Annual Governance Statement 2020-21

Contents

Scope of Responsibility

Stroud District Council (SDC) 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.

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

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

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

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

The responsibility for leading and directing the annual reviews of the effectiveness of the Council's governance arrangements against the Code and providing ongoing oversight and robust challenge, is the Council's Strategic Leadership Team (SLT). When completed, the findings are reported to the Audit and Standards Committee which identifies and monitors any improvement actions.

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 vision and strategic priorities and to consider whether those priorities 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 Stroud District 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 priorities; 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.

The Council is also aware that should the position change and a significant control issue is subsequently identified after the 31st March 2021 (and prior to the publication of the AGS in July), this will be brought to the attention of the Chief Financial Officer and an addendum provided to this statement.

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 priorities/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 priorities, 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.

An 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 robust challenge by the Council's Audit and Standards Committee, Statutory Officers i.e. the Chief Executive, Monitoring Officer, Chief Financial Officer and the Strategic Leadership Team.

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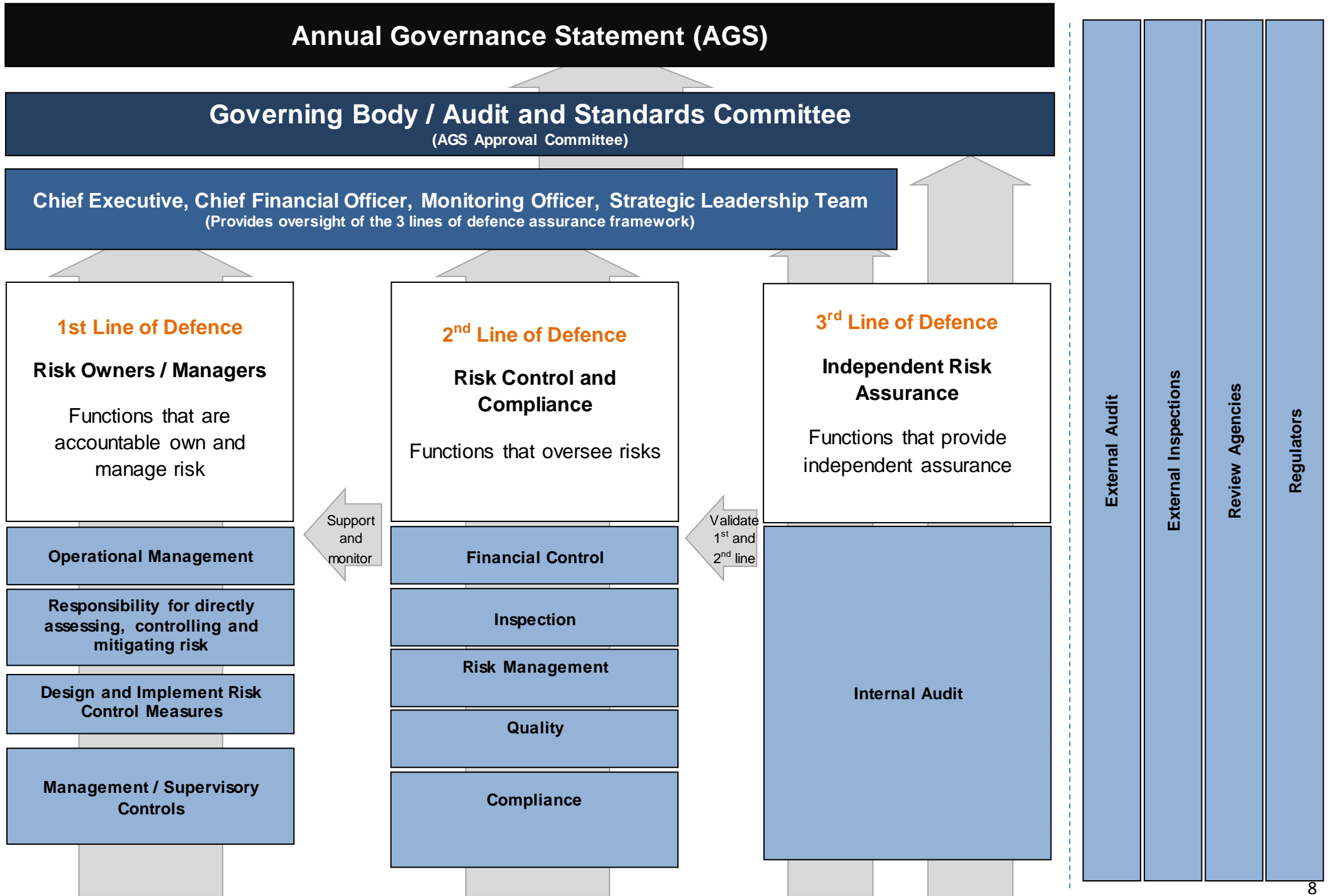
The Three Lines of Defence in effective Risk Management and Control

Assurance can come from many sources within the Council. The Three Lines of Defence is a concept for helping to identify and understand the different sources of assurance. The three sources are:

- The **First Line** (functions that own and manage risks such as 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 such as Human Resources (HR), Finance, Information Technology (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 such as 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 8 below which summarises the Council's assurance framework, which is based on the three lines of defence model.

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

Annual Governance Statement (AGS)

Governing Body / Audit and Standards Committee
(AGS Approval Committee)

Chief Executive, Chief Financial Officer, Monitoring Officer, Strategic Leadership Team
(Provides oversight of the 3 lines of defence assurance framework)

1st Line of Defence

Risk Owners / Managers

Functions that are accountable own and manage risk

- Operational Management
- Responsibility for directly assessing, controlling and mitigating risk
- Design and Implement Risk Control Measures
- Management / Supervisory Controls

Support and monitor

2nd Line of Defence

Risk Control and Compliance

Functions that oversee risks

- Financial Control
- Inspection
- Risk Management
- Quality
- Compliance

Validate 1st and 2nd line

3rd Line of Defence

Independent Risk Assurance

Functions that provide independent assurance

Internal Audit

- External Audit
- External Inspections
- Review Agencies
- Regulators

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. The Council's governance framework reflects the CIPFA/SOLACE key principles and has been summarised within a Local Code of Corporate Governance. This Local Code comprises the Council's systems and processes, culture and values for the direction and control of the Authority and its activities through which it accounts to, engages with and leads the community. The Local Code shows the actions and behaviours taken by the Council that demonstrate good governance; and

❑ Assessed the effectiveness of the Council's governance arrangements against the Local Code of Corporate Governance.

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

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

❑ The development and implementation of a Management Governance Assurance Framework which enables the Council to gain assurance that good governance actions and behaviours are operating within the Council;

❑ The work of Members and Senior Officers of the Council who have responsibility for good governance;

❑ Reports on Risk Management activity during 2020-21;

❑ The Council's Risk Maturity Assessment which is Level 4 out of 5: Risk Managed – Established risk management with planned extension / development;

❑ Any comments made by the Council's External Auditors and any other review agencies and inspectorates; and

- ❑ The Head of ARA functionally reports to the Audit and Standards Committee and supports the Committee in fulfilling its role as an independent assurance provider. The Chartered Institute of Public Finance and Accountancy (CIPFA) have produced revised guidance on the function and operation of audit committees; "Audit Committees in Local Authorities and Police, 2018 edition". The guidance represents CIPFA's view of best practice for Audit Committees in local authorities throughout the UK. In the guidance, CIPFA provide a suggested self-assessment against recommended practice.

- ❑ By reviewing the Committee's effectiveness against a good practice self-assessment, the Committee can demonstrate a high degree of performance and evidence that it is sound with a knowledgeable membership that is not impaired in any way.

- ❑ Internal Audit led on a review of their effectiveness which enabled members of the Committee to undertake a self assessment against the good practice principles. An action plan was been developed which summarises the next steps to further enhance the Committees effectiveness and this will be taken further forward in 2021/22.

- ❑ The Head of Audit, Risk and Assurance (ARA)'s annual opinion has, provided a satisfactory independent opinion on the effectiveness of the Council's control environment comprising, risk management, control and governance. The opinion given is based on Internal Audit work undertaken, and despite emergency measures being implemented as a result of the pandemic. These measures resulted in a significant level of strain being placed on normal procedures and control arrangements.

COVID-19 Impact on Governance

The Council ended the previous, and entered the new, financial year in the midst of the COVID-19 pandemic. The Council is a Category 1 responder under the Civil Contingencies Act. As such it is required to keep critical services working and to support vulnerable people. The Council has had a full staff resource to continue providing services.

With organisational disruption, new emergency responsibilities and also staff working from home, conducting the annual review has recognised the challenges from Coronavirus. The AGS assesses governance in place during 2020-21. Whilst Covid-19 affected how the Council operated, the impacts did not have a significant effect on governance arrangements during 2020-21. The impacts included changes to decision making arrangements, the conduct of meetings and the delivery of services. These fall into the following broad categories:

❑ Impact on business as usual in the delivery of services;

❑ The majority of staff working from home from March 2020;

❑ Redeploying a number of staff from their normal roles as necessary to assist with the Council's response to Covid 19;

❑ New areas of activity as part of the national response to coronavirus and any governance issues arising, such as Implementation of new policies and processes and emergency assistance, paying emergency and discretionary grants to local businesses on behalf of the government. Internal Audit provided assistance with regard to this with pre and post payment checks.

❑ The funding and logistical consequences of delivering the local government response, such as changes to council meetings and decision making arrangements, new collaborative arrangements and funding and cash flow challenges;

❑ Assessment of the longer term disruption and consequences arising from the coronavirus pandemic, for example on existing projects and programmes, new priorities and objectives introduced and new risks identified or existing risks escalated.

❑ Governance issues within 2020-21 are discussed in the action plan below.

What are the key elements of SDC'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:
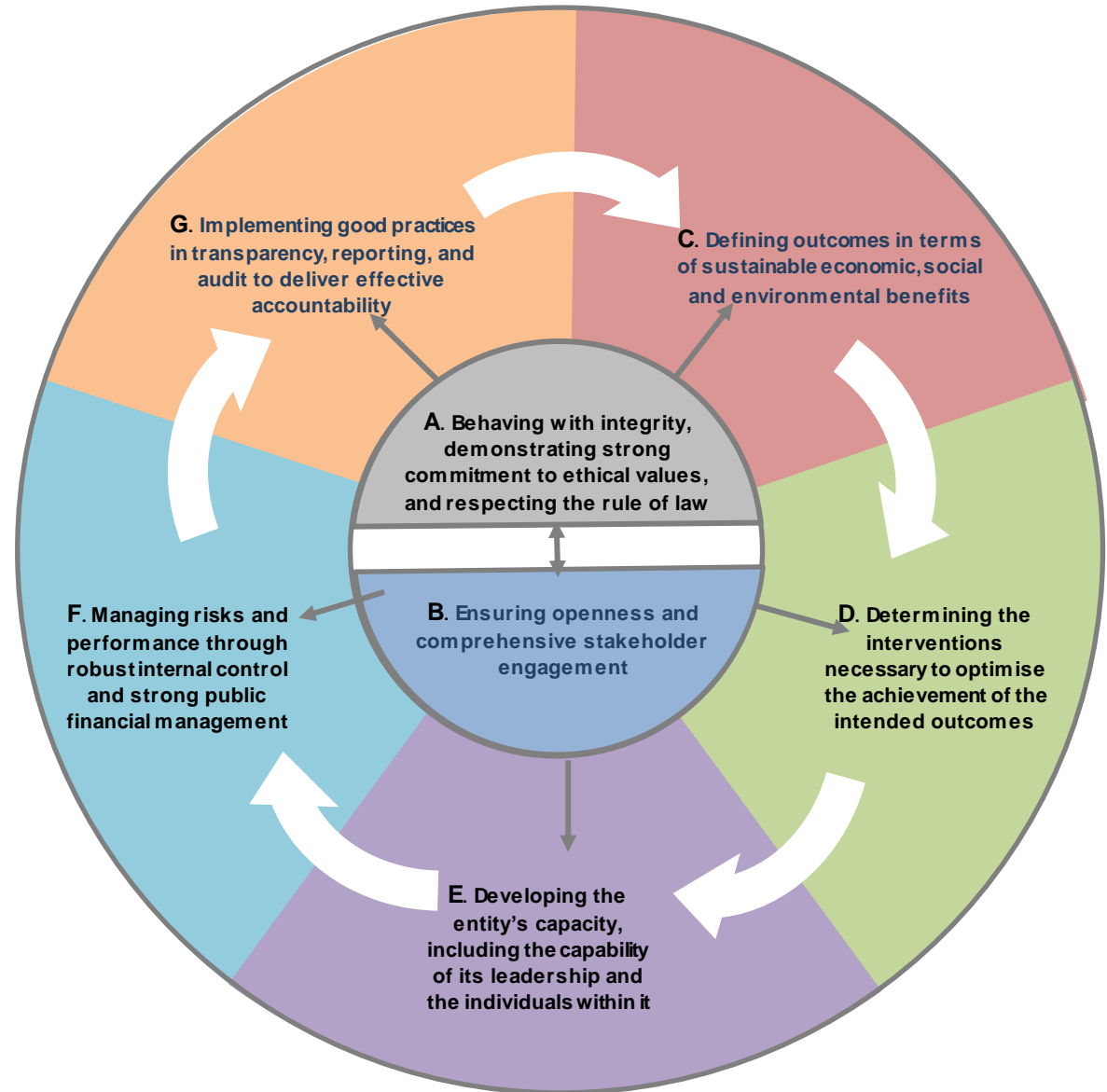
The following pages provide a summary of actions and behaviours taken by the Council in relation to each of these seven core principles and associated sub principles.

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

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

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

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

B. Ensuring openness and comprehensive stakeholder engagement

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

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

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 Standards Committee** and Monitoring Officer promote the duty of the Council to encourage and maintain high standards of member conduct. The Council has a Member **Code of Conduct** plus various good conduct practice guides to strengthen the Council's ethical framework. The framework is regularly reviewed.
- ❖ In upholding high standards, investigations are undertaken and reports submitted to the Audit and Standards Committee and the independent standards panel. 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.

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:
  - o Statutory registers of interests;
  - o Requirements to declare conflict of interests and refrain from participating in relevant matters; and
  - o Employee Registers of gifts and hospitality.
- ❖ A **customer feedback / Complaints Policy** exist 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 Council's competency framework seeks to promote good 'behaviours'.

Respecting the Rule of Law

- ❖ The **Constitution** sets out the decision making responsibilities of the Council, its Committees and officers and associated decision making procedures.
- ❖ The Council's partnership with "One Legal" identifies and advises the Council (including its committees and officers) on key elements of the law and their application, also providing training and guidance notes where there are capacity or skill shortages. All committee reports include legal implications.
- ❖ The Council has a duty to appoint three of its staff to specific roles, these being:
  -**The Head of Paid Service (i.e. 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 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 & internal control environment.

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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

- ❖ To help the Council deliver its vision it produces a 4-year rolling Corporate Delivery Plan (CDP) which is reviewed annually. This allows us to maintain a focus over the medium term and ensures that we plan financially and adapt what we do to the changing demands of local people and the Government. The CDP is publicly available.
- ❖ Member decisions and significant officer decisions are also reported on the Council's website.
- ❖ 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.
- ❖ Formal Public Consultation arrangements and public meetings held to ascertain stakeholder views prior to developing and implementing key policy changes.
- ❖ Developed and implemented alternative service delivery models, where appropriate, 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 Corporate Delivery Plan 2018-2022 (updated in 2019) which is informed by public consultation.
- ❖ Annual resident/business council satisfaction surveys are received from the local communities.
- ❖ The Councillor Call for Action is to support elected members in achieving improvements for their local areas. In their day to day roles, councillors identify issues of significant concern to their communities. They seek to resolve problems by talking to the Council and other service providers. If they cannot resolve a particular issue they are able to refer it to a relevant committee for further investigation.
- ❖ A consultation hub is on the website which provides the details of both open and closed consultations, where we consult regularly with local people on a wide range of policies, plans and proposals affecting our communities.

Principle C

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

Supporting Principles:

Defining outcomes

Sustainable economic, social and environmental benefits

How we do this:

❖ The long term vision and Council's priorities are set out in the Corporate Delivery Plan 2018-2022.

❖ A Budget and Medium Term Financial Plan, 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 developing 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 business planning, performance and risk management framework enables the monitoring of progress against service strategic / business plans priorities and objectives, key performance indicators and targets.

❖ The Medium Term Financial Plan identifies the required efficiency savings across the Council in a systematic and considered manner.

❖ The Council aims to ensure that the purchase of goods, services or works required to deliver services is acquired under Best Value terms.

❖ The Council develops 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 (including equalities) and environmental impacts of policies and plans when taking decisions about service provision.

❖ 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:

Determining interventions	Planning interventions	Optimising achievement of intended outcomes
❖ The Council's decision making processes ensure 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's Corporate Delivery Plan defines the Council's vision and key priorities, following full consultation with the local communities. ❖ The Council has a performance management and monitoring process in place. ❖ Performance reports analysing trends and latest budget position are monitored by management and the relevant Committees.	❖ The Council has developed and implemented a Budget and Medium Term Financial Plan (MTFP). ❖ The financial plans demonstrate how the Council's financial resources will be deployed over the next four years to deliver declared aims and priorities. ❖ The MTFP 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 procuring 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:

- ❖ SDC participated in the Local Government Association (LGA) Corporate Peer Challenge (CPC) which offered support and help to the Council in order to further strengthen local accountability and explore how effectively the council is delivering services.
- ❖ Council participation in other 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 priorities.
- ❖ A revised learning and development offer is being developed for staff across the organisation, including managers
- ❖ To expand their skill set beyond those used in their usual role and gain an insight into other parts of the Council, therefore the Council provides employees with secondment opportunities where appropriate.

- ❖ The Council's Constitution clearly defines the statutory and distinctive roles of the Leader and other councillors and sets out to whom decision making powers are delegated, including senior officers such as the Chief Executive.
- ❖ A Members Training and Development Programme is in operation, which supports continued Member development.
- ❖ The Council has a corporate competency framework for all employees, managers and Leadership Team, which provides an opportunity to reflect on how individuals are performing, what is going well and also where the individual may need further support or development as part of their role.
- ❖ Council "Values and Behaviours" have been developed in consultation with officers and members.
- ❖ The above includes required 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.
- ❖ 121's are held to monitor staff performance and identify learning and development needs.

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 should be in place for critical services to ensure they can continue to operate in an emergency.
- ❖ The Audit and Standards Committee monitor the adequacy of the risk identification, monitoring and control of strategic and operational risk within the Council.

Managing Performance

- ❖ The Council's Corporate Delivery Plan (CDP) outlines our vision as leading a community that is making Stroud district a better place to live, work and visit for everyone. The plan seeks to demonstrate how this will be achieved around five key priorities: Economy, Affordable Housing, Environment, Health and Wellbeing and Delivery.
- ❖ A business planning framework is in place which includes our Service Strategic Plans which aligns with our CDP and sets out our strategic priorities and business plans which set out the key priorities / tasks / targets / risks for the day job.
- ❖ Priorities are monitored through our performance, programme and project management framework.

Robust internal control

- ❖ The Internal Audit (IA) function is 100% compliant with Public Sector Internal Audit Standards 2017.
- ❖ The Council takes fraud, corruption and maladministration very seriously and has established policies and processes which aim to prevent or deal with such occurrences. These can be found within the Anti Fraud and Corruption Policy Statement and Strategy and Whistleblowing Policy
- ❖ Audit and Standards Committee monitor and review all of the above.

Managing Data

- ❖ Data is managed in accordance with the law. Key information management policies e.g. freedom of information and data protection. The Council has information champions who help to promote effective management of information across the Council.
- ❖ Information Sharing protocols are in place when sharing data with third parties.
- ❖ ICT Infrastructure Investment Plan.

Strong public financial management

- ❖ Robust budget management arrangements are in place including monitoring and review by all Committees.
- ❖ External Audit review and report on the Council's financial statements (including the Annual Governance Statement and Local Code of Corporate Governance), 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 Standards Committee monitors 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:

Implementing good practices in transparency

- ❖ Agendas and minutes of Council and Committee meetings are publically available on the Council's website and Council and Committee meetings are available live and afterwards 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).
- ❖ 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.

Implementing good practices in reporting

- ❖ 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 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 Standards Committee review and approve the Annual Statement of Accounts and Annual Governance Statement.

Assurance and effective accountability

- ❖ 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 Standards 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?

Role	Responsibilities
The Council	- Adopting and making substantive changes to the Constitution. -Approving or adopting the annual budget. - Agreeing and/or amending the Terms of Reference for Committees, deciding on their composition and appointing Chairmen and Vice Chairmen to them.
Audit and Standards 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.
Committees	- There are four Committees aligned to the Council's corporate priorities (excluding Audit and Standards and the Development Control Committee). They hold Officers to account and scrutinise performance. Any two members of each committee will meet on a quarterly basis with senior management in non decision making, informal meetings. They report back on an exception basis to their Committees any key issues.
Chief Executive Strategic Leadership Team	- Implements the policy and budgetary framework set by the Council and provides advice to Committees and the Council on the development of future policy and budgetary issues and oversees the implementation of Council policy. - Influences 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 advise the Council on ethical issues, standards and powers to ensure the Council operates within the law and statutory Codes of Practice. - 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).
Strategic Directors/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 Standards Committee. Please note that whilst improvement plans are in place to address these issues, due to their significance in relation to governance and inherent risk, two of these actions have been carried forward into the 2020-21 Action Plan to enable their ongoing monitoring as noted below.

2019-20 Review Reference	Action	Current Status
Chief Financial Officer Assurance Statement	Future Financial Sustainability	C/F into the 2020-21 AGS Action Plan The financial outturn for the end of 2020/21 was strong as central government support has largely mitigated the impacts of the Covid pandemic. The medium term impact upon Council finances is less clear. The Medium-Term Financial Plan was previously strengthened by a thorough review of the reserves, the removal of uncosted savings targets and introduction of additional income. The major risk remains around government review of the local government finance system which is now expected in 2021/22 at the earliest. Reaching financial self-sufficiency remains a key focus of the Council's Corporate Delivery Plan and the Council is actively pursuing new income generation opportunities including improved treasury management returns which have been boosted by an additional £10m investment in multi-asset funds.
Local Government Association (LGA) Corporate Peer Challenge (CPC)	Local Government Association (LGA) Corporate Peer Challenge (CPC)	C/F into the 2020-21 AGS Action Plan An Action Plan was developed in respect of the 8 recommendations, including timescales and organisational leads. This has been kept constantly updated throughout the year

2019-20 Review Reference	Action	Current Status
		The LGA have now been invited to return for a follow return in early 2022.
Brought Forward from 2019-20	Procurement Action Plan	Procurement continues to be a key strategic activity. Internal Audit undertook a consultancy review in-year of the effectiveness of the Council's first and second line of defence, responsible for ensuring compliance with the Council's Contract Procurement Procedure Rules and to present proposals to further enhance current policies and procedures. Management actions to address the recommendations made have been agreed in full with a view to these being implemented during 2021-22.

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 two carried forward actions from 2019-20.

Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
Chief Financial Officer Assurance Statement	**Future Financial Sustainability / COVID-19** The 2020-21 Medium Term Financial Plan identified core deficit of £3m by 2024-25. **Actions taken in response to the above:** The Medium Term Financial Plan now includes a savings target related to the fit for the future programme. Savings will be created by investing in modern service delivery methods and improved community engagement. As part of the Medium Term Financial Planning process, funding is now clearly identified and linked to priority Council projects. This ensures successful integration of the financial plan and the Corporate Delivery Plan. This will be continued when the CDP is revised in 2021. Strategy and Resources Committee receives regular financial monitoring updates. The budget strategy in Autumn 2021 will consider all known factors relating to changes in funding streams, including government reforms, which will be further updated as part of the medium term financial planning process.	31st March 2022	Chief Financial Officer (S151)

Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
Corporate Governance	**Local Government Association (LGA) Corporate Peer Challenge (CPC)** A Peer Review was undertaken by the Local Government Association (LGA) and a team of elected members, senior officers from other local authorities together with LGA advisors with the Peer Challenge team's feedback reported to Council on 16 May 2019. The majority of the recommendations are now completed with 2021-22 expected to see the finalising of the remaining actions. Early discussions have already been held with the LGA about a follow up review in 2022. The senior management team's response to the Peer Review report's eight recommendations to Quarter four 2020-21 included: **Actions taken in response to the above:** 1. The completion of a senior officer restructure to ensure sufficient strategic capacity is in place at the top of the organisation. 2. Agreement of Council priorities and actions for the period to May 2020.	Ongoing	Chief Executive

Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
	3. A review of the Council's IT system with the development of an ICT development strategy. A new Head of Technology has been appointed to progress this. It should be noted that throughout the pandemic the IT infrastructure has been resilient and enabled the majority of staff working from home and continue to deliver Council services.		
	4. Postponement of the district elections until 2021, has also delayed the planned work on consideration, and consultation on what the Council's vision, priorities and delivery plan would be for the forthcoming years. In addition, due to the impact of COVID-19, the Council adopted a Strategy to facilitate recovery within the Stroud district having identified four work streams that reflect the Council's previously agreed priorities in the existing Corporate Delivery Plan and 2020-21 Budget. After the election of May 2021 a process for agreeing a new Corporate Plan has commenced.		
	5. The political and managerial leadership teams have held formal and informal 'strategic conversations'. This has helped to develop a strong leadership team and clear priorities and plans to be put in place focused on SDC's improvement, for the district and wider county and sub region.		
	6. Effective workforce planning and performance management arrangements so that the Council has a committed and engaged staff group with clarity in terms of the expectations of them and sufficient capacity to deliver its plans is progressing.		
	7. There remains a need to close the medium term financial gap although the position there remains uncertain until the Local Government Financial Environment is clarified.		

Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
	8. The Council continues to review, monitor and develop its governance arrangements to ensure better decision making in order to deliver its revised priorities and plans. The Constitution Working group has now re-convened and is considering its work plan. Any further progress will be considered as business as usual within the role of the Monitoring Officer.		

Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
Corporate Governance	**COVID-19 – Impact on Governance** There were a number of key changes that impacted upon the day to day workings of the Council:- ❑ Council elections due to be held on 7 May 2020 were postponed until May 2021, councillor terms of office were extended and by-elections suspended for the period. ❑ Council and committee meetings were suspended until further notice. ❑ Officers were instructed to begin working from home if at all possible. **The Council has responded by:** Ensuring there was regular and consistent engagement between the Strategic Leadership Team, officers and Members. This included: • The Strategic Leadership Team meeting on a weekly basis; • An informal all-Councillor meeting being held in early May 2020 to brief them on Covid response progress; • The Chief Executive meeting with all the Group Leaders initially on at least a weekly basis, to discuss key issues. Agendas and notes for these meetings were prepared. This group also regularly met with the District's two MPs; • In addition, Weekly Covid-19 Statistics demonstrating activity and progress were shared with all Councillors and MPs after discussion with SLT and then the Group Leaders; • The Chief Executive and Strategic Director of Resources published regular updates to all elected members throughout the process; at first this was daily and by agreement with the Group Leaders, this reduced to three times each week and then twice a week and by exception.	Ongoing	Chief Executive

Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
	• Decisions requiring political approval involved consultation with all group leaders to agree an urgent officer decision. Each of these decisions was accompanied by both a report and a decision notice which have been published on the SDC website. • Notes of every meeting and key decision were recorded. An action log was and continues to be maintained. This was initially on a daily basis; • Elections have since been held in May 2021 with a large intake of new members. A comprehensive Induction and training programme is in progress for new and returning Members. ARA are delighted to be involved in this and welcome the opportunity to provide targeted training for Members throughout the year. • Zoom and Microsoft Teams were promptly rolled out to allow staff and members to communicate effectively. Council and committee meetings have continued on line facilitated by the Council's IT and Democratic Services. This included Full Council in May 2020 to agree a series of changes to the constitution and standing orders to allow Council committees to operate remotely. • The majority of officers were instructed to begin working from home if at all possible. This was successful with Council services continuing to be delivered; • Three critical cells were established to co-ordinate the response. These were community response, customer services and communications. Each of those had a lead from SLT and were included in the daily SLT meeting agenda.		

Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
	• Procurement procedures were maintained but adjusted in line with national guidelines where appropriate. • A recovery Strategy was produced in consultation between Senior Officers and members of the Strategy and Resources Committee.		

Certification

The annual review assesses the Council's governance arrangements in place during 2020-21. 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 23 – 29.

Covid-19 continues to have an international, national and local impact. The scale of challenges posed to the Council should not be underestimated. Nonetheless, despite these challenges, the Council responded positively and continues to deliver effective services to its residents.

Over the coming year, the Council will continue to be vigilant to identify risks to its operations and will address these accordingly, and 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.

A review of corporate risk management is being undertaken. This will assess risk management processes within the Council and review these against current guidance and best practice requirements. This review is an opportunity to benchmark and enhance the Council's risk management approach and support a positive direction of travel on the area.

It is also pleasing that, given the tremendous challenges of the last year, there has been only one Limited Assurance outcome in 20/21 (Electrical Works Contract) and 1 split limited assurance outcome (limited/satisfactory) on risk has been reported (Tenancy Lettings) reported for 2020/21 from ARA activity. Both will be followed up by ARA in line with due process. Furthermore, no diminution of service or governance has been reported in assurance statements completed by management.

There are planned audits in 2021-22 that will further enhance the Council's governance arrangements:

- Safeguarding – to review the effectiveness of the Council's arrangements for meeting its statutory responsibility and duty of care to cooperate, communicate and report issues relating to safeguarding to the appropriate internal person(s), authorities and partner agencies.
- Procurement & Contract Management Framework – to provide assurance that the agreed actions to address the relevant recommendations emanating from the 2019/20 audit reviews have been fully implemented.
- Fit for the Future – Internal Audit will provide professional advice on the future internal control environment with a view to designing out risk as the modernisation programme progresses.
- One audit (Planning Enforcement) arising from a direct Councillor request to the Committee.

With the above, governance arrangements surrounding them will be looked at and advised upon to ensure they are suitable and are happening as intended.

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.

Longer term impacts from the COVID-19 pandemic on the Council and its services may not be known for some time yet. These will inevitably have consequences, including financial ones, for the Council. All departments will need to reassess their risks and update their registers as necessary.

Internal Audit will continue to work with management to understand and plan for longer term risks resulting from the pandemic to protect the Council and its services going forward. In October of 2020, Internal Audit reassessed and amended the Annual Internal Audit Plan and presented this to the Audit and Standards Committee for their approval. This flexibility will continue in 2021-22 and the Internal Audit Plan and the Council's risk registers will need to be kept under review.

In 2021-22 Internal Audit will monitor the progress made by departments to implement agreed recommendations and report this to the Committee.

CIPFA's Finance Advisory Network issued guidance in 2020 "Conformance with the PSIAS during the Coronavirus Pandemic". The guidance states that "the primary concern of Heads of Internal Audit will be to support their organisation and its functions together with concern for the wellbeing of their staff. They may also be worried that the decisions they take could lead to non-conformance with UK Public Sector Internal Audit Standards (PSIAS)". Internal Audit has complied with this guidance and can report that there has been no non-compliance with the PSIAS.

The Council's IT and Democratic Services teams are to be commended for enabling committee meetings to be held virtually. This has included Full Council and the Audit and Standards Committee. This has enabled the Council to maintain continuity, transparency and scrutiny of its activities.

The Council, as with others in the public sector, continues to face challenges in managing its finances through the next few years including the need to make savings. This situation has been exacerbated by the impact of COVID-19 which has seen the Council lose income since lockdown measures were introduced by the government. The Council will therefore need to effectively manage its finances.

The Council is undertaking capital projects for developing and renewing areas of the district but also for investment purposes. It has been reported that many businesses who have had staff working from home are thinking of continuing with this mode of working after the risks from Covid-19 have dissipated. The Council is also considering the future utilisation of its offices.

With the majority of Council staff working from home, the risks to cyber security and, with the sharing of electronic documents, the risk of breaching GDPR rules should continue to be monitored.
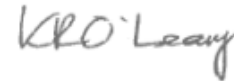
Alongside making savings, the Council should also consider how to maximise its income, for example by maximising income through fees and charges.

The Council's track record in respect of dealing with funding reductions is good. Work is underway to meet these challenges. Further detail on this is included in the narrative section of the Statutory Accounts.

Signed:

Doina Cornell   **Kathy O'Leary**

Leader of the Council   **Chief Executive**

Date: **05/07/2021**   **05/07/2021**

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: _____

Andrew Cummings – Strategic Director of Resources (Chief Financial Officer (S151 Officer))

Date: **01/07/2021**