



Milton Keynes
City Council

Annual Governance Statement 2024-25.

July 2025
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 continued to see rising demand across social care and homelessness, with cost pressures continuing to outstrip increases in government funding, resulting in the need to make further cost reductions across our services. 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, we are confident that for the most part, during 2024-25, 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 2024/25 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 organisation'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 working?

- 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 2025 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 \(moderngov.co.uk\)](https://www.moderngov.co.uk/agenda-for-constitution/milton-keynes-city-council). 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 currently comprises 57 Councillors, but Local Government Boundary Commission's decision in 2024 will increase the size of the Council to 60 members, from May 2026.

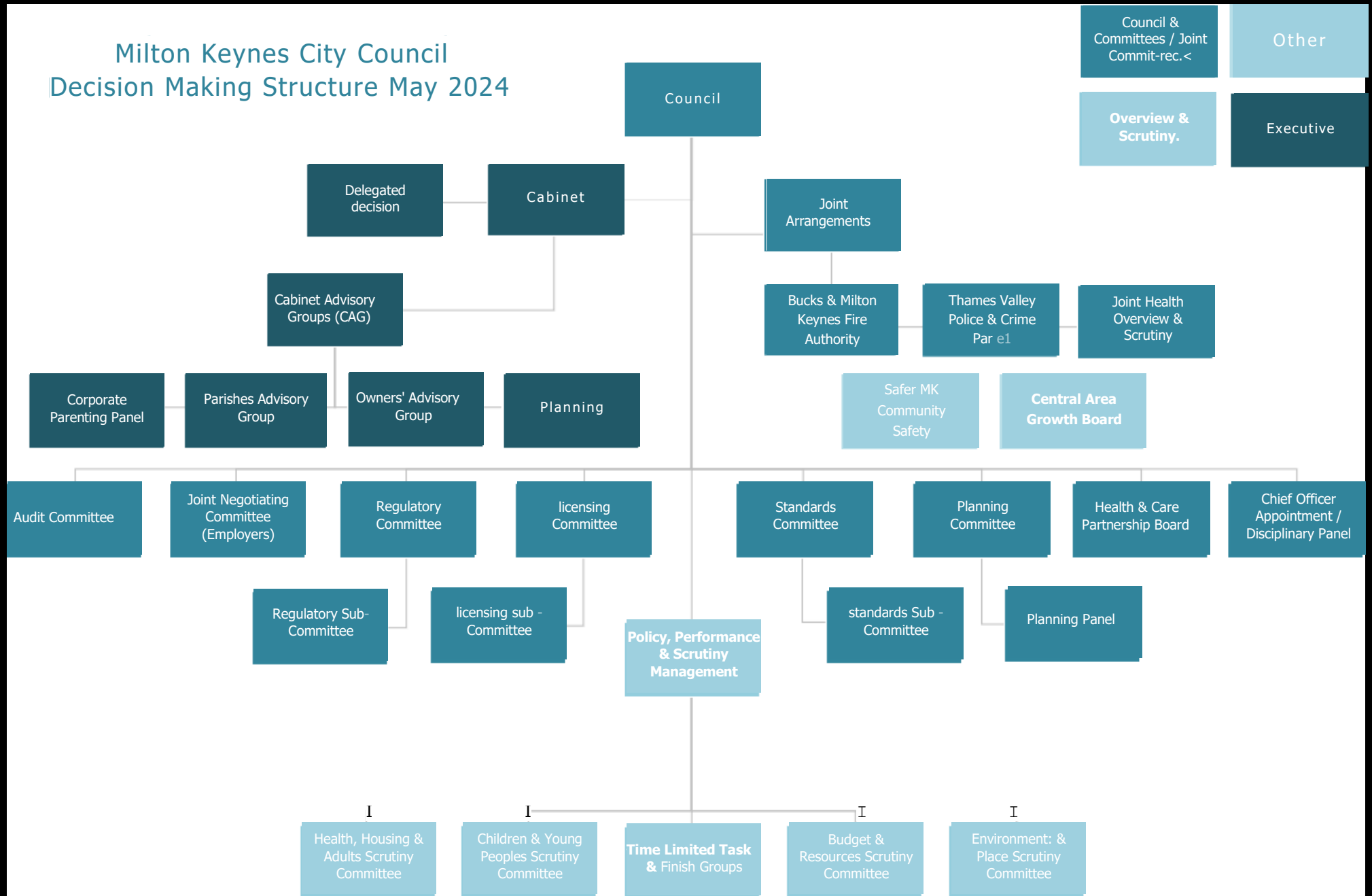
Following the elections in May 2024, at which Labour became a majority party, the 3 year Progressive Alliance agreement between the Labour Group and the Liberal Democrat Group was dissolved.

Elections are held 3 years in a row, with a break in the 4th year. 2025-26 is the 4th year in the current cycle and so there will not be any elections in May 2025.

| 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 live streamed and published on YouTube, to provide transparency for all. Very exceptionally specific agenda items may be dealt with in private. There were no such instances in 2024 – 25.

Milton Keynes City Council Decision Making Structure May 2024



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. As the majority political party during 2024-25, the Cabinet was made up of ten Labour Group members, including the Leader of the Council and 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 6 Regulatory and Advisory committees, and 5 Overview and Scrutiny committees, including a Policy, Performance and Scrutiny Management Committee which support and scrutinizes 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 and Multi Agency Safeguarding Board.

3.13 **Council owned companies** - At the beginning of 2024-25, MKCC owned a Limited Liability Partnership (LLP), a company limited by guarantee and holds shares in two companies jointly owned with other local Authorities.

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.

Shares in Companies

The Council is a shareholder in Opus East Limited, which delivers interim staffing solutions to its member authorities.

MKCC is part of a consortium of 17 Local Authorities who set up, the Flexible Homes Improvement Loans company limited, to administer loans to homeowners for the repair and improvement of their homes.

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 has been refreshed and is published as an Annex B to this document.

- 4.2 Extensive work has been undertaken during the year by the Corporate Procurement Team, to raise awareness of and encourage adoption of measures required by the 2023 Procurement Act.
- 4.3 Other operational changes to improve governance arrangements are detailed within Director's Annual Assurance statements – 6.2.4 below.

5 Impact of macroeconomic factors on governance of the Council.

- 5.1 **During the year, the ongoing impacts of the various macro-economic factors were recognized as detailed in Section 7.3 below, 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 2024/25. These groups include
- Leader's Group
 - Statutory Officer Group
 - Corporate Portfolio Board
 - HRA 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 2024-25 along with an ongoing review of when it would be appropriate to revise current policies or review standard regulatory protocols.

6 Review of effectiveness of Governance Framework.

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:

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

6.1 **Councillors' Assurances**

- 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 Delivery Plan for 2024-26, showing what will be done and the key milestones. The Milton Keynes Council Plan was approved at the Council Meeting of 15 June 2022 and refreshed at the Cabinet meeting in June 2024.
- 6.1.2 **Full Council/Cabinet** – Full council met 10 times during 2024-25, with Cabinet meeting 6 times in the year. These meetings considered key decisions including approval of the Plan; to set the budget; to 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 and other Regulatory Committees** – on average met 4 times during the year, 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** - The Committee provides independent, effective assurance on the adequacy of MKCC's governance environment. Though apolitical, the three major political parties are represented on the committee, supported by two independent members. The committee met 4 times during the year with a formal programme of work agreed with the Chair and Vice Chairs.

6.2 **Management Assurances**

- 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 refreshed and updated to a 2 year delivery plan during 2024, 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 provided a self-assurance statement in respect of 2024/25, giving assurance that governance / controls had operated sufficiently to protect the Council AND to identify any areas needing improvement.

While there was agreement that overall, there was good assurance on controls within departments during 2024-25, assurance 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
 - Change in Head of service role within Legal Services, with the creation of two Heads of Legal Services, covering Litigation and Social Care, and Commercial and Place, respectively as opposed to a single Head of Legal Service and deputy monitoring officer.
 - Change to Head of Service within Children services, with the appointment of Head of Early Help and Protection, to replace the Head of Family Support Service.
 - Introduction of a series of regular senior management meetings across Adult Social Services to provide more oversight on Housing Services and Social Services providers.
 - Introduction of a Corporate Vacancy Panel during the year. Chaired by the Chief Executive, formed to support cost control and give assurance that all recruitment decisions being made are well considered, necessary and to fully explore opportunities to be creative and effective in use of resources.
 - The procurement function within the Social Care Commissioning transferred to Corporate Procurement Team within Finance in 2024/25, to ensure a consistent approach to procurement across Council services.
 - Changes within Housing Commissioning - to enable improved oversight on compliance over delivery of Direct Services (except gas) and capital projects.
 - Head of Service changes within Housing Function- with 3 new Heads of Service roles created to replace two Assistant Directors

who left in December 2024. Head of Finance for Social Care, Education and Housing; Head of Homelessness and Tenancy Services; Head of Housing Operations, were created during the year.

- Changes to the structure of the Housing Assets team to align with the new housing maintenance contract at go-live.
 - Review of the delivery mode and structures of the Housing Neighborhoods Team and Sheltered Housing to ensure they are effective and appropriate.
 - 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 approved, 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.
- Control issues needing action.
 - Review of MKCC's continuing participation in the Flexible Home Improvement Loans Scheme, which provides loans to private homeowners, administered by the limited company formed in consortium with 16 other local authorities. Aim is to assess what benefits and liabilities exist for MKCC.
 - Review of the effectiveness of arrangements for weekly monitoring and management of demand for adult social care services, including review of expenditure and focus on effectiveness of current improvement measures.
 - Ongoing work on the national 3 year SEND local area improvement actions – oversight in conjunction with Department for Education.
 - Re-procurement of service provider for operating the Recycle Waste Plant. This procurement will consider an acceptable risk transfer to the service provider over the length of the contract term (15 years) via 3 pre-planned phases.
 - Re-procurement of Housing Repairs and Maintenance service, with new service contract to be put in place effective from September 2025.
 - The 2022/23 and 2023/24 Statement of Accounts were issued with Disclaimed Audit Opinions. The full draft accounts were published in accordance with the required timetables, but our appointed External Auditors were unable to fulfil their statutory duty to audit the 2022/23 statements, impacting on the opinion for 2023-24. The Council did receive unqualified VFM opinion in both financial years.
 - Shared Services Payroll Transactions –ongoing delays and errors with certain aspects of payroll reconciliations undertaken by West

- Northampton Council on behalf of MKCC, have needed to be addressed with intervention and support from the MKCC Finance Team.
- Review of the process for handling housing complaints, following anticipated increase in volumes of housing complaints, 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. The Owners Advisory Group (OAG) was constituted in 2023, 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 to 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 and controls 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 2024/25, detailed in the Internal Audit Annual report is GOOD (2023-4 -GOOD) 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 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.

The review of risk management at the Council has resulted in an increased number of strategic risks, to better reflect key risks across the organization. Review and documentation of departmental service risks is ongoing.

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 ICT 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 is ongoing on production of a framework of controls to guide the likely increase in the use of artificial intelligence AI.

6.4 External Inspection and Review Functions

6.4.1 LGA Corporate Peer Challenge Review- *"The Corporate Peer challenge is a highly valued improvement and assurance tool that is delivered by the Sector for the Sector"*. This involves a comprehensive review of key financial, performance and governance information of the authority, with the aim of making suggestions for improvements where necessary.

The review of arrangements in MKCC was undertaken in the week commencing 10 March 2025. This concluded that MKCC is *"a high performing and well-run Council with a strong track record of delivery"*. The report cited that MKCC *"has benefited from strong and consistent leadership"* from both the leader of the Council and the Chief Executive under whose leadership, the Council has engaged effectively with a diverse range of partners, including strong relationships with community and voluntary sector organisations.

6.4.2 External Audit - KPMG were appointed by the PSAA from 1 April 2023 as MKCC's External Auditors. 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.

Although the accounts were prepared on time and no material issues were raised, a disclaimed opinion was issued, due to our previous auditors (EY) being unable to undertake the 2022/23 audit of the financial statements. The governments backstop date was met.

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

Children Social Care Teams have a raft of policies and procedures that informs and guides 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 across the Council will be subject to a CQC inspection in April 2025. The 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:

Children Services in Milton Keynes City council was inspected by OFSTED at end of October 2024. The report published in December 2024 concluded that *Children and families in Milton Keynes now receive a consistently*

good service, and the experiences and progress of care leavers are outstanding. (A) significant progress (which) reflects the purposeful and systematic approach taken by leaders to continuously put children's needs first.

During the year, OFSTED Inspectors rated the following services as "Good"

- Westminster House
- Short Breaks Service
- Community Learning MK (Adult education)

Ofsted undertook inspections at 25 of the 115 schools (Maintained and Academies) in MKCC area in the year April 2024-March 2025.

- 8 visits were undertaken in the 56 academy schools which operate independently of MKCC.
- 17 visits were undertaken in the 59 Local Authority maintained schools. Outcome judgements for Schools visited in the year 2024-25 were as follows

| TOTAL no. of Schools in MK | Total numbers visited | Academy Schools | Maintained Schools |
|-----------------------------------|------------------------------|------------------------|---------------------------|
| 115 | | 56 | 59 |
| | 25 | 8 | 17 |
| OUTCOMES | | | |
| Outstanding | 3 - (12%) | 0 | 3 |
| Good | 21 - (84%) | 8 | 13 |
| Requires Improvement | 1 - (4%) | 0 | 1* |
| Inadequate | 0 | 0 | 0 |

** Single word OFSTED judgements were removed for inspections after September 2024 and replaced with judgements across 5 standalone areas. For the one school noted above, 4 judgement areas were graded as good and 1 graded as Requires Improvement. The school is therefore not technically a 'RI school' but has been presented here, to align the data with those of Inspections done earlier in the year when one-word judgements did apply.*

Although Milton Keynes City Council is committed to all its schools being rated as Good across all the judgement areas, it is recognised that the Local Authority has a limited 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.

6.4.4 The 2023/24 Annual Local Government & Social Care Ombudsman's Annual Review letter was received at the end of July 2024. This showed that 15 cases were referred to the Ombudsman for investigation during 2023-24, with 14 cases being upheld. In 2022/23 the Ombudsman upheld 16 of 21. The letter also confirmed that the Council had complied with implementing 100% of recommendations raised and for 14% (25% in 2022-23) of the cases, satisfactory remedy had been provided by the Council. The letter flag

concerns around the timeliness of MKCC in responding to queries from the Ombudsman and also in undertaking action agreed, to compensate complainants.

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:

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

7.1 Action Plan 2023/24

Annex A sets out the outstanding actions from previous years and any new actions agreed to address significant governance issues highlighted in 2024-25. The actions raised in the previous years' Action Plan are removed from the plan once they have been completed and become business as usual (or the issue resolved in a different way).

7.2 2024-25 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 2024-25 AGS Action Plan at **Annex A** where appropriate.

The significant issues highlighted through the year are noted 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 Procurement – tendering for new Waste Plant Contractor, Housing Repairs Contractor and Commissioning of Social Care Providers.
- 7.2.2 Shared Services arrangements - ongoing work to finesse the workings of shared financial management arrangements.
- 7.2.3 Management of demand for Adult Social care services -Housing and homelessness and social care, increased pressures from various national economic factors.
- 7.2.4 Housing Complaints –anticipated increase in levels of housing complaints to be processed due to the need to meet the requirements of the Consumer Standards and the new Housing Regulator.

7.2.5 Changes to Constitution–The Corporate Peer Challenge recommended a review of the Overview and scrutiny functions at the Council, to improve effectiveness of the scrutiny functions. Work has been planned to make changes to the Constitution to reflect changes to Committees across board.

7.3 Forward Looking Issues –

The purpose of this Statement is to reflect on the Governance arrangements for the 2024/25 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 25/26:

- **Government devolution** - Although the submission to the Government in January 2025 for a devolved Mayor & Combined Authority comprising Milton Keynes and the three authorities in Bedfordshire was not successful in the first round of Government approvals, it remains on the table.
- **Legislative changes** - anticipated changes in Welfare payments system is likely to cause a spike in claims for welfare support, possibly demand for housing and changes to Planning Administration and Charging will impact the work with the Public and with Developers.
- **Pressures on the Housing Revenues Account (HRA):** The ongoing cap on rent coupled with increasing demand 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 will impact the ability to adequately fund HRA works.
- **Delivering Differently Agenda- Change Agenda–** A corporate review aimed at streamlining operations across the Council, to achieve necessary savings, by seeking to improve productivity.
- **Demand:** The Council is facing significant challenges with increasing levels of demand and complexity in children's social care, Adult Social care services and Housing. This is expected to place significant pressures on the Council's budget.
- **Geopolitical factors:** Impact of worldwide tariffs on trade and ongoing wars across the world, affecting cost of living (food, fuel etc.), cost of construction, as well decisions to divert more funds to defense, all potentially impacting funding levels from the Government.

ANNEX A – 2024/25 Annual Governance Statement Action Plan

| No. (Year) | Issue | Action / Outcome | Lead Officer and Target Completion Date | Update as at February 2025 |
|---------------|---|---|---|--|
| 2019-20 | | | | |
| 1. | Challenges around Homelessness and financial implication of this | <p>Action: Oversight of Homelessness, including Prevention and Temporary Accommodation services, and its financial management in 2019/20.</p> <p>Outcomes</p> <p>A structured periodic report to Cabinet and relevant Scrutiny Committee that:</p> <ul style="list-style-type: none"> • Monitors demand and caseload • Provides assurances: re use of Temporary Accommodation • Reports on the flow of voids into use • Accurately forecasts financial implications | <p>Director of Adult Social Care</p> <p>Completed – to move to Business as usual</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>Update June 2024</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> <p>Update February 2025</p> <p>Corporate group closed in September 2024 and action plan is now managed by the HPAP Meeting fortnightly. This is chaired by the Head of Homelessness and Tenancy Services. The action plan was reviewed and updated in January 2025 focusing on supply of move on accommodation and homelessness prevention.</p> |

| No. (Year) | Issue | Action / Outcome | Lead Officer and Target Completion Date | Update as at February 2025 |
|----------------|--|---|--|---|
| 2022-23 | | | | |
| 1 | Housing Systems Maintenance | <p>Action: End to end review of the NEC housing systems to ensure maximum use.</p> <p>Outcome: 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 – Head of Finance Social Care, Education and Housing Due: 30 April 2025 | <p>ONGOING</p> <p>May 24 Update</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</p> |

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| | | | | <p>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> |
| 2023-24 | | | | |
| 1 | <p>Children Social Care – Lack of capacity nationally, to ensure high quality practices across the area.</p> | <p>Action: 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.</p> <p>Outcome: Increased capacity and good quality</p> | <p>Director of Children's Services</p> <p>Due: Ongoing</p> | <p>ONGOING</p> <p>May 24 Update</p> <p>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.</p> <p>February 2025 update</p> <p>Plan to introduce a "Golden Hello" to key social work teams to enhance recruitment. Placement Commissioning: New arrangements in place to support refreshed action plan in response to sufficiency demand.</p> |
| 2025-24 | | | | |

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| 1 | Flexible Homes Improvement Loans Company- MKCC is part of a consortium of 17 Local Authorities who set up a limited company to administer loans to homeowners for the repair and improvement of their homes. | Action: To review the model, MKCC's continuing participation and what benefits and liabilities exist. Outcome: Withdraw or continue and improve MKCC governance over the process. | Director of Community and customer Services: Head of Regulatory Services Due: September 2025 | |
| 2 | Waste Plant Management - Risk and market viability-based re-procurement of the service provider to align with the shortened contract term. | Action: re-procure a new service contract, using the existing process for procurement with competitive dialogues. Outcome: Contract for maintenance of Plant and transfer of service risk to the Service provider for the duration of the contract -15 years. | Director of Environment and Property: AD -Environment, Waste and Procurement Due: April 2026 | |
| 3 | Housing repairs and maintenance contract that has been extended is expiring. | Action: Re-procurement of Housing Repairs and Maintenance, service contract. Outcome: new cost effective repairs and maintenance service. | Director of Environment and Property: AD Housing Maintenance, Investment and Corporate Health and Safety Due: September 2025 | |
| 4 | Housing Stock condition survey planned for every 5 years has resulted in poor oversight on completion of surveys and issues not identified. | Action: Procurement of stock condition surveys, to move to a 3-year programme. Outcome: Condition surveys completed in a shorter timeframe, enabling earlier remedial actions | Director of Environment and Property: AD Housing, Maintenance, Investment and Corporate Health and safety Due: September 2025 | |

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| 5 | External Audit Opinions 2024-25 | Action: Report to Audit Committee and Council, reasons for any disclaimer opinions. Outcome: Transparency in process | Director of Finance & Resources Due: September 2025 | March 2025 - The Council has taken all necessary steps to continue to meet its statutory responsibilities to produce its financial statements in line with relevant accounting practice. Although a full audit will be carried out on the 2024/25, our external auditors will be issuing a disclaimed audit opinion, due to the continuing impact of EY not performing the 2022/23 audit and impact in prior year comparator balances. |
| 6 | Shared Service – ongoing issues with completion of reconciliation of control accounts by staff of the shared Service partner | Action: continuing to work with colleagues in shared services to progress the completion of a number of control accounts for which the shared service is responsible for completing. Outcomes: timely completion of reconciliation of Control accounts | Director of Finance and Resources: AD Finance Due: 31 March 2025 | March 2025 - Extensive work has been completed by MKCC finance officers to investigate and correct errors on a number of control accounts. We are in the process of agreeing changes with WNC to ensure that the underlying issues do not reoccur. |
| 7 | Management of Demand for Adult Social Care Services | Action: Weekly monitoring of costs and effectiveness of improvement measures. Outcomes: improved cost-effective service delivery | Director of Adult Social Care | |
| 8 | Housing complaints - Processing of noncompliance notices from the Housing Ombudsman. | Action: Outcomes: | Director of Environment and Property -AD | |

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| 9 | <p>Changes to Constitution</p> <p>Following the Corporate Peer review, the scrutiny function is to be reviewed and updated</p> | <p>Action: Review of the scrutiny committee structure to streamline the number of committees and their sizes</p> <p>Outcomes: Fewer committees with greater focus.</p> | <p>Director of Law and Governance</p> <p>Due Date:</p> | |
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