

ANNUAL GOVERNANCE STATEMENT -2022-23

Issued - November



Milton Keynes officially became a City Council in September 2022. The Council Plan was updated into a new City plan aimed at shaping future growth, and helping the City become a better and fairer place to live, work and learn. The Plan sets out an ambitious vision to ensure MK continues to be a special place in which to live, learn and do business.

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.

The Council has been managing increasing demand on critical services with significant reductions in funding over the last few years making the need for good governance paramount. Given the economic situation during the year brought on by a “perfect storm” of events including the ongoing heightened demand for services due to the impact of the covid 19 pandemic, cost of living increases as well as supply chain issues from Brexit and the war in Ukraine, the Council is exposed to unprecedented challenges.

Notwithstanding these challenges, the Council must continue to ensure transparency, accountability, and effective governance. Whilst it is recognised that there have been changes to delivery of some frontline services as a result of the skills shortages and role consolidations, we are confident that for the most part, during 2022-23, the controls and governance framework has been maintained.

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 actually undermine service delivery.

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 2022/23 properly concludes 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 weaknesses 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 to ensure that the intended outcomes for stakeholders are defined and achieved in ways that are lawful.
- 1.2 *International Federation of Accountants / CIPFA 2014: International Framework: Good Governance in the Public Sector* further states that to deliver good governance in the public sector, both governing bodies and individuals working for them must try to achieve their entity's objectives while acting in the public interest at all times.
- 1.3 Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for the majority of service users and other stakeholders.
- 1.4 The governance arrangements aim to ensure that 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.

2 Conclusions - How do we know our arrangements are working?

- 2.1 To monitor the effectiveness of the corporate governance systems,
 - a code of corporate governance has been approved and adopted which is consistent with the principles of the CIPFA / SOLACE 2016: *Delivering Good Governance in Local Government: Framework 2016 Edition*.
 - Assessed compliance with the Financial Management Code- best practice guide issued by CIPFA for 2020/21.
- 2.2 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 Appendix B.
- 2.3 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.
- 2.4 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 the work of the Council also reflects and takes into consideration the work of internal and external audit and work of other inspection bodies completed during the year.
- 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 2023 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, 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 [Committee Management Information System](#). Arrangements are on the way to undertake a detailed review of the Constitution 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:

Statutory Role:	Allocated To:
Head of Paid Service	Chief Executive
Chief Finance Officer (Section 151)	Director of Finance & Resources
Monitoring Officer	Director of Law & Governance
Director of Social Services (Adult Services Only)	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

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

- Corporate Leadership Team (CLT) is MKCC’s senior management team, comprising of the Chief Executive, 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.

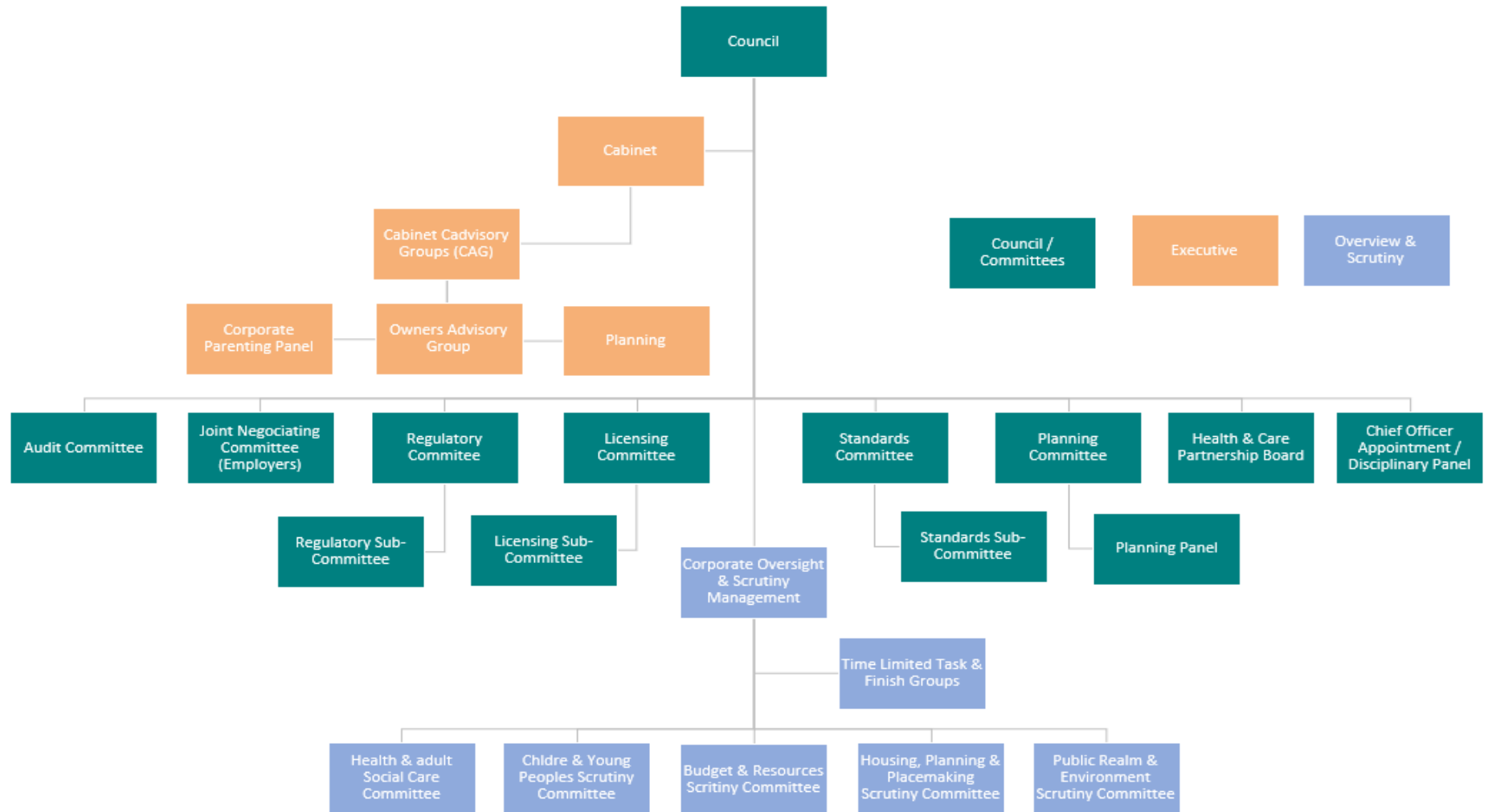
- 3.5 All Councillors have an important role to play in representing their constituents, as well as acting together as the Full Council. The Council comprises 57 Councillors.
- 3.6 Following the May 2023 elections, Milton Keynes City Council continues to be under no overall control which means that no one political party has over half the available seats required for a majority.
- 3.7 The Labour Group and Liberal Democrat Group have established a Progressive Alliance to form a majority administration, to administer the Council’s business. A 3 year agreement was entered into by the Groups to the Alliance in 2021, providing for a more stable political environment for the Council.

Political Party	On 05/05/22	On 04/05/23	On 23/06/23*
Labour	20 seats	25 seats	27 seats
Liberal Democrats	14 seats	15 seats	15 seats
Conservatives	23 seats	17 seats	15 seats

* two members of the Conservative Group joined the Labour Group in June 2023.

- 3.8 Council meetings continue to be open to the public and are streamed and published, to provide transparency for all. Very exceptionally specific agenda items may be dealt with in private.

Overview of MKCC Committee Structure (2023-24) [correct at 31/05/23]



- 3.9 **The Council** - At full Council meetings, normally open to the public, 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.
- 3.10 **The Executive** - Most decisions are the responsibility of the Executive (the Cabinet) – which is currently made up of nine members (6 Labour Group Members, including the Leader of the Council and 3 Liberal Democrat Group members including the Deputy Leader). The Executive can make decisions in three ways, either at a meeting of Cabinet (either a full meeting or a Sub-Committee), an individual Cabinet Member deciding, or an Officer deciding, having consulted with the relevant Cabinet Member. The arrangements for delegated powers of decision-taking are codified in the Leader's Scheme of Delegation and those for Officers in the Council's Constitution.
- 3.11 **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 5 Regulatory and Advisory committees and 8 overview and scrutiny committees and a management committee which support the work of the Cabinet and MKCC as a whole. They 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 MKCC on its policies, budget and service delivery.

The committees also monitor the decisions of Cabinet and Cabinet members.

- 3.12 **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, anti-fraud arrangements including whistleblowing and risk management. The Chair of the committee provides an annual report to full Council which outlines the work of the Committee during the year.

- 3.13 **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, together and via approved Boards and Groups e,g Finance, Legal and Accountability Group (FLAG); Portfolio Board; Housing and Landlord Board.

- 3.14 **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. These include Fire Authority, Police and Crime Commissioners' Office, Health and Wellbeing Board ;(with NHS partners); Integrated Care board; the South East Midlands Local Enterprise Partnership (SEMLEP) and Multi Agency Safeguarding Board, being some of the key partnerships.

- 3.15 **Council owned companies** - At the beginning of 2022/23, MKCC owned three Limited Liability Partnerships (LLPs).

Milton Keynes Development Partnership (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 that is set out in the Council's approved Corporate Plan, its Local Plan and in other key Council strategies.

The governance arrangements for MKDP are defined within the members agreement. These include the requirement for a Board made up of councillors and independent members to which the MKDP Managing Director is responsible. These arrangements were under review at the time of writing.

DevelopMK Limited

A limited liability Company incorporated on 25 March 2020 as a part owner of MKDP.

Milton Keynes Housing Company Limited

A company with no share capital, limited by guarantee, was incorporated on 26/11/2021. The company was formed to act as a Provider of Social Housing, with an application to register submitted in November 2022.

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 30th June 2021 and is published as an appendix to this document.

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

- 5.1 During the year, the ongoing impacts of the various macro-economic factors were recognised, with governance arrangements put in place to better manage and monitor the challenges. Officer governance groups created during 2021/22 remained in place and, continued to ensure that there was scrutiny over actions and decisions throughout 2022/23. These groups include
- Leader Group
 - Corporate Portfolio Board
 - Housing Landlord Board
 - Cost of Living Board
 - Finance, Legal and Governance Group
- 5.2 The appropriateness of the Council's response to economic changes and other macro events has continued to be monitored throughout 2022/23 along with an ongoing review of when it would be appropriate to, revise current policies or re-establish standard regulatory protocols. National Guidance has encouraged continuous caution in managing the initiatives to assist the public with increased cost-of-living and increased demand.

6 Review of effectiveness

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

This is informed by:

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

6.1 Members Assurance

6.1.1 Council Plan - The Council Plan sets out how Milton Keynes City Council will work to achieve its ambitions for Milton Keynes. Within it are the priorities that the Council will address between 2022 and 2026 and a more detailed annual Delivery Plan for 2022-23, showing what will be done and the main milestones along the way. The Milton Keynes Council Plan was revised and approved at the Council Meeting of 15 June 2022. This has since been revisited and replaced with a New City Plan, to reflect the change of status of the Council and the area.

6.1.2 Full Council/Cabinet – Meet monthly to take key decisions including approval of plan; to set the budget; agree the Mid Term Financial Plan; review the Risk strategy. Agendas and papers are held online and available for public access via the Council Website.

6.1.3 Scrutiny Committees – Meet monthly or quarterly, to scrutinise various aspects of the Council's governance framework and activities. Agendas and papers are available on CMIS- now Modern gov.

6.1.4 Audit Committee - A well-established Audit Committee provides independent, effective assurance on the adequacy of MKCC's governance environment. The three political parties are represented on the committee, supported by a further three independent members.

Consistent with CIPFA best practice a self-assessment of the Audit Committee is undertaken annually and the self-assessment process will be repeated prior to 31st March.

The committee met throughout the year with a formal programme of work approved via the Chair and Vice Chairs.

6.2 Management Assurance

6.2.1 Delivering the Council Plan - Overall performance is measured against a clear delivery plan, which is an integral part of the Council Plan. The Communities and Customer Services Team drives delivery of the Council Plan, working closely with Services to spread best practice, track and strengthen performance.

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

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 compliance with 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 is requested to provide a self-assurance statement in respect of 2022/23, giving positive assurance that governance / controls are operating sufficiently AND to identify any areas needing improvement.

It is recognised that the capacity of the organisation to respond to various macro-economic issues will vary as a result of a number of factors, which will affect the assurance statements given. The factors impacting on the availability of assurance include amongst others

- the changing risks and impacts on the organisation
- whether key governance, risk management and internal control arrangements have deteriorated or been maintained
- operational disruptions that impact on the access to information or systems resulting in greater inefficiency and reduced outputs.

Assurances statements highlighted the following areas where action has been necessary to either improve the control environment and or to react in response to a change in governance arrangements, or where controls have had to be relaxed and actions taken to minimise risks.

In discussions with Directors, while there was agreement that overall, there was good assurance on controls within departments during 2022/23, there were specific areas

where actions had been taken to put in place measures to address changes in delivery arrangements and or identified weaknesses in controls.

These include:

- Changes in governance arrangements:
 - Revenues and Benefits Income Management System – ongoing work to disaggregate the service from the shared service arrangement with West Northampton Council and to reduce partnership working with Horsham
 - Formation of the Housing Landlord Board, providing a joined-up approach across the three functional Directorate, to address the evolving needs of managing the challenges of provision of a comprehensive Housing service.
 - Creation of a single Head of Service for Housing Maintenance, Investment and Corporate Health and Safety, from two separate Heads of service – to improve Health and Safety compliance management and reporting across the housing stock.
 - Improved HR policies and creation of an HR hub to support managers across the Council.
- Control Weaknesses over processes for
 - Reconciliation of control accounts – ongoing work with Shared Service Partner to secure improvements
 - Leasehold management services – an improvement project has been put in place
 - Management of Housing Services system – an end-to-end review project has been set up.
 - Children Social Care - Ongoing work, recognising the national capacity issues with children’s social care and placements, which have an impact on ability to maintain quality practices across the area.
 - Housing system issues impacting on the accuracy and timeliness of management reporting to support Housing Allocations and Housing solutions Services.
 - Issues with facilities for recording Care Packages and associated costs within the LAS care system and the ADAMS dynamic purchasing system.

6.2.5 Council Companies Assurance

MKDP

The Milton Keynes Development Partnership (MKDP) Managing Director and the Board are responsible for the general management of MKDP operations. The Board met during the year to review progress of the delivery of the company’s business in line with the accountability framework and in particular to progress the proposals to establish a Local Housing Company.

The Council undertook a review of MKDP and in July 2020, in light of the significant concerns over the financial impact of COVID-19, the Council offered MKDP the opportunity to share a senior management resource.

MKDP's Board accepted this offer and in December 2020 MKC's Deputy Chief Executive was seconded to serve as the Company's Managing Director on a part time basis, as well as continuing to be the Council's DCEO. Quarterly performance meetings were also held with the Council's S151 officer during the year and further scrutiny of the arrangement provided by the Council's Chief Executive being appointed to the Board.

DevelopMK Ltd

Wholly owned LLP

MK Housing Co Ltd

Still to be registered

6.3 Other Internal Assurances

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

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

- Monthly performance reporting to the Corporate Leadership Team;
- Regular updates to Cabinet on the delivery of the Council Plan;
- Performance management support to Department Management Teams in the form of monthly / quarterly dashboards.
- 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 set-up The Portfolio Office, whose objectives and contribution to governance and assurance are:

- support projects and programmes and their Sponsors and managers by:
 - development and ownership of the MKApproach to managing projects and programmes
 - development of a learning community through the PM Network and training of PM staff
 - mentoring, advice and support to project sponsors and managers through project workshops; acting as a critical friend to projects and programmes; sitting on key project and programme Boards; and providing impartial and credible analysis of projects and programmes.
- leading or contribution to Health Checks, Lessons Learned or Project Audits and aid decision-making by:
 - developing and dissemination of Lessons Learned from completed projects, in particular those Lessons with cross cutting significance

- involvement in validation of business case (i.e. START documents) as a member of Programme and Portfolio Boards
- providing informed and independent comment and advice to key Corporate Services on project and programme management
- 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 the standards of financial management for local authorities, and each Local authority is required to demonstrate compliance with the Code.

A self assessment to demonstrate compliance with the FM Code was undertaken during 2021/22 by the Director of Finance and Resources and the outcomes were considered by the Leadership Team. The self-assessment showed that in many areas the Council had robust systems and process in place that evidence good practice. These include:

- The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.
- MKCC are compliant with all statutory obligations regarding the financial Statements and the budget, with a rolling medium-term financial plan (MTFP) in place and reported on regularly. There is also robust scrutiny of the budget in place.

6.3.4 Internal Audit - One of the key assurance statements MKCC receives on the effectiveness of the governance environment is from the work of Internal Audit which provides independent and objective assurance across the whole range of MKCC’s activities. The opinion of the Chief Internal Auditor for 2022/23, detailed in the annual report is **Satisfactory** assurance i.e a satisfactory System of Internal Control is in place but a number of findings, some of which are significant, have been raised. Where action is in progress to address these findings and other issues known to management, these actions will be at too early a stage to allow a “Good” audit opinion to be given.

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

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

The risk management approach has been embedded with the strategic risk register being reviewed and updated on a quarterly basis. Work is ongoing with review and testing of adequacy of risk registers. Findings are to be reported to Audit Committee.

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

The Council’s IT Service in conjunction with the Customer Data & Insight Team have taken appropriate steps to minimise exposure to data loss/breach across the Council, in light of the increased levels of remote working and sharing of data across virtual channels. Work has been undertaken on strengthening data management and retention requirements. Work on moving away from hosting by partner Council to Azure cloud and improvements on telephony arrangements has enhanced MKCC’s management of its data.

6.4 External Inspection and Review Functions

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

The auditor opinion for 2020/21 was a qualified opinion based on limitation of scope on infrastructure assets, which was a national issue.

An unqualified value for money conclusion was for 2020/21 in relation to MKCC’s arrangements to secure economy, efficiency and effectiveness in its use of resources.

The delay in completion of the audit of the Statements for 2020/21 meant that the Financial Statements for 2021/22, though prepared in July 2022, were only presented and approved at Audit Committee on 7 March 2023. The audit for the Financial Statements 2021/22 is in progress.

6.4.2 Office for Standards in Education (OFSTED) and Care Quality Commission (CQC) – Various annual reports are submitted to CQC, to provide an overview of the effectiveness of adults and children social care activity within the Council. The following annual reports have been submitted for 2022/23.

- Child Protection annual report
- Independent Reviewing Officer annual report
- Family Drug and Alcohol Court annual report on proceedings
- Local Authority Designated Officer annual report on safeguarding allegations reported
- Quality Assurance annual report
- Corporate Parenting annual report
- Complaints annual report

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.

Inspections:

In November 2022, Ofsted undertook a follow up visit of the Council’s services for looked after children, to assess progress made to improve the service, since the

inspection that was completed in October 2021. The report produced in January 2023 concluded that although the inspection highlighted many good and improved practices, it assessed that there were still important areas where children were not getting the service needed. A detailed action plan has been produced from the findings of the inspection and progress is monitored by Children Services Senior management Team.

Ofsted undertook inspections at 21 of the 114 schools (Maintained and Academies) in MKCC area during the financial year 2022-23.

- 10 visits were undertaken amongst the 47 academy schools which operate independently of MKCC.
- 11 visits were undertaken amongst the 67 Local Authority maintained schools.

Outcomes judgements for Schools visited in the year 2022-23 were as follows

<p>ACADEMIES + MAINTAINED Total number visited by Ofsted = 21 Out of 114 total schools in MK</p>	<p>Outstanding (2/21 Schools) 9.6% Good (17/21 Schools) 81.6% Requires Improvement (1/21 school) 4.8% Inadequate (1/ 21 schools) 4.8 %</p>
<p>MAINTAINED ONLY Total number visited by Ofsted = 11 Out of 67 schools in MK</p>	<p>Outstanding (1/11 schools) 9.1% Good (10/11 school) 90.9% Requires Improvement (0/11 school) 0% Inadequate (0/11 schools) 0 %</p>

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

- 6.4.3 In March 2023 the Adult Social Care (ASC) Team participated in a Peer challenge review lead by the Local Government Association, to assess how the team is performing against the new CQC LA assurance framework. The key outcome message was that the Council’s approach to application of quality practice was rigorous and robust across the ASC Service, with the Adults Leadership Team being supportive and involved in oversight of quality practice.
- 6.4.4 The 2022/23 Annual Local Government & Social Care Ombudsman’s Annual Review letter is due to be received at the end of July 2023. In 2021/22 the Ombudsman upheld 17 of 25 complaints against the Council complaints after detailed investigations were carried out,

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 2022/23

Annex A sets out the outstanding actions from previous years and any new actions agreed to address significant governance issues highlighted in 2022-23

7.2 Progress on Governance Issues reported in the 2021-22 Annual Governance Statement – Annex A

The actions raised in the 2021/22 Action Plan are only removed from the plan once they have been completed (or the issue resolved in a different way).

7.3 2022/23 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 22/23 AGS Action Plan at Annex A where appropriate.

A summary of the significant issues highlighted by Directors is set out below. The majority of these reflect issues already known and documented within the 2021/22 AGS. They reflect an ongoing management and focus on the governance issues arising:

- 7.3.1 Demand for services– the cost of living crisis and ongoing impact of the pandemic have pushed demands across multiple services. Governance remains robust and the issue has regular ongoing oversight.
- 7.3.2 Changes to Shared Services arrangements - in several areas the ongoing work to finalise disaggregation of shared arrangements.
- 7.3.3 Recruitment and Retention – Several areas across the Council continue to face significant challenges in maintaining a full establishment. Examples include; Social Care (Children & Adults), Legal and Finance roles. Services and the HR support function are focussed on those issues; however, it must be recognised many of the challenges are regional / national affecting most if not all Councils.
- 7.3.4 Housing Management Service – On going review across the directorates involved with the various elements of Housing Service, to achieve a joined up approach to improve management of Tenants; Stock, and homeless adults/families.

7.3.5 Contract Management – The new system has been implemented including improved coordination from Procurement to Contract delivery. 22/23 has prioritised further training across the Council to embed the good practices and system processes to give positive assurances across all contracts.

7.3.6 Data / Information Management – IT systems improvements provide an opportunity to improve the Council's information management to ensure the Council:

- Holds and retains the information it needs to ensure business as usual
- Information and data can be processed properly to support service delivery, whilst
- Ensuring information is only held when needed and deleted when it is appropriate

7.4 **Forward Looking Issues** - The purpose of this Statement is to reflect on the Governance arrangements for the 2022/23 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 23/24:

- **Government Funding** – There remains significant uncertainty beyond the current spending review period over the level and system for local government funding. Given also the economic environment the ability of the Council to make robust financial plans to underpin effective decision making is severely challenged.
- **Housing Revenues Account (HRA):** It is realistic and prudent to assume that sustainability of HRA account will be challenging considering the cap on rent increases for social housing and the increases in costs of maintaining the housing stock due to inflation and the age and construction type of a significant element of the Council's stock.
- **Economic/Financial:** The Council continues to face unprecedented financial pressures from a combination of post pandemic surge in demand, cost of living inflationary pressures. These will continue to create significant pressures within some budgets. The longer- term implications of operating within very tight financial margins may become more evident in later years e.g, energy and supplies costs and costs of wage increase demands.
- **Legislative Changes:** Delivery of Social Housing, Adult Social Care and Children Social services will be impacted by the demands of recent changes to legislation. This will include more scrutiny from increased levels of inspections, the outcomes from which may or may not affect the reputation of the Council.
- **Development Growth risk:** MKCC continues to face challenges to delivering the necessary infrastructure to support its planned growth, including the provision of schools, community facilities, sport and leisure facilities, healthcare facilities, roads, broadband and more.

ANNEX A – 2022/23 Annual Governance Statement Action Plan

No. (Year)	Issue	Action / Outcome	Lead Officer and Target Completion Date	Update as at 31 May 2023
1. (2019/20)	Challenges around Homelessness and financial implication of this	<p>Oversight of Homelessness, including Prevention and Temporary Accommodation services, and its financial management in 2019/20.</p> <p><u>Outcomes</u></p> <ul style="list-style-type: none"> • A structured periodic report to Cabinet and relevant Scrutiny Committee that: <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>Victoria Collins</p> <p>On going</p> <p>30 March 2024</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>We are continuing to monitor regularly through budget monitoring reports to Corporate Leadership Team monthly, and to Cabinet quarterly specifically to this were presented to both Community & Housing Scrutiny Committee.</p>
2. (2019/20)	Contract Management	<p>Effective operation of Contract Management Review Group in providing MKC with relevant assurances that robust contract management arrangements are operating effectively across the Council's significant contracts.</p> <p><u>Outcomes</u></p> <ul style="list-style-type: none"> - Contract Management Review Group evaluation of arrangements for significant contracts - The assurances/ improvements derived from those reviews 	<p>Steve Richardson</p> <p>On going</p> <p>31 March 2024</p>	<p>ONGOING</p> <p>The Council has now implemented a new Contract Management system covering the full procurement and contract lifecycle.</p> <p>Reports have been developed for managers, CLT and for the Executive to track progress on contracts and highlight any areas where action may be required</p> <p>We are also building within this a central repository of contract documentation and KPI suite.</p> <p>A training programme for contract managers is being developed alongside the roll out of the new systems</p>

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		<ul style="list-style-type: none"> - Oversight of that by the relevant scrutiny committee 		to ensure that Contract Managers are clear about their responsibilities and that the system is used consistently across the Council.
3. (2020/21)	Concerns over adequacy of governance over Housing Service Delivery and management of H&S of housing Stock	<p>A Director level restructure has been initiated and a Housing coordination board set up to oversee changes.</p> <p>A new Housing landlord Board now in place supported by a Managers Operations Group</p>	Stuart Proffitt Ongoing 31/3/24	<p>ONGOING</p> <p>Governance</p> <p>Regeneration and renewal (R&R) schemes have their own specific programme boards. All other R&R and pipeline housing schemes are reported to the Housing Programme Board. We develop working groups to deep-dive specific issues, such as the decant of Mellish Court and The Gables, or voids until they are resolved.</p> <p>Update</p> <p>An HRA Landlord Board which meets monthly has replaced the Housing Coordination Board to oversee the HRA operations, delivery and finances. The Board has the same membership and is supported by a Managers Operations Group. All minutes are reported as a key item each month to CLT.</p> <p>H&S</p> <p>A specific Housing Safety Team is now in place, with monthly reporting on compliance covering proactive assessments and checks and remedial work.</p> <p>A review of systems and data management has been undertaken; we are currently focusing on one system to hold the data, whilst a wider system review and strategy is undertaken.</p> <p>New housing safety procedures to set the standards are being drafted and were rolled out during 2022-23.</p>

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2022/23				
4	Quality of Leasehold Management Service	An improvement Project is in place to redesign systems To maximise HRA income through reduction in debt and tenant/leaseholder complaints.	Director of Finance- Group Head of Finance 30 April 2025	ONGOING Redesign of systems, to improve service charge recovery, ensuring that all costs are recovered and calculated in a transparent and clear way for tenants and leaseholders, thereby reducing complaints.
5	Housing Systems Maintenance	End to end review of the NEC housing systems to ensure maximum use. To achieve a better more cost-effective service for tenants and leaseholders, improved decision making and to ensure compliance with regulatory requirements.	Director of Finance – Group Head of Finance 30 April 2025	ONGOING Review to ensure use of the system is maximised, data and information is of high quality to enable efficient decision making and improved staff performance.
6	Children Social Services - Capacity to ensure high quality practices across the area,	Continued investment and commitment to the Memo of Cooperation across the Southeast in recruitment and retention of social workers and investing where necessary in agency provision and placement commissioning with the proposed impact to build and ensure sufficiency.	Director of children's Services June 2023	ONGOING

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