



**Milton Keynes**  
City Council

# Annual Governance Statement 2023-24.

**July 2024**  
**Version 1**

# Introduction

**Good governance arrangements are important to ensure effective service commissioning and delivery and that the Council is doing the right things, in the right way and for the right people, such that the aims of the City Council Plan are achieved.**

The Council Plan 2022-2026 sets out an ambitious vision to ensure MK continues to be a special place in which to live, learn and do business.

The governance framework supports good service delivery and provides the public with confidence in those services. It also provides a structure to enable identification and investigation of instances, when service provision has not met expectation, without creating a blame culture that can stifle innovation and potentially undermine service delivery.

The Council has been managing increasing demand on critical services with significant reductions in funding over the last few years making the need for good governance paramount. Notwithstanding these challenges, the Council must continue to ensure transparency, accountability, and effective governance. Whilst it is recognised that there have been changes to delivery of some frontline services as a result of the skills shortages and role consolidations, we are confident that for the most part, during 2023-24, the controls and governance framework has been maintained.

The effectiveness of MKCC's governance framework has been reviewed and as Leader and Chief Executive we are pleased to report that the overall assessment is that this Annual Governance Statement (AGS) remains fit for purpose and:

- Accurately summarises the Council's governance mechanisms, and
- Having reviewed their operation for 2023/24 properly conclude that MKCC's governance environment provides a satisfactory framework to maintain effective control.

This AGS recognises the pressures and challenges faced by the Council with appropriate actions and plans to address the issues identified and to ensure continuous improvement in the governance system.

Councillor Peter Marland  
Leader of Milton Keynes City Council

Michael Bracey  
Chief Executive – Milton Keynes City Council

# 1. What is Corporate Governance?

- 1.1 **Corporate Governance refers to the arrangements put in place by Management and Councillors, to ensure the Council is able to meet its objectives and responsibilities in a lawful, timely, open, inclusive and honest manner, and that public money and resources are safeguarded, properly accounted for and used economically, efficiently and effectively.**
- 1.2 *International Federation of Accountants / CIPFA 2014: International Framework: Good Governance in the Public Sector* further states that to deliver good governance in the public sector, both governing bodies and individuals working for them must try to achieve their entity's objectives while acting in the public interest at all times.
- 1.3 Acting in the public interest implies consideration of the benefits for society, which should result in positive outcomes for the majority of service users and other stakeholders.

# 2. How do we know our arrangements are work?

- 2.1 **Through monitoring the effectiveness of the corporate governance systems, via assessing compliance with**
  - MKCC code of corporate governance which has been approved and adopted and is consistent with the principles of the CIPFA / SOLACE 2016: Delivering Good Governance in Local Government: Framework 2016 Edition.
  - MKCC Financial Management Code - best practice guide issued by CIPFA in 2020/21.
  - MKCC Constitution.
- 2.2 Each year the corporate governance processes, systems and assurances on the governance framework are reviewed to create an annual governance statement. The issues identified during the review are highlighted in the action plan at the end of this statement.
- 2.3 The Code of Corporate Governance is subject to review, challenge and endorsement by Audit Committee or scrutiny panels as appropriate. A copy of the code is at **Annex B**.
- 2.4 Compliance with the approved Code of Corporate Governance and the Financial Management Code is reviewed through consulting and obtaining positive assurances from representatives of each of the major political parties, the corporate leadership team, statutory governance officers and other internal governance processes.
- 2.5 In addition governance processes within the Council are subject to review via the work completed during the year by Internal and External audit and other inspection bodies
- 2.6 This AGS builds upon those of previous years. It summarises the key governance framework which has been in place for the year ended 31 March 2024 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.
- 2.7 In a constantly changing environment, it is important that the governance arrangements are sufficiently robust and flexible to manage change effectively and positively, and to support the aims and objectives of the Council.
- 2.8 It is recognised that the governance framework cannot eliminate all risk and therefore only provides reasonable and not absolute assurance of effectiveness.

### 3. Governance Framework - How MKCC works

- 3.1 The governance framework comprises the systems, processes, cultures and values by which MKCC is directed and controlled, and through which the Council engages with and leads the local community. The framework brings together an underlying set of legal requirements, good practice and management processes.
- 3.2 The Constitution sets out how MKCC operates, how decisions are made and the processes that are followed to ensure that decision making is efficient, transparent and accountable to local people. It documents the roles of officers and councillors. It is available via the [Agenda for Constitution | Milton Keynes City Council \(moderngov.co.uk\)](#). A detailed review of the Constitution was undertaken during 2023/24.
- 3.3 The Constitution further sets out the role of key governance officers, including the statutory posts, and explains the processes that are in place to ensure that MKCC 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. The statutory posts / roles are:

Role:	Allocated To:
Head of Paid Service (statutory)	Chief Executive
Chief Finance Officer (Section 151)(statutory)	Director of Finance & Resources
Monitoring Officer(statutory)	Director of Law & Governance
Director of Social Services (Adult Services)	Director of Adult Services
Director of Children's Services	Director of Children's Services
Director of Public Health	Director of Public Health
Chief Audit Executive	Chief Internal Auditor

#### 3.4 Key Governance officers' roles and responsibilities

- The Chief Executive as the Head of paid service has statutory responsibility for the overall proper functioning of the Council.
- Director of Finance and Resources as Chief Finance Officer, leads and directs the financial strategy of the Council and has a key responsibility to ensure that the Council controls and manages its money well, operating in compliance with CIPFA Financial Management Code.
- Director of Law and Governance, as Monitoring Officer has responsibility for ensuring the lawfulness of decisions taken by the Council as detailed in the Constitution and for ensuring the Council complies with its duty to promote and maintain high standards of conduct by Councillors and co-opted Councillors.
- Corporate Leadership Team (CLT) is MKCC's senior management team, comprising of the Chief Executive, (Head of Paid Service), Deputy Chief Executive and Directors of the Council. Meeting weekly, they are responsible for the non-political managerial leadership of the Council. CLT works alongside Councillors to develop policy and manage the Council's activities, providing strategic direction.



- Chief Internal Auditor as Chief Audit Executive is required to provide an independent opinion on the overall adequacy and effectiveness of the Council's governance, risk and control framework and therefore the extent to which the Council can rely on it.

3.5 All Councillors have an important role to play in representing their constituents, as well as acting together as the Full Council. Councillors challenge policy decisions through committee arrangements or overview and scrutiny functions. The Council comprises 57 Councillors.

Following the elections in May 2023, Milton Keynes City Council continued to be under no overall control i.e. no one political party has more than 28 of 57 available seats required for a majority rule.

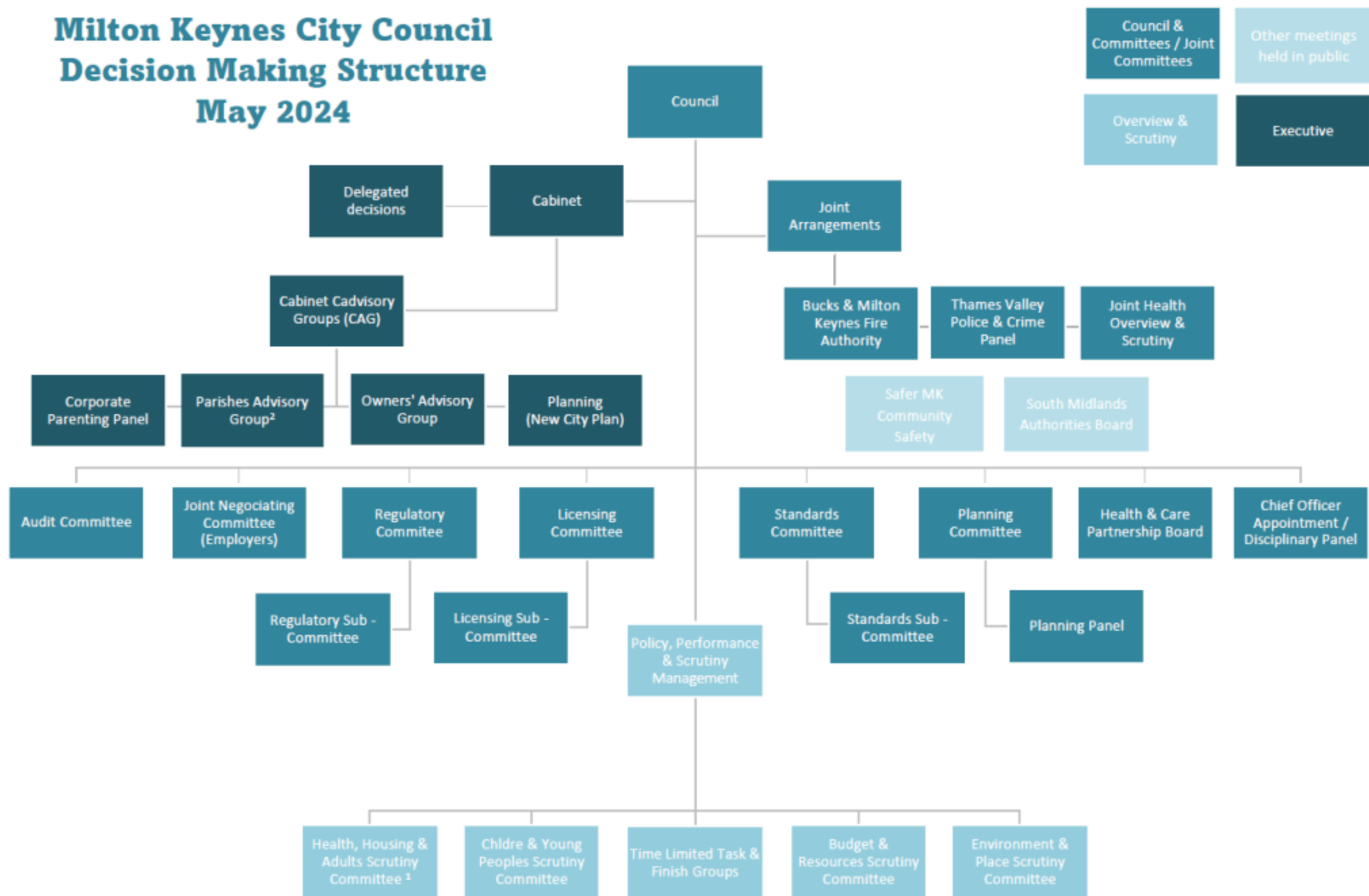
The Labour Group and Liberal Democrat Group established a Progressive Alliance to form a majority administration. A 3 year agreement was entered into by the Parties and was in place during 2023-24.

Labour became a majority party following the 2024 local Elections.

Political Party	On 04/05/23	On 02/05/24
Labour	25 seats	30 seats
Liberal Democrats	15 seats	18 seats
Conservatives	17 seats	9 seats

3.6 Full Council meetings continue to be open to the public and are streamed and published, to provide transparency for all. Very exceptionally specific agenda items may be dealt with in private. There were no such instances in 2023 - 24.

# Milton Keynes City Council Decision Making Structure May 2024



1. During 2023/24 there were separate scrutiny committees for Housing, and Adults, but these were amalgamated for 2024/25 | 2. Under Parishes Advisory Group is a larger quarterly forum attended by all Parishes

3.7 **The Council** - At full Council meetings, Councillors decide the Council's overall policies and set the budget each year. At the Annual Council Business Meeting, the Council appoints its Scrutiny and Regulatory Committees, and during the year, the full Council holds the Cabinet, the Scrutiny Committees and the other Committees to account.

3.8 **The Executive (Cabinet)** - Most decisions are the responsibility of the Executive - the Cabinet. During 2023-24 the Cabinet was made up of nine members 6 Labour Group Members, including the Leader of the Council and 3 Liberal Democrat Group members including the Deputy Leader. The Executive can make decisions in three ways,

- Cabinet decision (full meeting or a Sub-Committee)
- Portfolio holder decision - delegated decision
- Officer Decision, following consultation with the relevant Cabinet Member.

The arrangements for delegated powers of decision-taking are detailed in the Leader's Scheme of Delegation and those for Officers in the Council's Constitution.

3.9 **Regulatory and Scrutiny committees** - Scrutiny is a key part of the democratic process, monitoring Cabinet policy decisions, with a key role in advising on the development of policy. Scrutiny also has a broader remit to examine issues affecting Milton Keynes and the remaining 48 members not within the Cabinet.

There are now 5 Regulatory and Advisory committees, and 5 overview and scrutiny committees, including a Policy, performance and scrutiny a management committee which support and scrutinise the work of the Cabinet and MKCC as a whole. These committees allow the public to have a greater say by holding meetings in public and enquiring into matters of local concern. These lead to reports and recommendations which advise Cabinet and the Council on its policies, budget and service delivery.

3.10 **Audit Committee** - This Committee undertakes oversight of the core governance functions and monitors delivery of the Audit Plan, as the 'Board', as per the Public Sector Internal Audit Standards (PSIAS).

The Audit Committee takes a positive and proactive approach to governance and reviews progress on the AGS action plan, annual internal audit plan and anti-fraud arrangements including whistleblowing and risk management. The Chair of the committee provides an annual report to full Council which outlines the work undertaken by the Committee during the year.

3.11 **Corporate Leadership Team** - CLT actively lead on maintenance of the governance and risk framework through input and monitoring of

- Production of the Annual Governance Statement
- Management and upkeep of the Corporate Risk Register
- Outcomes from strategic and tactical decisions from across the Council, via approved Boards and Groups e,g Finance, Legal and Accountability Group (FLAG); Corporate Portfolio Board; Housing and Landlord Board, Corporate Vacancy Panel.

3.12 **Other stakeholder involvement** - MKCC appoints representatives to various joint and external bodies, where MKCC either has formal responsibilities and or where a wider community role is best delivered via partnerships. Some key partnerships include the Fire and Rescue Service, the Police and Crime Commissioners' Office, Health and Wellbeing Board ; Integrated Care Board; the Parks Trust; the South East Midlands Local Enterprise Partnership (SEMLEP) and Multi Agency Safeguarding Board.

- 3.13 **Council owned companies** - At the beginning of 2023-24, MKCC owned a Limited Liability Partnership (LLP) and a company limited by Guarantee.

**Milton Keynes Development Partnership LLP (MKDP)**

MKDP was established in 2012, with the overall aim and objective to facilitate Milton Keynes' growth and the implementation of the vision for Milton Keynes' future as set out in the Council's Local Plan. The governance arrangements for MKDP are defined within the members agreement.

The MKDP Managing Director and the Board are responsible for the general management of MKDP operations.

The Owners Advisory Group (OAG) was constituted during 2023-24, to ensure the Council has appropriate and high level oversight of MKDP operations.

**DevelopMK Limited**

A private limited liability Company incorporated on 25 March 2020. This is a non trading company which is a member of MKDP. An LLP requires a minimum of two partners who are known as Members. MKCC is the other member of the LLP.

## 4. Improvements in governance during the year.

- 4.1 **Improvements made in the governance framework during the year are documented in the reviewed Code of Corporate Governance** that was reported to the Audit Committee on July 2023 and is published as an Annex to this document.
- 4.2 The contracts procedure rules and financial regulations were subject to extensive review, updated and a simplified summary appendix added.
- 4.3 Other operational changes to improve governance arrangements are detailed within Director's annual Assurance statements.

## 5. Impact of macro-economic factors on governance of the Council.

- 5.1 **During the year, the ongoing impacts of the various macro-economic factors were recognised, with governance arrangements put in place to better manage and monitor the challenges.** Officer governance groups continued to ensure that there is scrutiny over actions and decisions throughout 2023/24. These groups include
- Leaders of Political Groups
  - Corporate Portfolio Board
  - Housing Landlord Board
  - Corporate Vacancy Panel
  - Corporate governance and risk Group
  - Information Governance Board
- 5.2 The appropriateness of the Council's response to economic changes and other macro events has continued to be monitored throughout 2023-24 along with an ongoing review of when it would be appropriate to, revise current policies or review standard regulatory protocols.



## 6. Review of effectiveness

**MKCC has a responsibility to conduct an annual review of the effectiveness of its governance framework, including the system of internal control.**

This is informed by:

- Assurance from the work undertaken by Councillors, as the Council, Cabinet and Committees (6.1)
- Assurance from Statutory officers and Corporate Leadership Team (6.2)
- Assurance from internal processes and functions (6.3)
- Assurance from external inspections and review functions (6.4)

### 6.1 Councillors' Assurance

- 6.1.1 The Council Plan - The Council Plan sets out how Milton Keynes City Council will work to achieve its ambitions for Milton Keynes. Within it are the priorities that the Council will address between 2022 and 2026 and a more detailed annual Delivery Plan for 2023-24, showing what will be done and the key milestones along the way. The Milton Keynes Council Plan was revised and approved at the Council Meeting of 15 June 2022. This was revisited and has been replaced with a New City Council Plan, to reflect the change of status of the Council and the area.
- 6.1.2 Full Council/Cabinet – Met monthly to take key decisions including approval of plan; to set the budget; agree the Mid Term Financial Plan; review the Risk strategy. Agendas and papers are held online and available for public access via the Council Website.
- 6.1.3 Scrutiny Committees – Met monthly or quarterly, to scrutinise various aspects of the Council's governance framework and activities. Agendas and papers are available on Modern gov.
- 6.1.4 Audit Committee - A well-established Audit Committee provides independent, effective assurance on the adequacy of MKCC's governance environment. The three political parties are represented on the committee, supported by two independent members.
  - Consistent with CIPFA best practice a self-assessment of the Audit Committee is undertaken annually and the self-assessment process will be repeated prior to the year end.
  - The committee met throughout the year with a formal programme of work agreed with the Chair and Vice Chairs.

## 6.2 **Management Assurance**

- 6.2.1 Delivering the Council Plan - Overall performance is measured against a clear delivery plan, which is an integral part of the Council Plan. Teams within the Customer and Community Directorate drive delivery of the Council Plan, working closely with Services to spread best practice, track and strengthen performance.

The Delivery Plan which has been updated as part of the revision of the Plan during 2023, sets out the implementation pledges and actions that will be undertaken over the period of the plan and is accompanied by a detailed monitoring report presented to Corporate leadership team quarterly.

- 6.2.2 Key Governance Officers– The key governance officers have been involved in the preparation of this statement and are satisfied that the arrangements in place have been working effectively for the most part of the year and that no matters of significance have been omitted.

- The Monitoring Officer has confirmed that there has not been the need to make a report concerning any proposal, decision or omission, that would give rise to unlawfulness or maladministration during the year.
- The Director of Finance and Resources has confirmed that no formal actions have been taken by them during the year, in their role as the Section 151 Officer.
- The Director of Finance and Resources has confirmed that management of the Council's finances have been undertaken in accordance with the principles of the Financial Management Code.

- 6.2.3 Corporate Leadership Team – Held weekly meetings throughout the year, at which the following key areas were reviewed:

- Budget summaries and financial outcomes
- Projects and programmes dashboards and Reports
- Human Resources Dashboards and Reports
- Internal and External Audit Reports
- Council Delivery Plan progress
- Feedback from operational Boards

- 6.2.4 Management Self Assurance - Each Director was requested to provide a self-assurance statement in respect of 2023/24, giving positive assurance that governance / controls had operated sufficiently AND to identify any areas needing improvement.

While there was agreement that overall, there was good assurance on controls within departments during 2023-24, assurances statements highlighted specific areas where actions had been taken to put in place measures to address changes in delivery arrangements and or to secure improvement in controls.

### Changes in governance arrangements

- Changes made to the governance arrangements with MKDP which have clarified responsibilities and accountability.
- The roles supporting the three Directors with responsibility for Housing Services were reviewed and several roles have had responsibilities clarified / enhanced, including roles now updated to Assistant Directors.

- Review of the structure of the Housing Landlord Board, to achieve greater visibility and understanding of key issues and risk mitigation in each of the relevant director area.
- A deed of variation was applied, to reduce the contract term for the Milton Keynes Waste Recovery Park to April 2026, from April 2033, to rebalance the commercial and financial model and enable market testing with a reprofiled risk position.
- Introduction of a series of regular senior management meetings across Adult Social Services to provide more oversight on Housing Services and Social Services providers.
- Withinin Housing Commissioning - changes to the services to direct deliver compliance services (except gas) and capital projects.
- Work has been ongoing to ensure new Procurement/contract rules are adhered with. For all contract awards valued at over £5k, there is a requirement for an Officer Decision Report to be completed and shared with the Procurement Team. These contracts must be recorded on the Government Portal via Intend – MKCC contracts register.

For all Contracts with value above £25k the opportunity (except for frameworks) must be advertised on the Government Portal via Intend, for anyone to bid.

#### Control issues over processes

- The 22/23 accounts have not been audited, resulting in increased costs and pressures on the finance teams, due to ongoing consultation on changes to the national audit requirements.
- Shared Services Payroll Transactions –delays and errors with certain aspects of payroll reconciliations undertaken by West Northampton Council.
- Management of Housing Services system – the end-to-end review project set up in 2022/23 is ongoing.
- Children Social Care - Ongoing work, recognising the national capacity issues with children’s social care and placements, which have an impact on ability to maintain quality practices across the area.
- Demand management in homelessness and social care services is ongoing.
- Issues with the process for recording Care Packages and associated costs within the LAS care system and the ADAMS dynamic purchasing system.
- Increased volumes of housing complaints to process, as a result of non compliance notices from the new Housing Ombudsman.

## 6.2.5 Council Companies Assurance

### Milton Keynes Development Partnership ( MKDP)

The Board met during the year to review progress of the delivery of the company's business in line with the accountability framework and in particular to progress the proposals to establish a Local Housing Company.

The Owners Advisory Group (OAG) was constituted during the year to ensure that the Council as the owner of MKDP, has appropriate oversight of the LLP.

The Financial Statements for MKDP were audited by Auditors, independent of MKCC.

As a member to the LLP, the Directors of Develop MK are consulted on, and meet to agree any significant governance changes and the Business Plan

## 6.3 Other Internal Assurances

**6.3.1 Performance Management** - The Customer and Community Directorate works with all services to ensure the economical, effective and efficient use of resources. The team plays a key role in supporting delivery of projects and helps drive continuous improvement in the way in which functions are exercised, by having regard to a combination of economy, efficiency and effectiveness.

In addition, a number of governance mechanisms are in place to support performance management across the Council, which include:

- Monthly performance reporting to the Corporate Leadership Team;
- Regular updates to Cabinet on the delivery of the Council Plan;
- Performance management support to Department Management Teams in the form of monthly / quarterly HR dashboard reports.
- Quarterly performance reports to the Scrutiny Management Committee.

**6.3.2 Delivery of Projects** - As a Council MKCC undertakes a significant number of both capital and revenue projects. To ensure that these have effective oversight as part of the governance processes, the Council has in place a Portfolio Office, whose objectives and contribution to governance and assurance are to support projects and programmes Sponsors and managers via advice on application of the MKApproach framework.

The Corporate Portfolio Board created in 2020/21 strengthened the Council's project governance arrangements by providing oversight of the various Programme Boards across the authority. The Council also adopted a Capital Strategy which sets out the Council's ambitions, approach and funding strategy.

**6.3.3 Financial Management Code** - The CIPFA Financial Management Code (CIPFA FM Code) is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The code sets principles to guide preparation of financial management for local authorities, and each Local authority is required to demonstrate adherence with the principles.

A self assessment of levels of adherence with the principles of the FM Code showed that in many areas the Council had robust systems and process in place that evidenced good practice.

MKCC are compliant with all statutory obligations regarding the financial Statements and the budget, with a rolling medium-term financial plan (MTFP) in place which is

reported on regularly. There is also robust scrutiny of the budget via the Budget and Resources Scrutiny Committee.

- 6.3.4 **Internal Audit** - One of the key assurance statements MKCC receives on the effectiveness of the governance environment is from the work of Internal Audit which provides independent and objective assurance across the whole range of MKCC's activities. The opinion of the Chief Internal Auditor for 2023/24, detailed in the Internal Audit Annual report is **GOOD** assurance i.e Findings indicate that on the whole, controls have operated as expected although some enhancements to controls were recommended.

- 6.3.5 **Risk Management** - All councillors and managers are responsible for ensuring that threats and opportunities are considered in the decisions they take. MKCC has in place a formally approved risk management strategy that was reviewed during the year. The strategy sets out a corporate risk appetite that is not risk averse but seeks to support decision making that considers threats and identifies mitigations in order to ensure opportunities are seized and delivered.

In support of the delivery of effective risk management arrangements, a corporate risk management system GRACE is used to capture all relevant corporate, directorate and project related risks.

Driven by the Audit Committee, review of the risks and risk management process was initiated at the end of the financial year. This review is on-going and findings are to be reported to Audit Committee.

- 6.3.6 **Information Governance** –Assurances sought from the Senior Information Risk Owner (SIRO) in consultation with the Statutory Data Protection Officer confirm that an Information Governance Board is in place and working to oversee information governance arrangements.

The Council's IT Service in conjunction with the Customer Data & Insight Team have taken appropriate steps to minimise exposure to data loss/breach across the Council, in light of the increased levels of remote working and sharing of data across virtual channels. Work has been undertaken on strengthening data management and retention requirements.

Work on moving away from hosting by partner Council to Azure cloud and improvements on telephony arrangements has enhanced MKCC's management of its data.

## 6.4 **External Inspection and Review Functions**

- 6.4.1 **External Audit** - Ernst & Young LLP are MKCC's appointed external auditor and were appointed for a further period under the Public Sector Audit Appointment arrangement from 2018/19. As well as an examination of MKCC's financial statements, their work includes an assessment of the degree to which MKC delivers value for money in its use of resources.



Ernst and Young's assessment of the value for money (VFM) for both the 2021/22 accounts, and draft 2022/23 accounts were unqualified opinions. The audit of the 2022/23 accounts will not be undertaken as a result of the approach that EY have taken with all their local authority clients and therefore a modified opinion will be allocated on these financial statements.

The accounts for 2023-2024 are completed and discussions are underway on arranging a start of the audit, in light of the issues from non audit of 2022-23 accounts.

#### 6.4.2 Office for Standards in Education (OFSTED) and Care Quality Commission (CQC) –

Children Social Care Teams have a raft of policies and procedures that inform and guide all aspects of work undertaken by the teams. A well resourced Quality and Compliance Team ensures these are kept up to date.

Adult Social Care Teams work to a Quality Performance Framework that defines the expected standard of practice and provides good practice resources and audit tools in one place. A database of policies and tools – Tri.X is maintained and is available to relevant staff.

#### Inspections:

In November 2023, Ofsted undertook a focused visit to Milton Keynes local authority children's services, to assess arrangements for children in need, including those children who are subject to a child protection plan. The report produced in January 2024 noted collaborative working across board, to bring positive change to children. However, it concluded that there were still areas that were improving but were not consistently strong. A detailed action plan has been produced from the findings of the inspection and progress is monitored by Children Services Senior Management Team.

Ofsted undertook inspections at 43 of the 115 schools (Maintained and Academies) in MKCC area during April 2023-March 2024.

- 20 visits were undertaken in the 51 academy schools which operate independently of MKCC.
- 23 visits were undertaken in the 64 Local Authority maintained schools.

Outcome judgements for Schools visited in the year 2023-24 were as follows

	Total in MK	Academy	Maintained
<b>Number</b>	<b>115</b>	<b>51</b>	<b>64</b>
<b>OUTCOMES:</b>			
<b>Total number visited</b>	<b>43</b>	<b>20</b>	<b>23</b>
Outstanding	6 - (14%)	3	3
Good	34 - (79%)	14	20
Requires Improvement	3 - (15%)	3*	0
Inadequate	0	0	0

*\*The 3 academy schools that were judged to require improvement, all improved on previously inadequate gradings.*

Although Milton Keynes City Council is committed to all its schools being rated at least Good, it is recognised that the Local Authority has a limiting influence in the Ofsted grading for schools, particularly in the increasing level of school academisation, but the Council will continue to work in partnership to support education achievement across the city.

- 6.4.3 In July 2023 the Adult Social Care (ASC) Team participated in a CQC inspection at Kilkenny House, an extra care facility for people aged 60 and over. The overall rating for the service provision was “Good”, meaning the Service was safe, effective, caring and responsive to the clients.

In March 2024, the special education needs and disability (SEND) provision across Milton Keynes were assessed as Good by OFSTED. The report was positive although it did highlight some areas for improvement.

- 6.4.4 The 2022/23 Annual Local Government & Social Care Ombudsman’s Annual Review letter was received at the end of July 2023. This showed that 21 cases were referred to the Ombudsman for investigation during 2022-23, with 16 cases being upheld. In 2021/22 the Ombudsman upheld 17 of 25. The letter also confirmed that the Council had complied with implementing 100% of recommendations raised and for 25% of the cases, satisfactory remedy had been provided by the Council.

## 7. Significant Governance Issues

It is important to draw a distinction between an issue or incident that highlights governance issues and systemic governance weaknesses, for example, contract management found to be unsatisfactory in one area does not necessarily identify poor contract management across all the Council. Issues are generally considered to have significant governance implications where:

- They will seriously prejudice/prevent achievement of a principle.
- Have a material impact on the Financial Statements
- Require formal action to be taken by the S151 or Monitoring officer.
- Affect the opinion of the Chief Internal Auditor
- Has a negative impact on reputation of the Council.

### 7.1 Action Plan 2022/23

Annex A sets out the outstanding actions from previous years and any new actions agreed to address significant governance issues highlighted in 2022-23. The actions raised in the previous years’ Action Plan are only removed from the plan once they have been completed (or the issue resolved in a different way).

### 7.2 2023-24 Significant Governance Issues

Directors have completed a review of their responsibilities and submitted individual Assurance Statements to the Chief Executive to inform the Annual Governance Statement. The issues highlighted by each Director have been reviewed by CLT and have been included within the 2023-24 AGS Action Plan at Annex A where appropriate.

A summary of the significant issues highlighted by Directors is set out below. The majority of these reflect issues already known and documented. They reflect an ongoing management and focus on the governance issues arising.

- 7.2.1 Demand for services (homelessness)– the cost of living crisis and the impact of increases in interest rates over the year. Governance around this remains robust and the issue has regular ongoing oversight.
- 7.2.2 Shared Services arrangements - in several areas the ongoing work to finesse the workings of shared arrangements.
- 7.2.3 Recruitment and Retention – Several areas across the Council continue to face significant challenges in maintaining a full establishment.g. Social Care (Children). Services; however, it is recognised that these challenges are regional / national affecting most if not all Councils.
- 7.2.4 Housing Management Service –Anticipated increase in levels of housing complaints to be processed due to the need to meet the requirements of the ConsumerStandards and the new Housing Regulator.
- 7.2.5 Contract Management – On going work to renew key contracts, and the challenges to maintain service delivery while tendering and discussions around sustainability of the Waste Plant
- 7.2.6 Data / Information Management – IT systems improvements provide an opportunity to improve the Council’s information management to ensure the Council:
  - Holds and retains the information it needs to ensure business as usual
  - Information and data that can be processed properly to support service delivery, whilst ensuring information is only held when needed and deleted when it is appropriate.

### 7.3 **Forward Looking Issues –**

The purpose of this Statement is to reflect on the Governance arrangements for the 2023/24 financial year. At the time of writing the following are known issues that have the potential to impact on the Governance arrangements at MKCC into 24/25:

- **UK General Elections** – There remains significant uncertainty beyond the current spending review period over the level and system for local government funding. The General Elections 2024 with the potential for a new government and changes in policies will add to the levels of uncertainty during 2024-25.
- **Housing Revenues Account (HRA):** It is realistic and prudent to assume that sustainability of HRA account will be challenging considering the cap on rent increases for social housing and the increases in costs of maintaining the housing stock due to inflation and the age and construction type of a significant element of the Council’s stock.
- **Demand:** The Council is facing significant challenges with increasing levels of demand and complexity in children’s social care, resulting in an increase in the number of Looked After Children and external placements. This is expected to place significant pressure on the Councils budget.
- **Legislative Changes:** Delivery of Social Housing, Adult Social Care and Children Social services will be impacted by the demands of recent changes to legislation. This will include more scrutiny from increased levels of inspections, the outcomes from which may or may not affect the reputation of the Council.

- **Capacity risk:** A difficult recruitment market across social work and other professions mean that the Council will continue to face potential capacity issues and a challenge to match market wage and recruitment package demands.

## ANNEX A – 2023/24 Annual Governance Statement Action Plan

No. (Year)	Issue	Action / Outcome	Lead Officer and Target Completion Date	Update as at June 2024
1. (2019/20)	Challenges around Homelessness and financial implication of this	<p>Oversight of Homelessness, including Prevention and Temporary Accommodation services, and its financial management in 2019/20.</p> <p>Outcomes</p> <ul style="list-style-type: none"> <li>• A structured periodic report to Cabinet and relevant Scrutiny Committee that: <ul style="list-style-type: none"> <li>- Monitors demand and caseload</li> <li>- Provides assurances: re use of Temporary Accommodation</li> <li>- Reports on the flow of voids into use</li> <li>- Accurately forecasts financial implications</li> </ul> </li> </ul>	<p>Director of Adult Social Care</p> <p>On going</p>	<p>ONGOING</p> <p>A business case was approved as part of the 2021/22 budget to address demand, reduce TA usage and tackle the financial pressures in homelessness. This was reviewed and updated as part of the 2023/24 budget and the savings target significantly reduced.</p> <p><b>Update June 2024</b></p> <p>There is a corporate group which meets fortnightly chaired by the Chief Executive that has developed a detailed action plan to reduce the level of homelessness, use of T/A and increase the supply of more affordable T/A.</p>



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2. (2019/20)	Contract Management	<p>Effective operation of Contract Management Review Group in providing MKC with relevant assurances that robust contract management arrangements are operating effectively across the Council's significant contracts.</p> <p>Outcomes</p> <ul style="list-style-type: none"> <li>- Contract Management Review Group evaluation of arrangements for significant contracts</li> <li>- The assurances/ improvements derived from those reviews</li> <li>- Oversight of that by the relevant scrutiny committee</li> </ul>	<p>Director of Finance and Resources</p> <p><b>COMPLETE – MOVE TO Business as usual</b></p>	<p><b>Complete</b></p> <p>The Council has now implemented a new Contract Management system covering the full procurement and contract lifecycle. Reports have been developed for managers, CLT and for the Executive to track progress on contracts and highlight any areas where action may be required. We are also building within this a central repository of contract documentation and KPI suite.</p> <p><b>Update May 24</b></p> <p>Contract dashboards have been developed for all Directors / Assistant Directors to have full oversight of their contracts, contract managers and for transparency reporting.</p> <p>There is an approach being developed to actively work with contract managers to improve performance reviews and the recording of such.</p> <p>The new Procurement Act has some contract management revisions that are being reviewed ready for the mandatory requirements that will be placed on the Council from October 2024.</p>

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3.  (2020/21)	Concerns over adequacy of governance over Housing Service Delivery and management of H&S of housing Stock	<p>A Director level restructure has been initiated and a Housing coordination board set up to oversee changes.</p> <p>A new Housing landlord Board now in place supported by a Managers Operations Group</p>	<p>Director of Environment and Property</p> <p><b>COMPLETE – MOVE TO Business as usual</b></p>	<p><b>Complete</b></p> <p>Governance</p> <p>Regeneration and renewal (R&amp;R) schemes have their own specific programme boards. All other R&amp;R and pipeline housing schemes are reported to the Housing Programme Board. We develop working groups to deep-dive specific issues, such as the decant of Mellish Court and The Gables, or voids until they are resolved.</p> <p><b>Update May 24</b></p> <p>The HRA Landlord Board is now established, covering all elements within the Council house landlord remit. The membership has been expanded to include relevant Heads of Service (HoS). Sub-boards will be put in place and led by the HoS. These will cover for example business improvement and systems (the end-to-end NEC system rollout across all Council house services).</p> <p>H&amp;S</p> <p>The Housing specific H&amp;S team is also now established and has made significant improvements in compliance performance – understanding the current position, putting in place improvement plans and developing clear reporting structures with our repairs and maintenance contractor. This continues to be reported to CLT quarterly alongside all wider Council H&amp;S performance.</p>

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<b>2022/23</b>				
4	Quality of Leasehold Management Service	<p>An improvement Project is in place to redesign systems.</p> <p>To maximise HRA income through reduction in debt and tenant/leaseholder complaints.</p>	<p>Director of Finance- Assistant Director of Finance</p> <p><b>COMPLETE – MOVE TO Business as usual</b></p>	<p><b>COMPLETE</b></p> <p>Redesign of systems, to improve service charge recovery, ensuring that all costs are recovered and calculated in a transparent and clear way for tenants and leaseholders, thereby reducing complaints.</p> <p><b>May 2024 – Update</b></p> <p>Phase one of the project is complete which involved a review of the team structure, implementation of the new service charge structures in NEC (our housing management system), consultation with tenants and leaseholders on service charge full cost recovery which was in place from April 2024. We have also implemented of new processes for historic arrears on service charges and shared owner rent arrears.</p> <p>The final phase of the project is to continue to work on resolving all historic arrears, but this is now considered as part of business as usual and reported through the quarterly budget forecast outturn reports</p>

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5	Housing Systems Maintenance	<p>End to end review of the NEC housing systems to ensure maximum use.</p> <p>To achieve a better more cost-effective service for tenants and leaseholders, improved decision making and to ensure compliance with regulatory requirements.</p>	Director of Finance – Assistant Director of Finance 30 April 2025	<p><b>ONGOING</b></p> <p>Review to ensure use of the system is maximised, data and information is of high quality to enable efficient decision making and improved staff performance.</p> <p><b>May 24 Update</b></p> <p>This is a long-term project to ensure maximisation of our housing management system to provide better customer service to our tenants and leaseholders, ensure efficiency of services and quality management of data to inform decisions.</p> <p>Phase one is complete – this involved moving the IT systems to the cloud and removing bespoke elements within the system. We have also addressed core structural issues with our data (including core asset hierarchies).</p> <p>Phase two involved the implementation of new modules and functionality and work completed to date includes: implementation of ASB and asset compliance and decency modules, electronic signatories, communications standardisation, and training programmes for colleagues</p> <p>The next phase will include the repairs and energy modules, mobile access for field workers and management dashboards. Given the advances and enhancements in IT, this will be a rolling programme and will revert to BAU after this phase is completed.</p>

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6	Children Social Services - Capacity to ensure high quality practices across the area,	Continued investment and commitment to the Memo of Cooperation across the Southeast in recruitment and retention of social workers and investing where necessary in agency provision and placement commissioning with the proposed impact to build and ensure sufficiency.	Director of children's Services Ongoing	<b>ONGOING</b> <b>May 24 Update</b> Children's Services have reintroduced a Workforce Board in relation to R&R including progressing new proposals to increase permanent social worker roles. The oversight of placement commissioning planned to be embedded alongside school place planning arrangements to improve sufficiency and value for money arrangements.



