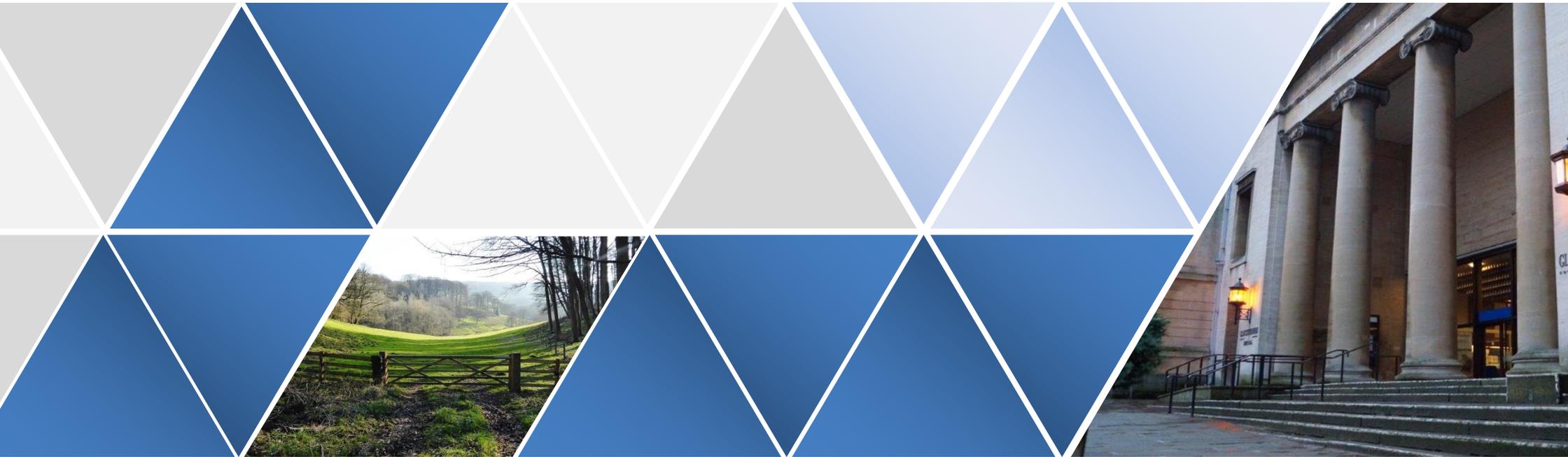


Annual Governance Statement

2019 - 2020



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Scope of Responsibility

Gloucestershire County Council (GCC) is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, and facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

GCC acknowledges its responsibility for ensuring that there is effective governance within the Council and as such has developed a Code of Corporate Governance that defines the principles and practices that underpin the governance arrangements operating within the Council.

The Code is reviewed and updated annually and is consistent with the seven core principles of the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE) guidance 'Delivering Good Governance in Local Government framework - 2016 Edition', the key focus being on sustainability i.e. economic, social and environmental and the need to focus on the longer term and the impact actions may have on future generations.

A copy of the Code can be accessed on the Council's website. However, a summary of the seven core principles upon which it is based can be found on page 11 of this document.

This statement explains how the Council has complied with the Code and also meets the requirements of the Accounts and Audit Regulations 2015, regulation 6(1) (a) and (b), which requires the Council to prepare and publish an Annual Governance Statement (AGS).

The responsibility for leading and directing the annual reviews of the effectiveness of the Council's governance arrangements against the Code and providing ongoing oversight and robust challenge, is the Council's Statutory Officers, comprising, the Chief Executive, Chief Financial Officer (S151) and the Monitoring Officer and when completed, the findings are reported to and improvement actions identified are monitored by the Audit and Governance Committee.

What is Governance?

Governance is about how the Council ensures that it is doing the right things, in the right way, for the right people in a timely, inclusive, open, honest and accountable manner. Good governance leads to effective:

- ❑ leadership and management;
- ❑ performance and risk management;
- ❑ stewardship of public money; and
- ❑ public engagement and outcomes for our citizens and service users.

What is the purpose of a Governance Framework?

The governance framework comprises the culture, values, systems and processes by which an organisation is directed and controlled. It enables the Council to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money. The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It assures that in conducting its business, the Council:

- ❑ operates in a lawful, open, inclusive and honest manner;
- ❑ makes sure that public money and assets are safeguarded from inappropriate use, or from loss and fraud, properly accounted for and used economically, efficiently and effectively;
- ❑ has effective arrangements for the management of risk;
- ❑ secures continuous improvement in the way that it operates;
- ❑ enables human, financial, environmental and other resources to be managed efficiently and effectively;
- ❑ properly maintains records and information; and
- ❑ ensures its values and ethical standards are met.

What is the Annual Governance Statement?

The Council is required by the Accounts and Audit Regulations 2015 to prepare and publish an Annual Governance Statement, in order to report publicly on the extent to which we comply with our own Local Code of Corporate Governance, including how we have monitored the effectiveness of our arrangements in year and on any planned changes to our governance arrangements in the coming year.

In this document the Council:

- ❑ acknowledges its responsibility for ensuring that there is a sound system of governance;
- ❑ summarises the key elements of the governance framework and the roles of those responsible for the development and maintenance of the governance environment;
- ❑ describes how the Council has monitored and evaluated the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period;
- ❑ provides details of how the Council has responded to any issue(s) identified in last year's governance statement; and
- ❑ reports on any key governance matters identified from this review and provides a commitment to addressing them.

The Annual Governance Statement reports on the governance framework that has been in place at Gloucestershire County Council for the year ended 31st March 2020 and up to the date of approval of the statement of accounts.

It should be noted however, that any system of internal control is designed to manage risk to a reasonable level rather than to eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness.

The Council's Governance Assurance Framework, which underpins the AGS, has been in place at the Council for the year ended 31st March 2020 and up to the date of approval of the AGS and Statement of Accounts.

What is a Governance Assurance Framework?

Assurance provides confidence, based on sufficient evidence, that internal controls are in place and are operating effectively and that objectives are being achieved. An Assurance Framework is a structure within which Members and Senior Management identify the principal risks to the Council meeting its key objectives, and through which they map out both the key controls to manage them and how they have gained sufficient assurance about the effectiveness of those controls. The assurance framework underpins the statements made within the Annual Governance Statement.

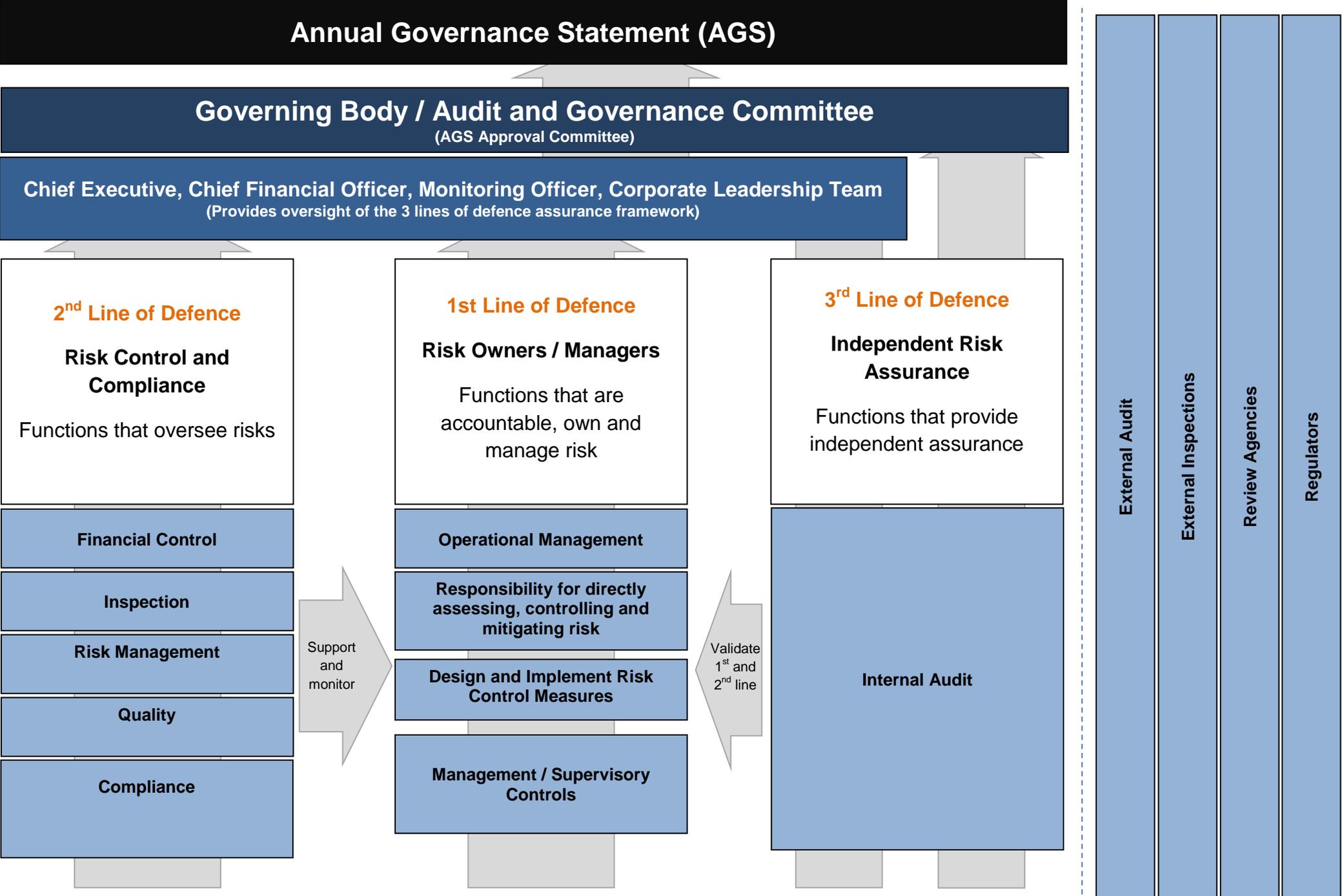
A governance assurance process is in place to provide a framework for the annual assessment of the effectiveness of the governance arrangements operating within the Council. This includes Cabinet Member overview and oversight and robust challenge by the Council's Statutory Officers i.e. the Chief Executive, Monitoring Officer and Chief Financial Officer.

In addition, 'the three lines of defence assurance model' is in place which helps Members and Senior Management to understand where assurances are being obtained from, the level of reliance they place on that assurance and identify potential gaps in assurance.

The Three Lines of Defence in effective Risk Management and Control

Assurance can come from many sources within the Council. The Three Lines of Defence is a concept for helping to identify and understand the different sources of assurance. By defining these sources into three categories i.e. the **First Line** (functions that own and manage risks e.g. operational management has ownership, responsibility and accountability for directly identifying, assessing and controlling / mitigation risks), the **Second Line** (functions that oversee risks and ensures compliance e.g. HR, Finance, IT and other control functions. This line monitors the effectiveness of risk management arrangements put in place by the first line and the **Third Line** (functions that provide independent assurance on the management of risks e.g. Internal Audit). In addition to internal governance arrangements, External Auditors, regulators and other bodies reside outside of the Council's structure, but have an important role in the Council's overall governance and control structure. This framework helps the Council understand how each contributes to the overall level of assurance and how best they can be integrated and supported. Please see page 7 below which summarises the Council's assurance framework, which is based on the three lines of defence model.

What are the Council's Governance, Risk and Control Assurance Framework?



How has the Annual Governance Statement been prepared?

In preparing the Annual Governance Statement the Council has:

- ❑ reviewed the Council's existing governance arrangements against the revised CIPFA / SOLACE 'Delivering Good Governance in Local Government framework - 2016 Edition' good practice guidance;
- ❑ updated the Council's Local Code of Corporate Governance to reflect this guidance which includes the revised seven principles of good governance and associated required actions and behaviours taken by the Council that demonstrate good governance; and
- ❑ assessed the effectiveness of the Council's governance arrangements against the revised Local Code of Corporate Governance.

How does the Council monitor and evaluate the effectiveness of its governance arrangements?

The Council annually reviews the effectiveness of its governance arrangements to ensure it supports the delivery of sustainable service outcomes and value for money. The key sources of assurance that inform this review are:

- ❑ The development and implementation of a Member / Management governance assurance framework which enables the Council to gain assurance that good governance actions and behaviours are operating within the Council;
- ❑ The work of Members and Senior Officers of the Council who have responsibility for good governance;
- ❑ The Chief Internal Auditor's annual opinion which has, except for those matters identified in relation to Children's Services and the Fire Service, up to the middle of March 2020, provided a satisfactory independent opinion on the effectiveness of the Council's control environment comprising, risk management, control and governance. The opinion given is based on internal audit work undertaken, and completed, prior to emergency measures being implemented as a result of the pandemic. These measures have resulted in a significant level of strain being placed on normal procedures and control arrangements. The level of impact is also changing as the situation develops. It is therefore not possible to quantify, at this stage, the additional risk arising from the current short term measures or the overall impact on the framework of governance, risk management and control;

- ❑ Internal Audit's independent review of the effectiveness of the Local Government Pension Scheme's governance arrangements, which includes the administration of the pension fund;
- ❑ The annual report on Risk Management Activity 2019/2020;
- ❑ The Council's Risk Maturity Assessment which is Level 4 out of 5: Risk Managed – Established risk management with planned extension / development; and
- ❑ Any comments made by the Council's External Auditors and any other review agencies and inspectorates.

COVID-19 Impact on Governance

With significant organisational disruption, new emergency responsibilities, increased staff absence and also staff working from home, conducting the annual review has recognised the challenges from Coronavirus. The AGS assesses governance in place during 2019/20 so the majority of the year will be unaffected by Coronavirus. The conclusion on whether or not governance is fit for purpose therefore reflects the normal operations. However Coronavirus will have impacted on governance during March 2020 and beyond. The impact on governance will be felt by all organisations and there will be some aspects experienced by all, for example changes to decision making arrangements and the conduct of meetings. Other aspects will reflect changes to the Council's priorities and programmes. These may fall into the following broad categories:

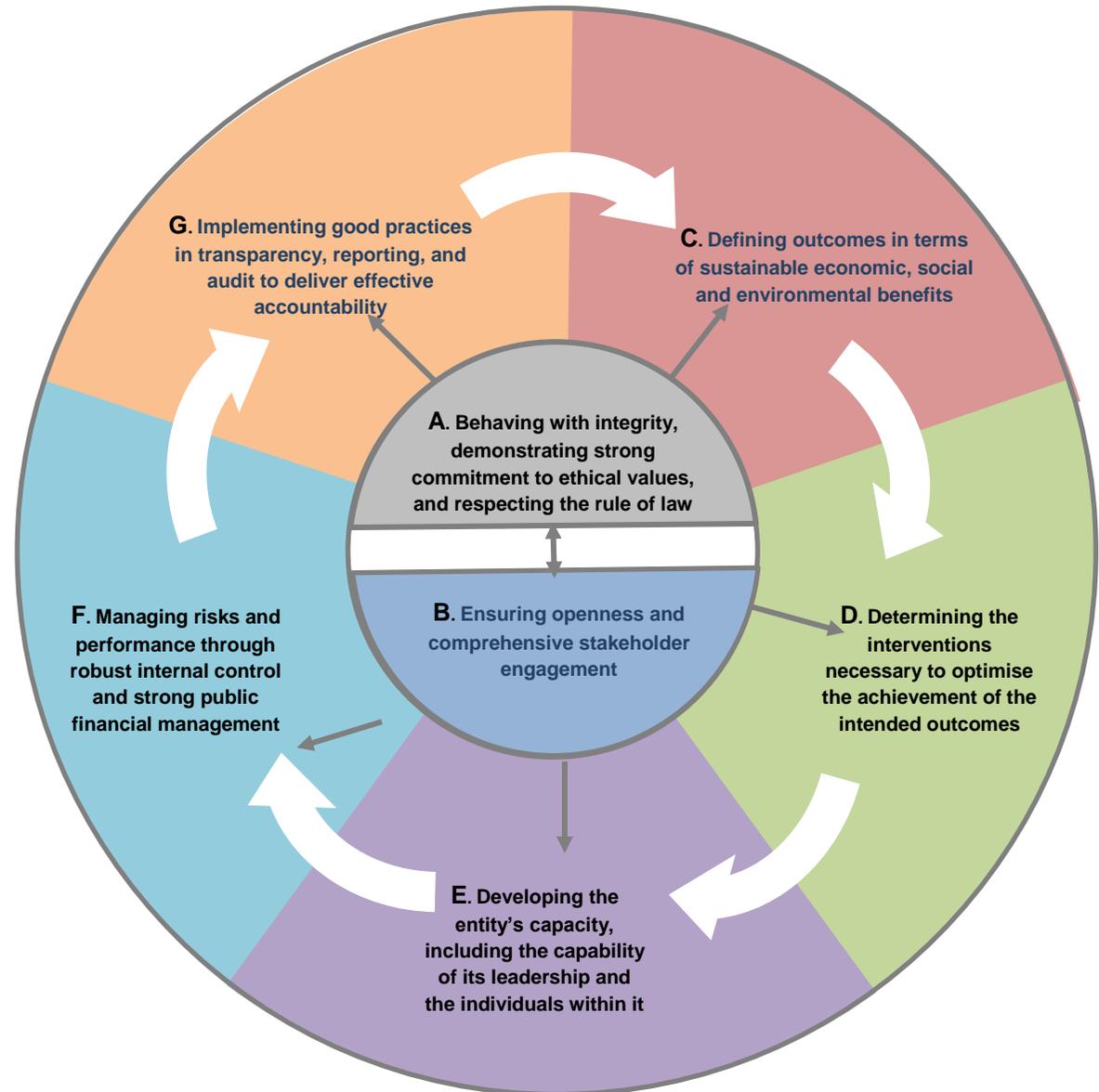
- ❑ Impact on business as usual in the delivery of services;
- ❑ New areas of activity as part of the national response to coronavirus and any governance issues arising, e.g. implementation of new policies and processes and emergency assistance; and
- ❑ The funding and logistical consequences of delivering the local government response, e. g. Changes to council meetings and decision making arrangements, new collaborative arrangements and funding and cash flow challenges.

Assessment of the longer term disruption and consequences arising from the coronavirus pandemic, e.g. existing projects and programmes may have been put on hold, new priorities and objectives introduced and new risks identified or existing risks escalated.

By the date of final publication the crisis may be over and the Council may have conducted or be in the process of reviewing lessons learned from its response. However, this area has been included as one of the Council's significant governance issues within the 2019/2020 action plan included within this report.

What are the key elements of GCC's Governance Framework?

The Council aims to achieve good standards of governance by adhering to the seven core principles below, which form the basis of the Council's Code of Corporate Governance:



The following pages provide a summary of actions and behaviours taken by the Council in relation to each of these seven core principles and associated sub principles.

Principle A

Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

Supporting Principles:

Behaving with integrity

Demonstrating strong commitment to ethical values

Respecting the Rule of Law

How we do this:

- ❖ The Council has an [Audit and Governance Committee](#) to promote high standards of member conduct. Elected members must follow a [Code of Conduct](#) to ensure high standards in the way they undertake their duties. The Monitoring Officer advises members on the Code of Conduct.
- ❖ Officer behaviour is governed by the Employees' Code of Conduct. The Code has been formulated to provide a set of standards of conduct expected of employees at work.
- ❖ External providers of services acting on behalf of the Council are also required to comply with the Code of Conduct.
- ❖ These Codes are regularly reviewed to ensure they are operating effectively.

- ❖ Arrangements exist to ensure that members and officers are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders. These include:
 - Registers of disclosable conflicts of interests;
 - Declarations of disclosable conflicts of interests and disclosable other interests at the start of meetings; and
 - Registers of gifts and hospitality.
- ❖ A [corporate complaints](#) procedure exists to receive and respond to any complaints received.
- ❖ Actively seek to deter and prevent fraud and corruption and ensure where irregularity is suspected that it is thoroughly investigated.
- ❖ The required leadership and staff 'behaviours' are embedded into performance appraisals.

- ❖ The [Constitution](#) sets out the responsibilities of the [Council](#), the [Cabinet](#), [Scrutiny](#) and other Committees, as well as officers, including decision making powers.
- ❖ The Council has a duty to appoint three of its staff to specific roles, these being:
 - The Head of Paid Service (Chief Executive), who has overall accountability for the governance arrangements operating within the Council.
 - The Monitoring Officer who has a key role in ensuring that decisions taken by the Council are within the law and the Council complies with the provisions of its Constitution.
 - The Chief Financial Officer is the principal financial adviser to the Council and is responsible for the proper administration of the Council's financial affairs and internal control environment.

Principle B

Ensuring openness and comprehensive stakeholder engagement

Supporting Principles:

Openness

Engaging comprehensively with institutional stakeholders

Engaging stakeholders effectively, including individual citizens and service users

How we do this:

- ❖ Progress against the [Council Strategy](#) is monitored on a quarterly basis through [strategic performance / financial / risk reports](#) to the Cabinet and Scrutiny Committees, which are publicly available.
- ❖ [Cabinet Member decisions](#) and significant officer decisions are also reported on the Council's website.
- ❖ The Council publishes an annual report on the activity of the Scrutiny function.
- ❖ The Council publishes certain data in accordance with the Local Government [Transparency Code](#) which enables more power to be placed into citizens' hands to increase democratic accountability and make it easier for local people to contribute to the local decision making process and help shape public services.

- ❖ Elected members are democratically accountable to their local area and this provides a clear leadership role in building sustainable communities.
- ❖ The Council's planning and decision-making processes are designed to include consultation with stakeholders and the submission of views by local people.
- ❖ Developed and implemented alternative service delivery models to allow for resources to be used more efficiently and effectively.

- ❖ The long-term vision for the Council is set out in the Council Strategy which is updated annually and informed by public consultation.
- ❖ Call-in is for Cabinet decisions or decisions by the Leader or a Cabinet Member and a key decision taken by Officers under delegated powers. This allows an opportunity for further consideration of the issue before implemented.
- ❖ Formal Public [Consultation](#) arrangements and public meetings held to ascertain stakeholder views prior to developing and implementing key policy changes.
- ❖ Consult Gloucestershire: [The People's Panel](#) has been set up which is made up of Gloucestershire residents from all different backgrounds. Members of the panel are asked to give their views about Council services and issues affecting Gloucestershire.

Principle C

Defining outcomes in terms of sustainable, economic, social and environmental benefits

Supporting Principles:

Defining outcomes

Sustainable economic, social and environmental benefits

How we do this:

- ❖ The long term vision and Council's priorities are set out in the Council Strategy.
- ❖ A [Budget and Medium Term Financial Strategy](#), Capital Programme and annual budget process ensure that financial resources are directed to the Council's priorities.
- ❖ The Council works with partner organisations where there are shared objectives and clear economic benefits from joint working.
- ❖ The Council has a co-ordinated and structured approach to commissioning services and defining outcomes.
- ❖ Contract management and monitoring arrangements are in place to ensure that services provided are delivered to a high standard.
- ❖ The Council's corporate planning, performance and risk framework reports progress against business objectives and targets. These are reported and monitored by the Corporate Management Team, Overview and Scrutiny Management Committee and Cabinet Members.

- ❖ An Efficiency Programme identifies and implements efficiency savings across the organisation in a systematic and considered manner.
- ❖ The Council aims to ensure that the purchase or commissioning of goods, services or works required to deliver services is acquired under Best Value terms.
- ❖ The Council has developed business continuity plans to ensure that critical service delivery can be maintained or recovered during an emergency.
- ❖ The Council's decision making process requires consideration of the economic, social and environmental impacts of policies and plans when taking decisions about service provision. In addition a sustainability check list is also included to ensure sustainability is also fully considered.
- ❖ Programme and project management arrangements require consideration of Political, Environmental, Societal (i.e. increased demand for a service and demographic changes), technological, legislative, economic and efficiency issues, risks and opportunities and value for money.

Principle D

Determining the interventions necessary to optimise the achievement of the intended outcomes

Supporting Principles:

Determining interventions

- ❖ The Council's decision making process ensures that decision makers receive objective and robust analysis of a variety of options indicating how the intended outcomes will be achieved, providing information on the risks and opportunities associated with those options, thus helping to inform those decisions.
- ❖ Public consultation is undertaken to ensure that feedback from citizens and service users are fully considered when making decisions about service improvements / changes.

Planning interventions

- ❖ [The Gloucestershire Vision 2050](#) plan, which stretches three decades, strives to help Gloucestershire grow - shaping it into a vibrant and welcoming place to live, work and study.
- ❖ The Council Strategy defines the Council's key priorities and plans, following full consultation with the communities of Gloucestershire.
- ❖ The Council has developed Strategic Commissioning Plans, Service Level Agreements, Outcome Agreements and Annual Business Plans with clearly defined outcomes and a balanced set of measures and risks to evaluate performance.
- ❖ Quarterly performance reports analysing trends and latest budget position are monitored by Cabinet and Scrutiny Committees and mitigation strategies are implemented to manage current and emerging risks.

Optimising achievement of intended outcomes

- ❖ The Council has developed and implemented a Budget and Medium Term Financial Strategy.
- ❖ The financial plans demonstrate how the Council's financial resources will be deployed over the next three years to deliver declared aims and priorities.
- ❖ The strategy sets out the overall shape of the Council's budget by determining the level of resources that will be available and how these are currently allocated between services.
- ❖ The Council ensures the achievement of 'social value' (i.e. a way of thinking about how scarce resources are allocated and used when awarding a contract) when commissioning services and service planning.

How we do this:

Principle E

Developing the entity's capacity, including the capability of its leadership and the individuals within it

Supporting Principles:

Developing the Council's capacity

Developing the capability of the Council's leadership and other individuals

How we do this:

- ❖ The Council participates in relevant benchmarking exercises and peer reviews to help inform how the resources are allocated, so that outcomes can be achieved effectively and efficiently.
- ❖ Collaborative working and alternative service delivery models are fully considered as part of the option appraisal process, when looking to determine how the Council's resources are allocated in order to meet our priorities.
- ❖ The Council has currently drafted an organisational and workforce strategy.
- ❖ The Council has an Occupational Health Service that offers health assessments, health screening, health and well-being advice, ill health retirement advice, rehabilitation advice and advises managers on health related performance or attendance issues and an Employee Assistance programme which provides staff counselling and advice.
- ❖ Implementation of the Aspiring Leaders Programme which enables the development of our future leaders. Leadership and Management courses are available to support learning and development.

- ❖ The Council's Constitution clearly defines the statutory and distinctive leadership roles of the Leader of the Council and the Chief Executive, whereby the Chief Executive leads on implementing strategy and managing the delivery of services and other requirements set by members.
- ❖ A Member Development Programme approved by Group Leaders is in place, which supports continued Member development. This includes six key skills needed to be an effective councillor, namely local leadership, partnership working, communication, political understanding, scrutiny and challenge and regulation and monitoring skills.
- ❖ The Council's Performance Development Review is a 1:1 meeting for all leaders and employees. It is an opportunity to reflect on how the individual is performing, what is going well and also where the individual may need further support or development as part of their role.
- ❖ The above includes leadership skills and behaviours as these behaviours are essential for the delivery of our key priorities, to continue to support our savings targets, and form part of our on-going commitment to personal and professional development.

Principle F

Managing risks and performance through robust internal control and strong public financial management

Supporting Principles:

Managing Risk

How we do this:

- ❖ The Council has a [Risk Management Policy / Strategy](#) which clearly defines the roles and responsibilities for managing risk, confirming that risk management is an integral part of all our business activities including all aspects of business planning, option appraisals and decision making.
- ❖ Business Continuity arrangements are in place for critical services to ensure they can continue to operate in an emergency.
- ❖ The Audit and Governance Committee monitor the adequacy of the risk identification, monitoring and control of strategic and operational risk within the Council.

Managing Performance

- ❖ The Council Strategy outlines our priorities which are built on five clear values i.e. Acting with Integrity, Focusing on Citizens/Communities and People, Proactively Challenging, Respecting and Valuing each other and Being Accountable. A business planning framework is in operation which includes our Commissioning Plans which set out our strategic commissioning priorities and annual business plans which set out the key priorities/ tasks / targets / risks for the day job.
- ❖ Priorities are monitored through our performance management and programme and project management frameworks and overseen by, and reported to, the Overview and Scrutiny Management Committee and Cabinet Members.

Robust internal control

- ❖ The Internal Audit (IA) service is 100% compliant with Public Sector Internal Audit Standards.
- ❖ Whilst improvement areas have arisen during the year from IA activity, action plans have been agreed with management to address them.
- ❖ Three lines of defence risk assurance model in place within the council (Page 7 above).
- ❖ Fraud is taken very seriously and policies and processes are established to deal with such occurrences: [Anti Fraud and Corruption Policy and Strategy and whistleblowing policy](#).

Managing Data

- ❖ Data is managed in accordance with the law. The [key information management and security policies](#) in place are: The Data Protection Policy, Freedom of Information Policy, Information Security Policy and the overall Information Strategy.
- ❖ Information Sharing protocols are in place when sharing data with third parties.
- ❖ Strategy ownership rests with Information Board members who are responsible for agreeing, monitoring, promoting and reviewing its implementation.
- ❖ Monitoring also includes reports to Audit and Governance Committee, internal / external audits and Information Commissioner reviews as appropriate.

Strong public financial management

- ❖ Robust budget management arrangements are in place including monitoring and review by the Overview and Scrutiny Management Committee and Cabinet.
- ❖ [External Audit review](#) and report on the Council's financial statements (including this Annual Governance Statement), providing an opinion on the accounts and concluding on the arrangements in place for securing economy, efficiency and effectiveness in the use of resources (the value for money conclusion).
- ❖ The Audit and Governance Committee monitor the effectiveness of the Chief Financial Officer's responsibility for ensuring an adequate internal / financial control environment.

Principle G

Implementing good practices in transparency, reporting, and audit to deliver effective accountability

Supporting Principles:

Implementing good practices in transparency

Implementing good practices in reporting

Assurance and effective accountability

How we do this:

- ❖ Agendas and minutes of Cabinet and Committee meetings including Scrutiny are publically available on the Council's website.
- ❖ The Council has a [Freedom of Information Act](#) publication scheme (to ensure the members of the public have access to all recorded information held by the Council).
- ❖ Working towards compliance with the [Local Government Data Transparency Code](#) which sets out the minimum data that the Council should be publishing, the frequency it should be published and how it should be published e.g. expenditure exceeding £500, grants to voluntary, community and social enterprise organisations, senior salaries etc. This makes it easier for local people to contribute to the local decision making processes and help to shape public services.

- ❖ The published [Annual Statement of Accounts](#) is the statutory summary of the Council's financial affairs for the financial year. The purpose of the Annual Statement of Accounts is to give clear information on the income and expenditure of the Council and to demonstrate the Council's stewardship of public money for the year.
- ❖ The Council publishes an [Annual Governance Statement and Local Code of Corporate Governance](#) in order to report how we have monitored the effectiveness of our governance arrangements (self assessed against the seven key principles set out within our Code of Corporate Governance) in year and on any planned changes in the coming year.
- ❖ The Audit and Governance Committee review and approve the Annual Statement of Accounts and Annual

- ❖ Accountability and decision making arrangements are clearly defined within the Council's Constitution. These accountabilities include arrangements when delivering services with our key partners.
- ❖ The Audit and Governance Committee provide independent assurance to the Council on the adequacy and effectiveness of the governance arrangements and internal control environment operating within the Council.
- ❖ Risk based internal auditing provides ongoing assurance that the key risks material to achieving the Council's objectives are being managed.
- ❖ Peer reviews and benchmarking undertaken to ascertain good practice and implement improvements as identified.

What are the key roles of those responsible for developing and maintaining the Governance Framework?

The Council	<ul style="list-style-type: none"> - Approves the Council Strategy. - Approves the Constitution (including Standing Orders and Financial Regulations). - Approves key policies and budgetary framework.
Cabinet	<ul style="list-style-type: none"> - The main decision-making body of the Council. - Comprises the Leader of the Council and nine Cabinet Members who have responsibility for particular portfolios.
Audit and Governance Committee	<ul style="list-style-type: none"> - Provides independent assurance to the Council on the adequacy and effectiveness of the governance arrangements, risk management framework and internal control environment. - Promotes high standards of member conduct. - Approves the Annual Statement of Accounts and Annual Governance Statement.
Scrutiny Committees	<ul style="list-style-type: none"> - There are five Scrutiny Committees aligned to the Council's corporate priorities. - They hold Cabinet and Officers to account and scrutinise performance.
Chief Executive Corporate Leadership Team	<ul style="list-style-type: none"> - Implements the policy and budgetary framework set by the Council and provides advice to Cabinet and the Council on the development of future policy and budgetary issues. - Oversees the implementation of council policy. - Influences a corporate culture and fostering a culture of high ethical standards and integrity.
Chief Financial Officer (s151)	<ul style="list-style-type: none"> - Accountability for developing and maintaining the Council's governance, risk and control framework. - Contribute to the effective corporate management and governance of the Council.
Monitoring Officer	<ul style="list-style-type: none"> - To report on contraventions or likely contraventions of any enactment or rule of law. To report on any maladministration or injustice where the Local Government Ombudsman has carried out an investigation. To establish and maintain registers of member interests and gifts and hospitality. To advise Members on the interpretation of the Code of Conduct for Members and Co-opted Members. - Overall responsibility for the maintenance and operation of the Confidential Reporting Procedure for Employees. (Whistleblowing) and contributes to the effective corporate management and governance of the Council.
Internal Audit	<ul style="list-style-type: none"> - Provides independent assurance and annual opinion on the adequacy and effectiveness of the Council's governance, risk management and control framework. - Delivers an annual programme of risk based audit activity, including counter fraud and investigation activity. - Makes recommendations for improvements in the management of risk.
External Audit	<ul style="list-style-type: none"> - Audit / review and report on the Council's financial statements (including the Annual Governance Statement), providing an opinion on the accounts and use of resources, concluding on the arrangements in place for securing economy, efficiency and effectiveness in the use of resources (the value for money conclusion).
Managers	<ul style="list-style-type: none"> - Responsible for developing, maintaining and implementing the Council's governance, risk and control framework. - Contribute to the effective corporate management and governance of the Council.

How has the Council addressed the governance improvement actions from 2018/19?

The Annual Governance Statement 2018/19 contained the following key improvement actions. Details of the issues and how they have been addressed during the year have been reported to the Audit and Governance Committee at their meeting on 24th January 2020. Please note that whilst improvement plans are in place to address these issues, due to their significance in relation to governance and inherent risk, all four of these actions have been carried forward into the 2019/2020 Action Plan to enable their ongoing monitoring.

2018/19 Review Reference	Action	Current Status
Chief Financial Officer Assurance Statement	Future Financial Sustainability	C/F into the 2019/2020 AGS Action Plan
Safeguarding Inspection	Ofsted Inspection of Children's Services	C/F into the 2019/2020 AGS Action Plan
Corporate Governance	Gloucestershire Fire and Rescue Service (GFRS)	C/F into the 2019/2020 AGS Action Plan
Directors Assurance Statement	The recruitment and retention of employees in hard to fill, critical positions.	C/F into the 2019/2020 AGS Action Plan

What are the key 2019/20 Governance matters identified?

The review of the effectiveness of the Council's governance framework has identified the following actions that will need to be addressed during 2020/21, which includes the carried forward actions from 2018/2019.

Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
Financial Governance	<p>Future Financial Sustainability / COVID-19</p> <p>The Council identified savings of £10.545m as part of the 2020/2021 budget setting process. Delivery of this level of savings will be challenging for the Council.</p> <p>A small contingency (in Adults) is available if savings are not fully met in 2020/2021.</p> <p>Actions in response to the above:</p> <ul style="list-style-type: none"> ➤ To continue to review the financial resilience, strategic risks, the robustness of financial planning and the accuracy of outturn forecasts in order to ensure long term financial sustainability; ➤ Ongoing regular review and reporting of funding, cost pressures and savings, with focus on the Adult Single Programme savings and financial pressures within Children and Families and additional pressures re Covid-19; and ➤ Update future years funding forecasts as more details of the Comprehensive Spending Review are announced. <p>In addition, new cost pressures, lost income and unachievable savings targets as a result of the impact of the coronavirus lockdown is being dynamically managed and monitored. As the long term implications for the Council become more apparent our financial planning will be updated accordingly.</p>	31st March 2021	Chief Financial Officer

Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
Executive Director's Assurance Statement	<p data-bbox="365 169 981 204">Ofsted Inspection of Children's Services</p> <p data-bbox="365 225 1682 539">GCC Children's Services continue on an improvement journey following the Ofsted inspection in 2017. In February 2020, Ofsted undertook their final monitoring visit and the next time they return to Gloucestershire it will be to conduct a full inspection under the inspections of local authority children's services (ILACS) framework. During 2019/20 work has continued to enhance our assurance and governance arrangements as part of our wider improvement programme, including:</p> <ul data-bbox="416 616 1666 1374" style="list-style-type: none"> <li data-bbox="416 616 1666 874">➤ An Access to Resources Panel has been introduced in order to strengthen management oversight of access to financial assistance for children and families. It is chaired by a member of Senior Leadership Team and comprises of managers from across children's services. Implementation has been supported by detailed written guidance and a series of briefings with locality teams. <li data-bbox="416 951 1666 1094">➤ A 16 Plus Panel has been introduced to monitor those young people with a pathway plan who are either homeless or at risk of becoming homeless to ensure appropriate preventative action is taken and/or assistance provided. <li data-bbox="416 1171 1666 1374">➤ A detailed piece of work has been completed around care placements which may be considered (by the Regulator) to constitute unregistered provision to ensure there is a clear rationale for the placement, to take action where this needed and the child's needs are being met. 	Ongoing	Director of Children's Services (DCS)

Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
	<ul style="list-style-type: none"> ➤ We have developed a comprehensive vulnerable children database to ensure there is a clear line of sight across education, early years and social care provision around those children and young people causing greatest concern. ➤ High Cost Placement Panel continues to provide a mechanism for scrutiny of costs for children with high cost, complex care packages. ➤ We are continuing to scrutinise agency spend and ensure that time sheets are subject to managerial sign off - this is evidencing high levels of compliance. ➤ Our Performance Management arrangements have continued to develop in order to bring further service elements within Liquid Logic reporting, thereby reducing our reliance on locally generated data. This is providing for a more exhaustive and rigorous overview of performance. <p>Children’s Services has continued to experience significant costs pressures during 2019/20 with a projected overspend at year end of circa £13.5m. This is due in greater part to external placements and costs associated with agency staffing in social care.</p> <p>The High Cost Placements Panel continues to provide a mechanism to ensure senior management oversight of individual cases and our Sufficiency Strategy sets our longer term vision to ensure good quality care provision is available for children and young people. The opening of Trevone House during 2020/21 will be a key element in realising that vision.</p>		

Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
	<p>Our 'grow your own' workforce strategy will also begin to have greater traction on our agency spend as the current cohorts of students, overseas workers and newly qualified staff being able to take up substantive posts over the next 12 months.</p> <p>The Social Work Academy will also play a key role in ensuring we are able to support an ongoing cohort of students, Assessed and Supported Year in Employment programme (ASYE) and newly qualified practitioners.</p> <p>Social work practice quality remains a significant issue in terms of reaching an OFSTED rating that would be seen as reasonable progress and cease to be a reputational risk. Quality audits still demonstrate 'inadequate' practice in too many case files. Quarterly trends are positive but need to move faster. The Social Work Academy training plus targeted leadership interventions are key to tackling this remaining issue.</p> <p>All Council Ofsted monitoring reports can be viewed here.</p>		

Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
Chief Fire Officer's Assurance Statement	<p>Gloucestershire Fire and Rescue Service (GFRS)</p> <p>GFRS are on an improvement journey and all the work being carried out will move them towards being fully compliant in all areas of governance. However the Service acknowledges that this will take time. A full and robust internal restructure has been completed to secure additional resources which included extensive staff consultation. Following the release of the internal audits last year, an Improvement Board has been established which is made up of both GFRS and GCC senior directors, project management staff and the cabinet portfolio member, the Local Government Association have also attended and supported this. Internal Audit will also be undertaking follow up reviews to provide the independent assurances on progress. As part of the wider integration development plan, the GCC Core Values have been rolled out and aligned across the Service. Staff workshops have been set up to allow staff to raise concerns with fortnightly staff briefings also taking place.</p> <p>Along with the audit findings which are being addressed through the Improvement Board, two causes for concern have been identified following the HMICFRS (Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services) Inspection Report and these are in relation to Culture and Values and Business Fire Safety. Action and progress is currently underway in both of these areas and again, are being regularly reviewed as part of the Improvement Board. Finally, the former Chief Fire Officer has been formally charged with fraud and this case is now ongoing.</p> <p>Recommendations implementation will continue to be overseen by the Audit and Governance Committee thereby providing the relevant assurances that these are being addressed in a timely manner.</p>	<p>Actions and progress are monitored by the Improvement Board monthly and the Audit and Governance Committee biannually</p>	<p>Chief Fire Officer</p>

Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
Director's Assurance Statement	<p>The recruitment and retention of employees in hard to fill, critical positions</p> <p>There is increasing evidence that we are struggling to recruit and retain qualified and experience staff in certain critical positions. There are a number of factors influencing this including a lack of those with the right skills and experience, the increasing buoyant job market, our salaries are falling behind other councils and the private sector as well as the perception of local government. In addition, the aging profile of our workforce means that there is an ongoing loss of key experienced workers.</p> <p>Actions taken to resolve:</p> <ul style="list-style-type: none"> ➤ Development of a workforce plan that highlights critical, hard to fill roles and areas where critical individuals are likely to move on with targeted succession plans; ➤ Review of our employment offer and recruitment practice to improve promotion of Gloucestershire County Council as a place to work and the County as a place to live; ➤ Review of our pay and grading structure and benchmarking of key roles to ensure that our offer is competitive including use of market supplements and other payments where appropriate; ➤ A targeted recruitment and retention programme for children's social workers; ➤ A 'grow our own' programme for key roles utilising the apprenticeship levy including areas such as future managers, lawyers, project managers, social workers, planning, highways and professional support roles; and ➤ An apprenticeship programme targeted at schools and college leavers to encourage them to work in local government. 	31 st March 2021	Director of Digital and People Services

Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
Corporate Governance	<p>COVID – 19 Impact on Governance: In late March 2020 the Government announced a national lockdown and advised that all employees should work from home except those engaged in essential services who were unable to work from home. The Council implemented home working during w/c 16 March 2020. There were a number of consequences that impacted upon the governance of the Council:</p> <ul style="list-style-type: none"> ➤ The Council bi-election which was due to be held on 26th March 2020 was suspended; ➤ Council and committee meetings were suspended until further notice; ➤ Where necessary, decisions were either taken by officers under the Council’s scheme of delegation using urgency provisions where appropriate and having sought the required authorisations, or postponed; ➤ The Chief Executive met weekly with all Group Leaders to share information and discuss issues or concerns arising from members; ➤ The Council complied with the relevant Procurement Policy Notices issued by the Cabinet Office which ensured that suppliers were paid promptly, direct awards made for urgently needed goods and services and where relevant relief given to suppliers who would be critical in supporting the recovery; ➤ Corporate Leadership Team (CLT) met frequently (remotely and reducing over time to 2/3 times per week) to share information and direct the Council's response to the pandemic; ➤ Council Officers contributed to national, regional, county-wide response and resilience groups to co-ordinate the response to the pandemic; 	Ongoing	Chief Executive

Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
	<ul style="list-style-type: none"> ➤ A major community led response to providing support and assistance to the vulnerable and those in need, was developed by the Local Authorities, community and commercial organisations and individuals; and ➤ Communications channels were opened to keep Councillors and staff informed as the pandemic, and the Council's response developed. <p>The Council has responded by:</p> <ul style="list-style-type: none"> ➤ Setting up an internal emergency response structure, including gold, silver and bronze levels with cells to target specific tactical issues, in line with best practice. The governance structure can be found here; ➤ Putting measures in place to re-establish democratic decision-making and Overview and Scrutiny using digital/remote technologies; ➤ Establishing and monitoring a COVID-19 organisational risk register; ➤ Developing Business Continuity Management plans for all service areas and coordinated on an ongoing basis by a Business Continuity Management cell; ➤ Continuing to ensure that executive decisions are recorded in line with the requirements of the constitution; ➤ Ensuring best practice is followed in terms of documenting and recording operational decision-making in response to the emergency; ➤ Maintaining delivery of the majority of Council Services via home working; 		

Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
	<ul style="list-style-type: none"><li data-bbox="416 229 1644 373">➤ Supporting and co-ordinating a significant community led response to the Pandemic including the administration of a £80k community fund and local delivery of a Community Help Hub; and<li data-bbox="416 395 1688 596">➤ Developing and implementing a Recovery Plan to return (restart suspended services), retain (keep and sustain any improved new ways of working), resist (resist the temptation to simply return to doing things as before) and reimagine (consider new ways of delivering services after the pandemic).		

Certification

The annual review assesses the Council's governance arrangements in place during 2019/20, so the majority of the year will be unaffected by coronavirus. Therefore to the best of our knowledge, the governance arrangements as defined above and within the Council's Local Code of Corporate Governance have been operating effectively with the exception of those areas identified on pages 21 – 29.

However coronavirus will have impacted on governance during March 2020 and therefore during the current emergency, unprecedented pace of change and degree of uncertainty, would naturally carry a lower level of confidence. The Council's response to the coronavirus pandemic and other governance issues identified has been summarised within the AGS action plan on pages 27-29.

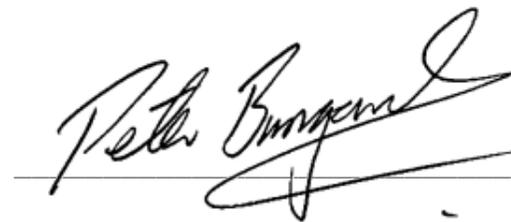
We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation during the year and as part of our next annual review.

We will also ensure that the AGS is current at the time of publication and reflects any further impacts on governance. Where necessary a second conclusion on the adequacy of governance arrangements during this period will be included to make clear the impact.

Signed:



Mark Hawthorne
Leader of the Council



Pete Bungard
Chief Executive

Date:

21 July 2020

21 July 2020

I can confirm that the Council's financial management arrangements conform to the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government 2016.

A handwritten signature in black ink, appearing to read 'S Mawson', written in a cursive style.

Signed:

Steve Mawson – Executive Director of Corporate Resources – (Chief Financial Officer (S151 Officer))

Date: 6 August 2020