

**Milton Keynes Council
Annual Governance Statement
2014/2015**

Milton Keynes: *'Where we think differently, create opportunity and believe in people'*.

Milton Keynes Council by numbers

Milton Keynes Council provides a wide range of services to over **259,000** residents in **106,130** dwellings, **12,055** registered businesses, and **2,000** community groups. Milton Keynes, a diverse town with **167** different languages being spoken, is currently bigger than Southampton and as one of the fastest growing places in the United Kingdom is expected to grow to be the size of Bristol within 15 years. These factors inform, and influence how the Council is governed

The scale of council services is hard to imagine. Here are some of the things which the council has delivered over the past year:

- Collected **121,000** tonnes of waste and recycling, of which **76%** is diverted from landfill with **52%** of household waste recycled.
- Maintained over **10m** square metres of grassland for the benefit of residents and visitors to Milton Keynes
- Educated **27,737** children in **87** maintained schools (62% of the children in Milton Keynes)
- Used **3,000** tonnes of salt to keep roads safe and people moving.
- Found council housing for **805** families and individuals.
- Helped more than **5,800** older and vulnerable adults.
- Maintained **753** miles of roads and **889** miles of footway and **208** miles of redways.
- Administered more than **£113m** in welfare benefit to **23,000** vulnerable people and those on low incomes.
- Brought over **1,883** new jobs into Milton Keynes

Introduction by Carole Mills
Chief Executive (from July 2014)

(Include photo)

Milton Keynes Council has an ambitious agenda to ensure Milton Keynes remains a special place in which to live, learn, visit and do business.

Milton Keynes is one of the most exciting places within the UK with a vibrant economy, innovation in transport smart technology and huge potential for further growth.

Good governance ensures that an organisation is doing the right things, in the right way and for the right people. With huge reductions in our funding, this has never been more important.

There is a strong link between effective governance and effective service commissioning and delivery and in order to deliver the Council's ambition and support the drive for continuous improvement, strong governance arrangements need to be in place. We need to ensure we comply with relevant legislation and to give operational and political leaders the right insight and assurance that this is happening. Our suppliers, partners and taxpayers also need to know that we are doing things correctly in order to protect their investment and reputation.

I am satisfied that MKC's current governance approach and processes provide this assurance



Carole Mills
Chief Executive
Milton Keynes Council

What is Corporate Governance?

Corporate governance generally refers to the processes by which organisations are directed, controlled, led and held to account.

The Council's governance arrangements aim to ensure that it sets and meets its objectives and responsibilities in a lawful, timely, open, inclusive and honest manner and that its public money and resources are safeguarded, properly accounted for and used economically, efficiently and effectively.

The Council's governance framework comprises the systems, processes, cultures and values by which the Council is directed and controlled, and through which it accounts to, engages with and leads the local community. The framework brings together an underlying set of legislative requirements, good practice principles and management processes.

How do we know our arrangements are working?

Milton Keynes Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. To monitor the effectiveness of the Council's corporate governance systems, assurances on the governance framework as shown in the diagram overleaf are provided to, and challenged by, Audit Committee or Scrutiny Panels as appropriate.

Each year we review the Council's corporate governance processes, systems and the assurances on the Governance Framework to create the Annual Corporate Governance Statement. This is achieved by undertaking a review of the Council's compliance with its Code of Corporate Governance*, consulting with the Corporate Management Team, governance officers, and a member group representing each of the major parties, and also reflecting on the work of internal and external audit and other inspection bodies completed during the year. The issues identified during the review are highlighted in the Action Plan at the end of this statement.

This Annual Governance Statement builds upon those of previous years. It summarises the key governance framework which has been in place for the year ended 31 March 2014 and up to the date of approval of the Statement of Accounts and records any significant governance issues that need to be addressed over the coming year.

The Council is continually changing, e.g. outsourcing of the Highways and Landscape Services, increased partnership working, establishing separate companies and it is important that the governance arrangements are robust and flexible enough to manage this.

The Governance Framework cannot eliminate all risk of failure to meet the targets in our policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness.

Footnote *The Code was last updated in 2010 and is closely aligned to public sector best practice, namely the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*)

Assurance Required Upon	Source of Assurance	Assurances Received
<ul style="list-style-type: none"> •Delivery of Councils aims and objectives /Leadership Direction •Services are delivered economically, efficiently and effectively •Management of risk •Effectiveness of internal controls •Democratic engagement and public accountability •Budget and financial management arrangements •Roles and responsibilities of Councillors and Officers •Standards of conduct and behaviour •Compliance with laws and regulations, internal policies and procedures •Action plans dealing with significant issues are approved, actioned and reported upon 	<ul style="list-style-type: none"> •Constitution (incl. statutory officers, scheme of delegation, financial management & procurement rules) •Audit Committee •Independent external sources •Scrutiny function •Council, Cabinet & Panels •Cabinet Procurement Committee •Medium Term Financial Plan •Internal & external audit •Complaints system •HR policies & procedures •Whistleblowing & other counter fraud arrangements •Risk management framework •Performance management framework •Performance Challenge sessions •Portfolio Office & MK Approach •Integrated Assurance Group •Codes of conduct •Corporate Leadership Team •Peer reviews 	<ul style="list-style-type: none"> •Statement of accounts •External audit reports •Internal audit reports •Local Government Ombudsman report •Electoral Commission report •Report of the Independent Remuneration Panel •Interception of Communications Commissioner (ICC) report •Socitm (Society of Information Technology Management) reports •Scrutiny reviews •Annual Audit Committee and Scrutiny Committee reviews •Effectiveness of Internal Audit review •Review of Compliance with Code of Corporate Governance •Performance reviews & appraisals •Performance Challenge Sessions •Management and councillor assurances

The Council. How it works

In May 2014 the Council had all out elections on new Ward boundaries, increasing the membership from 51 to 57. Councillors elected in May 2014 will serve either a one, two or four year term of office, depending on whether they came top, second or third in the poll. From May 2015, councillors will be elected by thirds, with one seat in each of the 19 wards being up for election. Councillors elected from May 2015 will serve a four year term. There will be no Borough Council elections in 2017.

All Councillors are democratically accountable to the residents of their Wards. The overriding duty of Councillors is to the whole community, but they have a special duty to their constituents, including those who did not vote for them. The consensus of the three political parties in taking the city forward should be recognised.

All Councillors meet together as the Council. At these meetings, councillors decide many of the Council's overall policies and set the budget and Council Tax each year. At the Annual Council Business Meeting, the Leader appoints the Cabinet (the lead decision makers for the Council) and the Council appoints the Overview and Scrutiny Committees/Panels, and the Regulatory Committees, which include the Development Control Committee, the Licensing Committee and the Regulatory Committee. The Council also appoints Audit and Standards Committees. The Cabinet carries out the executive functions of the Authority, working within the policy and budgetary framework set by the Council.

Members of the public are welcome to attend the Council's various meetings, but on occasions the public may be excluded if a confidential or exempt information is to be discussed.

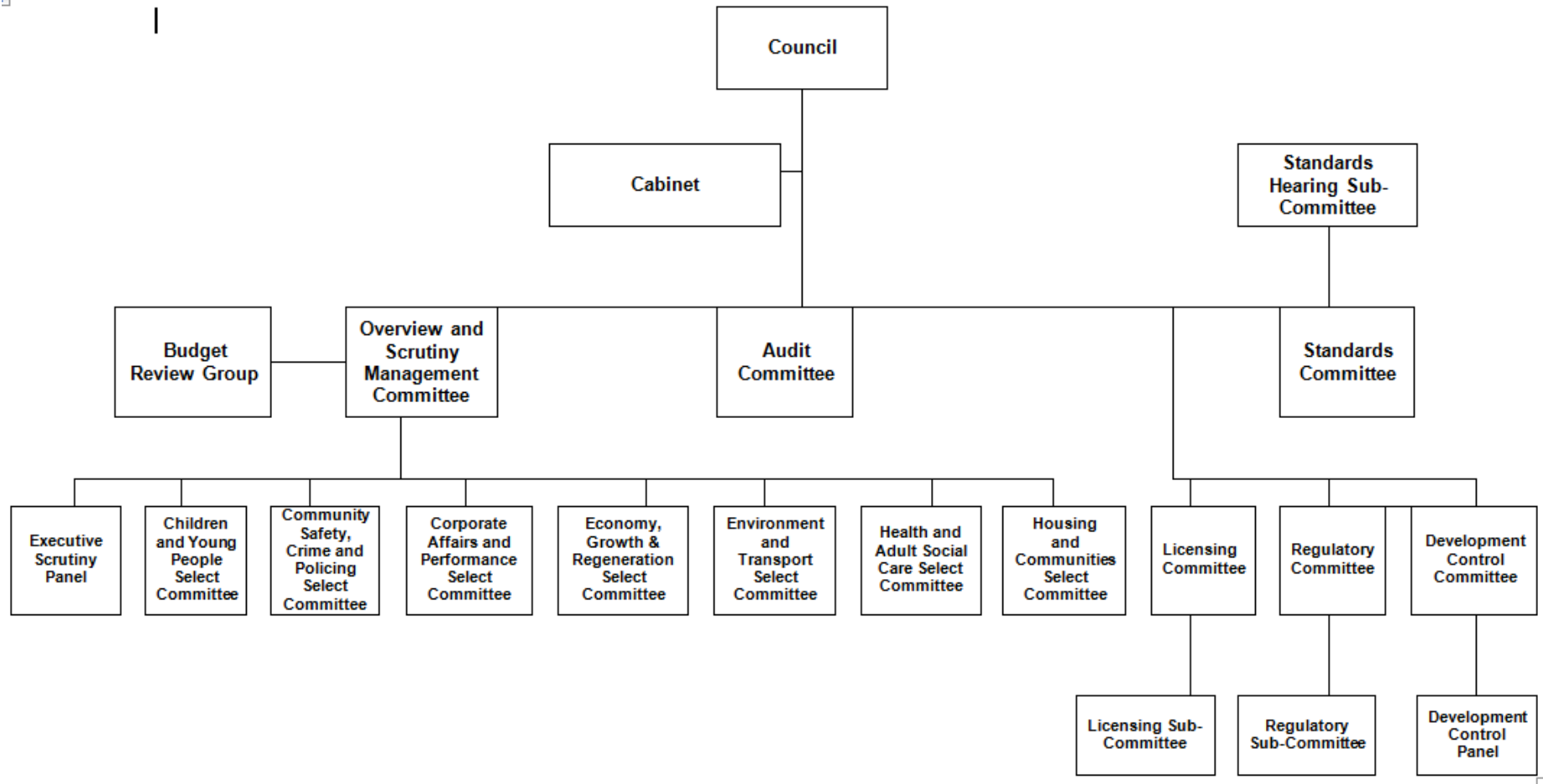
The Council's Constitution (<http://tinyurl.com/MKC-Constitution-0115>) sets out how the Council operates, how decisions are made and the processes that are followed to ensure that the Council's decision making is efficient, transparent and accountable to local people. Some of the procedures contained within the Constitution are required by law and some are chosen by the Council.

The Constitution also sets out the role of key governance officers, including the statutory posts of 'Head of Paid Service' (The Chief Executive), 'Section 151 Officer' (Corporate Director Resources) and 'Monitoring Officer (Interim Service Director Legal and Democratic Services)', and explains the role of these officers for ensuring that processes are in place to ensure that the Council meets its statutory obligations and also for the provision of advice to Councillors, officers and Committees on staff management, financial, legal and ethical governance issues.

In addition to the appointment of new councillors and the increase in the number of councillors from May 2014, substantial changes to the senior management structure took place during the year. Most positions in the new structure have now been filled, including the appointment of a new Chief Executive in May 2014, and appointments at Corporate Director and Service Director level.

The key governance officers have been involved in the preparation of this statement and are satisfied that the arrangements in place are working effectively and that no matters of significance have been omitted.

COMMITTEE STRUCTURE 2014/15



Overview & Scrutiny Panels

Overview & Scrutiny is a key part of the democratic process of the Council. It monitors the policy decisions of the Cabinet and has a key role in advising on the development of Council policy. It also looks at broader issues affecting Milton Keynes.

There are seven Select Committees covering the full range of council and community issues together with a range of Review Groups which look at a single issue in much greater depth than is possible at Select Committees. All Councillors, other than Cabinet Members, are able to be involved in scrutiny work.

Overview & Scrutiny gives Councillors the time and space to think, to review issues in greater detail and to shine a light on processes and outcomes with the aim of proposing better ways of doing things for the benefit of the residents of Milton Keynes.

The Committees and Review Groups call expert witnesses from inside the Council and the wider community and in some cases from further afield. This ensures that recommendations from the Committees are better informed, being based on a wide range of evidence.

The Council's scrutiny structure and processes have been the subject of review during the year and the Council agreed in January 2014 to move to a theme based approach from June 2015. As a result the number of committees will be significantly reduced from nine to four with greater emphasis on task and finish groups.

Regulatory Committees

The Council has a Development Control Committee and a Development Control Panel, which discharges the Council's development control functions. The Council also appoints a Regulatory Committee and Sub-Committee discharging its regulatory functions, such as taxi licensing, and a Licensing Committee and Sub-Committee, discharging the Council's functions under the 2003 Licensing Act.

Procurement & Commissioning Committee

The Procurement and Commissioning Committee, which changed its name from the Cabinet Procurement Committee (CPC) in February 2015, first met in February 2012. It was established to exercise the functions of the Cabinet in respect of all contracts for procurement of works, goods or services between the value of £100k and £20m. In addition, it receives reports in relation to contract extensions, benefits realised from awarded contracts, waivers and novations. A review of the Committee's terms of reference is currently being conducted.

The Audit Committee

Milton Keynes Council has an Audit Committee which undertakes the core functions, and complies with best practice as detailed in CIPFA's 2013 "Audit Committees – Practical Guidance for Local Authorities and Police". The Audit Committee also performs the role of the "Board" in accordance with the Public Sector Internal Audit Standards (PSIAS). The Audit Committee are charged with governance and robustly

ensure adequate arrangements are in place, commissioning investigations/reviews into areas of concern and receiving explanations from officers as appropriate.

The Audit Committee takes a positive and proactive approach to overseeing the governance framework. It receives regular progress reports the Annual Governance Statement Action Plan, oversees the Internal Audit Plan, anti-fraud arrangements, risk management, approves the Authority's annual accounts and reviews/approves other key governance documents. The Audit Committee Chair prepares an annual report (*add link*) on the work of the Committee during the year providing assurance that key governance processes are being reviewed.

Members of the Audit Committee have been proactively involved in the drafting of the Whistleblowing Policy, Internal Audit Charter and Strategy and the Annual Governance Statement

A self-assessment review undertaken in April 2015 using CIPFA's checklist for assessing conformance with the PSIAS has confirmed that the Audit Committee complies with the requirements set out in the standard.

Council Owned Companies

The Council has two Limited Liability Partnerships (LLP's), of which 99% are owned by the Council and 1% by the Leader. The Articles of Association of the Companies require them to deliver to the Council's Corporate Plan.

In December 2012 the Milton Keynes Development Partnership (MKDP) was set up, with approximately £32m of assets purchased from the Homes and Communities Agency (HCA) being transferred to the LLP in January 2013. The purpose of the MKDP is to deliver optimum economic value to the citizens of Milton Keynes in line with the Council's Corporate Plan and Economic Development Strategy.

The governance arrangements for MKDP are set out in the Member's Agreement. These include the requirement for a Board made up of councillors and independent members, to which the Chief Executive of the MKDP is responsible. The Chief Executive and the Board are responsible for the general management of the MKDP.

In Jan 2013 the Milton Keynes Service Partnership (MKSP) was established to deliver services to MKC and develop commercial income from the sale of those same services. MKSP delivers over 15 professional services employing approximately 800 staff.

A review of the way MKSP works was started in 2014 and a report considered by the MKSP Board in February 2015. The Board recommended MKC, as owner of MKSP, migrate to a new model of service delivery and commercialism. That recommendation and a business case for the new model is scheduled to be considered by MKC's Cabinet by 31st July 2015 with the new model adopted by 1st April 2016.

The Corporate Plan



The Corporate Plan 2012-16 [\(add link\)](#) sets out the vision for Milton Keynes and captures the type of place Milton Keynes aspires to be for all those who live, work, learn and visit there. It was agreed by Council in January 2012, and includes outcomes and priorities to provide a high level framework for the Council. The plan brings together the high level content of existing major strategies and where relevant draws on recent local assessments and consultations to identify future priorities.

A refreshed version of the Corporate Plan was received by Cabinet in December 2013 and subsequently approved by Council in January 2014. A new Corporate Plan will be developed during 2015/16 to cover the period 2016-20.

Milton Keynes Vision is (each bullet in a separate text box throughout AGS)

- To ensure Milton Keynes is the premier ‘can do’ place of the 21st century. The city, together with the rural parts of our Borough, will continue to be a wonderful place to live, work, learn, shop and relax.
- To secure sustainable housing and employment growth that is advantageous for Milton Keynes subject to the timely provision of infrastructure and proactive regeneration to ensure no areas are left behind and that a two-speed city does not result.
- That people and firms will want to move here and stay here, and visitors will want to come here and come back often. Milton Keynes will have a compelling “offer” that includes rising standards of living and a safe and good quality of life for all.
- To create homes and neighbourhoods in new areas or through regeneration that help make our compelling “offer” a reality.
- That our residents have access to all the services they need and have the support to access opportunities and enjoy a healthy and good quality of life. Above all we must ensure that Milton Keynes offers job and career opportunities for all through an enterprising and thriving economy.

Another text box within AGS:

Milton Keynes Council’s Themes (as detailed in the Corporate Plan)

- World Class MK
- Living in MK
- Working in MK
- Visiting MK
- Cleaner, Greener, Safer, Healthier MK

Another text box for each cross cutting priority:

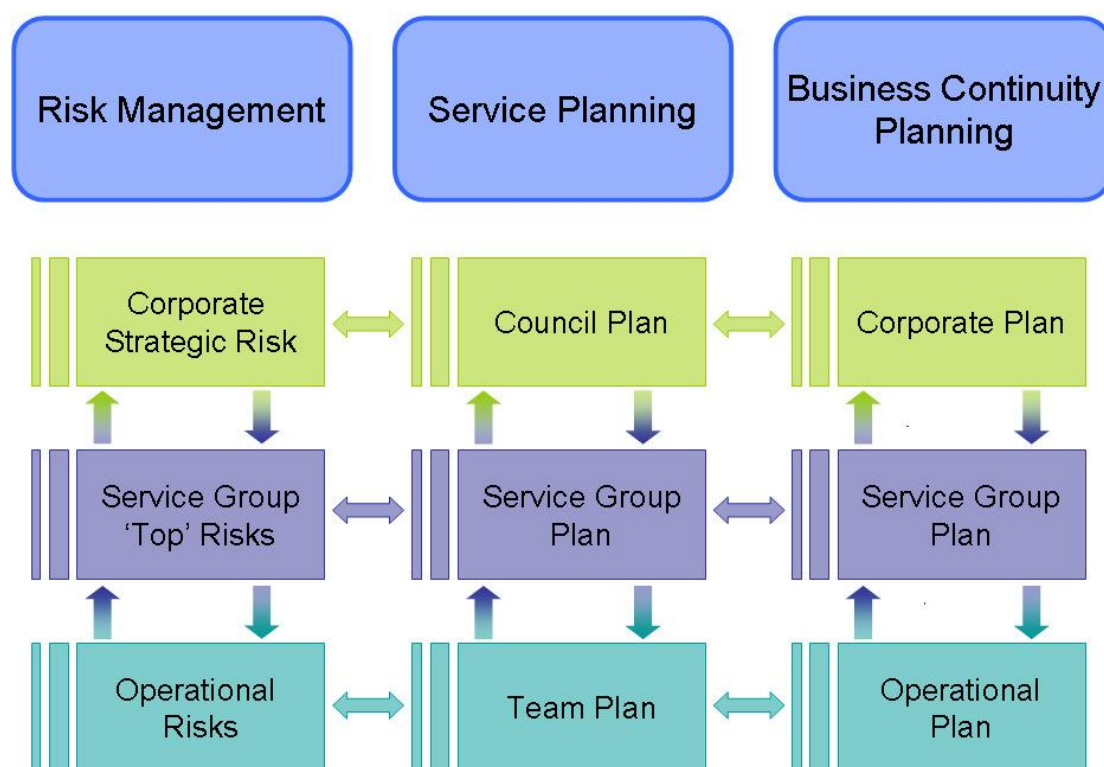
- **Agile Council:** Delivering continuous improvement, ongoing transformation and efficiencies
- **Equality and Diversity:** Improve the way we engage, think, plan and act to deliver equality and accessibility for everyone, every day

Managing Key Risks

All Councillors and Managers are responsible for ensuring that risk implications are considered in the decisions they take. The Council has a written risk management strategy which was updated in 2014. Significant changes to the Strategy are planned for 2015/16.

Milton Keynes Council believes that managing current and future risk, both opportunity and threat, is increasingly vital to the business of local government. It is therefore the policy of the Council to adopt a proactive approach to the management of all risks that impact on its strategies, operations and the achievement of its objectives.

The management of risks is closely associated with the Council's objectives.



A cyclical process of risk reporting and escalation has been undertaken as agreed by Corporate Management Team, timed to align to the CMT Performance Challenge sessions with Service Groups and Assistant/Service Directors.

Following each quarters Performance Challenge session a quarterly overview report has been presented to CMT, including a review of the Council's Strategic Risks.

The key elements to support this process are set out below:

- Risk Owners review their service and project risks in the Council's corporate risk management system (GRACE) to an agreed quarterly timetable aligned to the Performance Challenge sessions.
- Assistant Directors:
 - Ensure they are conversant with the risks above the agreed Risk Tolerance Threshold at service, team and project level, taking action on any risks which require attention
 - Identify the top risks to be submitted to the Challenge sessions for each Service Group including any risks requiring escalation to CMT.
 - Ensure the above considers Business Continuity arrangements.

- A member of the Risk and Business Continuity Team meets with Service Groups/AD's each quarter to challenge each Service Groups key risks and other areas of uncertainty.

CMT, use the information provided in the Performance Challenge sessions and data of the Service level risks to review the Council's Corporate Strategic Risks every quarter.

As at 31st March 2015 the Council's Corporate Strategic Risks were:

Risk
Failure to deliver infrastructure to meet essential community needs and statutory responsibilities
Organisational Capacity & resilience, especially at senior management level
Need for political consensus to reach significant decisions
Economic situation/Welfare Reforms impact adversely on MK Community
Reliant on changing partnerships to deliver key outcomes
High level of savings in 14/15 plus further savings of £54m in 15/16 - 18/19 is a risk to the financial stability

CMT started the process for revising the strategic risks at a workshop in February 2015. Through this process five key themes have been identified which are to be fully developed into the Corporate Strategic Risks. These themes are.

Theme
Financial Pressures.
Cohesive Plan for Future Growth
Safeguarding
Organisational Capacity
Use of Other Providers

CMT have also recognised that there is scope to improve the corporate risk management and this will be reflected in a revised Risk Management and Business Continuity Strategy.

Managing the risk of fraud

The Council has a Corporate Anti-Fraud Team (CAFT) that investigated both welfare and non-welfare fraud during 2014/15. When the team was first set up the primary focus was always on welfare related fraud (Housing and Council Tax Benefits) and internal staff fraud. However, as the team has developed, the focus has changed to incorporate a wider range of investigations. The Council now has a pro-active programme of counter fraud and corruption work which is, risk based and proportionate, and which aims to create a culture of zero tolerance.

During 2014/15 pro-active work included:

- Housing tenancy fraud
- Transport related fraud, eg Blue Badges, Parking Permits, scratchcards and Taxis
- Council Tax fraud

The key issues/challenges that are currently facing CAFT are:

- Welfare Reform
- Identity Fraud
- NNDR and Council Tax evasion/avoidance

- General upward trend/increased volume of fraud in all areas

To act as a deterrent to fraudsters, the Corporate Anti-Fraud Team issues press releases in respect of selected fraud cases that it successfully prosecutes, and maintains a 24/7 telephone line and a web-form to allow the public to raise concerns about possible welfare frauds.

<http://tinyurl.com/MKC-Whistleblowing-Policy-0115>



There is also a robust whistleblowing policy [\(add link\)](#), reviewed and updated annually, which allows people to raise more general concerns about ‘wrong-doing’. The Council is committed to the highest standards of quality, probity, openness and accountability. As part of that commitment it encourages employees and others with serious concerns about any aspects of the Council’s work to come forward and make those concerns known. Due to the nature of these concerns they are not made public Milton Keynes Council has signed up to be one of the ‘First 100’ [\(add link\)](#) to agree to comply with the Whistleblowing Commissions Code of Practice.

<http://www.pcaw.org.uk/first100>



Some of the investigations covered sensitive areas, sometimes involving emotive issues and ALL are taken seriously with robust action taken. However this area or work is indicative of the Council’s robust anti-fraud culture and none of the investigations undertaken in 2014/15 had/or is likely to have a material impact on the Council’s financial standing.

A report detailing both the activity and performance of the fraud team and the general nature of the whistleblowing allegations received is presented to the Audit Committee each year within the Annual Internal Audit Report.

During 2014/15 the DWP’s Single Fraud Investigation Service (SFIS) was rolled out across many Local Authorities. Milton Keynes Benefit Fraud work was migrated to the DWP on 1st March 2015, but Housing Benefit fraud work generally had been reducing during the past year as the quality and quantity of referrals decreased. This allowed the CAFT to expand its range and depth of non Welfare related fraud work.

Chief Financial Officer

The Corporate Director Resources (Tim Hannam) is the Council's appointed Chief Financial Officer. This is a statutory post, responsible for delivering and overseeing the financial management of the council. The Chief Financial Officer is a member of the Corporate Management Team and is responsible, in conjunction with the Service Director Finance & Resources, for commissioning the finance service which is provided by the Milton Keynes Service Partnership. This role conforms with the good practice requirements within the CIPFA statement on the Role of the Chief Financial Officer in Local Government.

The Chief Financial Officer has been involved in reviewing corporate governance and in preparing this corporate governance statement. He is satisfied with the arrangements currently in place for managing finance and procurement processes.

The Cabinet Procurement Committee has been in place for most of 2014/15 and continues to support a more robust approach to procurement. The new Commissioning and Procurement Committee will continue to enforce these requirements.

There is still further improvement required to the timeliness of payment in some areas and the debt collection process, however, progress is being made to streamline and modernise these processes, which should bring benefits largely in 2015/16 onwards. The Council introduced a new Income & Collection Policy in October 2014 and has created a Corporate Debt Team; again this will lead to improvements principally in 2015/16.

Overall the control framework is operating effectively and no matters of significance have been omitted from this statement.

Managing finances

There is a good system of budgetary control in place, which is enforced by the Corporate Management Team and Directors Forum, supported by training courses for budget and project managers. Capital projects are subject to early Review Points at the Capital Programme Review Panel which ensures projects are fully resourced and planned before spending can commence. This process, together with the monitoring arrangements put in place at Corporate and Service Group level, has ensured that the majority of the capital programme has been delivered on budget.

Overall the council has a strong track record of delivering savings proposals. The majority of the savings proposals included in the 2014/15 budget have been delivered and managers continue to implement the necessary changes to ensure the council reduces its costs or increases income as required. However, there were greater demand pressures coming through the system than was anticipated at the time of the budget, and therefore the majority of the Council's demand-led reserves have had to be utilised. These pressures have been reflected in the 2015/16 budget build.

Internal Audit

The Council receives a substantial amount of assurance from the work that is undertaken by its Internal Audit Service who are charged with reviewing the adequacy of the controls that operate throughout all areas of the Council.

The Internal Audit Service has been managed and delivered in accordance with the Public Sector Internal Audit Standards (PSIAS) which were introduced in April 2013. The Audit Committee approved the Internal Audit Charter and the Internal Audit Strategy which ensure compliance with the PSIAS. The Charter sets out the internal audit role and its responsibilities and clarifies its independence.

As required by regulations a review on the effectiveness of Internal Audit was undertaken in the form of a self- assessment review against both the PSIAS and the Application Note using CIPFA's checklist. The results of the review confirm that the Internal Audit Service conforms with the PSIAS and that there are no issues of 'non-conformance' that need to be included in this statement.

The governance arrangements set out in the CIPFA Statement on the Role of the Head of Internal Audit have also been reviewed and no areas of non-compliance have been identified.

One of the key assurance statements the Council receives is the annual report and opinion of the Head of Internal Audit [\(add link\)](#). In respect of the 12 month period ending 31 March 2015, the opinion expressed was that the "Council's internal control environment and systems of internal control provide 'Satisfactory' assurance over key business processes and financial systems". All but one essential actions have now been implemented and there are no issues further to those reported in the action plan that are considered significant enough for inclusion in this statement.

External Audit & Inspections

Ernst and Young provide the external audit service to Milton Keynes Council.

The auditor issued an unqualified opinion in relation to the Council's 2013/14 statutory financial statements which include the single entity accounts for the Council and the group accounts incorporating Milton Keynes Service Partnership and Milton Keynes Development Partnership. An unqualified conclusion was also issued in relation to the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources (the value for money conclusion).

Feedback from the work undertaken to date has not highlighted any issues which would lead to a different opinion on either the 2014/15 Statement of Accounts or Value for Money arrangements

In April 2014 the Local Government Ombudsman changed how they classified the results of complaints, decisions are now described as upheld (maladministration) or not upheld. This financial year Milton Keynes Council received 42 Ombudsman decisions. Eight of these were upheld, five of which will be recorded as maladministration with injustice and three of which will be recorded as maladministration with no injustice. Payments were made to the complainant in three cases; a land ownership dispute, failure to make appropriate educational provision and a communication regarding contributions to respite care.

Reports are issued for upheld complaints which are complex or are the cause of a greater injustice, the Ombudsman therefore makes the decision that a report is necessary for public interest; no reports have been issued to the council during the year.

The Care Quality Commission carried out two visits during the year, one confirmed that the Council complied with the required standards and the outcome has not yet been received for the other.

Eight Children's Centres' received Ofsted inspections; three received a judgment of 'good' and five received a judgment of 'requires improvement'. Ofsted did not undertake a whole service (single inspection framework) inspection of services for children in need of help and protection, children looked after and care leavers during the period.

Significant Governance issues

The progress made on dealing with the issues identified in the 2013/14 Action Plan is shown below:

Councillor Training –All Councillors have been offered a personal development interview and all have access to an ongoing training and development programme. Specialist training was provided to members of the Regulatory Sub Committee. Role profiles for Councillors have been agreed.

Overview and Scrutiny arrangements – A review of the existing scrutiny arrangements was undertaken and the Council agreed a new scrutiny structure to be implemented from May 2015.

Working across new boundaries –Problems that had been associated with the notification to the relevant Ward Councillors after the change of boundaries have been rectified in the main.

Transition resulting from new appointments in the Senior Management Team - There is a clear structure and responsibilities have been realigned with all posts at senior level now filled. All but one are permanent appointments.

Budget Gap – The 2014-15 outturn reflects increased cost pressures in demand led services, resulted in overspends against the budget, these were however largely mitigated by the use of the Council's demand-led reserves. The 2015/16 budget development reflected these pressures and restored the demand-led reserves.

While generally satisfied with the effectiveness of corporate governance arrangements and the internal control environment, as part of continuing efforts to improve governance arrangements the issues highlighted in the following table have been identified for action. The action plan arising from the issues will be monitored throughout the forthcoming year.

Annual Governance Statement Action Plan 2014/15

	Issue	Action	Outcome	Lead Officer	Completion Date
1	The Council's Code of Corporate Governance has not been updated since 2010. (C/f from 2013/14 AGS)	A review of the Council's Code of Corporate Governance to be undertaken to ensure that it describes the Council's governance framework and the arrangements through which this is delivered. (C/f from 2013/14 AGS)	A fit for purpose Code of Corporate Governance which is complied with.	CMT/ Corporate Director Resources	31/03/2016
2.	Increased reliance on a wide range of Partners to work with the Council to deliver key services e.g. health. (C/f from 2013/14 AGS)	The process for overseeing and monitoring key partnerships is effective. (C/f from 2013/14 AGS)	Annual review provides assurance of effective partnership governance arrangements	CMT/ Head of Policy & Performance	31/12/2015
3	An increasing number of core services are being delivered through large and complex contracts. (C/f from 2013/14 AGS)	Arrangements for effective contract management are in place. (C/f from 2013/14 AGS)	Internal Audit to provide at least a satisfactory opinion on audits of large contracts	CMT/ Service Director Public Realm	31/03/2016
4	There is a need to demonstrate that proposed benefits are achieved from major programmes and projects. (C/f from 2013/14 AGS)	Arrangements are in place to formally evaluate benefits gained from all major programmes and projects. (C/f from 2013/14 AGS)	Benefits realisation reviews are undertaken on key projects	CMT	31/12/2015
5	The Council continues to face a very challenging financial outlook with savings of £21.2m to be delivered in 2015/16 and a further £69.8m to be delivered up to 2019/20 of which £13.7m had been identified.	The delivery of the 2015/16 budget will continue to be monitored closely and reported to Councillors regularly. The need to deliver budgets has been reinforced by the issue of accountability letters to all Budget Managers, Heads of Service and Directors. Work has begun on developing a new strategic approach to the budget based around the delivery of a number of key strategic themes.	The outturn of the 2015/16 budget is in-line with the budget agreed by Councillors in February 2015. Accountability letters reflect agreement of the appropriate service budgets and responsibilities. Revisions to the 2016/17 budget build reflect the revised approach adopted to the development of the budget.	CMT/ Corporate Director Resources	31/03/2016
6	The Governance and operation of MKSP has been subject to an external review which identified a number of shortcomings.	The MKSP Board recommendations need to be progressed through the Council's decision making processes.	Transition to new model completed	CMT	31/03/2016
7	The Risk Management Process needs strengthening and embedding through the organisation	Develop the current Corporate Strategic Risks, specifying the owner of each. Develop the Risk Management and Business Continuity Strategy. Appoint a 'risk champion' for service areas.	Risk Management and Business Continuity Strategy that aligns to the Council's objectives and risk appetite.	CMT/Head of Insurance and Risk Management	31/12/2015
8	The Performance Management process is being reinforced to ensure CMT is fully sighted on organisational health and performance.	Introduction of Performance Boards New reporting arrangements to Overview and Scrutiny Management Committee.	New framework in place and embedded	CMT/ Head of Policy & Performance	31/12/2015

Signed:

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Councillor Peter Marland
Leader of Milton Keynes Council

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Carole Mills
Chief Executive – Milton Keynes
Council

“Good corporate governance is about 'intellectual honesty' and not just sticking to rules and regulations”.

Mervyn King (Chairman: King Report on Corporate Governance)