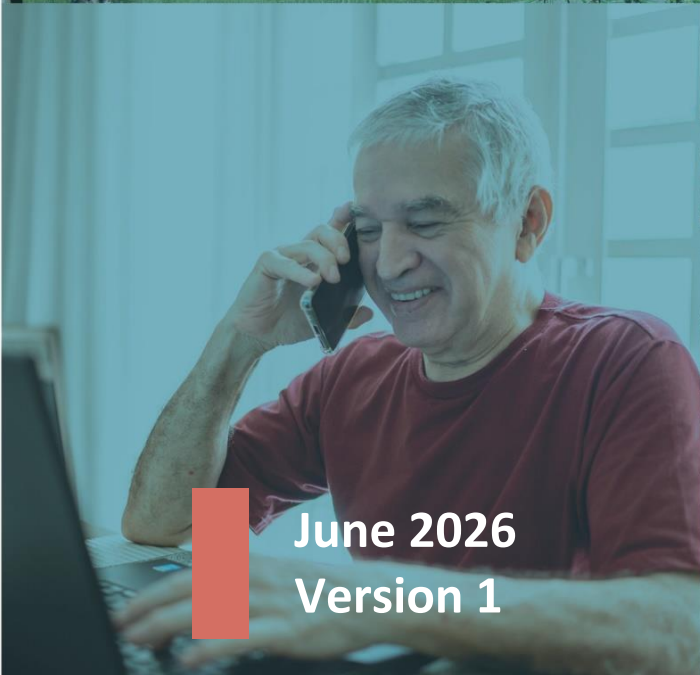




# Annual Governance Statement 2025-26.



June 2026  
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 funding 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, especially with the implementation of the Change Because We Have To (CBWHT) strategy and increasing use of artificial intelligence tools, we are confident that for the most part, during 2025-26, 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 2025/26 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.



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Councillor Jane Carr  
Leader of Milton Keynes City Council

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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, 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 Councillor forums, 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 independent inspection bodies.

- 2.6 This AGS builds upon statements of previous years. It summarises the key governance framework which has been in place for the year ended 31 March 2026 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 in 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. In 2025-26, the Council comprised of 57 Councillors, but Local Government Boundary Commission's decision in 2024 increased the size of the Council to 60 members, from May 2026.

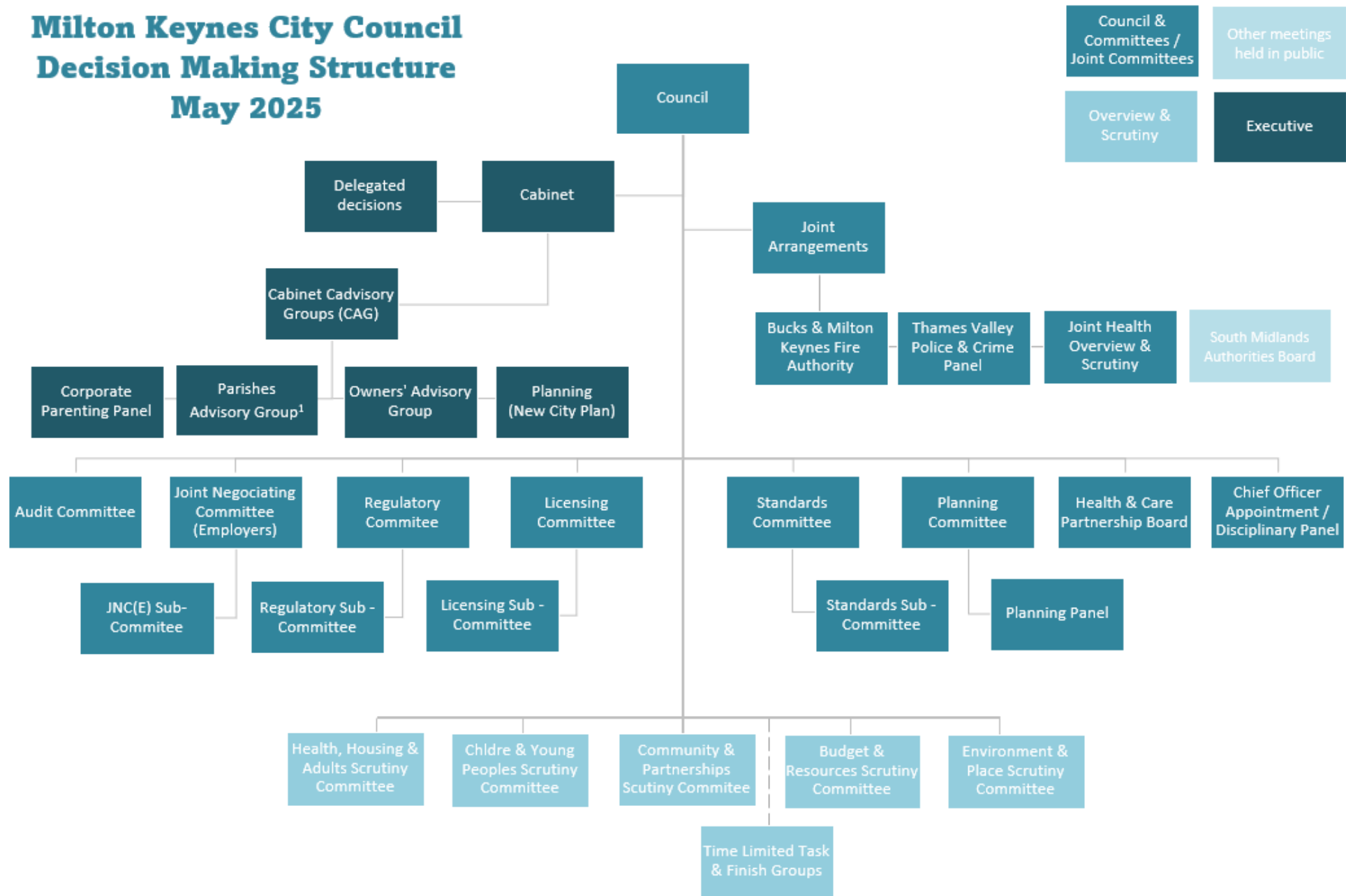
Elections are held 3 years in a row, with a break in the 4th year. 2025-26 is the 4th year in the current cycle and so there were no elections in May 2025.

Following the boundary review, the all-out election was held in May 2026, resulting in 22 new members who have never held office and will be serving as Local Authority Councillors for the first time. The outcome of the elections and change position from the last election is as detailed in the table below:

Political Party	On 07/05/26	On 02/05/24
Labour	19 seats	30 seats
Liberal Democrats	20 seats	18 seats
Conservatives	12 seats	9 seats
Reform UK	9 seats	0

3.6 Full Council meetings continue to be open to the public, to provide transparency for all. Very exceptionally, specific agenda items may be dealt with in private.

# Milton Keynes City Council Decision Making Structure May 2025



1. Under Parishes Advisory Group is a larger quarterly forum attended by all Parishes 2. During the Council year 2024/25 there was a Policy, Performance & Scrutiny Management Committee – this was dissolved, and a new Community & Partnerships Scrutiny Committee introduced in May 2025

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. 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.

As the majority political party during 2025-26, the Cabinet was made up of (up to) ten Labour Group members, including the Leader of the Council and the Deputy Leader.

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 Councillors not in the Cabinet.

There are 6 Regulatory and Advisory committees, and 5 Overview and Scrutiny committees. These committees allow the public to have greater input into specific service areas, 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 across the Council, and monitors delivery of the Audit Plan, as per the Global Internal Audit Standards (GIAS)

The Audit Committee takes a positive and proactive approach to governance and reviews progress on the AGS action plan, annual internal audit plan and counter 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.

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:** During 2025-26, MKCC continued to own 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 in July 2025 and has been refreshed and is published as an **Annex B** to this report.
- 4.2 The ICT Team continues to undertake work to support safe adoption of artificial intelligence, to improve working practices across services. During 2025-26 key projects included ongoing work to transfer service data on to Azure cloud, guidance on use of Copilot and work to tighten security of access to the organisation's digital network through requesting across the board changing of passwords.
- 4.3 The Change Because We Have To (CBWHT) Stability Strategy was introduced across the organisation during 2025-26, with the aim of improving service efficiency and reducing the budget deficit. Various projects were initiated during the year, which had an impact on controls arrangements across various services.
- 4.4 Public Health introduced an interactive dashboard providing more/clearer data on the levels of deprivation in an area, to inform decision makers.
- 4.5 A new customer contact form for residents to get in touch with the Council, speeding up the process, replacing the email query route.
- 4.6 Other operational changes in management of service delivery, to improve governance arrangements are detailed within Director's Annual Assurance statements in 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 7.2 below, with review of governance arrangements via CBWHT strategy introduced, to better manage and monitor the challenges. Officer governance groups continued to ensure that there is scrutiny over actions and decisions throughout 2025/26. These groups include:

- Leader's Group
- Statutory Officer Group
- Corporate Portfolio Board
- Change Because we have to Board
- Various programme specific Boards
- Corporate Governance and Risk Group
- Information Governance Board
- Corporate Vacancy Panel

5.2 The appropriateness of the Council's response to economic changes and other macro events has continued to be monitored throughout 2025-26 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 declarations **(6.2)**
- Assurances from internal processes and functions **(6.3)**
- Assurances from external inspections and review of 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. Progress on the delivery Plan was reported to Cabinet on 4 March 2025 and 3 March 2026.

6.1.2 Full Council/Cabinet – Full council met 12 times (2 special meeting) during 2025-26, with Cabinet meeting 9 times in the year. These meetings considered key decisions

including approval of the Council Plan; setting the budget; agreeing the Mid Term Financial Plan and reviewing 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.

Audit Committee - The Committee provides independent, effective assurance on the adequacy of MKCC’s governance environment. Though apolitical, there is representation from all political parties, 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 was 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 quarterly detailed monitoring report presented to corporate leadership team.

- 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 Section 151 Officer.
- The Director of Finance and Resources has confirmed that management of the Council’s finances has been undertaken in accordance with the principles of the Financial Management Code.

- 6.2.3 Corporate Leadership Team – Held fortnightly 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 with respect of 2025/26, 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 2025-26, 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.
- Changes in senior management arrangements in Adult Services, to provide more capacity, with appointments to the roles of - AD Adult Social Care; Head of Older People Services and Hospital Discharge; Head of Safeguarding, Practice Development and Deprivation of Liberty Safeguards (DoLS).
- Implementation of structured monthly Service Management monitoring meetings across 4 key areas within Adult Social Services.
- Changes within Housing Commissioning - to enable improved oversight on compliance over delivery of Direct Services (except gas) and capital projects.
- 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.**

- ❖ CBWHT programme – corporate strategy introduced 2025-26. Various projects reviewing internal processes with a view to improving productivity and efficiency.
- ❖ To undertake review of strategic priorities within Adult Services and development of annual assurance plan focused on outcomes from CQC inspection in November 2025, to be developed March 2026.
- ❖ Ongoing work on the national 3 year SEND local area improvement actions – to ensure capacity to deliver any new arrangements to mitigate the impact on a budget which has not been increased as expected.
- ❖ Waste Recovery Park (MKWRP) – following award to the preferred operator, action to ensure successful risk transfer to the service provider over the length of the contract term (15 years) via 3 pre-planned phases.
- ❖ Mobilisation of Housing repairs and maintenance function to take account of significant regulatory changes. It is anticipated actions will arise from inspection in January 2026 by the Regulator of Social Housing.
- ❖ Housing Improvement Plan (HIP) – follows our first planned regulatory inspection. The HIP is an action plan of improvements to fully meet the Housing Consumer Standards. A key focus is renewing stock condition data via a condensed stock condition survey programme.
- ❖ Management of commercial properties – to outsource landlord inspections, to achieve a consistent approach particularly in relation to fire risk.
- ❖ Shared Services Payroll s –outstanding audits of Teacher Pension returns are being progressed with West Northamptonshire Council.

## 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 of 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 service 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 on 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 processes 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 2025/26, detailed in the Internal Audit Annual report is GOOD (2024-25 -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 is reviewed every 3years. 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, Service and project related risks.

The Corporate Governance and Risk Group has acted as a sounding board for risk owners, encouraging more proactive risk management.

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 continues to operate effectively, overseeing information governance arrangements across the Council and work has been undertaken to strengthen data management and retention requirements.

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.

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 -follow up:** "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 and a follow up to assess progress on implementation of actions agreed was undertaken on 23 February 2026.

The follow up confirmed that 100 per cent of actions had either been completed or were being progressed.

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 2024-25 accounts were prepared on time and no material issues were raised, a modified opinion was issued, as result of the 2022/23 audit not being completed by the previous Auditors. This followed a disclaimed opinion in 2023/24 which was issued, as result of the 2022/23 audit not being completed by the previous Auditors, which has impacted the auditor opinions for the subsequent two years. The government’s backstop date for 2024-25 Financial Statements 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.

The 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:

**CQC** - Adult Social Care across the Council was subject to a CQC inspection in October 2025. The Care Quality Commission (CQC) is the independent regulator of health and social care in England. CQC looked at nine areas spread across four themes to assess how well the authority is meeting their responsibilities. Milton Keynes Council was rated as good, achieving outstanding rating in certain areas, and an overall score that placed the Service amongst the top 10 Social Care services nationally.

#### OFSTED –

Ofsted undertook inspections at 15 of the 113 schools (Maintained and Academies) in MKCC area in the year April 2025-March 2026.

- 11 visits were undertaken across the 55 academy schools which operate independently of MKCC.
- 8 visits were undertaken from the 58 Local Authority maintained schools.

Outcome judgements for Schools visited in the year 2025-26 were as follows:

	Total in MK	Academy	Maintained
<b>Total Number of schools</b>	<b>113</b>	<b>55</b>	<b>58</b>
<b>Number visited</b>	<b>19</b>	<b>11</b>	<b>8</b>
<b>OUTCOMES:</b>			
Good /Expected Standard achieved across all evaluation areas.	<b>15 (79%)</b>	<b>9</b>	<b>6</b>
Requires Improvement/Needs attention in at least one area of evaluation.	<b>3 (16%)</b>	<b>1*</b>	<b>2</b>
Inadequate/Urgent improvement needed in at least one area of evaluation.	<b>1</b>	<b>1</b>	<b>0</b>

Work is ongoing to support the two maintained schools, to secure improvements in the areas highlighted.

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 **Local Government & Social Care Ombudsman (LGSCO) and Regulator of Social Housing (RSH)**

**LGSCO** - The 2024/25 Annual Local Government & Social Care Ombudsman's Annual Review letter was received at the end of July 2025. This showed that 20 cases were referred to the Ombudsman for investigation during 2024-25, with 14 cases being upheld. In 2023/24 the Ombudsman upheld 14 of 15. The report also confirmed that the Council had complied with implementing 100% of recommendations raised and for 13% (14% in 2023-24) of the cases, satisfactory remedy had been provided by the Council.

**RSH** – The Council's Housing Service was inspected by the Regulator of Social Housing at the end of January 2026. The RSH focuses on how well landlords meet the consumer standards.

The regulatory judgement confirmed a consumer grade of C2 for MKCC Housing Service, out of four potential grades, with C1 being full compliance with consumer standards across the four key themes of the standard, and C4 representing failure to comply with the standards.

## 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 2024/25**

Annex A sets out the outstanding actions from previous years, and any new actions agreed to address significant governance issues highlighted in 2025-26. 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 **2025-26 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, where appropriate included within the 2025-26 AGS Action Plan at Appendix A.

The significant issues highlighted throughout the year are noted below. The majority of these reflect issues already known and documented. They reflect ongoing management and focus on the governance issues arising.

- 7.2.1 Changes within the Administration, following the all-out elections in May 2026.
- 7.2.2 Changes in service structures and delivery modes, arising from the CBWHT ongoing reviews.
- 7.2.3 Scrutiny and management of the arrangements with the Waste Plant Contractor and fee calculation.
- 7.2.4 Ongoing work to secure improvements within Adult Services and Housing, following in-year inspections by the Care Quality Commission and the Regulator for Social Housing, respectively.

### **7.3 Forward Looking Issues**

The purpose of this Statement is to reflect on the Governance arrangements for the 2025/26 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 26/27:

- **Changes to the Administration:** The all-out elections and the current Leader stepping down in May 2026 after 12 years in the role, will mean the Council faces a period of marked change.
- **Change Because We Have To:** Ongoing corporate strategy aimed at streamlining operations across the Council, to achieve necessary savings, through improving efficiency within processes and increasing productivity, will mean more change across the Council.
- **Cost of Living pressures:** War in the Middle East, causing shortages oil and fuel, heating, increasing the cost of living (higher priced food, fuel, heating etc.), resulting in possible increase in demand for welfare assistance, and potential hike in bad debts from public and businesses. More pressure on the Council's stretched budget.
- **Demand:** The Council continues to face 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 Impacts** – Tariffs on trade and potential expansion of ongoing wars, resulting in a decision by the government to divert more funds to defense, potentially impacting levels of funding from the Government.
- **Government New Town Programme** If selected, the New Towns program will mean a massive expansion of up to 40,000 new homes, major infrastructure upgrades, and a proposed Mass Rapid Transit system across several years.
- **Universal Studios Development** – potential positive impact from ongoing development of Universal studios theme park in Bedford.

## Appendix A – 2025/26 Annual Governance Statement Action Plan

No. (Year)	Issue	Action / Outcome	Lead Officer and Target Completion Date	Update as at December 2025
<b>Actions 2022-23</b>				
1.	<b>Housing Systems Maintenance</b>	<p><b>Action:</b> End-to-end review of the NEC housing systems to ensure maximum use.</p> <p><b>Outcome:</b> To achieve a better, more cost-effective service for tenants and leaseholders, improved decision making and to ensure compliance with regulatory requirements.</p>	<p>Director of Finance – Head of Finance Social Care, Education and Housing</p> <p><b>Due:</b> 27 March 2027</p>	<p><b>ONGOING</b></p> <p><b>May 24 Update</b> 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. 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><b>June 2026 Update</b> Work to implement new modules has continued, we now have 7 modules fully implemented, with a further 11 currently in progress. Of these 8 modules are due to be completed by September 2026 with the last 3 delayed slightly to March 27 due to their complexity.</p>

No.(Year)	Issue	Action / Outcome	Lead Officer and Target Completion Date	Update as at December 2025
<b>Actions 2023-24</b>				
1.	<b>Children Social Care – Lack of capacity nationally, to ensure high quality practices across the area.</b>	<p><b>Action:</b> 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><b>Outcome:</b> Increased capacity and good quality</p>	<p>Director of Children’s Services</p> <p><b>Due:</b> Ongoing</p>	<p><b>ONGOING</b></p> <p><b>February 2025 update</b> 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> <p><b>DECEMBER 2025 Update</b></p> <p>The number of agency social workers has reduced slightly, and we consider with the proposed changes from the Children’s wellbeing and Schools Bill, this will further improve the national picture, as will the changes planned through the Children’s social care reforms which will allow greater use of differently qualified professionals for some roles</p>

No(Year)	Issue	Action / Outcome	Lead Officer and Target Completion Date	Update as at December 2025
<b>Actions 2024-25</b>				
1.	<b>Flexible Homes Improvement Loans Company-</b> 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.	<b>Action:</b> To review the model, MKCC's continuing participation and what benefits and liabilities exist.  <b>Outcome:</b> Withdraw or continue and improve MKCC governance over the process.	Director of Community and customer Services: Head of Regulatory Services  <b>Due:</b> February 2026	<b>On Going</b>  <b>DECEMBER 2025 Update</b>  A Delegated Decision was taken on 9 December 2025 and approved the participation of MKCC in forming a consortium outside of Flexible Home Improvement Loans Limited (FHIL) company to collectively retain control over the loan scheme funds. A procurement exercise for an FCA regulated provider to undertake loan administration services for the consortium will be commenced once approval from all current LA members of FHIL to take this action has been received. It is hoped that this will be done in January/February 2026. Once the assets have been transferred with appropriate safeguards the FHIL will be wound down. Authority has been delegated to the Director of Customer and Community Services, in consultation with the Cabinet member for Housing, to finalise arrangements for the creation of the consortium and associated workstreams to implement these recommendations.
2.	<b>Waste Recovery Park (MKWRP) - Plant Management -</b> Risk and market viability-based re-procurement of the service provider to align with the shortened contract term.	<b>Action:</b> re-procure a new service contract, using the procurement with competitive dialogue route.  <b>Outcome:</b> Contract for maintenance of the plant and the transfer of service risk to the service provider in phases during the contract duration of up to 15 years (10+5).	Director Environment and Property: AD Environment, Waste and Procurement  <b>Due:</b> September 2026	<b>ACTION COMPLETE - CLOSE</b>  <b>JUNE 2026 Update</b>  Bids were received following competitive dialogue (CD). CD completed successfully. The CD process worked well to support the partitioning of risk into commercial, technical and contractual subsets that the contractors could understand, take appropriate risk and bid on. A Delegated Decision to award the contract to the Preferred Bidder was taken in March 2026 and contract mobilisation has commenced ahead of go-live in September 2026.

3.	<b>Housing repairs and maintenance contract</b> that has been extended is expiring.	<b>Action:</b> Re-procurement of Housing Repairs and Maintenance, service contract.  <b>Outcome:</b> new cost-effective repairs and maintenance service.	Director Environment and Property: AD Housing Maintenance, Investment and Corporate Health and Safety  <b>Due:</b> September 2025	<b>ACTION COMPLETE - CLOSE</b>  <b>DECEMBER 2025 Update</b>  The new R&M Contract commenced August 2025 with the contract fully mobilised and in place.
4.	<b>Housing Stock condition survey</b> planned for every 5 years has resulted in poor oversight on completion of surveys and issues not identified.	<b>Action:</b> Procurement of stock condition surveys, to move to a 3-year programme.  <b>Outcome:</b> 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  <b>Due:</b> September 2025	<b>ACTION COMPLETE - CLOSE</b>  <b>DECEMBER 2025 Update</b>  Stock Condition Survey contract now mobilised with programme underway. Programme aims to complete surveys of all Council homes and blocks in 3 years, depending upon access being consistently given by tenants.
5.	<b>External Audit Opinions 2024-25</b>	<b>Action:</b> Report to Audit Committee and Council, reasons for any disclaimed opinions.  <b>Outcome:</b> Transparency in process	Director of Finance & Resources  <b>Due:</b> September 2025	<b>ACTION COMPLETE -CLOSE</b>
6.	<b>Shared Service</b> – ongoing issues with completion of reconciliation of control accounts by staff of the shared Service partner	<b>Action:</b> 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.  <b>Outcomes:</b> timely completion of reconciliation of Control accounts	Director of Finance and Resources: AD Finance  <b>Due:</b> 31 March 2025	<b>March 2025</b> - 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.  <b>April 2026</b> – A number of payroll control accounts are now managed directly by the MKCC finance team. The main outstanding historic issue relates to outstanding completion of audits of Teacher Pension Returns which are being progressed by West Northants Council and our auditors

7.	<b>Management of Demand</b> for Adult Social Care Services	<b>Action:</b> Weekly monitoring of costs and effectiveness of improvement measures. <b>Outcomes:</b> improved cost-effective service delivery	Director of Adult Social Care	<b>ACTION COMPLETE- CLOSE</b>  <b>Up-date June 2026</b> Weekly Case Assurance panel for all requests for support across Adult Social Care Chaired by the Assistant Director who monitors and authorises all care package decisions.
8.	<b>Housing complaints</b> - Processing of noncompliance notices from the Housing Ombudsman.	<b>Action:</b>  <b>Outcomes:</b>	Director of Environment and Property -AD	<b>ACTION COMPLETE – CLOSE.</b>  <b>DECEMBER 2025 Update</b>  Our policy and procedures have been updated and we are broadly compliant with Ombudsman code of practice. Complaints are reported, including themes to the Housing Landlord Board.
9	<b>Changes to Constitution</b> Following the Corporate Peer review, the scrutiny function is to be reviewed and updated	<b>Action:</b> Review of the scrutiny committee structure to streamline the number of committees and their sizes  <b>Outcomes:</b> Fewer committees with greater focus.	Director of Law and Governance  <b>Due Date:</b> December 2025	<b>ONGOING</b> Constitutional changes agreed at full Council in May and June 2025.  Scrutiny Co-ordination panel met in June and will work to ensure scrutiny work is well planned and effective. In November, the panel will meet again to consider the performance of scrutiny during the first six months of the Council year.

No(year)	Issue	Action / Outcome	Lead Officer and Target Completion Date	Update as at
<b>ACTIONS 2025 -26</b>				
1	Change Because We Have To programme (CBWHT)	<p><b>Action</b> – monitor progress and completion of various projects in pipeline</p> <p><b>Outcomes:</b> improved ways of working, lower service costs</p>	<p>Director of Finance &amp; Resources</p> <p><b>Due Date</b></p>	<p><b>Update June 2026</b></p> <p>The CBWHT Board oversees all projects and reviews progress against each of these to ensure that savings are being identified and taken forward by the responsible Director to support the delivery of the Councils budget.</p> <p>As projects are completed or closed, additional projects are added to ensure that sufficient savings can be achieved to address the budget gap.</p>
2	Strategic Priorities within Adult Services	<p><b>Action</b> -Review of priorities following CQC inspection.</p> <p><b>Outcomes:</b> Development of an annual assurance Plan</p>	<p>Director of Adult Services</p> <p><b>Due Date:</b></p>	
3	Regulator of Social Housing Planned Regulatory Inspections Actions – Housing Improvement Plan (HIP)	<p><b>Action</b> – Deliver the agreed Housing Improvement Plan</p> <p><b>Outcomes:</b> To be fully compliant with the Consumer Standards.</p>	<p>Director E&amp;P – AD Housing, Maintenance, Investment and Corporate Health and safety</p> <p><b>Due Date:</b></p>	<p>HIP is to be confirmed once agreed with the Regulator of Social Housing in late July 2026. The HIP will be a 12 to 18 month action plan.</p>
3	Management of commercial Properties	<p><b>Action:</b> to outsource delivery of Landlord Inspections</p> <p><b>Outcome:</b> consistent and regular inspection and monitoring/reporting.</p>	<p>Director of E&amp;P – AD Property</p>	

4	SEND Local Area Improvement Actions	<b>Action</b> - to ensure capacity to deliver any new arrangements within tight budgets. <b>Outcomes:</b> Improved SEND service delivery	Director of Children Services	
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