

MILTON KEYNES COUNCIL

ANNUAL GOVERNANCE STATEMENT – 2011/2012

**Introduction**

Milton Keynes Council, like all local government bodies, is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. The development of a Code of Corporate Governance, consistent with the principles and requirements of the CIPFA/SOLACE Framework *'Delivering Good Governance in Local Government'* helps to ensure proper arrangements are in place to meet that responsibility. Milton Keynes Council adopted a Code of Corporate Governance in June 2010.

The Council undertakes an annual review of its governance arrangements to ensure continuing compliance with best practice as set out in the Framework. This Annual Governance Statement (AGS) is that review.

It is important that the AGS is reported on both within the Authority, to the Audit Committee or other appropriate member body, and externally with the published accounts, to provide assurance that:

- governance arrangements are adequate and operating effectively in practice, or
- where reviews of the governance arrangements have revealed gaps, action is planned that will ensure effective governance in future.

The process of preparing the governance statement itself adds value to the corporate governance and internal control framework of the Council. Both officer and Member involvement in the drafting process ensures that the document is robust and reflective of the authority's governance and internal control arrangements for 2011/2012.

The following paragraphs are, therefore, laid out in accordance with the Framework (*'Delivering Good Governance in Local Government'*) as follows;

Part A - The Governance Framework

- Scope of responsibility
- The purpose of the governance framework
- The governance framework

- PRINCIPLE 1. - Focusing on the purpose of the Authority and on outcomes for the community and on creating and implementing a vision for the local area
- PRINCIPLE 2 - Member and officers working together to achieve a common purpose with clearly defined functions and roles
- PRINCIPLE 3 - Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour
- PRINCIPLE 4 - Taking informed transparent decisions which are subject to effective scrutiny and managing risk
- PRINCIPLE 5 - Developing the capacity and capability of members and officers to be effective
- PRINCIPLE 6 - Engaging with local people and other stakeholders to ensure robust public accountability

#### Part B – Review of Effectiveness

- The Authority
- The Executive (Cabinet)
- Audit Committee
- Overview & Scrutiny (The Overview & Scrutiny Management Committee, Select Committees & the Executive Scrutiny Panel)
- Standards Committee
- Regulatory Committees
- Internal Audit
- Audit Opinion
- Legal
- Finance
- External Audit and Inspection

## Part A - The Governance Framework

### Scope of responsibility

- 1 Milton Keynes Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for. Milton Keynes Council 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.
- 2 In discharging this overall responsibility it is necessary for Milton Keynes Council to put in place proper arrangements for the governance and management of its affairs, facilitating the effective exercise of its functions and arrangements for the management of risk.
- 3 Milton Keynes Council has approved and adopted a Code of Corporate Governance (the Code), which is consistent with the principles of the CIPFA/SOLACE Framework *'Delivering Good Governance in Local Government'*. A copy of the code can be found on our website at [http://www.milton-keynes.gov.uk/mkcouncil/documents/Code\\_of\\_Corp\\_Gov\\_2010\\_FINA\\_L.doc](http://www.milton-keynes.gov.uk/mkcouncil/documents/Code_of_Corp_Gov_2010_FINA_L.doc) or obtained by ringing 01908 252499.
- 4 This statement explains how Milton Keynes Council has complied with the Code and also meets the requirements of Regulation 4 of the Accounts and Audit Regulations 2011 in relation to the conduct of a review of the effectiveness of Milton Keynes Council's system of internal control and the production of an annual governance statement, prepared in accordance with proper practices in relation to internal control.
- 5 Milton Keynes Council's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010). The financial management arrangements for the authority and the role of the Chief Financial Officer (s151 officer and Corporate Director – Resources) are detailed within the text of the Annual Governance Statement and under each of the six principles, as set out below.

### The purpose of the governance framework

- 6 The governance framework comprises the systems and processes, together with the culture and values, by which the Authority directs and controls its activities and through which it accounts to, engages with and leads the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

- 7 The System of Internal Control is a significant part of that framework. The System of Internal Control for Milton Keynes Council comprises of a number of internal processes, which together provide assurance to the Authority that it will achieve its policies, aims and objectives and support the identification of risk. Once risk is identified it can be managed to a reasonable level through the risk management process. 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.
- 8 In Milton Keynes it should be recognised that these processes are not limited to the internal processes providing assurance to the Authority, but also those wider governance networks which support Milton Keynes Council working with its partners to achieve the vision for the area.

### **The governance framework**

- 9 The current governance framework has been in place at Milton Keynes Council for the year ended 31st March 2012 and up to the date of approval of the statement of accounts.
- 10 The key elements of the Milton Keynes Council corporate governance and control environment are outlined below in line with the six principles within the Milton Keynes Council Code of Corporate Governance;

### **Setting the context**

- 11 Milton Keynes is one of the fastest growing places in the UK. Since it was designated a New Town in 1967, the Borough's population has grown from 60,000 to 236,700 with development plans indicating an overall population in 2026 of almost 300,000.
- 12 It is this growth, considered alongside Milton Keynes' demography, the citizens survey and budget consultation which inform the Council's outcomes and priorities framework and, in turn the governance processes which support its delivery.

### **PRINCIPLE 1.**

**Focusing on the purpose of the Authority and on outcomes for the community and on creating and implementing a vision for the local area**

### **Milton Keynes Council's vision**

- 1.1.1 The Council's vision is contained within the Corporate Plan, which is available on the Council's website and also in hardcopy from the Council's offices;

“Our vision for Milton Keynes - Where we think differently, create opportunity and believe in people”

- 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.

### **Milton Keynes Council Values**

1.1.2 Milton Keynes Council has organisational values, which define the way that things are done at the Council. Milton Keynes Council’s Values are;

- We are responsive,
- We are collaborative
- We put our customers first.

### **Milton Keynes Council Corporate Plan**

1.1.3 A draft Corporate Plan was available during 2011/12 and used as the framework for the Corporate Plan 2012 – 16 which was adopted by the Council on 10 January 2012 after a 12 week consultation with partnership bodies (including Town and Parish Councils), Council employees, members of the public and Council Members. The Corporate Plan describes 5 themes, outcomes that will be achieved and the priorities with regard to achieving those outcomes.

- 1.1.4 The Milton Keynes Council themes are: World Class MK, Living in MK, Working in MK, Visiting MK and Cleaner, Greener, Safer and Healthier MK.
- 1.1.5 The Corporate Plan also contains the cross cutting themes of Organisational Transformation and Improvement and Equality and Cohesion.
- 1.1.6 Policies and service group plans are reviewed on an annual basis to ensure that they properly reflect the outcomes and priorities in the Corporate Plan. Legislation and national policy continues to be reviewed throughout the year and as a result, any required updates or additional clarification to the Corporate Plan will be carried out as appropriate. A full review of the Corporate Plan will be undertaken prior to 2016.

### **Core Strategy**

- 1.1.7 The Council's Core Strategy provides a spatial expression of the Council's vision and aspiration for the area. Once the Core Strategy has been adopted it will provide the Council's vision for the strategy for the future development of the Borough and identify major areas where growth and change will take place. The Core Strategy along with the Local Plan (Plan MK) forms the authority's Statutory Development Plan. The government's decision to abolish Regional Spatial Strategies has led to a review of the Core Strategy for Milton Keynes. The current draft sets out a number of objectives for the area and the Core Strategy awaits public examination which will commence on 10 July 2012, with the inspector's report to be issued in November 2012.

### **Homes and Communities Agency**

- 1.1.8 The Council has secured a commitment from the Homes and Communities Agency and Department of Communities and Local Government (DCLG) for the transfer of roles, responsibilities and assets from the Milton Keynes Partnership to more local control.
- 1.1.9 Significant progress has been made during 2011/12, guided at all times by the cross-party Cabinet Advisory Group and informed by the recommendations in the Scrutiny Review Panel's report "Putting the magic back into Milton Keynes." Employees in the inward investment and development control functions transferred from the Milton Keynes Partnership in August 2011 and agreement has been reached with regard to the land transfer of the green estate to the Parks Trust. Negotiations continue on the acquisition of HCA assets in Milton Keynes, the operation of the tariff and the transfer of the formal development control powers (the council currently operate the function under a service level agreement.) Cabinet will consider the Heads of

Terms for these matters in June 2012 and it is anticipated the transfers could take place in December 2012.

- 1.1.10 The transfer of the HCA's development control powers in the expansion and other areas to the Council will be achieved by a Statutory Instrument (SI). The DCLG has indicated they are in a position to progress the laying of the SI to confer the development control powers to the Council and are seeking the Council's endorsement to proceed. On the basis of the current timetable, the consultation period of 8 weeks is due to commence by July 2012 and the SI is to be laid before Parliament in November 2012. The Council will be part of the formal consultation process.
- 1.1.11 The Council is developing detailed proposals for the future governance arrangements, seeking to achieve quality outcomes for Milton Keynes in line with the corporate plan and other key strategies by revitalising the capability of the council itself and establishing a development company to secure the necessary resources and expertise to develop the assets. These proposals are being developed on a cross-party basis and are expected to be considered by Cabinet in October 2012.

### **South East Midlands Local Enterprise Partnership (SEMLEP)**

- 1.1.12 The Council and neighbouring authorities, and their business, higher/further education and VCS partners have been successful in a bid to government to develop a South East Midlands Local Enterprise Partnership (LEP).
- 1.1.13 On 22nd March SEMLEP held its 'Getting Down to Business' conference at the stadium:mk and launched its Plan for Growth April 2012 - March 2013.
- 1.1.14 By March 2015, the South East Midlands Local Enterprise Partnership aspires to be one of the most innovative, successful and high performing local enterprise partnerships in England, as measured in overall terms, by growth in Gross Value Added per head relative to other LEPs and as demonstrated by the effective collective leadership provided by local authority and private sector partners.
- 1.1.15 Five innovation work streams have been developed; exploring innovative ways of funding localism, investigating appropriate policy opportunities to take forward SEMLEP's growth towns, developing examples of good procurement practice that enable social enterprises and small and medium sized businesses, researching a local skills outcome funding methodology that will enable funding to be more effectively targeted towards the needs of local employers and businesses and taking a lead on devising an effective way for SEMLEP, together with other LEPs, to acquire devolved responsibility for funding major transport projects.

1.1.16 Milton Keynes Council plays a key role in the delivery of the SEMLEP vision.

### **Partnerships**

1.1.17 The Corporate Leadership Team has identified 8 significant partnerships, which are monitored in terms of their delivery against the Corporate Plan. In respect of these partnerships, the Council's risk management processes are used to ensure that risks are recognised and reported appropriately.

1.1.18 All other partnerships are managed by senior officers in each team and through the Council's performance management arrangements and financial processes. A partnership toolkit is also in place which is used when service groups are setting up new partnerships.

### **Carbon Management**

1.1.19 The Council has set itself a target of a 40% reduction of carbon emissions in Milton Keynes by 2020. Progress is regularly reported to the Low Carbon Advisory and Steering Groups and a revised Milton Keynes Low Carbon Action Plan was agreed by delegated decision on 11th January 2012.

1.1.20 A strategic programme has been devised with partners to develop a pipeline of carbon reduction projects with some recent notable success in securing investment into Milton Keynes. An Advisory Group, dealing with the strategic visioning of low carbon, has its first meeting on the 23rd January 2012.

1.1.21 Environmental impact of policies, plans and decisions are considered on all Cabinet reports, prior to the reports being agreed.

## **PRINCIPLE 2**

**Member and officers working together to achieve a common purpose with clearly defined functions and roles**

### **Roles of Key Officers**

2.1.1 The Milton Keynes Council Constitution sets out how the Council operates, how decisions are made and the procedures that are followed to ensure that the Council's decision making is efficient, transparent and accountable to local people.

2.1.2 The Constitution sets out the role of key governance officers, including the statutory posts of 'head of paid service', 'section 151 officer' and 'monitoring officer', 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.

- 2.1.3 The head of paid service is the Chief Executive, who chairs the Corporate Leadership Team (CLT) and is responsible and accountable to the authority for all aspects of operational management.
- 2.1.4 The Section 151 officer is the Corporate Director Resources, who is a member of Core CLT and is responsible to the authority for ensuring that appropriate advice is given on all financial matters, for keeping proper financial records and accounts and for maintaining an effective system of Internal Financial Control.
- 2.1.5 The Monitoring Officer (the Assistant Director [Law and Governance]) is responsible to the authority for ensuring that agreed procedures are followed and that all applicable statutes and regulations are complied with. The Monitoring Officer is a member of wider CLT and attends CLT meetings in that capacity.
- 2.1.6 Senior officers maintain their high level of skill and knowledge through training courses and membership of appropriate accredited organisations.

### **Organisational Structure**

- 2.1.7 A new organisational structure has been put into place during 2011-2012 designed to respond to current political and legislative challenges, and to anticipated demographic changes.
- 2.1.8 The new structure consists of the Chief Executive, as the Head of Paid Service and three corporate directors. The Council has been rearranged into a new group structure, with the Corporate Directors providing Leadership to the service groups. A diagram showing the new structure has been added at appendix 1.
- 2.1.9 Formal consultation on changes to the “Corporate Core” has been completed and appointments have been made to the new structure. The intention of bringing together research, intelligence, and performance management and communications functions from across the Council has been achieved.

### **Employee remuneration and policy arrangements**

- 2.1.10 Milton Keynes Council has robust recruitment arrangements and ensures that all staff involved in the recruitment process have appropriate training to ensure that people employed by the organisation are appointed on the basis of competence. This is supported by competence based job descriptions and role profiles.

- 2.1.11 A Workforce Development Strategy, adopted In January 2010 describes the approach to performance managing and developing the workforce to ensure that the Council can deliver customer focused, efficient and effective services, both now and in the future. During 2011/12 the original themes and areas of focus have been reviewed for ongoing relevance. All immediate priorities have been progressed including support to the overall Organisational Transformation Programme and specifically to Strand 5 (Organisational Processes and Structures), the Job Evaluation project, development of a new pay structure, introduction of new management development programmes, and implementation of Employee Self Service and Manager Self Service IT systems, to enable more streamlined management of day to day staffing issues.
- 2.1.12 The staff competence framework remains in place and properly reflects the Milton Keynes Council vision, values and objectives. In support of the 'One Council' vision further work was done by the leadership team in defining a set of leadership competences for senior management which form part of the appraisal process. Individual contributions to targets and priorities are monitored through the appraisal system. During 2011/12 the electronic appraisal system has been further improved and ongoing monitoring remains in place against a management target of 100% compliance.
- 2.1.13 A number of policies for managing performance have been updated in the past year, including Attendance at Work, Managing Underperformance, Social Media and Disciplinary. The roll out of the policies has been supported by workshops for managers and each policy is supported with a toolkit and Human Resources advice as appropriate.
- 2.1.14 Milton Keynes Council has a pay policy, in respect of Local Authority employees which was approved by the Council on 13 March 2012 and has been published on the Council's website. In addition the Human Resources department maintains processes for ensuring proper remuneration of Council Employees. Work continues on the Job Evaluation project and development of the new pay structure.

### **Member remuneration and roles of Members**

- 2.1.15 Schemes of delegation are in place, both in respect of powers reserved to the Council and financial arrangements. The financial scheme of delegation has been updated in the last year and the Scheme of Delegation for powers reserved to the Council continues to be reviewed and updated as part of the maintenance of the constitution.
- 2.1.16 Milton Keynes Council has adopted the Executive and Leader model of governance for the authority and has clearly set out, within its constitution the role and powers of the Leader. The Leader's Scheme of Delegation clearly identifies the roles of Councillors sitting on the

Executive and details the extent of their powers in respect of decision making.

- 2.1.17 The appointment of Members to outside bodies and partnerships is delegated to the Assistant Director [Democratic Services]. Information for Members on their role during their appointment is available when they are appointed. General training provided to Members during their induction ensures that Members are aware of their authority and ability to bind their organisation to partner decisions.
- 2.1.18 Work is in hand on the development of Role Profiles for Members with the assistance of SOLACE Enterprises. Local Government Improvement and Development, part of the Local Government Association has provided support in conducting Personal Development Planning (PDP) sessions to follow the Role Profile work. Specific, targeted training provision for Members will be based on the outputs of the PDP sessions.
- 2.1.19 Member training, including an induction session is in place. All Members receive training on the Code of Conduct and 'How to make a lawful decision' as well as a number of 'role specific' training sessions for Members including mandatory training for Licensing, Regulatory matters and Development Control Committee.
- 2.1.20 Milton Keynes Council has in place a Member/Officer protocol which sets out the responsibilities and expected standards of behaviour of both Members and Officers when working together. The Member/Officer protocol has been adopted as part of the Constitution and work will continue in the coming year to ensure that the protocol is embedded and understood by officers and Members.
- 2.1.21 MKC has been under 'no overall control' for some years and this situation is likely to persist for the foreseeable future. All political groups have given careful consideration to this position and communication mechanisms have been put in place, and have worked well throughout 2011/12 to ensure that groups are able to work together for the benefit of the residents of Milton Keynes. This is a matter that requires continued careful attention, support and ongoing efforts on all sides to promote and enhance a 'corporate' approach – between political groups and between Members and officers – where possible and without prejudice to the legitimate expression of political views.
- 2.1.22 The Independent Remuneration Panel is in place and made recommendations to the Council in January in respect of remuneration for Members which were considered by the Council prior to it making its determination in respect of a Scheme of Member Allowances.

### **PRINCIPLE 3.**

**Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour**

#### **Codes of Conduct**

- 3.1.1 Milton Keynes Council is committed to high standards of conduct from both officers and Councillors. These standards are set out in the Members' and the Employees' Codes of Conduct, which form part of the Constitution and are communicated to Members and employees of the Authority during the induction processes.
- 3.1.2 The Localism Act 2011 has brought significant change in respect of Member Codes of Conduct, with the abolition of Statutory Standards Committees, the statutory Member complaints process and a statutory Code. Local authorities are now under a duty to adopt their own Codes of Conduct, although Milton Keynes Council will remain responsible for the investigation and determination of complaints about Members of Parish Councils. A new Milton Keynes Council Standards Committee will be formed, who will be responsible for making recommendations to the Council on conduct matters, including the development of a new Code of Conduct.
- 3.1.3 Standards of conduct by Councillors are currently reviewed by the Statutory Standards Committee which is directly supported by the Monitoring Officer. The Standards Committee has undertaken 3 hearings in the past year and has used its reviewed procedures to bring these matters to a conclusion.
- 3.1.4 Milton Keynes Council's Members promote the values of the Authority by striving to provide a climate of openness, support and respect. This is reflected by the behaviour of the Milton Keynes Council Corporate Leadership Team (CLT), which remains committed to the creation of a climate of openness, support and respect throughout 2011/12 and into the future.
- 3.1.5 Systems and processes for financial administration, financial control and protection of the authority's resources and assets are designed in conformity with appropriate ethical standards.

#### **Arrangements for registration of interests**

- 3.1.6 The Council has arrangements to ensure Councillors and employees of the Authority are not influenced or seen to be influenced by prejudice or conflicts of interest. This is achieved through the maintenance of registers of interests for both Members and officers, supported by the presence of legal advice at Council, Cabinet and Committee meetings.

- 3.1.7 The Members' Register of Interests has been maintained throughout the year by the Law and Governance Division and is published online. The registers of interest for employees are maintained at a Service Group level. Members have received reminders to ensure that the registers are kept current. Officer reminders are to be reviewed to ensure that they are consistent across the authority. Hospitality registers are also in place for officers; these are regularly reviewed by Corporate Directors.

#### **PRINCIPLE 4.**

#### **Taking informed transparent decisions which are subject to effective scrutiny and managing risk**

##### **Decision making arrangements**

- 4.1.1. Robust decision making is central to effective local government and Milton Keynes Council is committed to ensuring that all of its decisions are made in a robust and transparent manner.
- 4.1.2 The call-over process ensures that all Cabinet and Council papers are subjected to scrutiny by governance officers (legal, finance, human resources, democratic services, policy, audit and risk) to ensure that they are robust and that issues are dealt with appropriately.
- 4.1.3 Advice is made available from key officers during Committee, Cabinet and Council meetings to ensure that decision makers recognise relevant financial, risk and governance implications in the process, adherence to Council policies and procedures and the limits of their lawful activity and specific legislative requirements placed upon them.
- 4.1.4 The Council's Constitution sets out the rules surrounding decision making and ensures that the key principles of administrative law are integrated into the decision making process. Terms of Reference for the Committees are available in the Constitution and from the Council's committee management website and included on the agenda papers. The Forward Plan publishes information regarding major decisions which are to be taken by the Cabinet and is made available to the public through CMIS and in hard copy.
- 4.1.5 Decisions taken by the Cabinet are subject to Executive Scrutiny, a process whereby the decisions made can be called in and subjected to detailed scrutiny by Councillors sitting on the Executive Scrutiny Panel. This facility is extended at Milton Keynes Council to any twenty electors or any parish council within the Borough.
- 4.1.6 The Council also runs a Select Committee structure with an overarching Overview and Scrutiny Management Committee.

4.1.7 A briefing session will take place for Members in 2012 regarding possible governance structures for the Authority and to inform any discussion on the most appropriate governance structure for Milton Keynes Council.

### **Risk Management**

4.1.8 Developing an understanding of risk management is an essential part of robust decision making. Milton Keynes Council has a risk management strategy. The risk management team work with Assistant Directors, Heads of Service and lead officers on projects to ensure that the authority is recognising and as appropriate, minimising risk. The Corporate Leadership Team receives the risk register on a quarterly basis. The Council has identified the high level risks to achieving the Council's objectives and has mapped these onto the risk management system accordingly.

4.1.9 All services undertake risk workshops in order to identify the risks to the particular service and then these risks are mapped onto the Council's risk management system and are then managed at all levels across the Authority, with dedicated risk managers in place to ensure that the risk registers remain up to date. Compulsory training is in place for all staff regarding risk management and all reports to Committee have a risk management section. Risk is also considered as part of the service planning process.

4.1.10 The Council's risk management arrangements have been strengthened considerably in the last few years and risk management is included within the quarterly corporate challenge process which ensures both management of risk and proper scrutiny of the risk management process.

### **Scrutiny arrangements**

4.1.11 The scrutiny arrangements in Milton Keynes are discharged through the 'Select Committee' structure, comprising an Overview and Scrutiny Management Committee underpinned by five select committees; Children and Young People, Safer and Stronger Communities, Health and Community Well-being, Partnerships & Growth, and Economic Development and Enterprise.

4.1.12 Further to this the Budget Review Group has provided challenge sessions in October 2011 and January 2012, considering the Cabinet's draft budget for the different service groups, questioning the relevant Cabinet Members on the strategy they had employed when preparing draft budgets, particularly with respect to savings to be achieved, and the impact this would have on local people. Recommendations were then made by the Budget Review Group to the Cabinet prior to Cabinet approving the draft budget for 2012/13.

4.1.13 Review groups have been set up to consider matters such as the Corporate Plan, the HCA asset transfer, Performance and School Place Planning. These groups have been successful, issuing recommendations to the Council, Cabinet and its committees and also engaging other organisations.

4.1.14 Scrutiny arrangements are changing for 2012-13 and to ensure consistent scrutiny across the authority and ensure ongoing focus on specific areas. The effectiveness of the new structure, comprising 7 Select Committees will be monitored throughout the year.

4.1.15 An officer has been appointed as the scrutiny officer for Milton Keynes Council. This officer is responsible for the promotion of the roles of, and providing support to the Authority's Overview and Scrutiny Committees. In addition, the service has been reorganised and posts filled to ensure that the scrutiny function receives officer support.

### **Financial Scrutiny**

4.1.16 Reports on financial management are made available to the Cabinet and the Audit Committee on a regular basis. Appropriate financial advice is available at Committees and to individual members of the Cabinet as appropriate. Information is also communicated to the Corporate Leadership Team, to Assistant Directors and to Budget Managers to inform decision making.

### **Whistle blowing**

4.1.17 Milton Keynes Council has in place a whistle blowing policy, which is available to all staff and those who contract/partner with the authority. The purpose of the policy is to provide a process that gives anyone with a concern about the Council the confidence to bring that concern to the attention of the Council. The policy explains the types of information that may be covered by the policy and details the processes for staff to make a confidential disclosure.

4.1.18 The revised whistle blowing policy was approved by the Audit Committee in December 2011. The policy is communicated through a variety of methods including posters placed in offices, the employee handbook and the website. A slightly altered version of the policy, written specifically for schools, has been circulated to school staff. An anti fraud policy was also agreed in December 2011 and has been communicated to employees.

4.1.19 A survey was undertaken to ensure that the policy was working effectively and customer satisfaction surveys will now be undertaken in a confidential manner at the completion of an investigation. The Audit Committee will retain an overview of the policy to ensure that it is effective in its operation.

## Performance Management

4.1.20 Every service group and many services within the Council produce a service plan, which sets out contributions to the delivery of the Council's outcomes as reflected in the Corporate Plan. Individual service plans are also developed, which feed into the group plan. Delivery against Service Group Plans is monitored by Corporate Directors through the quarterly performance review process and progress of the Council's delivery against its outcomes is reported to Cabinet on a quarterly basis.

4.1.21 Included within the plans are all relevant indicators. An agreed basket of Corporate Indicators which track progress against the strategic objectives are reported via the Performance+ software system to a central performance team, which collates the information and reports the performance information to CLT on a quarterly basis. Reports are then prepared for Overview and Scrutiny management Committee, Cabinet and all Members.

4.1.22 A new Corporate Affairs & Performance Committee will be formed in 2012/13 evidencing the increasing importance being placed on performance management.

4.1.23 Performance+ has been populated with objectives and indicators from Service Group plans (2011/12) to allow progress to be monitored alongside the Corporate Plan.

4.1.24 A process of quarterly performance challenges has been rolled out across the Council during 2011/12. In this process, Service Groups are challenged on their performance, taking into account a number of factors and examining compliance with corporate processes;

- Activity, Impact & Learning Update
- Performance Analysis
- Service plan 12/13 critical analysis
- Finance
- HR
- Projects
- Risk
- Complaints & FOI
- Key Achievements

4.1.25 Milton Keynes Council has an over-arching data quality policy that is used Council-wide called the Right First Time Every Time Data Quality protocol (RFTET). The over arching policy is based on the six data quality standards of accuracy, reliability, relevance, validity, timeliness and completeness, as set out as best practice by the Audit Commission. The RFTET data quality policy sets out the roles and responsibilities of officers throughout the Council from those who are entering data to those who are using the data to make decisions.



Information is entered onto Performance+ which allows officers to access performance information.

## **Project Management**

- 4.1.26 The MK Approach, the Milton Keynes Council approach to project management based on PRINCE2, has been rolled out across the Authority and is now mandatory for use with all projects within Milton Keynes Council. A training programme has been implemented to assist the organisation in the use of the MK Approach and to up skill all those involved in delivering projects. The Portfolio Office owns the MK Approach and ensures that it remains a robust guide to delivering projects and driving improvement across the Council.
- 4.1.27 Key corporate projects are reviewed quarterly through the Corporate Project Dashboard. This provides senior management and members with a “snap shot” of progress and is also challenged through the quarterly performance challenge process.
- 4.1.28 The Capital Programme Review Panel (CPRP) has been established to have strategic oversight of all capital projects. The Panel provides a challenge/critical friend process to assess the continuing viability of projects and key aspects of schemes such as revenue implications, carbon impact, whole life costings, procurement route, planning considerations and funding arrangements. All new projects identified in the Capital Programme must now use the MK Approach and go through a review point process during their lifecycle.
- 4.1.29 Health checks are performed by the Portfolio Office and Internal Audit on selected projects. This is designed to provide an additional level of assurance that projects are being effectively managed. The recommendations from the health check focus on advice and guidance on how project can improve and provide any coaching necessary to make the required changes.
- 4.1.30 A Project Manager’s Network has been established to help develop a learning community of officers involved in delivering projects. On average, 50 project managers from across the Council attend the quarterly network meetings.

## **Financial Management**

- 4.1.31 The Council produces a medium term financial plan, which is refreshed at three points throughout the financial year to provide a framework for decision making. This medium term financial plan covers both revenue and capital resources and is linked to the Corporate Plan for the Council and Service Group plans. An annual budget and capital programme is produced which is subject to formal scrutiny and public consultation before a final budget and Capital Programme is approved by Full Council in February. The delivery of the annual budget and

capital programme is monitored by CLT and Cabinet with appropriate decisions taken throughout the year to manage the overall position. Scrutiny of this position is undertaken by the Budget Review Group.

4.1.32 The Financial Framework (Financial Regulations, Financial Procedure Rules and the Leaders Scheme of Delegation) and the Contract Procedure Rules form part of the Constitution and provide guidance to officers and members on the standards of financial management expected by the Authority. Training is mandatory for officers in budget management roles to ensure compliance with the Council's procedures.

4.1.33 The recently updated Financial Framework has strengthened the authority's financial management. The updated Contract Procedure Rules have been rolled out across the authority and have, alongside the new Cabinet Procurement Committee allowed for stronger contracts arrangements with greater member scrutiny. The Financial Scheme of Delegation has been properly aligned with all other financial documents. The Contract Procedure Rules, Financial Procedure Rules, Financial Regulations and Financial Scheme of Delegation are now subject to annual review.

4.1.34 The Council continues to ensure Value for Money through its more robust procurement arrangements requiring quotes for all items between £500 and £100,000 and a competitive tender process for all items above £100,000. This ensures that prices are competitive. The introduction of the Cabinet Procurement Committee has introduced greater challenge and transparency to further improve value for money.

### **Organisational Transformation Programme**

4.1.35 During 2011/2012 the Organisational Transformation Programme has made good progress across the work streams. Service redesigns linked to the OTP are under way in several areas of the Council and the OTP Board has approved a number of major feasibility reports that will now proceed (subject to Member approval) to deliver significant change to various areas of service delivery.

4.1.36 An OTP Communications Strategy has been in place for the last year and has recently been refreshed. Regular updates have been circulated to all staff and Elected Members. The Chief Executive has undertaken a programme of visits to staff teams in their workplaces to brief them on the OTP and to answer questions about the changes.

4.1.37 Over the last year changes that have been achieved are:

- A Public Access Strategy being put into place and implemented across the Authority;
- Children and Families - The redesign and restructure of services for children and families with progress being made towards implementing a new, slimmer management structure, reshaping

setting and school effectiveness services and developing the new Children and Families Practices which will provide a focus on 'early help' to enable those children and young people who face barriers to participation to successfully overcome them.

- Working with Health - Work has intensified with health partners. The Council is working closely with the Cluster PCT and the hospital on developing business cases to ensure the best arrangements for the future delivery of integrated community services. Decisions in relation to the community health services will need to be made by July with subsequent recommendations to Cabinet.
- Working arrangements with the Clinical Commissioning Group (MK Commissioning) are being firmed up and joint commissioning proposals being developed in tandem with the PCT Cluster commissioning support proposals. Public Health colleagues have moved to the Civic Offices and more detailed transition plans are being developed beyond the end of March 2012. Work streams are in place to ensure communication and engagement and the development of the Health and Wellbeing Strategy.
- A Community Asset Transfer project, with governance processes and a pilot in place for the consideration of transfer of assets, including open spaces and associated services to community partners.
- A new Regulatory Unit, combining Trading Standards, Environmental Health, Corporate Health and Safety, Building Control, Cemeteries, Coroners Service, infectious disease control (community), Licensing, Taxi Licensing, Animal Control and Emergency Planning. The senior management structure is in place and the 2012/13 financial savings as a result of the new arrangements will amount to circa £320K.
- A feasibility study for Open Spaces has concluded and the OTP Board has directed that work be undertaken to identify strategic open space in the borough and pursue a strategy to work more collaboratively with the Parks Trust in relation to the maintenance of open space in the future.
- Consideration of Trading Services through an action plan, approved by the OTP Board on 26 January 2012 to start working through the costs and impacts and to consider how those remaining services might be best delivered in the future.
- Shared Services - A feasibility report presented to the OTP Board for approval in early April 2012. Indications are that this work may only identify limited opportunities for sharing services.
- Organisational Structures and Processes - Driving processes to review and strengthen capacity at senior manager level, whilst reducing cost, have resulted in a reduction of one corporate director and three assistant director posts, with total savings to end 2011/12 of £489,658. Further senior management savings of £97,331 are identified for 2012/13.
- Phase one of the project to identify opportunities to eliminate overlap and duplication and to rationalise corporate processes to improve efficiency has been completed.

4.1.38 A new Select Committee for Corporate Affairs and Performance has been tasked with scrutinising the effectiveness of the Organisational Transformation Programme to support the implementation of the Council's Corporate Plan and to meet challenges that the Council faces in the future.

## **PRINCIPLE 5.**

### **Developing the capacity and capability of members and officers to be effective**

5.1.1 Milton Keynes Council recognises that governance in a local government environment can be challenging and is committed to ensuring that people have the right skills, knowledge and experience to perform well in their roles.

5.1.2 Milton Keynes Council provides induction programmes for both Councillors and Officers and also provides ongoing training programmes, with a number of compulsory and optional courses run on a regular basis to meet training needs. Training is delivered in accordance with training needs as identified during the appraisal process.

5.1.3 Specific training is provided to Members in relation to certain councillor roles, such as scrutiny and chairing meetings. Separate Guides or Codes of behaviour are adopted for Members of Regulatory, Licensing, Audit, Standards and Development Control Committees and training is compulsory for Members who wish to sit on the Licensing or Development Control Committees. Both the Leader and the Children and Young People's portfolio holder receive formal advice on their statutory responsibilities.

5.1.4 A competency based appraisal process has been put in place for Milton Keynes Council Officers, which links to the training framework and also to the Council's objectives through the service planning process.

5.1.5 In 2011/12 the majority of employees underwent an appraisal, which was linked to the group plan for the area in which they are employed. It has been agreed that all employees are to have an annual appraisal, the outcome of which will be an agreed set of targets and a development plan. A simplified competence framework has also been embedded. The Authority retains its target of a 100% appraisal completion rate.

5.1.6 The IT Security Policy is in place and has been communicated to all employees via a log in screen which requires the user to consider the policy prior to logging into their account. This policy sets out the standards for IT use and also Data Management in the Authority.

5.1.7 A process is in place to facilitate compliments, comments and complaints from members of the public. This is underpinned by a publicised complaints process and a network of officers throughout the Authority, supported by a single point of contact and computer system to provide shared learning and feedback as well as liaison services with external services such as the Local Government Ombudsman Service. The authority has a commitment to service improvement through customer feedback, and uses the complaints, comments and compliments to inform and improve its service delivery. A recent Audit has shown that 93% of complaints made are dealt with at stage one of the process.

## **PRINCIPLE 6.**

### **Engaging with local people and other stakeholders to ensure robust public accountability**

6.1.1 Milton Keynes Council is committed to engaging local people and local stakeholders to ensure robust public accountability. The Council undertakes an annual 'Citizens Survey'. This is done voluntarily to meet the Council's commitment to having firm public feedback data available to support decision making.

6.1.2 The independent Citizens' Survey covers general quality of life and customer satisfaction and was conducted between November 2010 and January 2011. The results of the survey are used to inform service delivery and the Council's vision and direction for the future.

6.1.3 The Council's Public Access Strategy was approved by Cabinet in January 2012. This strategy sets out our vision to improve our customers' experience by transforming how they access Council services, based on an understanding of our customers and their needs, through a 'One Council' approach to customer service. Our customers access services in a number of different ways including by telephone, face to face and through the internet. Currently the most used contact methods are telephone and face to face but the use of the internet is very limited despite many customers wishing to use this method. Improving access will:

- Make it easier for customers to get the services they need and to resolve their enquiry the first time they contact us
- Improve outcomes through matching resources to need
- Remove duplication, inefficiency and bureaucracy

6.1.4 Delivering this vision will take the Council from a service provider focus where customers have to make multiple contacts to get the services they need, to a customer focus, where services join up so that customers can get the services they need in a single contact

- 6.1.5 The strategy sets out four areas of focus to achieve the change:
- A New Target Operating Model for customer service
  - Optimising access to services through channel shift
  - End to end re-design of services
  - Values, Performance, Behaviours and Leadership
- 6.1.6 The implementation phase of the Public Access project commenced in April 2012.
- 6.1.7 Organisational change has been communicated to all employees through the weekly bulletin, CLT briefing sessions, group briefing sessions, the Chief Executive's blog and visits, around the authority from the Chief Executive, to talk to employees about changes and answer questions. This communication will be developed in respect of officers and Members in 2012/13.
- 6.1.8 To ensure transparency in decision making, the Council makes Committee documents available to the public in line with its own Access to Information Procedure Rules and statutory publication dates through the Committee Management Information System (CMIS). Agendas for Council and Committee meetings are made available both electronically and in hard copy, and meetings are held in public unless there are lawful reasons to hold them in private. The Council encourages public participation at meetings, having time put aside for questions from Members of the Public at Council, Committee and Cabinet meetings. The Council's Committee Management Information System is available online and stores information for all public meetings of the Authority, and also in respect of delegated Cabinet Member and Officer decisions.
- 6.1.9 The authority is committed to making information available to the public and has placed information regarding spend above £500 on the internet, publishes details of senior management salaries within its Statement of Accounts and details of its budget in the budget book.
- 6.1.10 The Council welcomes petitions and recognises that petitions are one way in which people can let it know of their concerns. All petitions sent or presented to the Council receive acknowledgment from the Council within 10 working days of receipt and set out what the Council plans to do with the petition. The Council will treat something as a petition if it is identified as being a petition, or if it appears that it is intended to be a petition. The Council can accept electronic petitions through its e-petitions website as well as those sent in hard copy.

## **Part B – The Review of Effectiveness**

- B1 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. The review of effectiveness is informed by the work of the executive managers within the Authority

who have responsibility for the development and maintenance of the governance environment, the Assistant Director Audit & Risk Management's annual report, and also by comments made by the external auditors and other review agencies and inspectorates. The Citizen's Survey also supports this process.

- B2 The process that has been applied in maintaining and reviewing the effectiveness of the governance framework and system of internal control includes:

### **The Authority**

- B3 The Council has reviewed its arrangements for drafting an Annual Governance Statement and has formed a project group of governance officers who have;

- Overseen collection of information against the 2011/2012 Annual Governance Statement Action Plan
- Provided assurances and overseen the collation of information for drafting the Annual Governance Statement for 2011/2012.

- B4 A review of the Constitution by a multi party group, the Constitution Commission, is currently underway. The Constitution Commission will continue reviewing further Constitutional changes in light of changing legislation.

- B5 The Corporate Director of Resources, fulfils the role of the S151 Officer, and is responsible for maintaining an effective system of Internal Financial Control. The systems for internal financial control and medium term financial planning have been improved over the last three years. This improvement has included:

- Updating the Council's Financial Management Framework, Contracts Procedure Rules and Schemes of Delegation to ensure that financial management remains consistent and robust
- Regularly reviewing the medium term financial planning framework to inform decision making.
- Improving the robustness of savings proposals identified in the budget position.
- More transparent consideration of risks in the medium term financial planning process and in budget monitoring

- B6 Milton Keynes Council entered into a Public Private Partnership with Mouchel Business Services in 2004 to deliver a number of the Council's functions. Currently the contract is governed through a number of performance indicators which are reported through client officers. In 2009, an audit of the partnership was undertaken and concerns were raised regarding governance arrangements. Some of the key performance indicators were not considered to be effective

performance measures, a number of the Service Level Agreements were outdated, risk management was not being undertaken in line with the Council's procedures and extra levels of spend against the partnership gave rise to concerns in respect of Value for Money. A project reviewing the contract, Working Better Together was undertaken during 2010/11 and has reported various changes and improvements to strengthen working arrangements. The second stage of this project was undertaken during 2011/12.

- B7 The Working Better Together programme has now been formally closed and is noted to deliver £15.6m of savings over the remaining life of the project.
- B8 The partnership continues to deliver savings through individual business cases (for example Registrars Online which is available for purchase and ESS/MSS which is in the planning and development stage).

### **The Cabinet**

- B9 The Cabinet carries out the functions of the Authority which are not exercised by the Council itself or a Committee thereof. The Cabinet works within the policy and budgetary framework set by the Council and is responsible for receiving reports from the Monitoring Officer, the Section 151 Officer, reports from the select committees and recommendations from Council regarding the governance framework.
- B10 A Committee of the Cabinet, the Cabinet Procurement Committee provides for Cabinet consideration of contracts, in line with the new Financial Scheme of Delegation.

### **The Audit Committee**

- B11 The Authority has an Audit Committee which undertakes the core functions identified in CIPFA's Audit Committees – Practical Advice for Local Authorities.
- B12 The Head of Internal Audit and the Corporate Director of Resources have direct access to the Audit Committee and regularly attend Committee meetings.
- B13 The Audit Committee, in line with CIPFA best practice, takes a positive and proactive approach to overseeing the governance framework. It receives quarterly reports against the Annual Governance Statement Action Plan as well as overseeing the Internal Audit Plan, risk management and approving the Authority's annual accounts.
- B14 High standards of conduct are enforced for Officers through the Council's capability and disciplinary procedures. During 2011/12, various disciplinary cases were completed. A number of employees



were dismissed or disciplined. The periodic Internal Audit update reports to the Audit Committee provide some information on these cases and the governance learning, where arising, is reported to the relevant Corporate Director by Internal Audit.

## Overview and Scrutiny Committees

B15 The Overview and Scrutiny function in Milton Keynes Council consists of a number of Select Committees, overseen by a Management Committee.

B16 During 2011/12 the Select Committees have dealt with a number of matters, each clearly linked to the Council's strategic objectives.

B17 An annual report on the activities of the Select Committees was presented to Council on 13<sup>th</sup> March 2012 and sets out the work of the Committees over the past year and their contribution towards the Council achieving its strategic objectives.

B18 The results of the Annual Overview and Scrutiny Survey have identified a number of issues;

- *There are effective relationships between Cabinet and non-executive Councillors that enable the Overview & Scrutiny function to challenge the executive effectively.* 66% of respondents either disagreed or strongly disagreed with this statement.
- *The Overview & Scrutiny function effectively engages with directorates, senior Managers and the Corporate Leadership Team.* 61% of respondents either disagreed or strongly disagreed with this statement. This again is about the engagement of the Overview & Scrutiny function with the other parts of the Council and links in to the statement above.
- *Items on Overview & Scrutiny agendas are clearly linked to Council performance data.* 61% of respondents either disagreed or strongly disagreed with this statement.
- *Progress made on recommendations is regularly reviewed at committees and meetings.* 55% of respondents either disagreed or strongly disagreed with this statement.
- *Do you feel the Overview & Scrutiny function has had a direct impact on service improvement?* 50% of respondents felt that it had very little or no impact at all on service improvement.

B19 These have been identified as the main areas for improvement for Overview and Scrutiny in 2012-2013 and an action plan will be drafted in order to support improvement in these areas.

- B20 A new structure for Overview and Scrutiny has been agreed and 7 Select Committees were appointed at the Annual Council Meeting in May 2012. The new Committees reflect the Council's focus on particular areas and allow for greater scrutiny of those matters. The ongoing effectiveness of the new structure will be monitored throughout the year.

### **The Standards Committee**

- B21 The Standards Committee is responsible for ethical governance in the Authority and also across the Parish Councils in Milton Keynes. It is responsible for assessing and, where appropriate, hearing complaints made against Borough and Parish councillors in the Milton Keynes area.
- B22 In 2011 -2012 the Standards Committee assessed 20 complaints. 6 of which were referred for investigation.
- B23 In respect of the Standards regime, over 2011/2012 5 cases have reached hearing stage. A breach was found in all cases and the member concerned was suspended for 5 months.
- B24 The Localism Act 2011 has made some substantial changes to the law governing Standards. A project plan is in place and a working group has been agreed to maintain focus on the approach, by the Authority to the discharge of the duty to uphold and maintain high standards of Councillor Conduct, both in Milton Keynes Council and in Parish Councils in the Milton Keynes area.

### **Regulatory Committees**

- B25 The Council has a Development Control Committee, which, together with appropriate Sub-Committees discharges its planning functions, a Regulatory Committee discharging its regulatory functions and a Licensing Committee discharging its functions under the 2003 Licensing Act. These Committees each have terms of reference, Schemes of Delegation and a legal advisor present at each meeting. Work is underway to ensure that the terms of reference for the Committees are codified within the Constitution.

### **Internal Audit**

- B26 Internal audit is charged with reviewing the adequacy of the controls that operate throughout all areas of the Council's services. An annual risk based plan, which takes into account the Corporate Risk Register, the Council's current risks, initiatives and significant issues is formulated by Internal Audit and from this, combined with consultation with officers; the Annual Plan is developed and approved by the Audit Committee.

B27 Internal Audit reports are submitted to the service managers and senior officers for comments. All reports are published. Any recommendations are followed up to ensure that any weaknesses identified in the system of control have been rectified. Internal Audit introduced new processes during 2009/10 where reports finding “Weak” or “Limited Assurance” controls were reported directly to CLT. As part of the follow up process a revised opinion is given by Internal Audit and reported to CLT to assure CLT that controls have improved. Where controls remain weak or limited these reports are highlighted to the Audit Committee.

B28 The Internal Audit Annual report for 2011/12 is submitted for consideration together with the AGS. That report concludes the formal Internal Audit opinion that the Council’s internal control environment and systems of internal control provide reasonable assurance over the exercise of its functions.

#### **Audit Opinion – Head of Internal Audit**

B29 “It is my opinion based upon the both the planned and unplanned audit work completed in the period 1 April 2011 to 31 March 2012, that Milton Keynes Council’s internal control environment and systems of internal control provide **Satisfactory** assurance over the exercise of its functions.

B30 There are no specific governance, risk management and internal control issues of which Internal Audit have been made aware during the year which cause any qualification of the above opinion although there are some areas where improvement is required to provide a higher level of assurance, the most significant of which are project and contract management.

B31 Another priority from an audit perspective, which been recognised by management, is that the Council sustains and completes the first phase of the programme of transformational change and embeds improvement across the Council whilst maintaining service delivery and the effective operation of key controls.

B32 In respect of those systems that refer to, or are substantially related to, internal financial control, it is my opinion that the controls operated by management are currently adequate.

B33 Any system of internal control can only provide reasonable, rather than absolute, assurance that assets are safeguarded, transactions are authorised and properly recorded and material errors or irregularities are either prevented or would be detected within a reasonable period of time”.

## **Legal**

- B34 Legal processes are embedded within the Code of Corporate Governance and are discussed above in some detail. This includes the Monitoring Officer Protocol, approved by the Full Council and incorporated into the Council's Constitution.
- B35 Legal Services continues to support the Council with its objectives directly through an in-house firm model, through commenting on decision making reports and attendance at Council meetings and preparatory co-ordination briefings. The Contract Procedure Rules ensure legal involvement in respect of contractual agreements.

## **Finance**

- B36 The Council has taken steps to improve its financial management arrangements. The Corporate Director Resources (Section 151 Officer) is a member of the Corporate Leadership Team and maintains a strategic view of the finances of the Authority.
- B37 A number of financial processes and the improved financial framework have been embedded during 2011/12. These documents are now subject to an annual review and updated as appropriate.
- B38 In line with Milton Keynes Council's new structure and approach to financial processes the updated Contract Procedure Rules were agreed by Council in January 2012. In developing the Contracts Procedure Rules a wide consultation exercise was undertaken within the Council and further consultation was undertaken with external stakeholders including the Chamber of Commerce and the Federation of Small Businesses.
- B39 The Council has an approved Treasury Management Strategy and detailed Prudential Indicators which provide a framework for investment and borrowing decisions. The Treasury Management Strategy was updated and approved by Council in February 2012. All capital and income is in compliance with the CIPFA Prudential Code for Capital Finance in Local Authorities.

## **Chief financial officer**

- B40 The Chief Financial Officer (s151 officer) is a Corporate Director and oversees the groups as set out above.
- B41 The Chief Financial Officer is a member of the Corporate Leadership Team which allows for a proper strategic financial overview of the organisation.

## **Investigation into issues arising from the Secklow Gate Incident & Bridge Management Internal Audit findings.**

- B42 During 2011/12 the Council received the results of an external review of the Secklow Gate Bridge Project Management Arrangements (conducted by Haines Watts), which followed an internal investigation by the Council and a separate Internal Audit Report into the incident. The purpose of this report was to provide an independent assessment of:
1. The specific failings that caused the delays;
  2. The learning opportunities within the Internal Audit report;
  3. The respective responsibilities of those involved by inclusion or omission;
  4. Milton Keynes Council's approach to project management, including the process of identifying projects, management style, and communication channels; and
  5. Whether the management actions taken by the Corporate Leadership Team (CLT) in response to the Internal Audit report adequately address all the issues raised by the report.
- B43 Additionally the Council received an Internal Audit report following its investigation on the Bridge Service, which was instigated after multiple Whistle blowing referrals alleging that;
1. The Council's bridge stock was not being appropriately inspected and maintained.
  2. Some of the Council's bridges are a public safety risk.
  3. The Council was failing in its statutory duties.
- B44 On the 25 January 2012 both the External Report into Secklow Gate Bridge Project Management Arrangements and the Internal Audit Report into the Bridge Service were received by the Audit Committee, 28 recommendations were made by the committee in respect of these items.
- B45 The recommendations from the four published reports and the recommendations from the Audit Committee have been brought together into one management plan, with 51 action points. There are seven distinct work areas within the action plan, although this does not encompass all the recommendations:
1. Bridge Safety & Principal Inspections
  2. Transport Programme Board Arrangements
  3. Contract Dispute & SLA renegotiation
  4. Incident Management Framework
  5. Member/Officer Relations
  6. Contract Management arrangements
  7. Culture Change (the enabling processes for stronger management and challenge processes)

B46 The delivery of this Action Plan is being managed by the Portfolio Office, Sponsored by the Chief Executive and overseen by the Corporate Leadership Team. Progress reports are scheduled to be provided to the Audit Committee on a quarterly basis, with the ambition that all recommendations will be completed before the end of the calendar year.

### **External Audit and Inspections**

B47 During 2011/12 the Council has undergone inspections by the Audit Commission (Annual Audit Letter 2010/11), CQC Inspections 2011/2012; Ofsted; Local Government Ombudsman's Annual Review.

B48 Ofsted carried out their Annual children's services assessment during 2011/12. Milton Keynes Council was found to be performing well. It is recognised by Ofsted that this is a sustained improvement since 2010. There were no priority actions requiring urgent attention and the inspection showed excellent safeguarding in youth offending work.

B49 Further to this, Milton Keynes Council commissioned Local Government Improvement and Development (LGiD), part of the Local Government Association, to undertake a corporate peer challenge, as part of the new sector-led approach to self-regulation and improvement. The corporate peer challenge took place between 21 and 24 November 2011. This was one of the first corporate peer challenges delivered by LGiD as part of the new sector-led approach and demonstrates the importance placed by the council on submitting itself to expert external challenge.

B50 The Peer Challenge stated that they were impressed by much of what they heard and saw during their review and that it was clear that there is both firm evidence of significant improvement in the last couple of years.

B51 The Peer Challenge report summarised the broad findings as:

- There was a clear political direction being provided by the Administration and the real energy demonstrated by the Cabinet members
- Impressive progress had been made around economic development and that Milton Keynes is now clearly now relating to South East Midlands
- Given the fine political balance of the council in Milton Keynes and the existence of elections by thirds as a constant dynamic, they were pleased to see a range of positive examples of cross-party working on key strategic issues for the council and the area.
- It was widely felt that a cohesive and effective corporate leadership team was in place
- In respect of financial management, Medium term financial planning is on a sound footing

- There has been the successful delivery of a challenging budget for 2011/12 and good progress on 2012/13 budget
- Financial management has progressed significantly – including good budget monitoring
- There is positive engagement with Parish Councils
- There has been good progress on project and programme management – the MK Approach
- With respect to Community Engagement, the council can be seen to have a wide range of standard engagement tools and approaches, including the likes of a regular citizens' survey, service and theme-based consultation initiatives (reflected in a 'consultation finder' on the council's website) and the council newspaper. These are very much in line with the arrangements established by the majority of local authorities.

B52 A number of areas for potential improvement were identified;

- Concerns were raised that the political priorities may not be clearly understood by staff
- Challenge for elected members in managing the tension between strategic and ward considerations
- Clear determination of what the Authority means by community engagement and being clear about where it is going with all such activity that it undertakes.
- The scrutiny process has achieved some successes but it is felt that it could be much more effective
- Clarity for officers and elected members with regard to their respective roles and responsibilities
- Setting of council performance targets needs to be much more effective
- Structural changes need to be underpinned if they are to be successful, with regard to ensuring responsibilities, authority and support are fully understood
- At a time of great change the council needs to work harder to ensure staff feel valued, informed and engaged – including visible leadership
- Importance of clarity regarding who is monitoring the realisation of the financial benefits of the OTP

B53 A number of these issues have already been dealt with and ongoing actions are reflected in the Annual Governance Statement Action Plan for 2012/13. Progress is tracked through an action plan that is reported to CLT. A number of the actions require joint action between officers and elected members and these are subject to development and oversight through the regular meetings of Group Leaders.

- B54 The Care Quality Commission has carried out a number of checks on the places where Milton Keynes Council provides care to adults during 2011/2012. All of the checks carried out show that Milton Keynes Council is meeting all of the standards set by the CQC.
- B55 The Local Government Ombudsman's Annual Review Letter for the year ending March 2012 will be released in September 2012, however indications are that the response times on complaints have been reduced and that the number of cases where maladministration has been found by the Ombudsman remains low.
- B56 The Council has undergone a number of changes to its governance systems and processes in the last year and, as evidenced by the external inspections, is showing improvement. Milton Keynes Council is dedicated to ensuring that this improvement continues and as a result the attached action plan includes several references to ensure that the ongoing work is embedded across the Authority.
- B57 The Council has been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit Committee, and a plan to address weaknesses and ensure continuous improvement of the system is in place.
- B58 The Council intends, 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 improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

Signed:

.....  
David Hill  
Chief Executive - Milton Keynes Council

.....  
Councillor Andrew Geary  
Leader of Milton Keynes  
Council