

ANNUAL GOVERNANCE STATEMENT ACTION PLAN

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1. Purpose

- 1.3 The purpose of this report is to inform the Committee of the proposed arrangements for the collection and analysis of progress information against the Annual Governance Statement

2. Recommendations

- 2.1 That the Committee agree the arrangements for the collection and reporting of progress information against the Annual Governance Statement Action Plan**

3. Issues and Choices

- 3.1 At the meeting of the Audit Committee of 24th June and the Standards Committee of 25th June 2009 it was agreed that quarterly reports on the progress that the Council is making against the Annual Governance Statement Action Plan would be submitted to the Committees to allow them to note the progress on the action plan and to explore any issues regarding non performance.
- 3.2 The Annual Governance Statement was adopted by Full Council on 14th July 2009 and, at the time of writing this report, the first quarter has not yet been completed. Accordingly, the relevant officers have not met to agree reported information and that information is not available to the Committees. In this case the information will be presented to the Audit Committee of 16th December 2009.
- 3.3 It was therefore felt relevant to use this opportunity to report on the process by which the management information will be captured and reported to the Committees, together with thoughts about improvement of governance and governance management more widely.
- 3.4 To recap, governance is about how an organisation's desired outputs and outcomes are achieved. For us, good governance means ensuring the Council is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. It comprises the systems and processes, and cultures and values, by which the Council is directed and controlled and through which it accounts to, engages with and, where appropriate, leads the community.
- 3.5 The Standards Committee and the Audit Committee have joint and complementary responsibilities for the good governance of the Council - the

Standards Committee for ensuring and promoting good ethical conduct and the Audit Committee for overseeing the effectiveness of the Council's financial, audit, and risk management processes.

- 3.6 The Chartered Institute of Public Finance and Accountancy and the Society of Local Authority Chief Executives (CIPFA/SOLACE) Framework, now revised and updated in partnership with other organisations such as Association of Council Secretaries and Solicitors (ACSeS), provides a means for developing and maintaining a local Code of Corporate Governance and for discharging accountability for the proper conduct of public business, to support the publication of an Annual Governance Statement. It defines the principles that should underpin governance, and suggests best practice as:
- reviewing the Council's existing governance arrangements against the Framework;
 - developing and maintaining a local Code of Corporate Governance, including arrangements for ensuring its ongoing application and effectiveness (A discretionary requirement but considered best practice); and
 - preparing annually, a Governance Statement to report publicly on the extent to which the Council complies with its local code, including how the effectiveness of these arrangements during the year have been monitored, and on any planned changes in the coming period. (This is a statutory requirement under the Accounts and Audit (Amendment) Regulations 2006).
- 3.7 The Annual Governance Statement (AGS) replaces what was known previously as the Statement on Internal Control, which was an assurance that the Council has a sound system of internal control designed to help and manage risk in relation to financial matters. This is incorporated within the AGS but, as can be seen, the AGS is a far wider and further reaching document.
- 3.8 The CIPFA/SOLACE Framework outlines six core principles of good governance and translates each one into a range of specific requirements that should be reflected in the local Code of Corporate Governance. The six core principles are:
- (1) Focussing 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.

- 3.9 The CIPFA/SOLACE Framework then suggests four key roles which Governance arrangements should support:
- (1) to engage in effective partnerships and provide leadership for and with the community
 - (2) to ensure the delivery of high quality local services whether directly or in partnership
 - (3) to perform a stewardship role which protects the interests of local people and makes the best use of resources
 - (4) to develop citizenship and local democracy
- 3.10 Given its differing remit, the Head of Legal Services and Monitoring Officer now has the responsibility of
- (a) monitoring the Annual Governance Statement Action Plan; alongside
 - (b) drafting the Annual Governance Statement for the next year; and
 - (c) ensuring that the Code of Corporate Governance for the Council appropriately reflects the governance arrangements of Milton Keynes Council and is communicated effectively to both officers and Members.
- 3.11 Effective monitoring of the current Annual Governance Statement Action Plan plays a key role in both drafting the Annual Governance Statement for 2010 and ensuring that the Code of Corporate Governance accurately reflects Milton Keynes Council's governance arrangements.
- 3.12 It is felt that these tasks cannot be viewed in isolation. In order to ensure that governance within the organisation is viewed holistically, a project plan has been devised which outlines the steps which need to be taken to achieve all three of these tasks and the interdependencies between them.
- 3.13 The process for collecting and monitoring information against the current Annual Governance Statement Action Plan is as follows;
- (a) The officers named in the action plan as being responsible for the delivery of the actions will receive, on a quarterly basis, a template (as set out at **Annex A**) on which they will record their progress against the actions in their area.
 - (b) Those officers will then form a governance group, which will meet to discuss their individual and shared progress and highlight any issues in delivering the actions to CLT.
 - (c) The completed templates and any issues discussed at the meeting of the governance officers will then form the report, which will be submitted to both the Audit Committee and the Standards Committee on a quarterly basis.
 - (d) Audit Committee and Standards Committee will be invited to comment on the progress against the action plan and any issues that have arisen as a result.

- 3.14 It is proposed that the quarterly reports will be presented to the Audit Committee on the 16th December and the 4th February, with a final report submitted on 8th April 2010.
- 3.15 A governance weblet is currently being developed to ensure that the public can readily access information on the governance of the organisation, including the progress against the Annual Governance Statement Action Plan
- 3.16 Behind the grouping of officers named in the AGS Action Plan will sit a Governance Board. The Governance Board will take primary responsibility for monitoring this work and the actions of the authority in respect of the six core principles and four key roles set out above.
- 3.17 The Governance Board will be chaired by the Chief Executive and consist of the three statutory officers responsible for corporate governance (the Head of Paid Service, Monitoring Officer and S.151 Officer) and those officers directly charged with responsibility for governance, including the Director (Performance & Partnerships), the Head of Democratic Services and the Head of Audit and Risk, together with other officers as required.
- 3.18 The Governance Board will also act to meet the responsibilities of the Monitoring Officer and Section 151 Officer for ensuring an annual review of compliance with this Code and of the Head of Audit and Risk Management to independently audit these processes.

4. Background Papers:

Milton Keynes Council Annual Governance Statement
Milton Keynes Council Code of Corporate Governance
CIPFA/Solace 'Delivering Good Governance in Local Government' framework