks included in service planning- Risk appetite set with leadership team next steps to inform and engage officer and members
Audit Reviews with Weak Assurance	<ul style="list-style-type: none">- Safeguarding- Business Continuity- Mote Park and Cobtree Café <p>During 2016-17 these were re-assessed as sound.</p>

Governance Actions for 2017-18

Governance Issue	Lead officer	Delivered by
Engaging with local people: -Implementing new Customer Service Standards -Refresh of the Communication and Engagement Strategy	Head of Policy, Communications and Governance	October 2017
Member and Officer Relationships -Externally led away day -Member Bulletin	Chief Executive and Leadership Team	March 2018
Risk Management -setting the risk appetite -improving report writing in relation to risk	Director of Finance and Business Improvement	March 2018
Decision Making - Improving report writing - Officers trained to deliver accurate procedural advice in meetings	Head of Policy and Communications	March 2018
Information Management - Ensure the council is compliant with the new General Data Protection Regulations (GDPR)	Director of Finance and Business Improvement	March 2018
Contract Management - Improving consistency and effectiveness of contract management across the council	Director of Finance and Business Improvement	March 2018
Audit Reviews with weak assurance Hazlitt Theatre Health & Safety Park and Ride Performance Management	Director of Regeneration & Place Mid Kent Services Director Director of Regeneration & Place Director of Finance & Business Improvement	March 2018

Conclusion

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

A number of governance issues have been identified to be addressed in 2017-18 to ensure we continue to improve and meet the requirements of the new corporate code for 2017. These include actions to improve contract management, implementing recommendations for weak audit reviews covering Health and Safety, Park and Ride, Performance Management and the Hazlitt Theatre

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

Signed

Chief Executive:

Date:

Leader of the Council:

Date: