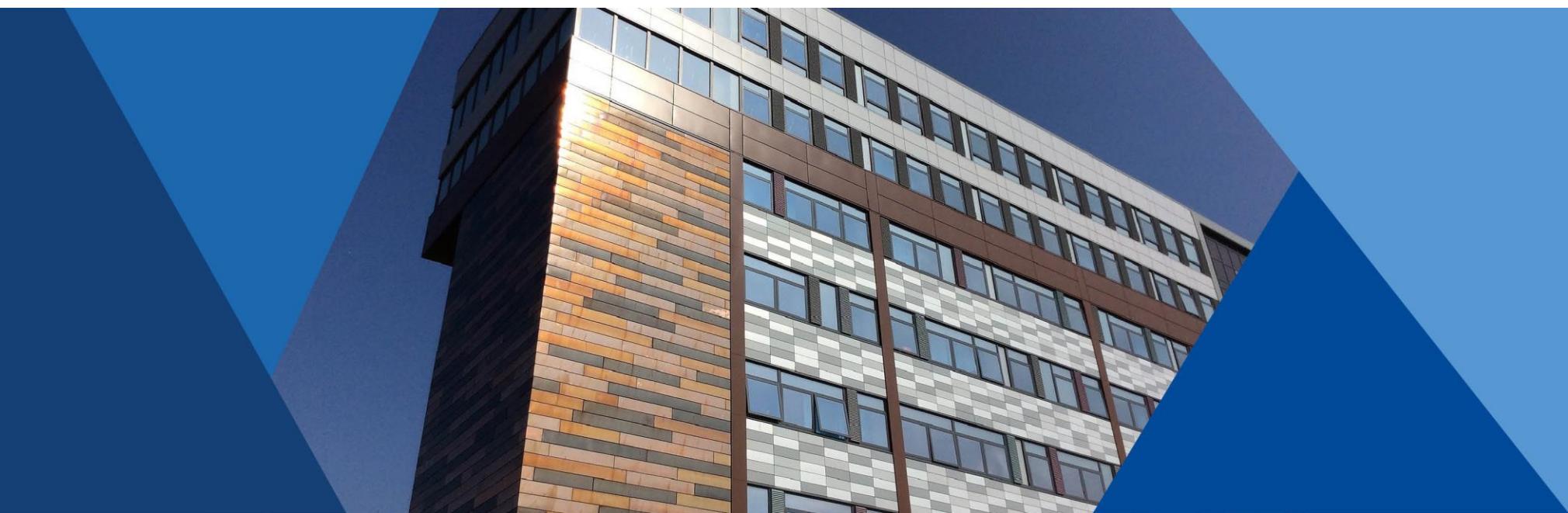


# Annual Governance Statement

## 2022-2023



## Contents

Scope of Responsibility .....	3
What is Governance? .....	4
What is the purpose of a Governance Framework? .....	4
What is the Annual Governance Statement? .....	5
What is a Governance Assurance Framework? .....	6
What are the Council's Governance, Risk and Control Assurance Framework? .....	7
How has the Annual Governance Statement been prepared? .....	8
How does the Council monitor and evaluate the effectiveness of its governance arrangements? .....	8
What are the key elements of GCC's Governance Framework? .....	11
How has the Council addressed the governance improvement actions from 2021/22? .....	20
What are the key 2022/23 Governance matters identified? .....	22

## 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 10 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 Council's Statutory Officers comprising of the Chief Executive, Chief Financial Officer (S151) and the Monitoring Officer have 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. 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 2023 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.

# 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.

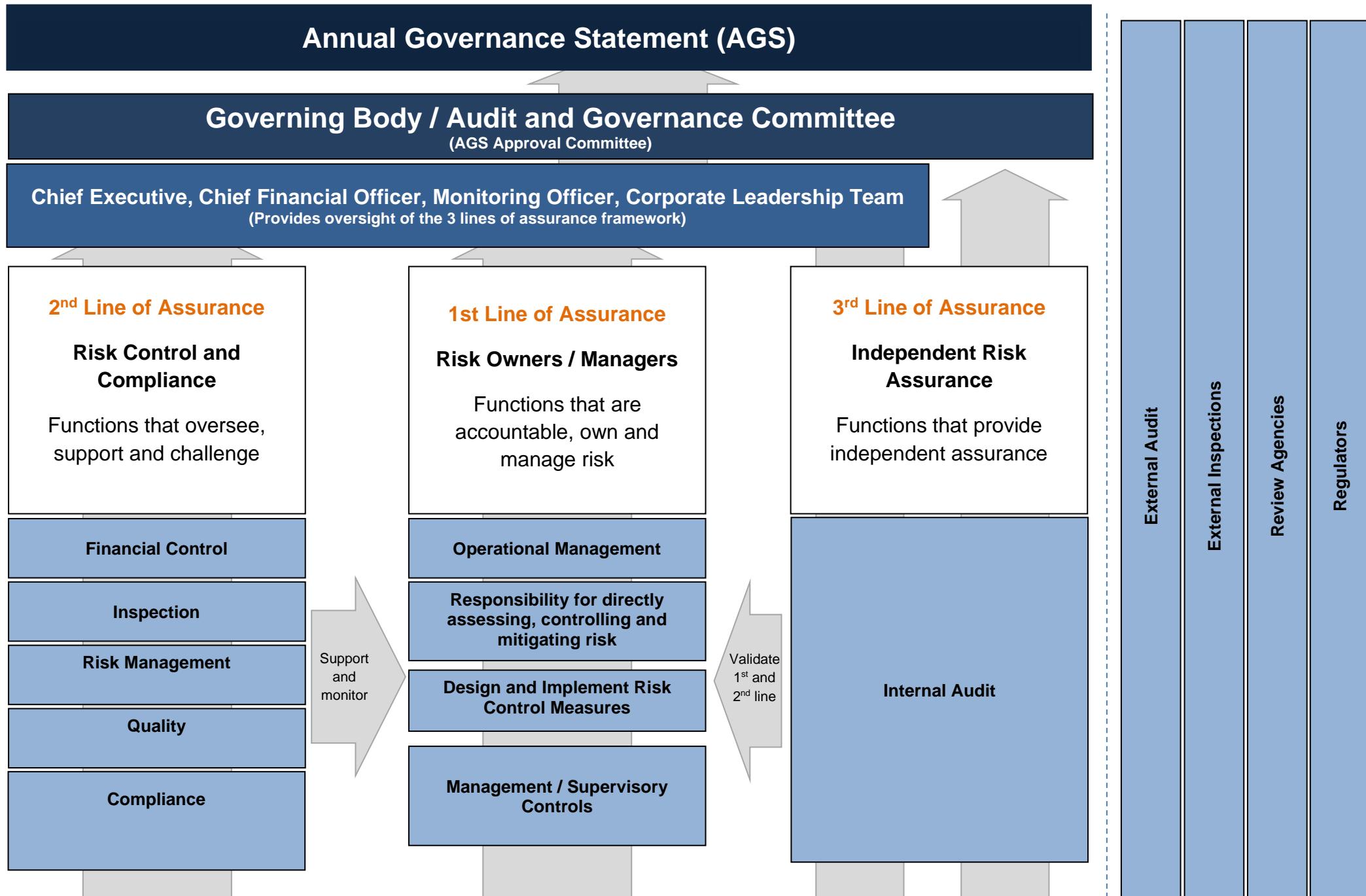
A governance assurance process is in place to provide a framework for the annual assessment of the effectiveness of the governance arrangements operating within the Council. This includes Cabinet Member overview and oversight and robust challenge by the Council's Statutory Officers i.e. the Chief Executive, 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 Directorate Leadership Teams (CLT and DLT) – 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);
- Ensuring that assurance arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Head of Internal Audit (2010);

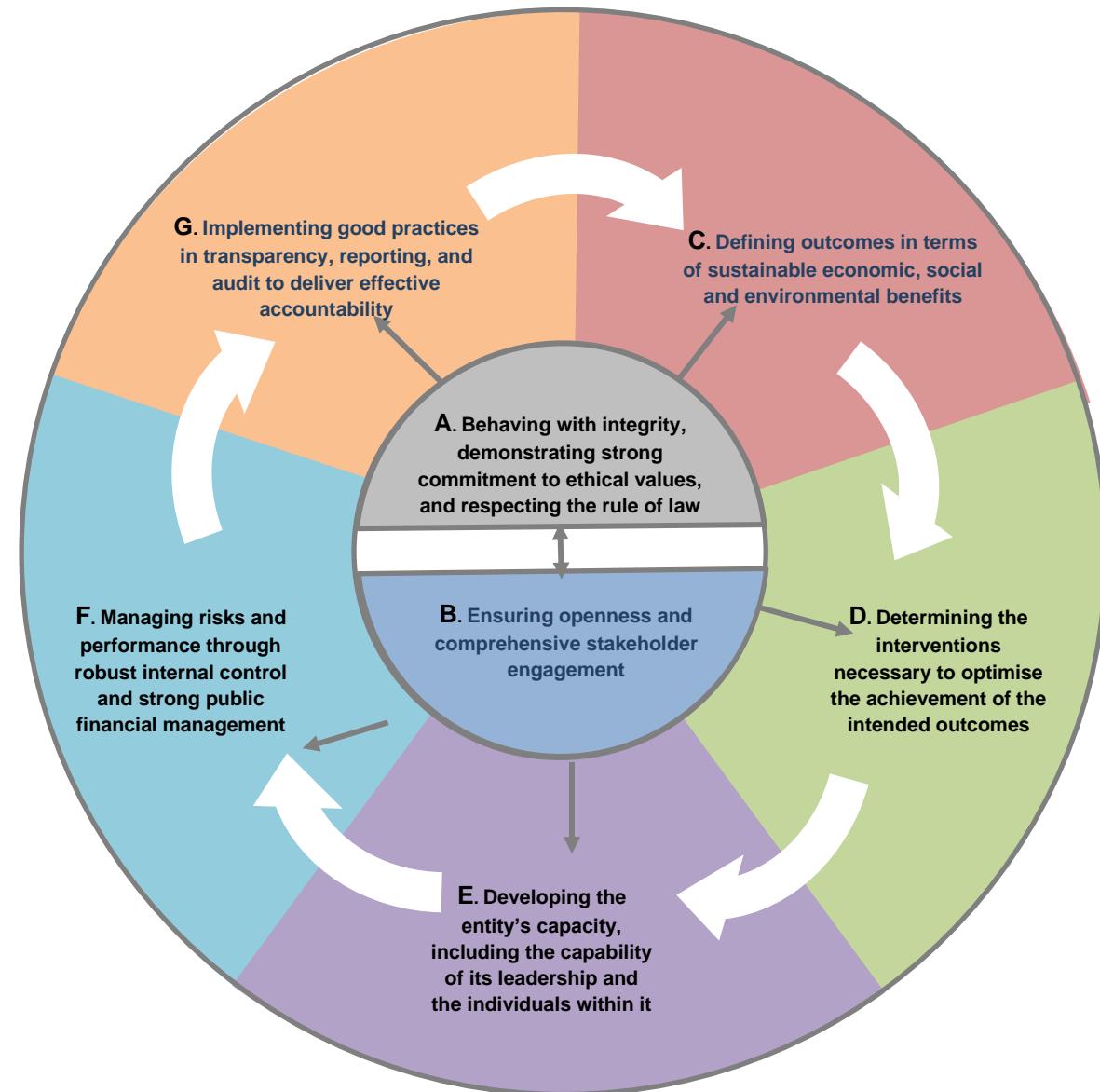
- Ongoing assessment of internal management processes, including performance management and compliance monitoring;
- The independent views of regulatory inspection agencies such as Ofsted, HMICFRS and the Care Quality Commission;
- The views of external auditors, regularly reported to the Audit and Governance Committee (A&GC), including regular progress reports and the Annual Audit Letter;
  - The 2021/22 VFM annual audit report from Grant Thornton has highlighted a number of recommendations which are in progress or complete, such as continuing to review committee structures for effectiveness, maintaining focus on GFRS improvements, and addressing costs in Children's services. These have been taken into account in preparation of the AGS.
- The annual report on Risk Management Activity;
- The Council's Risk Maturity Assessment which is **Level 3 out of 5**: "Risk Defined: Strategy and policies in place and communicated. Risk appetite defined only at a strategic level. Risk management evident in strategic business decisions at Director and/or Member level."
  - Significant improvements continue in risk management across the organisation, particularly following the independent review of risk in 2021/22. There is a high level of assurance and reporting strategically, and improvements throughout the Directorates. However, *consistency* is not yet achieved to a level 4 definition, and work continues to reach it.
- The Council has 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.

- Governance arrangements in respect of partnerships and other joint working and ensuring that they are reflected across the authority's overall governance structures.

# 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 Council's long term vision and 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 Leadership Team, Corporate Overview Scrutiny 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 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 Intentions and Annual Service 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 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 a Management Programme ('Growing Great Managers', previously 'Aspiring Leaders') 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 assurance' 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: [Counter-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 publicly 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 Governance Statement.

- ❖ 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?

<b>The Council</b>	<ul style="list-style-type: none"> <li>- Approves the Council Strategy.</li> <li>- Approves the Constitution (including Contract Procedure Rules and Financial Regulations).</li> <li>- Approves key policies and budgetary framework.</li> </ul>
<b>Cabinet</b>	<ul style="list-style-type: none"> <li>- The main decision-making body of the Council.</li> <li>- Comprises the Leader of the Council and nine Cabinet Members who have responsibility for particular portfolios.</li> </ul>
<b>Audit and Governance Committee</b>	<ul style="list-style-type: none"> <li>- Provides independent assurance to the Council on the adequacy and effectiveness of the governance arrangements, risk management framework and internal control environment.</li> <li>- Promotes high standards of member conduct.</li> <li>- Approves the Annual Statement of Accounts and Annual Governance Statement.</li> </ul>
<b>Scrutiny Committees</b>	<ul style="list-style-type: none"> <li>- There are seven Scrutiny Committees aligned to the Council's corporate priorities.</li> <li>- They hold Cabinet and Officers to account and scrutinise performance.</li> </ul>
<b>Chief Executive Corporate Leadership Team</b>	<ul style="list-style-type: none"> <li>- 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.</li> <li>- Oversees the implementation of council policy.</li> <li>- Influencing a corporate culture and fostering a culture of high ethical standards and integrity.</li> </ul>
<b>Chief Financial Officer (s151)</b>	<ul style="list-style-type: none"> <li>- Accountability for developing and maintaining the Council's governance, risk and control framework.</li> <li>- Contribute to the effective corporate management and governance of the Council.</li> </ul>
<b>Monitoring Officer</b>	<ul style="list-style-type: none"> <li>- 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.</li> <li>- 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.</li> </ul>
<b>Internal Audit</b>	<ul style="list-style-type: none"> <li>- Provides independent assurance and annual opinion on the adequacy and effectiveness of the Council's governance, risk management and control framework.</li> <li>- Delivers an annual programme of risk based audit activity, including counter fraud and investigation activity.</li> <li>- Makes recommendations for improvements in the management of risk.</li> </ul>
<b>External Audit</b>	<ul style="list-style-type: none"> <li>- 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).</li> </ul>
<b>Managers</b>	<ul style="list-style-type: none"> <li>- Responsible for developing, maintaining and implementing the Council's governance, risk and control framework.</li> <li>- Contribute to the effective corporate management and governance of the Council.</li> </ul>

# How has the Council addressed the governance improvement actions from 2021/22?

The Annual Governance Statement 2021/22 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 20<sup>th</sup> January 2023. Please note that whilst improvement plans are in place to address these issues, due to their significance in relation to governance and inherent risk, seven of the nine issues have been carried forward into the 2022/2023 Action Plan to enable their ongoing monitoring.

2021/22 Review Reference	Action	Current Status
Safeguarding Inspection	1) Children's Services improvement plan	C/F into the 2022/23 AGS Action Plan - see update
Corporate Governance	2) Gloucestershire Fire and Rescue Service (GFRS) improvement plan	C/F into the 2022/23 AGS Action Plan - see update
Exec. Directors Assurance Statement	3) The recruitment and retention of employees in hard to fill, critical positions.	C/F into the 2022/23 AGS Action Plan - see update
Corporate Resources Assurance Statement	4) COVID-19 response and recovery	<b>Removed</b> from forward action plan, as activities now covered by 'business as usual'.  Significant progress has been made, with outstanding ongoing issues such as embedding agile working, training for managers and governance in a more hybrid/virtual environment, and coverage of Business Continuity Plans are all part of ongoing organisational development. They remain areas of focus in the Council Strategy and Strategic Risk Register.
Exec. Directors Assurance Statement	5) ICT Governance – Transformation Roadmap	C/F into the 2022/23 AGS Action Plan - see update
Exec. Directors Assurance Statement	6) Procurement Transformation	<b>Removed</b> from the forward action plan, as improvement activities have made significant improvement and moved into business as usual.

2021/22 Review Reference	Action	Current Status
		Following the set up of an improvement project in 2021, improvements have been made in the oversight of corporate contracts and 'off-contract' spend. Guidance and support have also been addressed. Work continues, within the Strategic Procurement service, with a particular focus on contract management.
Exec. Directors Assurance Statement	7) Adult Social Care transformation – readiness for Care Act reforms	C/F into the 2022/23 AGS Action Plan – see update
Exec. Directors Commissioning Intentions	8) Equalities, Diversity and Inclusion development work	C/F into the 2022/23 AGS Action Plan – see update
Exec. Directors Assurance Statement	9) Implementation of the Community Infrastructure Levy (CIL)	C/F into the 2022/23 AGS Action Plan – see update

# What are the key 2022/23 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 2023/24, which includes the carried forward actions from 2021/22.

## Previously identified issues

The seven issues below are brought forward from the Annual Governance Statement 2021/22, and have been updated for the latest status position for 2022/23.

Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
Executive Director's Assurance Statement	<p><b>1) Children's Services Continuous Improvement Plan.</b></p> <p>Ofsted completed their ILACS inspection of Children's Services in February 2022, awarding a judgement of 'requires improvement' for all inspection elements. This has lifted GCC Children's Services out of an 'inadequate' category.</p> <p>In response to Ofsted's findings, a Continuous Improvement Plan (CIP) has been developed and submitted to Ofsted, which will provide the framework for future improvement activity and our journey to 'good'. Although it is no longer a mandatory requirement, we have retained and re-configured a Continuous Improvement Board (CIB), comprising of key partners and stakeholders, and chaired by the Deputy Chief Executive to provide challenge and oversight on our journey to 'good'.</p> <p>Alongside our CIB we have also developed a Financial Recovery Plan setting out the steps we are taking to bring our expenditure back in line with the budget and comparator authorities.</p>	Ongoing, monitored by the Board quarterly	Director of Children's Services (DCS)

Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
	<p>Significant challenges remain for our improvement journey towards services being rated as 'Good':</p> <ul style="list-style-type: none"> <li>• Children's Services has continued to experience significant cost pressures during 2022/23 due to a complex range of factors, including provider capacity and quality, sustained demand growth and the impact of the cost of living crisis. As a consequence, there is a final projected overspend of £10.9M, as forecast at the end of February 2023.</li> <li>• The numbers of children in care and their associated costs have continued to increase over 2022/23. Tackling this is a key element within the Financial Recovery Plan which is subject to weekly review by SLT. A dedicated project team has been established to work with Commissioners and SLT to ensure we have a comprehensive appreciation of current costs and a firm grip on decision making for new and changing care packages.</li> <li>• Our sufficiency strategy which has been recently refreshed, focusses on creating high quality local places for children and young people in increasing quantity offering good value for money. The strategy will continue to give more control over both quality and control of placements.</li> <li>• Our grow your own workforce strategy continued to provide the basis for developing a stable, qualified workforce and this remains the single most significant challenge in improving practice. 2022/23 was very challenging in terms of recruitment, retention, and stability, although the final 2 quarters has seen some stabilisation in terms of vacancies (22.6%) and turnover (20.5%), our agency proportion remains high at 36%.</li> <li>• Variability in the quality of social work practice is reducing but will remain as a significant issue in terms of progressing to good.</li> <li>• We have continued to address the implications of the Somerset County Council judgement on the issue of the provision of medical advice into the adoption process. Detailed guidance was provided by the President of the Family Court in March 2022, which has provided the template for remediating any affected cases. The remedial project has now completed with robust arrangements established for the recruitment and appointment of adoption medical advisors (AMA) agreed between GCC and ICP and for their input in child permanence reports (CPR).</li> </ul>		

Chief Fire Officer's Assurance Statement	<b>2) Gloucestershire Fire and Rescue Service (GFRS) improvement plan.</b>	Actions and progress are monitored by the Improvement Board quarterly.	Chief Fire Officer
	<p>GFRS has been on an improvement journey since a series of audits and an inspection by His Majesty's Inspectorate of Constabulary and Fire &amp; Rescue Services (HMICFRS) in 2018. The Service was re-inspected by HMICFRS in November 2021 and on the 27th July 2022, they published the final report for GFRS.</p> <p>Their feedback identified two Causes for Concern relating to:</p> <ul style="list-style-type: none"> <li>(i) Culture and</li> <li>(ii) Equality, Diversity &amp; Inclusion</li> </ul> <p>These and the wider issues raised are being addressed through a comprehensive Action Plan. This plan is scrutinised through a restructured Improvement Board comprised of the Leader of the Council, CFO, ACFO, Lead Cabinet Member, Deputy Chief Exec, HMIC representative, Senior County Council Officers and LGA South West representative. The plan details 105 actions to address the two causes of concern and the 101 actions required to address the areas for improvement identified. As of 14<sup>th</sup> April 2023, 47 actions have been completed against the two causes of concern and 49 actions against the other areas for improvement.</p> <p>Prior to the inspection taking place the Council had recognised the need for investment within the Service and has already supported the recruitment of 13 new posts. This investment is being continued by the Council with an additional 26 posts being added into the various departments that support the effective and efficient running of the Service, for example new posts to provide managerial support to our On-Call firefighters and staff to review and implement national operational guidance.</p> <p>A Cabinet decision in September 2022 also committed 5 additional posts focussed on supporting the improvement programme and driving change.</p> <p>In total this represents an increase of £2 million being invested into the Service and the introduction of 39 new posts over the two year period.</p>		

Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
Director's Assurance Statement	<p><b>3) The recruitment and retention of employees.</b></p> <p>Initially identified before the pandemic, the council continues to face recruitment and staffing issues across many teams within the council that are causing additional stress and workload issues. We have a clear programme of work to improve the recruitment and retention of our workforce and activity is tracking to plan. However, the national and local context is increasingly challenging and financial constraints limit some areas both in terms of pay and resource available.</p> <p>The Corporate Leadership Team has reviewed this and agreed a specific engagement project to assist with improvement of reputation and brand management to improve recruitment outcomes.</p> <p><b>Actions taken to date and ongoing, include:</b></p> <ul style="list-style-type: none"> <li>➤ 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;</li> <li>➤ 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;</li> <li>➤ Review of our pay and grading structure and benchmarking of key roles to ensure that our offer is competitive including use of market supplements &amp; other payments as appropriate;</li> <li>➤ A targeted recruitment and retention programme for children's social workers;</li> <li>➤ 'Grow our own' programmes 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</li> <li>➤ An apprenticeship programme targeted at schools and college leavers to encourage them to work in local government.</li> <li>➤ Directors engagement with staff groups on the issue in Employee Voice Group meetings.</li> </ul>	31 <sup>st</sup> March 2024	Director of Digital and People Services

Exec. Director's Assurance Statement	<b>4) ICT Transformation Roadmap</b> <p>The council has a challenging and transformational refresh programme for ICT, including networks / WIFI, the rollout of Microsoft 365 and the move to the Cloud. However, in the short term the council is having ongoing problems with ICT that are affecting the service that users receive, and impacting on the staff providing those services.</p> <p>This is being regularly monitored by Executive Director of Corporate Resources, the Director of Digital and People Services and the Assistant Director for Digital and ICT. Progress has been made in 2022/23, and the transformation roadmap continues throughout 23/24.</p> <ul style="list-style-type: none"> <li>• The Digital and ICT Service are making good progress towards delivering a more robust and faster network across the whole of the Estate.</li> <li>• All the buildings now have improved networks and we are working to complete the removal of legacy equipment at Shire Hall.</li> <li>• Work continues to move to M365 providing a more stable and up to date tool set.</li> <li>• Progress is being made to move to Software as a Service for many of our applications and this supports the intent to remove the citrix infrastructure (blue layer) by the end of 2023.</li> <li>• PSN accreditation has been achieved evidencing significant security improvements, this work continues to be visible and on-going.</li> </ul> <p>Whilst progress across the ICT priorities is positive, there have been some areas of slippage at least partly due to how employees have used legacy ICT and the time needed to upskill and change behaviour. Focus continues on improving digital skills. Capacity to support GCC's ambitious transformation agenda (including replacement of legacy infrastructure components as well as emerging technologies) is limited in some key partners, as well as internally. DICT management is working closely with Cantium to assist in prioritisation of critical deliverables and detailed assessment of risk to other project commitments. We will maximise investment in strategic platforms such as M365. We aim to work more closely with local authority partners to identify best value solutions.</p>	31 <sup>st</sup> March 2024	Director of Digital and People Services
--------------------------------------	---	-----------------------------	---

Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
Exec. Directors Assurance Statement	<p><b>5) Adult Social Care transformation – readiness for Care Act reforms</b></p> <p>Adult Social Care services continue to face significant changes to their governance framework nationally, in addition to ongoing issues of local provision and performance.</p> <p>The risks to capacity and delivery have been mitigated by a change to the Care Act Reforms, which included fundamental changes to the way social care is funded. These were rescheduled following the autumn statement from October 2023 to 2025. The work on processes and digital change is continuing, to improve our operating model and address efficiency and effectiveness.</p> <p>The new assurance and inspection regime under CQC, brought about by the Health and Care Act 2022, which commenced from April 2023, will continue to mean significant investment in preparedness activities, and means that the service must retain its focus on efficiency, effectiveness and improvement.</p> <p>Significant issues remain which are dependent on the capacity and capability of our ICT infrastructure to support, and against which we continue to experience delays in implementation:</p> <ul style="list-style-type: none"> <li>• Data quality issues following the introduction of the new case management system, and some historic data improvement issues within specific teams (Brokerage and Financial Assessment and Benefits – FAB team).</li> <li>• ICT improvement rollouts (Financial assessments app and Power BI analytics).</li> </ul> <p>The Adults Transformation Programme, chaired by the Executive Director of Adult Social Care, Wellbeing and Communities maintains oversight of the risks. From April 2023, Membership of the Board includes the Deputy Chief Executive, a Cabinet Member for Adults Social Care and The Director of Digital and People Services, which permits shared corporate ownership and oversight of these risks.</p>	31 <sup>st</sup> March 2025	Exec. Director for Adults Social Care

Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
Exec. Director's Assurance Statement	<p><b>6) Equalities, Diversity and Inclusion development work</b></p> <p>Equalities, Diversity and Inclusion (ED&amp;I) is a key priority within our Workforce Strategy, and a key cultural element of our governance framework. We are aiming to recruit from the widest pool of talent and to benefit from a diverse and inclusive workforce where all can flourish and progress. We have developed a three-year workforce action plan which includes:</p> <ul style="list-style-type: none"> <li>• Increasing workforce diversity;</li> <li>• Inclusive strategies and policies;</li> <li>• Collecting, analysing and publishing workforce data;</li> <li>• Equality and inclusion learning and development;</li> <li>• Improved health and wellbeing for all.</li> </ul> <p>During 2022, a self-assessment was carried out against the Local Government Equalities Framework, and has been used to create an action plan to address those areas that are currently weakest. Priorities for year one include:</p> <ul style="list-style-type: none"> <li>• Ensuring that equalities data on service users is collected more consistently across all relevant services, in order to allow it to be analysed and reported against population level statistics.</li> <li>• Clarification and publication of the Council's Equalities Objectives</li> <li>• Achieving the '<i>Developing</i>' level of the 'Using Equality Impact Assessment' element of the LGA Equality Framework for Local Government and identifying the actions required for the '<i>Achieving</i>' level</li> <li>• Clarifying roles and responsibilities for the leadership of Equalities across the organisation</li> </ul> <p>Beyond this, we also have ambitions to improve our role as an 'anchor institution' - influencing and enabling our partners, suppliers and communities towards best practice in ED&amp;I policy and practice.</p> <p>Much of this work will be coordinated by the newly created Equalities Group, which comprises officers from across the council including HR, Communications, Public Health and Communities, Children &amp; Families Integrated Commissioning, GFRS and Performance and Improvement.</p>	31 <sup>st</sup> March 2024	Executive Director for Corporate Resources

Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
Exec Directors	<b>7) Implementation of the Community Infrastructure Levy (CIL)</b>	31 <sup>st</sup> March	Exec. Director
Assurance Statement	<p>Issues with the implementation and collection of the community infrastructure levy (CIL) and the loss of Section 106 income has prevented local infrastructure needs from being met, and without intervention, local infrastructure spending will continue to fall below the level required to deliver positive outcomes for residents specifically in the areas of transport provision, access to employment, educational provision and libraries.</p>	2024	for Environment, Economy and Infrastructure
	<p>We continue to work constructively with partner authorities and developers to resolve these issues sustainably.</p>		

## New Issues reported here for the first time in 2022/23 AGS:

Three issues have been identified through the AGS process this year

Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
Auditor's Annual Report	<p><b>8) Dedicated Schools Grant Deficit</b></p> <p>The external auditor found that the council does not have adequate arrangements in place which are likely to significantly prevent the DSG deficit increasing.</p> <p>The Council's position is that the DSG high needs deficit is a national issue, driven by a rising level of need and changes to the SEND Code of Practice in 2014; as such it needs a national solution. This was reinforced by Gloucestershire's contribution to the DfE's Delivering Better Value programme, which found that appropriate mitigations and improvement plans are in place. The Council is also working in partnership with Swindon Borough Council to help test the DfE's SEND and Alternative Provision reforms, which aim to test the national change that aims to deliver a long-term national solution. It is generally accepted that the Statutory Override will need to be extended until a long-term national solution is found.</p> <p>The risk of the DSG deficit impacting the long-term sustainability has been acknowledged in the s151 officer's section 25 statement in the MTFS documents approved by Council each February, in each quarterly finance report to Cabinet and as part of the Council's overall funding risk – see strategic risk 2.4b. It is ranked as a high risk on the Strategic Risk Register.</p>	Ongoing – milestones as set out in the Delivering Better Value Programme Plan	Director of Education (Delivery of DBV Programme)  S151 Officer (Adequacy of Reserves)

Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
Auditor's Annual Report	<p><b>9) Business Continuity</b></p> <p>The external auditor found that there was a significant delay in addressing a governance failing that was identified by Internal Audit in 2019, and that it was not reflected in the Annual Governance Statement or the Strategic Risk Register. The report recommends that arrangements are in place to ensure that such issues are reflected in the AGS and Risk Register and are brought to the attention of members on a regular basis.</p> <p>The governance failing in question has subsequently been addressed and resolved.</p> <p>In the intervening period, the Council has also reviewed and updated its arrangements for reviewing and reporting on the strategic risk register. The issue in question was reflected in wider risks within the Council's risk register, and remains so. Progress in addressing it has also been regularly reported to the Audit &amp; Governance committee during the past 2 years.</p>	Continue with strengthened reporting arrangements to Audit & Governance Committee.	Executive Director: Corporate Resources

Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
<b>Auditor's Annual Report</b>	<p><b>10) Procurement and Contract Management Oversight</b></p> <p>The Council has identified weaknesses in its arrangements for overseeing procurement and contract management, particularly where that activity is undertaken within Directorates, rather than centrally by the Strategic Procurement Team.</p> <p>The Council has already taken a number of steps to strengthen oversight of its Procurement and Contract Management activity. A new Head of Strategic Procurement was appointed in September 2023, a number of key vacancies in the team have now been filled, guidance to support commissioners and contract managers has been reviewed and updated, and the Council has begun to publish quarterly data on its Procurement Pipeline.</p> <p>Further work is already planned for the coming year, building on the additional investment of £301k in this year's budget. This will allow the council to continue to strengthen oversight, as well as to secure compliance with the new Procurement Act which will be enacted during 2024.</p> <p><b>Actions:</b></p> <ul style="list-style-type: none"> <li>• Continue to develop, improve and publish the Council's Procurement Pipeline (by October 2024)</li> <li>• Introduce reporting to Audit &amp; Governance Committee of all Direct Awards above £25k (by October 2024)</li> <li>• Review and update contract management framework (March 2025)</li> <li>• Implement a new Contracts Register as part of an enhanced e-procurement system and ensure this allows automated reporting of spend against contracts (March 2025)</li> </ul>	See milestones against specific actions	Director of Policy, Performance & Governance

## Certification

The annual review has assessed the Council's governance arrangements in place during 2022/23. 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 20–32.

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 we 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:**

7<sup>th</sup> March 2024

7<sup>th</sup> March 2024

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:



**Paul Blacker – Director of Finance**

Date: **8<sup>th</sup> March 2023**