

Annual Governance Statement 2019-20 and Local Code of Corporate Governance

Final Decision-Maker	Audit, Governance and Standards Committee
Lead Head of Service	Angela Woodhouse, Head of Policy, Communications and Governance
Lead Officer and Report Author	Angela Woodhouse, Head of Policy, Communications and Governance
Classification	Public
Wards affected	

Executive Summary

Attached at Appendix A is the Annual Governance Statement for 2019-20. The purpose of the Annual Governance Statement is to provide assurance on the Council's governance arrangements. Attached at Appendix B is a refreshed Local Code of Corporate Governance with minor amendments for approval.

Purpose of Report
Decision

This report makes the following recommendations to this Committee:

To approve the Annual Governance Statement for 2019-20 and refreshed Local Code of Corporate Governance.

Timetable

Meeting	Date
Corporate Leadership Team	7 July 2020
Audit, Governance and Standards Committee	29 July 2020

Annual Governance Statement 2019-20

1. CROSS-CUTTING ISSUES AND IMPLICATIONS

Issue	Implications	Sign-off
Impact on Corporate Priorities	Effective corporate governance arrangements ensure the Council's priorities are understood and delivered	Head of Policy, Communications and Governance
Cross Cutting Objectives	Effective corporate governance arrangements ensure the Council's priorities are understood and delivered	Head of Policy, Communications and Governance
Risk Management	Covered in the risk section	Head of Policy, Communications and Governance
Financial	The action plan may have resource implications. These will be identified as projects come forward.	Head of Policy, Communications and Governance
Staffing	The action plan may have resource implications these will be identified as projects come forward	Head of Policy, Communications and Governance
Legal	Section 6(1) of the Accounts and Audit Regulations 2015 requires all local authorities to: a) conduct a review of the effectiveness of the system of internal control required by regulation 3; and (b) prepare an annual governance statement; Under the Council's Constitution one of the functions of the Committee is to oversee the production of the Council's Annual Governance Statement. The Annual Statement demonstrates measures are in place to ensure good governance arrangements which enable the Council to meet its statutory requirements.	Team Leader (Corporate Governance), MKLS
Privacy and Data Protection	Data protection is covered in the statement and action will continue into 2020-21	Policy and Information Team
Equalities	Effective corporate governance arrangements include behaving with integrity, demonstrating strong commitment to ethical values, and respecting rule of law as set out in the code of corporate governance.	Policy & Information Manager

Public Health	We recognise that the recommendations will not negatively impact on population health or that of individuals.	Head of Policy, Communications and Governance
Crime and Disorder	No implications	Head of Policy, Communications and Governance
Procurement	No implications	Head of Policy, Communications and Governance

2. INTRODUCTION AND BACKGROUND

- 2.1 Each year the Council reviews its governance arrangements to ensure compliance with the Local Code of Corporate Governance. The purpose of the review is to provide assurance that governance arrangements are adequate, operating effectively and to identify action which is planned to ensure effective governance in the future. The outcome of the review takes the form of an Annual Governance Statement (AGS) at **Appendix A** prepared on behalf of the Leader of the Council and Chief Executive.
- 2.2 Overall, we can confirm that the Council has the appropriate systems and processes in place. Whilst we are satisfied the governance arrangements in general work well our review has identified additional actions to ensure good standards of governance are maintained. The most significant governance issues relate to COVID19. The most significant risks from the Corporate Risk Register are also included within the action plan. In developing a recovery plan from COVID19, the Council will take steps to ensure that its financial obligations are adhered to, particularly the legal duty to set and maintain a balanced budget. The risk will be addressed through constant monitoring of the budget during the year and appropriate remedial action taken. The S151 Officer has a personal duty under Section 114(3) of the Local Government Finance Act 1988 to report to the Council if it appears that the set budget will be exceeded. Key considerations for the Council include the need for an adequate contingency provision, the S151 officer's guidance on the financial prudence of options before members and ensuring that there are reasonable grounds for making decisions.
- 2.3 Updates on the actions will be provided to the Audit Governance and Standards Committee on a six-monthly basis and kept under review by the internal Corporate Governance Group.
- 2.4 The following areas have been identified for improvement for 2020-21

Key improvement area	Lead Officer	To be delivered by
Ensure financial risk arising from the impact of COVID-19 are managed	Director of Finance and	1 March 2021

Key improvement area	Lead Officer	To be delivered by
	Business Improvement	
<p>Poor management of contracts or financial resilience of contractors leads to significant contract failure disrupting services and creating extra liabilities. Potential impact on the capital programme because of the resilience of our contractors.</p>	Director of Finance and Business Improvement	1 March 2021
<p>Exit of EU on unfavourable terms results in adverse short-term Brexit impacts disrupting the Council's ability to offer services and increasing liabilities.</p>	Director of Finance and Business Improvement	1 March 2021
<p>Data Protection Areas identified for Improvement in 2020-21:</p> <ul style="list-style-type: none"> • Record of Processing Activity updated • CCTV • Information sharing guidance issued and training rolled out • Asset Register and Retention Schedule review completed and changes implemented 	Data Protection Officer	<p>1 November 2020</p> <p>1 March 2021</p>
<p>Capacity to deliver the investment and regeneration programme – (link to Corporate Risk Register).</p>	Director of Regeneration and Place	1 March 2022
<p>Property Maintenance, Health and Safety Compliance.</p>	Director of Finance and Business Improvement	1 March 2021
<p>Ensuring we are resilient and continue to build relationships with partners.</p>	Chief Executive	1 March 2021
<p>Declaration of Interests.</p>	Monitoring Officer	1 November 2020
<p>Promoting decision making on Garden Communities ensuring information is publicly available and accessible and the role of the council as developer versus the role as the planning authority is clear.</p>	Chief Executive	1 March 2021

Progress against last year's action plan

2.5 Several improvement actions were identified in the 2019-20 action plan and the table below shows progress with those actions:

Key Improvement Area	Update
<p>Ensuring sufficient resource to deliver the ambition for embracing growth and enabling infrastructure priority (link to Corporate Risk Register)</p>	<p>The Regeneration and Economic Development service has been refocused towards investment in and delivery of the Council's growth and infrastructure projects.</p> <p>The Council works in collaboration with Kent County Council to secure infrastructure monies above those sums collected via Section 106 and the Community Infrastructure Levy.</p> <p>Local Growth Fund monies were secured to part fund a programme of junction improvements to mitigate development in the current Local Plan. Whilst programmes such as this are complex to deliver, KCC have now completed their public consultation on the various proposals and are optimistic that works will commence on site this year.</p> <p>Another example is the highways improvements outside of the Kent Medical Campus that are being accelerated by a successful bid to the National Infrastructure Productivity Fund, again with KCC. Monies secured exceeded £9m, to include a £0.5m loan from the Council, and this will fund improvements to two nearby roundabouts and provide the duelling of the road between them and works on site will commence in September 2020.</p> <p>Furthermore, the Council has two mixed tenure housing developments on site at Brunswick Street and Union Street, and again the Council secured in excess of £0.6m from the MHCLG Land Release Fund to unlock these complex brownfield sites. Furthermore, an additional bid has been made for two more schemes for projects at King Street and Medway Street in the town centre for which the outcome is awaited. The Council also has a further 14 apartments for PRS on site at the Springfield Mill development on the edge of the town centre. These new apartments will be ready for occupation in 2021.</p> <p>The Council has also secured Local Enterprise Partnership Local Growth Fund monies of £1m to fund improvements to the Maidstone East Ticket Office, plus £1m of National Station Improvement Funds. The project is now in site and will be complete by</p>

Key Improvement Area	Update
	<p>December 2020.</p> <p>Progress has been made in this area, however as this continues to be a priority and a risk for the Council it has been included as an area to improve in 2020/21.</p>
<p>Ensuring there is protection against bribery and corruption.</p>	<p>Online learning training modules have been made available to staff following a Team Talk in December on gifts and hospitality.</p> <p>The Council's Counter Fraud and Corruption Policy was refreshed in January 2020, the refresh made minor textual amendments and additional information added to the 'Further Advice and Support Section'.</p> <p>Anti-Money Laundering Policy and Guidance was approved by the Audit, Governance and Standards Committee in March 2020.</p> <p>We will keep these policies and their performance under review, but we have not identified this as an improvement area for 2020/21.</p>
<p>Capacity to deliver the investment and regeneration programme – (link to Corporate Risk Register)</p>	<p>The Business Rates Retention Pilot monies were in part used to create planning guideline documents for the five town centre opportunity sites. All five have now been adopted, and this work has stimulated a developer to submit a detailed Planning application on the first of these, Len House, which is due to be determined in July 2020. Current successes include the expansion of the Maidstone Property Holdings Ltd market rent portfolio, improvements at Mote Park. Additionally we were pleased to gain ERDF funding for the Innovation Centre and we are now on site and due to complete in summer 2021. Staffing resource has increased and there has been extensive staff training, as well as strong partnerships with a number of consultancy firms.</p> <p>The Council, acting in the capacity of master-developer and land promoter, is also promoting a Council-led garden community through the Local Plan Review process. This is an exciting and ambitious project for which the Council has already secured Homes England as a partner.</p> <p><u>Commercial Investment</u> As part of the commercial investment strategy, resources have been budgeted for the ongoing maintenance and development of our new acquisition at Lockmeadow.</p>

Key Improvement Area	Update
	<p>While noting the considerable progress, the Council still has significant commitments to deliver. This remains an improvement area into 2020/21.</p>
<p>Property Maintenance, Health and Safety Compliance</p>	<p>Clear responsibility has been established for property maintenance and health and safety compliance. Residential property (private sector and temporary accommodation) is now managed by the Housing Team and commercial property maintenance by the Corporate Property team. Regular checks are carried out to comply with the legal requirements for health and safety, including properties where the prime responsibility lies with the tenant. The outcomes are reported on a regular monthly basis to Corporate Leadership Team. An asset management plan has been drafted and will be taken to the Policy and Resources Committee in Autumn 2020.</p> <p>The Corporate Leadership Team will continue to review requirements, especially considering COVID-19, and we have retained this as an improvement area for 2020/21.</p>
<p>Governance for Maidstone Property Holdings</p>	<p>An external review was undertaken for the governance arrangements of Maidstone Property Holdings Ltd, this was reported to Audit Governance and Standards Committee in November 2019. The review was undertaken with the assistance of external solicitors, Anthony Collins Solicitors LLP, and has resulted in confirmation of the company's future aims and objectives, an amended draft Business Plan and various other company documents, clarity on the Service.</p> <p>Agreement required, clarity on the different roles of the company and the Council. The results of the review were also reported to Policy and Resources Committee. Regular quarterly reports on the company's performance are presented to Policy & Resources Committee, in order that it may exercise its stewardship role as shareholder.</p> <p>On clarification of roles and responsibilities, we have excluded this from the list of continuing governance issues.</p>
<p>Contract Management</p>	<p>A range of actions have been carried out to improve the standard of contract management, including publication of contract management guidance, officer</p>

Key Improvement Area	Update
	<p>training, improved liaison with MK Legal, and central monitoring of contracts. Overall responsibility for maintaining the standard of contract management across the Council has been allocated to the Procurement and Contracts Team within the Head of Commissioning and Business Improvement's service area. Contract Management has now been reassessed as sound and all the recommendations have been closed as implemented.</p> <p>Therefore, we have not included this as a continuing area for improvement.</p>
Partner Relationships	<p>There is a very strong working partnership in place with KCC, underpinned by the new Maidstone Strategic Infrastructure Working Group comprised by councillors and senior officers from both authorities.</p> <p>In terms of Transport partnership working with KCC, this has been evidenced by the two authorities co-funding a Maidstone Transport Planner, and the joint commissioning of a Maidstone Transport Model to support the Local Plan Review.</p> <p>We have also continued to work closely with our partners in health and community safety on a number of projects and initiatives.</p> <p>As detailed earlier, the Council is also working closely with Homes England, to help to deliver a Council-led garden community proposal. They have undertaken to provide match funding for the land promotion and planning costs.</p> <p>While continuing to build and maintain these relationships, we have retained this area for governance focus in 2020/21.</p>

Local Code of Corporate Governance

- 2.6 The Local Code of Corporate Governance created in 2017 has been updated as per the tracked changes set out in Appendix B, changes proposed are minor and concerned with ensuring the accuracy of the Code.
- 2.7 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 Code sets out how the Council meets these requirements and how we conduct our business and affairs.

3. AVAILABLE OPTIONS

- 3.1 The Annual Governance Statement is a requirement of statutory regulations and provides assurance about the Council's governance arrangements.
- 3.2 The Committee can approve the Annual Governance Statement as it has been presented or make amendments as appropriate.
- 3.3 The Local Code of Corporate Governance was rewritten in 2017, the refreshed version attached at Appendix B has minor amendments for approval by the Committee, the Committee could request additional amendments or no amendment to the present code.

4. PREFERRED OPTION AND REASONS FOR RECOMMENDATIONS

- 4.1 The Committee is asked to review the Annual Governance Statement and action plan and approve the areas suggested for improvement for 2019-20.

5. RISK

- 5.1 The Annual Governance Statement considers and gives assurance to the Council's approach to risk management.

6. CONSULTATION RESULTS AND PREVIOUS COMMITTEE FEEDBACK

- 6.1 Members of Corporate Leadership Team and the Corporate Governance working Group have all been consulted on the council's governance arrangements for 2019-20, the views gathered have been included in the statement.

7. NEXT STEPS: COMMUNICATION AND IMPLEMENTATION OF THE DECISION

- 7.1 Following the Audit, Governance and Standards Committee's approval the statement will be included in the final statement of accounts and published on the Council's website. The refreshed Local Code of Corporate Governance will be placed on the website and intranet.
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8. REPORT APPENDICES

The following documents are to be published with this report and form part of the report:

- Appendix A: Annual Governance Statement 2019-20
- Appendix B: Local Code of Corporate Governance 2020 Refresh

9. BACKGROUND PAPERS

None.