Annual Governance Statement

2020 - 2021

Gloucestershire COUNTY COUNCIL

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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'. 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 9 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 2021 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 2021 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.

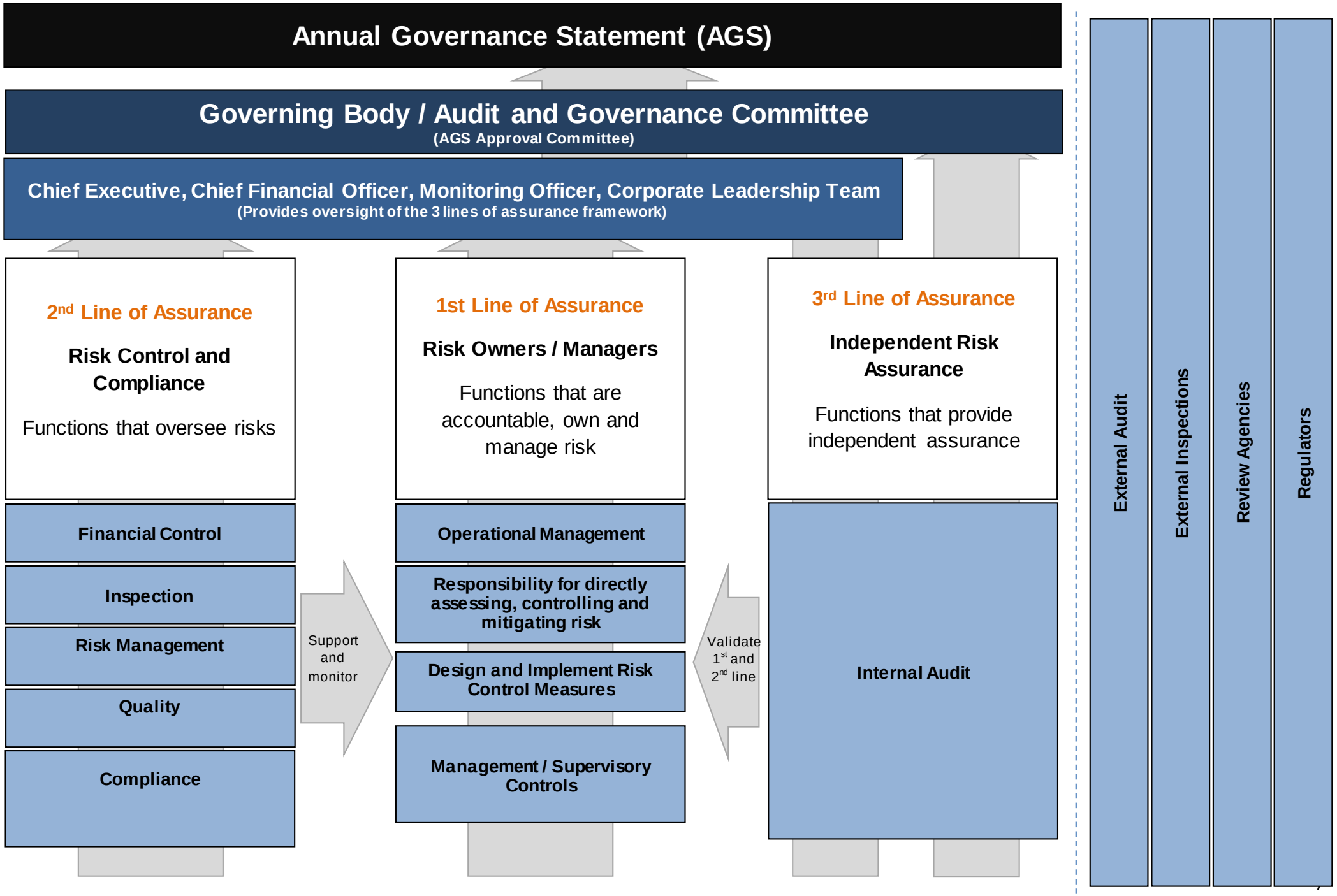
A governance assurance process is in place to provide a framework for the annual assessment of the effectiveness of the governance arrangements operating within the Council. This includes Cabinet Member overview and oversight and robust challenge by the Council's Statutory Officers i.e. the Chief Executive,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

In addition, *'the three lines of 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 Assurance in effective Risk Management and Control

Assurance can come from many sources within the Council. The Three Lines of Assurance 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 for a visual summary.*

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?

Gloucestershire County Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk and can therefore only provide reasonable and not absolute assurance of effectiveness. The effectiveness of governance arrangements is monitored and evaluated throughout the year, activity undertaken includes:

- Consideration of governance issues by the Corporate and Senior Leadership Teams (CLT and SLT) – including risk registers, counter-fraud updates and Internal Audit reports;
- Preparation of a rolling plan of audit coverage provided by the Head of Audit, Risk and Assurance (ARA) which is primarily based on an assessment of the Council's risks;
- The Annual Audit Opinion which is provided by the Head of Audit, Risk and Assurance (ARA);
- Ongoing assessment of internal management processes, including performance management and compliance monitoring;
- The independent views of regulatory inspection agencies such as Ofsted and the Care Quality Commission;

- The views of external auditors, regularly reported to the Audit and Governance Committee (A&GC), including regular progress reports and the Annual Audit Letter;
- The annual report on Risk Management Activity 2020/2021;
- The Council's Risk Maturity Assessment which is Level 4 out of 5: Risk Managed – Established risk management with planned extension / development.
- The Council has set up 2 outside bodies which it part-owns alongside other local authorities:
  - *Adoption West* has been set up jointly by Local Authorities in Bath and North East Somerset, Bristol, Gloucestershire, North Somerset, South Gloucestershire and Wiltshire to provide a dedicated adoption service.
  - *Ubico* is an environmental services company wholly owned by seven local authorities; Cheltenham Borough Council, Cotswold District Council, Forest of Dean District Council, Gloucestershire County Council, Stroud District Council, West Oxfordshire District Council and Tewkesbury Borough Council. Its purpose is to keep spaces and places clean and green for every resident, visitor, town, village and community.

Gloucestershire County Council has appointed Directors to the board of each company who are accountable alongside those appointed by the other partners for ensuring that the Nolan principles are embedded into their governance.

COVID-19 Impact on Governance

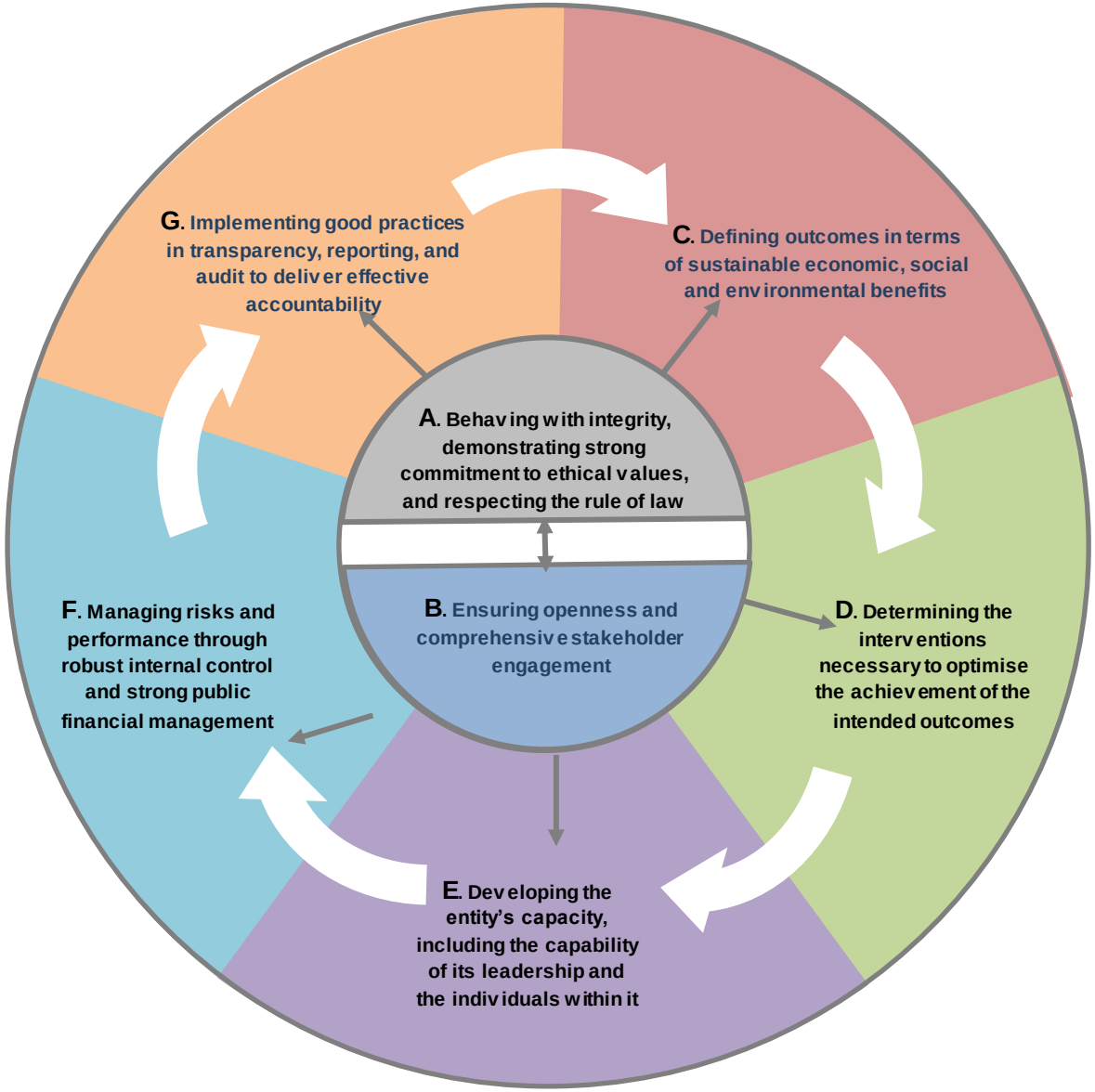
With significant organisational disruption, new emergency responsibilities, increased staff absence and also staff working from home, the annual review has recognised the challenges brought about by Coronavirus/COVID-19. The AGS assesses the arrangements that were put in place initially during 2019/20, and has continued throughout 2020/21. 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;
- 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 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.

When COVID-19 impact was added to the 2019/20 AGS in the final stages of preparing the statement, it was assumed that emergency measures to respond to the pandemic would be over by now, and we would have assessed lessons learned and have returned to 'normal'. This has clearly not been the case, and the long term impact of emergency working and adaptation to the ever changing restrictions is evident in most of our services. This forms the backdrop to the overall assessment of assurance for 2020/21, and a summary of ongoing key issues is included in the actions table at the end of 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

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.

Demonstrating strong commitment to ethical values

- 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.

Respecting the Rule of Law

- 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:

Openness

- 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.

Engaging comprehensively with institutional stakeholders

- 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.

Engaging stakeholders effectively, including individual citizens and service users

- 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

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.

Sustainable economic, social and environmental benefits

- 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	Planning interventions	Optimising achievement of intended outcomes
How we do this:		
❖ 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.	❖ 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.	❖ 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.

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 and 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 Intentions which set out our strategic commissioning priorities and Service 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 Corporate Overview Scrutiny 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 Corporate Overview Scrutiny 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	- Approves the Council Strategy. - Approves the Constitution (including Standing Orders and Financial Regulations). - Approves key policies and budgetary framework.
Cabinet	- 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	- 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	- 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	- 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. - Influencing a corporate culture and fostering a culture of high ethical standards and integrity.
Chief Financial Officer (s151)	- 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	- 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	- 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	- 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	- 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 2019/20?

The Annual Governance Statement 2019/20 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 22nd January 2021. 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 five of these actions have been carried forward into the 2020/2021 Action Plan to enable their ongoing monitoring.

2019/20 Review Reference	Action	Current Status
Chief Financial Officer Assurance Statement	1) Future Financial Sustainability	The Council has identified savings of £6.761m as part of the 2021/2022 budget setting process, which while challenging, is the lowest level for a decade, and a contingency has been set aside in case this is not fully delivered. Challenges in the Children's services placement budget overspend have been addressed in year and have significantly improved in 2019/20. Funding beyond 2021/22 will be subject to another Spending Review in 2021, when it is also expected that a wider consultation will be implemented on the Fair Funding Review and the new Business Rates Retention System, both of which have been delayed as a result of the Covid-19 crisis.
Safeguarding Inspection	2) Ofsted Inspection of Children's Services	C/F into the 2020/ 2021 AGS Action Plan
Corporate Governance	3) Gloucestershire Fire and Rescue Service (GFRS)	C/F into the 2020/ 2021 AGS Action Plan

2019/20 Review Reference	Action	Current Status
Directors Assurance Statement	4) The recruitment and retention of employees in hard to fill, critical positions.	C/F into the 2020/ 2021 AGS Action Plan
Corporate Resources Assurance Statement	5) COVID-19 response and recovery	C/F into the 2020/ 2021 AGS Action Plan

What are the key 2020/21 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 2021/22, which includes the carried forward actions from 2019/2020.

Previously identified issues

The first four issues below are brought forward from the Annual Governance Statement 2019/20, and have been updated for the latest status position for 2020/21.

Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
Executive Director's Assurance Statement	**1) Ofsted Inspection of Children's Services** GCC Children's Services continue on an improvement journey following the Ofsted inspection in 2017. In October 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, which has been significantly delayed by COVID-19. During 2020/21 work has continued to enhance our assurance and governance arrangements as part of our wider improvement programme, including: ➢ An Access to Resources Panel was introduced in order to strengthen management oversight of access to financial assistance for children and families. It continues to be chaired by a member of SLT 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. This initiative is now widely understood by practitioners and established as business as usual. ➢ A 16 Plus Panel was introduced in 2019/20 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. This is now monitored on a weekly basis during the Leadership Team meetings held within Children's Social Care ➢ 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	Ongoing	Director of Children's Services (DCS)

Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
	are being met. ➢ We have developed to 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. This has proved invaluable in monitoring vulnerable children (VC) during the three lockdowns over the past 12 months. Our ability to track VC was recognised as good practice during our Focussed Visit by Ofsted last October. ➢ High Cost Placement Panel (HCPP) continues to provide a mechanism for scrutiny of costs for children with high cost, complex care packages. Over the past 12 months this process has matured and now includes the review of any child in an unregulated or unregistered provision (see above) ➢ 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. The service has introduced a quarterly staffing review of agency staffing levels which includes a thorough review of establishment against actual posts filled. These actions along with the now established "grow your own Social worker" initiatives linked to our Social Work Academy have created a more stable workforce and delivered significant reductions in the overspend/cost pressures inn the agency staffing budget. ➢ Our Performance Management arrangements have continued to develop over the past 12 months in order to bring further service elements within Liquid Logic reporting, thereby enhancing its integrity and accuracy, further reducing our reliance on locally generated data. This is providing for a more exhaustive and rigorous overview of performance. Good examples of developments in this area include the introduction of a fostering service		

Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
	dashboard and performance indicators for early help. ➢ Children's Services have also developed additional arrangements for the monitoring of children entering care, enhanced monitoring of placements while children are in care and more thorough arrangements for exploring whether children can be safely reunified with their birth families. This has been achieved through the introduction of an edge of care panel and a permanence panel to ensure that destinations for children are appropriate. ➢ Similar 'gateways' have been introduced in other parts of the business to ensure both improved quality of practice as well as service efficiency. These include a refreshed Access to Resources Panel, a No Recourse to Public Funds Panel and a Pre-Proceedings Panel all of which add to a growing confidence that service improvements are fully aligned with value for money considerations. Similarly, a number of practice improvements have been introduced to ensure that risk is minimised to children. Examples of practice improvements which lead to higher levels of assurance include the recently introduced "children of Concern" audit and follow up process and practice guidance for the Public Law Outline including a new escalation process with our legal partners. Childrens Services has continued to experience significant costs pressures during 2020/21 with an overspend at year end of circa £10.8 M of which £7.3M is Covid related leaving a net overspend of £3.5M as at end of March 2021. This is due in greater part to external placements. There have been very positive moves in reducing the overspend on staffing over the past 12 months due to effective monitoring and longer term plans to stabilise the workforce.		

Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
	The High Cost Placements Panel continues to provide a mechanism to ensure senior management oversight of individual cases as has the introduction of the Care Ladder particularly in terms of control of spend in the case of the latter. Our Sufficiency Strategy sets out 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 has allowed us to effectively enter the market in partnership with a charitable partner - the Shaw Trust and along with other proposed developments during 2021/22 such as local mother and baby provision and provision of life long facilities for our most vulnerable and complex young people will be a key element in realising our longer term ambition of creating good quality local placements which reflect good value for money Our 'grow your own' workforce strategy has been successful in developing an increasingly stable workforce. Our agency workforce now stands at circa 22% whereas three years ago it was 50% this has led to a significant reduction on high cost agency workers. Agency overspend on Social workers has reduced over the last 12 months, and this should improve further over the next 12 months now that our "grow your own" strategy is well embedded. The Social Work Academy will also play a key role in ensuring we are able to support an ongoing cohort of students, ASYE and newly qualified practitioners as well as shifting the focus of attention towards retention of those new to profession and the more experienced staff. The Academy will also broaden its remit to include other "hard to recruit" specialist staff such as Educational Psychologists and highly specialised teachers of the deaf, visually impaired and deaf/blind.		

Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
	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. Our Focussed Visit in October 2020 reflects good progress in this regard with a significant increase in pace of improvement over the last 18 months. Quality audits still demonstrate practice which "requires Improvement" in too many case files although audits reflecting "inadequate practice" has been in single figures for 2 of the last three months. Quarterly trends are positive but the focus now needs to shift from a reduction in "inadequate" casework to shifting a significant proportion of "requires improvement" casework into "good" which now stands at consistently over 30%. The Social Work Academy training, such as our practice fundamentals plus targeted leadership interventions are key to continuous improvement as is our Accelerated Improvement Plan which remains central to our improvement journey. We will also be embedding the Systemic Social Work model as our preferred model of practice over the next 12 months supported by sector led specialists who have been recruited and paid for by the DfE intervention and Innovations Unit. All Council Ofsted monitoring reports can be viewed here.		

Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
Chief Fire Officer's Assurance Statement	**2) Gloucestershire Fire and Rescue Service (GFRS)** GFRS are on an improvement journey and the work being carried out will move them towards being fully compliant in all areas of governance. Following the release of a number of internal audit reports in 2019, an Improvement Board was established which is made up of both GFRS and GCC senior directors, project management staff and the cabinet member with responsibility for Fire. A representative from the Local Government Association has also attended and supported this. Internal Audit will be undertaking follow up reviews to provide the independent assurances on progress. 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. These were in relation to Culture and Values and Business Fire Safety. Action and progress is ongoing in both of these areas and includes: ➢ The introduction of a quarterly Community Safety Directorate Finance, Performance & Risk meeting. ➢ The work of the Improvement Board, overseeing completion of 118 audit recommendations. ➢ The revision and improvement of risk management and reporting. ➢ The establishment of clear delegations including the introduction of officer delegations for accountability and business continuity. ➢ The establishment of a portfolio management office and improved programme and project management to work and improvements across the directorate.	Actions and progress are monitored by the Improvement Board monthly and the Audit and Governance Committee biannually	Chief Fire Officer

Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
	➢ Positive direction of travel identified by internal audit and regulatory bodies e.g. HMICFRS and the HTA ➢ Strengthened procurement compliance through dedicated professional resources. ➢ The development of a 3 year improvement strategy and detailed plans including themes, priorities, risk assessments. The implementation of outstanding recommendations will continue to be overseen by the Audit and Governance Committee thereby providing assurance that these are being addressed in a timely manner.		

Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
Director's Assurance Statement	**3) The recruitment and retention of employees in hard to fill, critical positions** There is ongoing evidence that we are struggling to recruit and retain qualified and experienced staff in certain critical positions (esp. Childcare Lawyers, experienced Social Workers and Highways infrastructure specialists). There are a number of factors influencing this including a lack of those with the right skills and experience, an increasingly competitive job market for certain professions, our salaries for particular roles falling behind other councils and increased competition for the limited resource available. **Actions taken to resolve:** ➢ 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 & other payments as 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.	31st March 2022	Director of Digital and People Services

Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
Corporate Governance	**4) COVID–19 Impact on Governance:** In the year since the first national lockdown (March 2020), the Council has already successfully adapted to a great many governance and service provision challenges, the most significant of which are: ➢ The continuing need for the vast majority of staff to continue to work from home on an extended basis. ➢ The introduction and implementation of new powers, duties and responsibilities in order to control and manage the spread of Covid19. ➢ The challenges of adapting council premises and services in order to continue to serve the local population whilst minimising the risk of exposure to the virus to the public and staff. ➢ The need to provide support towards the resilience of local communities and people against financial hardship resulting from the virus, in particular vulnerable children, families, adults and older people. ➢ The task of leading planning for economic resilience and recovery across local partners. The emergency situation continues into 2021/22, but the challenge for the Council is shifting towards recovery and ensuring that we reach a sustainable '*new normal*'. In order to rise to these challenges and maintain robust Governance, the Council will continue to: ➢ Review its internal emergency response structures to be better suited to the enduring nature of the emergency. This has included twice weekly GOLD meetings, weekly SILVER meetings incorporating tactical management of the pandemic with co-ordination of GCC's recovery activity and operational BRONZE meetings for relevant service areas.	Ongoing	Chief Executive

Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
	➢ Support the full range of Council and Committee meetings to operate in a virtual environment using web-conferencing software. ➢ Provide a wide range of weekly data and intelligence on the impact of the pandemic to support Council decision-making. ➢ Keep Business Continuity Plans under constant review, and putting in place a clear protocol for assessing risk and taking decisions around service closure and reinstatement in response to changes in the prevalence of Covid in the community and government guidance. Establishing processes for recording, monitoring and reporting Covid-related spend in order to ensure that additional funding is used appropriately and effectively, and to manage the impact of the pandemic on the Council's financial sustainability. ➢ Ensure appropriate governance and decision making is in place for Emergency Grant Funding to support individuals in crisis as a result of the pandemic. ➢ Rolling out updated DSE self-assessments to ensure that staff have an appropriate working environment and making additional equipment available to staff in order that they can work safety from home. ➢ Adapting all Council premises to be Covid safe, providing advice to site managers and schools and carrying out spot checks to ensure compliance. ➢ Commissioning additional support for staff for mental health and wellbeing and personal resilience, and providing advice and training to managers. ➢ Monitoring staff health and wellbeing through a series of online pulse surveys, and weekly monitoring of sickness/absence data by GOLD. ➢ Roll out the 'Agile Working Pilot' to establish the hybrid working offices of the future.		

New Issues reported for the first time in 2020/21 AGS:

Three new issues have been identified through the AGS process, and are highlighted below.

Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
Director's Assurance Statement	**5) ICT Governance – Transformation Roadmap:** Deteriorating ICT service standards, including poorly managed ICT assets and user experience, coupled with lack of PSN accreditation and issues raised by the ICO audit, has resulted in a need to transform our ICT provision. A health check has been undertaken to understand the issues and a remediation plan has been agreed with a view to achieving PSN accreditation. The contract with our previous external ICT supplier ended on 1 April 2021, and we have established a transformation programme which has designed and implemented a new delivery model. This will give us greater direct control of the service and improve the management and delivery of services. Cyber security is a growing risk for Local Authorities in general. A cyber risk register is under development, which will provide greater oversight of controls with respect to - Staff & Member culture, behaviour and awareness and ethical controls and infrastructure.	31.03.22	Director of Digital and People Services

Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
Director's Assurance Statement	**6) Procurement Transformation:** A number of issues have been identified across the organisation in the area of procurement and associated contract management. These include: ➢ Incomplete oversight of corporate contracts, ➢ Gaps in management information, including of '*off contract*' spend and ➢ a lack of a full strategy for the development of procurement across GCC. A Procurement Transformation Plan is being developed to address these issues, and will include a number of work streams that systematically review of all processes and guidance, through to systems of contract monitoring and oversight.	31.03.22	Executive Director for Corporate Resources

Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
Director's Assurance Statement	**7) Gloucestershire Industrial Services (GIS Healthcare):** A recent audit completed into the management of GIS Healthcare service has highlighted some areas of non-compliance across a range of disciplines including fleet management, assets and equipment handling, staff management and procurement. The audit report has been shared with the relevant managers and a number of improvements have already been made. Some areas still need attention and with support from specialist services from within GCC, these will take place over the coming months. Colleagues from audit services will support the implementation plan by ongoing audit of process and compliance.	31.03.22	Executive Director of Adult Social Care and Public Health

Certification

The annual review assesses the Council's governance arrangements in place during 2020/21, so the majority of the year will be affected by Coronavirus. 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 21–34.

Coronavirus will have impacted on governance since 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 30-31.

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 Hawthorn	**Pete Bungard**
	Leader of the Council	**Chief Executive**
Date:	**17 June 2021**	**16 June 2021**

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.

Signed:

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

Date: **15 June 2021**

Following the completion and approval of the audited Statement of Accounts for 2020-21, the position outlined within this Annual Governance Statement remains materially unaltered as at 14th December 2021

Signed:

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

Date: **14 December 2021**