Annual Governance Statement
2016/17

Gloucester
City Council
Transforming Your City

Contents

Scope of Responsibility

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

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

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

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

A copy of the Code can be accessed on the Council's website. However, a summary of the seven core principles upon which it is based can be found on page 9 of this document.

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

The responsibility for leading and directing the annual reviews of the effectiveness of the Council's governance arrangements against the Code and providing ongoing oversight and robust challenge, is the Council's Statutory Officers, comprising, the Managing Director, Chief Financial Officer (S151 Officer) and the Monitoring Officer and when completed, the findings are reported to and improvement actions identified, 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 Gloucester City Council for the year ended 31st March 2017 and up to the date of approval of the statement of accounts.

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

The Council's Governance Assurance Framework, which underpins the AGS, has been in place at the Council for the year ended 31st March 2017 and up to the date of approval of the AGS and Statement of Accounts.

What is a Governance Assurance Framework?

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

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

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

The Three Lines of Defence in effective Risk Management and Control

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

By defining these sources into three categories i.e. the First Line (functions that own and manage risks e.g. management and supervisory controls), the Second Line (functions that oversee risks e.g. Governance structures and processes such as Audit and Governance Committee, Scrutiny, Boards) and the Third Line (functions that provide independent assurance on the management of risks e.g. HMRC, Information Commissioner, Internal/External Audit), helps the Council understand how each contributes to the overall level of assurance and how best they can be integrated and supported. Please see page 7 below which summarises the Council's governance assurance framework, which is based on the three lines of defence model.

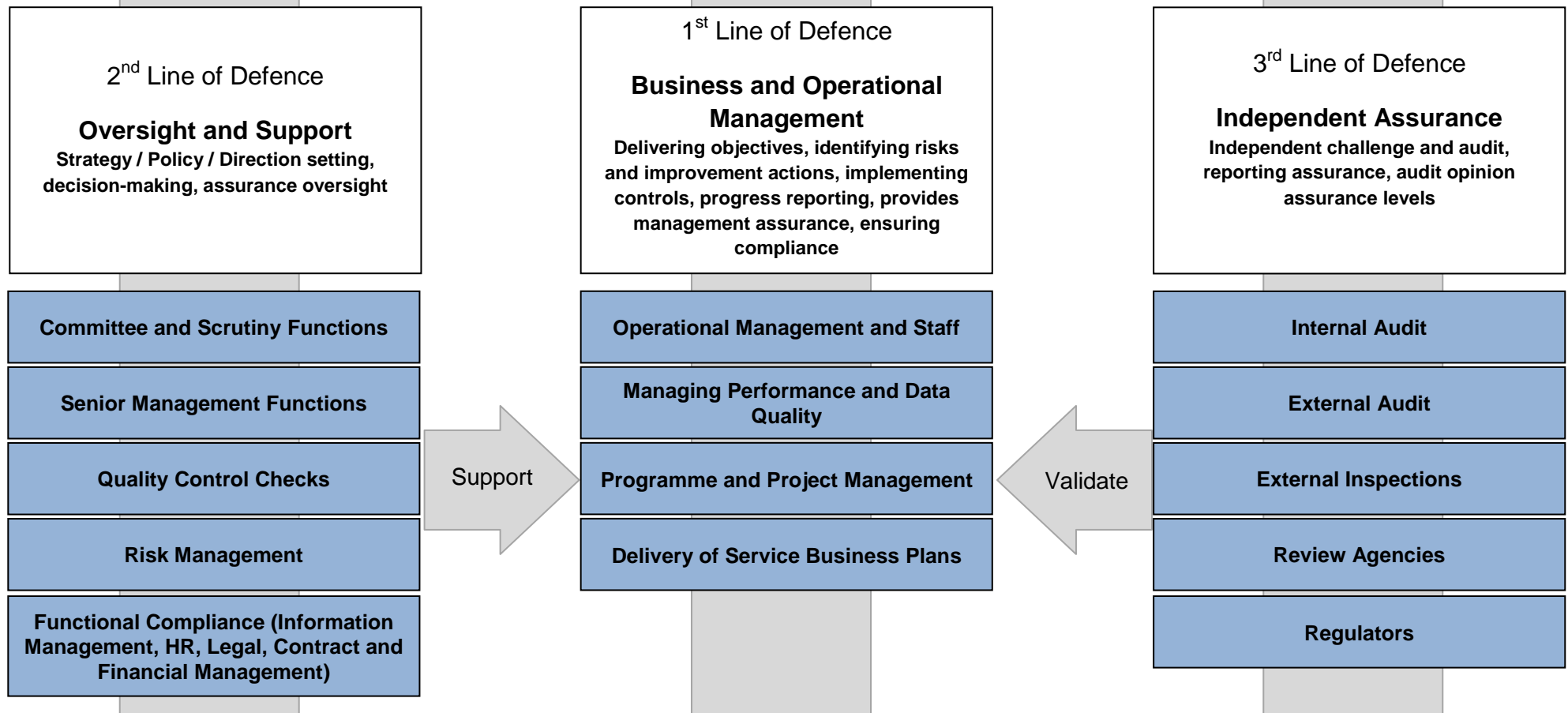# What is the Council's Governance Assurance Framework?

Annual Governance Statement (AGS)

Audit and Governance Committee
(AGS Approval Committee)

Leader, Managing Director, Chief Financial Officer, Monitoring Officer, Senior Management Team
(Provides oversight of the 3 lines of defence assurance framework)

2nd Line of Defence	1st Line of Defence	3rd Line of Defence
Oversight and Support Strategy / Policy / Direction setting, decision-making, assurance oversight	**Business and Operational Management** Delivering objectives, identifying risks and improvement actions, implementing controls, progress reporting, provides management assurance, ensuring compliance	**Independent Assurance** Independent challenge and audit, reporting assurance, audit opinion assurance levels
Committee and Scrutiny Functions	**Operational Management and Staff**	**Internal Audit**
Senior Management Functions	**Managing Performance and Data Quality**	**External Audit**
Quality Control Checks	**Programme and Project Management**	**External Inspections**
Risk Management	**Delivery of Service Business Plans**	**Review Agencies**
Functional Compliance (Information Management, HR, Legal, Contract and Financial Management)		**Regulators**

Support →

← Validate

How has the Annual Governance Statement been prepared?

In preparing the Annual Governance Statement the Council has:

❑ reviewed the Council's existing governance arrangements against the revised CIPFA / SOLACE 'Delivering Good Governance in Local Government framework - 2016 Edition' good practice guidance;

❑ updated the Council's Local Code of Corporate Governance to reflect this guidance which includes the revised seven principles of good governance and associated required actions and behaviours taken by the Council that demonstrate good governance; and

❑ assessed the effectiveness of the Council's governance arrangements against the revised Local Code of Corporate Governance.
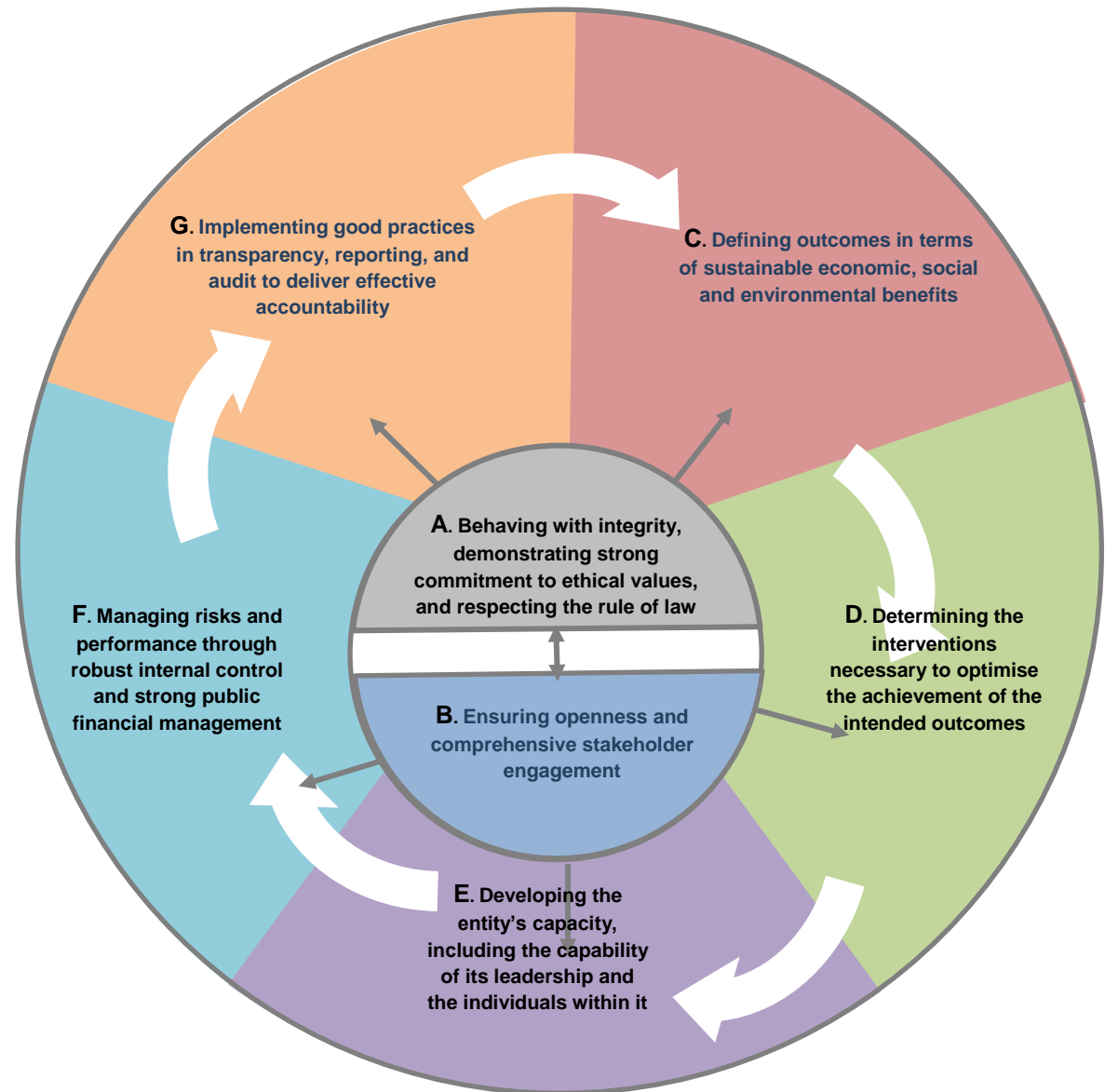
How does the Council monitor and evaluate the effectiveness of its governance arrangements?

The Council annually reviews the effectiveness of its governance arrangements. The key sources of assurance that inform this review are outlined below:

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

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

❑ The Chief Internal Auditor's annual report on Internal Audit Activity 2016/2017, which provides the independent assurance that key risks (financial and non-financial) are being adequately controlled and provides an opinion on the effectiveness of these arrangements;

❑ The annual report on Risk Management Activity 2016/2017;

❑ Any comments made by the Council's External Auditors; and

❑ Any other review agencies and inspectorates.

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:

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

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

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

B. Ensuring openness and comprehensive stakeholder engagement

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

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:

Behaving with integrity

- ❖ 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 Officers' Code of Conduct. The Code has been formulated to provide a set of standards of conduct expected of employees at work.
- ❖ External providers of services acting on behalf of the Council are also required to comply with the Code of Conduct.
- ❖ These Codes are regularly reviewed to ensure they are operating effectively.

Demonstrating strong commitment to ethical values

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

Respecting the Rule of Law

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

Principle B

Ensuring openness and comprehensive stakeholder engagement

Supporting Principles:

Openness	Engaging comprehensively with institutional stakeholders	Engaging stakeholders effectively, including individual citizens and service users

How we do this:

Openness

- ❖ [Gloucester City Vision 2012-2022](#) statement sets out what we want to achieve for the City over the next ten years.
- ❖ The [Gloucester City Council Plan 2017-2020 Draft](#) sets out our key objectives, actions, projects, measures and targets.
- ❖ 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 Overview and Scrutiny Committee.
- ❖ Data is published 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 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 2012 - 2022 vision statement which is informed by public consultation.
- ❖ Elected members have the opportunity to scrutinise decisions that have been taken by the Members through the 'call-in' mechanism. This allows an opportunity for further consideration of the issue before implemented.
- ❖ Have Your Say: If you have ever wanted to make your views heard, but simply don't have the time to attend public meetings or events, our free email alerts service will help keep you connected and updated on the things that matter to you and will enable you to have your say on a variety of issues and topics within Gloucester. Please sign up here.
- ❖ City Life is the City Council's free quarterly newspaper for the residents of Gloucester.

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 Gloucester City Vision 2012-2022 document lays out our key strategic priorities for the City which all public, private and voluntary sector partners will aspire to deliver. The City Vision will provide an overarching framework for all partner's strategic plans including important City Council documents such as the Joint Core Strategy and the Gloucester City Plan.
- ❖ The Joint Core Strategy (JCS) is a partnership between Gloucester City Council, Cheltenham Borough Council and Tewkesbury Borough Council, supported by Gloucestershire County Council which will set out a strategic planning framework for the three areas.
- ❖ Gloucester City Plan: Gloucester is a transforming, growing and regeneration City. Together with the Joint Core Strategy (JCS), the Gloucester City Plan (GCP) will continue Gloucester's regeneration journey by providing the development framework to guide the City's future growth up to 2031. It covers a timeframe of 15 years between 2016 and 2031.
- ❖ A Budget and Medium Term Money Plan, Capital Programme and annual budget process ensure that financial resources are directed to the Council's priorities and targets. These are reported to and monitored by the Senior Management Team, Overview and Scrutiny Management Committee and Cabinet.

- ❖ Together Gloucester is a savings programme which has identified 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 'sustainability' i.e. economic, social and environmental impacts of policies and plans when taking decisions about service provision.
- ❖ The Council works with partner organisations where there are shared objectives and clear economic benefits from joint working.
- ❖ 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

- ❖ The Council's decision making process ensures that decision makers receive objective and robust analysis of a variety of options indicating how the intended outcomes will be achieved, providing information on the risks and opportunities associated with those options, thus helping to inform those decisions.
- ❖ Public consultation is undertaken to ensure that feedback from citizens and service users are fully considered when making decisions about service improvements / changes.
- ❖ The Council has a complaints procedure to enable our customers to tell us how we are doing, whether good or bad, so we can review what we do and change the way we work to enable us to deliver excellent customer service.

Planning interventions

- ❖ The Council has developed annual Service Plans, Service Level Agreements, Shared Service Agreements and contracts with defined outcomes and a balanced set of measures and risks to evaluate performance. These plans are aligned to the Council's Vision, Joint Core Strategy and City Plan objectives.
- ❖ [Performance reporting](#) arrangements are in place analysing trends and latest budget position which are monitored at management and board meetings 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 Plan.
- ❖ The financial plan demonstrates how the Council's financial resources will be deployed over the next five years to deliver declared aims and priorities.
- ❖ The Money Plan sets out the overall shape of the Council's budget by determining the level of resources that will be available and how these are currently allocated between services.
- ❖ The Council ensures the achievement of 'social value' (i.e. a way of thinking about how scarce resources are allocated and used when awarding a contract) when commissioning services and service planning.

Principle E

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

Supporting Principles:

Developing the Council's capacity

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

How we do this:

- ❖ The Council participates in relevant benchmarking exercises and peer reviews to help inform how the resources are allocated, so that outcomes can be achieved effectively and efficiently.
- ❖ Collaborative working and alternative service delivery models are fully considered as part of the option appraisal process, when looking to determine how the Council's resources are allocated in order to meet our priorities.
- ❖ The Council is currently refreshing its workforce organisational development plan to align with the Council's new structure / operating model.
- ❖ The Council has access to 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.

- ❖ The Council's Constitution clearly defines the statutory and distinctive leadership roles of the Leader of the Council and the Managing Director, whereby the Managing Director leads on implementing strategy and managing the delivery of services and other requirements set by members.
- ❖ A Members Development Programme is in operation, which supports continued Member development.
- ❖ The Council's staff performance appraisal process and talent assessment / management arrangements are currently being developed and will be implemented during 2017/2018 in line with the implementation of the new operating model. This provides 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	**Managing Performance**	**Robust internal control**	**Managing Data**	**Strong public financial management**

How we do this:

Managing Risk

- ❖ 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

- ❖ Draft City Council Plan 2017-2020 outlines our priorities which are built on four clear priorities i.e. Growing Gloucester's Economy, Working with our Communities, Creating Pride in our City and Improving our Environment and Strong Finance and Performance.
- ❖ A business planning framework is in operation which sets out our key priorities/ tasks / targets / risks for the day job in order to meet these priorities.
- ❖ Officers hold bi-monthly performance meetings with their relevant Cabinet Portfolio Holder.
- ❖ Priorities are monitored through our performance, programme and project management framework and overseen by, and reported to the relevant Committees and Cabinet.

Robust internal control

- ❖ There is an Internal Audit (IA) function (100% compliant with Public Sector Internal Audit Standards) which has provided a satisfactory independent opinion on the effectiveness of the Council's control environment comprising, risk management, control and governance.
- ❖ 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.
- ❖ The Audit and Governance Committee is responsible for monitoring and reviewing the above.

Managing Data

- ❖ Data is managed in accordance with the law. The key information management and security policies in place or being refreshed are: The Data Protection Policy, Freedom of Information Publication Scheme and Information Security Incident Management Policy.
- ❖ Information Sharing protocols are in place when sharing data with third parties.
- ❖ Policy ownership rests with the Senior Information Risk Officer (SIRO) and the Information Security Board members who are responsible for agreeing, monitoring, promoting and reviewing Policy implementation.

Strong public financial management

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

Principle G

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

Supporting Principles:

Implementing good practices in transparency	Implementing good practices in reporting	Assurance and effective accountability

How we do this:

Implementing good practices in transparency

❖ Agendas and minutes of Council, Cabinet and Committee meetings including Scrutiny are publically available on the Council's website.
❖ The Council has a Freedom of Information Act publication scheme (to ensure the members of the public have access to all recorded information held by the Council.
❖ 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 Governance 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 Governance Committee provide independent assurance to the Council on the adequacy and effectiveness of the governance arrangements and internal control environment operating within the Council.
❖ Risk based internal auditing provides ongoing assurance that the key risks material to achieving the Council's objectives are being managed.
❖ Peer reviews and benchmarking undertaken to ascertain good practice and implement improvements as identified.

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

The Council	- Approves the Council's Vision Statement. - Approves the Constitution (including Standing Orders and Financial Regulations). - Approves key policies and budgetary framework.
Cabinet	- The main decision-making body of the Council. - Comprises five Cabinet Members (excluding the Leader) who have responsibility for particular portfolios.
Audit and Governance Committee	- Provides independent assurance to The Council on the adequacy and effectiveness of the governance arrangements, risk management framework and internal control environment. - Promotes high standards of member conduct. - Approves the Annual Statement of Accounts and Annual Governance Statement.
Committees	- There are six main Committees (excluding the Audit and Governance Committee) aligned to the Council's corporate priorities. - They hold Officers to account and scrutinise performance.
Managing Director (MD) Senior Management Team	- The Managing Director has overall accountability for the governance framework. - Implements the policy and budgetary framework set by the Council and provides advice to Cabinet and the Council on the development of future policy and budgetary issues. - Oversees the implementation of Council policy.
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).
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 2015/16?

The Annual Governance Statement 2015/16 contained the following key improvement actions. Details of the issue and how it was addressed are provided below:

AGS 2015/16 review reference	Action	Position as at 31st March 2017
Local Code of Corporate Governance Core Principle 1	**Governance in working with others:** The Council is required to focus on the purpose of the authority and on outcomes for our customers and stakeholders and creating and implementing a vision for the local area. The Council has joined with ten of our public sector partners to have one conversation with government about how through devolution we can achieve better outcomes and reduced costs. Action: The devolution bid, if successful, includes a commitment to a new governance arrangement. This is a statutory process and will be led by the Managing Director. The process will include consultation and engagement with the organisations involved and other stakeholders. **Target date:** To be determined - depending upon outcome of bid.	Devolution bid outcome still to be determined.

AGS 2015/16 review reference	Action	Position as at 31st March 2017
Revised CIPFA Guidance on Delivering Good Governance 2016	**CIPFA - Delivering Good Governance in Local Government : Framework (2016 Edition):** The Council currently prepares and publishes an Annual Governance Statement in accordance with the CIPFA Delivering Good Governance in Local Government 2007 (Addendum 2012). This guidance/framework has been refreshed and defines the principles that should underpin the governance arrangements of the Council and applies to the annual governance statements prepared for the financial year 2016/17 onwards. **Action:** The Chief Internal Auditor to test the Council's governance arrangements and be able to demonstrate that its governance structures comply with the core and sub principles contained within the revised framework. To then develop and maintain, on behalf of the Council, a local code of governance / governance arrangements reflecting the principles set out. **Target date:** 31st March 2017	**Completed** The Council's revised Local Code of Corporate Governance, Annual Governance Statement and the associated assurance framework has been developed by the Chief Internal Auditor, which is in accordance with the principles contained within the CIPFA/SOLACE guidance i.e. Delivering Good Governance in Local Government 2016 Edition. The revised governance assurance framework applies to the Annual Governance Statement 2016/2017.

AGS 2015/16 review reference	Action	Position as at 31st March 2017
Local Code of Corporate Governance Core Principle 3	**Anti-Fraud and Corruption Strategy:** The Council is required to promote values for the authority and demonstrate the values of good governance through upholding high standards of conduct and behaviour. The Fighting Fraud and Corruption Locally 2016–2019 strategy has been developed by local authorities and counter fraud experts and supported by the CIPFA Counter Fraud Centre. It is the definitive guide for council leaders, chief executives, finance directors and all those with governance responsibilities. The strategy includes practical steps for fighting fraud, shares best practice and brings clarity to the changing anti-fraud and corruption landscape. **Action:** During 2016/17 the Chief Internal Auditor will undertake a self-assessment against the new guidance to measure the Council's counter fraud and corruption culture and response and propose enhancements as required. **Target date:** 31st March 2017	**Completed** A self assessment against the new counter fraud guidance has been undertaken by the Chief Internal Auditor, which has resulted in a refreshed Anti Fraud and Corruption Policy Statement and Strategy, Anti Bribery Policy, Anti Money Laundering Policy 2017 – 2019 and Confidential Reporting Procedure (Whistleblowing). Following Senior Management Team approval, the revised policies were approved by the Audit and Governance Committee on 23rd January 2017 and subsequently to Cabinet on 8th February 2017 for formal approval.

AGS 2015/16 review reference	Action	Position as at 31st March 2017
Annual Governance Statement para 4.4	**Corporate performance management:** The Council Plan details the priorities and strategic objectives of the local authority. Performance review and management against the Corporate Plan is needed to ensure internal and external (e.g. stakeholder) awareness and understanding of the Council's progress against the objectives and further action required. **Action:** The Corporate Director (Partnerships) will undertake a review of the Council's corporate performance management approach, to ensure that they reflect the needs and the structure of the organisation. **Target date:** 30th September 2016	**Ongoing** Review is in progress of the Council's corporate performance arrangements, with the objective to embed a 'golden thread' from corporate objectives through to individual accountability so that Members and staff can see a clear link between their work and what the Council is trying to achieve. The Council intends to embed a culture of performance management throughout the organisation, including the embedding of risk management. Purchase of a performance management system which will be developed and implemented during 2017/18.

AGS 2015/16 review reference	Action	Position as at 31st March 2017
Annual Governance Statement para 7.5	**Risk Management Strategy and approach:** Risk management is a core part of the Council's corporate governance framework and internal control environment. It is one of the six core principles within the Council's Code of Governance (part of the Council Constitution) – 'taking informed and transparent decisions which are subject to effective scrutiny and managing risk'. The Council's Risk Management Strategy should reaffirm and improve effective risk management in the Council, comply with good practice and in doing so, effectively manage potential opportunities and threats to the organisation achieving its objectives. The Strategy should also support the consideration and auctioning of risk management within Council partnerships and contracts. **Action:** The Chief Internal Auditor will review the Council's risk management arrangements (including the Risk Management Strategy) against the latest ISO 31000 risk management standard. The review findings will be reported to Audit and Governance Committee and will inform future risk management development at the Council. **Target date:** 31st March 2017	**Completed** Risk management arrangements: Self assessment of the Council's risk management arrangements has been completed against the latest ISO 31000 risk management standard. An update and action plan was presented to Audit and Governance Committee on 23rd January 2017. Risk Management Strategy: The update of the Council's Risk Management Policy Statement and Strategy has been led by the Chief Internal Auditor, in consultation with the Senior Management Team. The updated Risk Management Policy Statement and Strategy was approved by the Audit and Governance Committee on 23rd January 2017 and subsequently by Cabinet on 8th February 2017.

AGS 2015/16 review reference	Action	Position as at 31st March 2017
Annual Governance Statement para 8.1	**Workforce and Organisational Development Strategy:** Key element for development of the capacity and capability of officers to be effective. A Strategy will mitigate the risk of a lack of competence, probity and professionalism within the authority leading to diminished performance, inappropriate behaviour, and failure to comply with governance arrangements. **Action:** HR Business Partner and Managing Director to draft the Council Workforce and Organisational Development Strategy. Draft document to be reviewed by Senior Management Team prior to formal approval process and roll out. **Target date:** 1st September 2017	**Ongoing** Workforce and Organisational Development Strategy actions have been progressed to provide the Council with clear organisational values and a set of supporting staff behaviours. Work is continuing to embed these within organisational processes e.g. appraisals, talent management. Access to management and staff development has and continues to be achieved through access to Brilliant Basics training modules and the Aspiring Leaders Network and the Council has successfully recruited seven apprentices as part of its annual Apprenticeship Programme. Due to the current organisational redesign, the formal Strategy implementation target date has been extended to 1st September 2017.

AGS 2015/16 review reference	Action	Position as at 31st March 2017
Annual Governance Statement para 16.7	**Manager Assurance Statements:** Governance areas for development and improvement within 2016/17 identified by the Managers Assurance Statements should be considered for further action by the Council. Areas identified within the Manager Assurance Statements 2015/16 but not included within the preceding identified 2015/16 Governance Improvement Actions Plan actions: ❯ Business Continuity Management; and ❯ Sustainable development – climate change, environmental risk. **Action:** Senior Management Team to consider the Business Continuity Management and sustainable development themes raised within the 2015/16 Managers Assurance Statements, and identify appropriate actions (with timescales) to aid improvement of the Council's governance arrangements. **Target date:** 31st March 2017	**Completed** Business continuity management: The Audit and Governance Committee approved Risk Based Internal Audit Plan 2016/17 included an IT Disaster Recovery and Business Continuity internal audit. The internal audit has been deferred for consideration within the 2017/18, due to an in-house review of the area within 2016/17 led by Council senior management. The in-house review is due to include both IT and operational themes. Sustainable development: The updated Council Risk Management Policy Statement and Strategy and associated toolkits to support the application of risk management principles, includes sustainable development risk themes, for officer consideration when assessing the potential risks and opportunities present in delivery of the Council's objectives.

What are the key 2016/17 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 2017/18.

Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
AGS Assurance Framework	**Future Financial Sustainability / Efficiency Savings** The Money Plan sets out the Council's strategic approach to the management of its finances and presents indicative budgets and Council Tax levels for the medium term. It also comments on the significant financial risks facing the Council in the forthcoming years and explains what the Council is doing to reduce those risks. The Money Plan forecasts indicate the need for a continued delivery of savings in each year of the Plan. In February 2016, Council approved the implementation of the target savings for the Money Plan 2016-21. In addition to savings in previous years further savings of £514m in 2016/17 were included. With the inclusion of settlement figures for 2017/18 and the assumption of further formula grant reductions over the life of the plan, further savings will be required. The financial gap is £1.475m in 2017/18 which rises to £2.861m by 2021/22. Due to the high levels of further savings required, the Council put in place a transformation programme called 'Together Gloucester' to deliver required efficiencies in line with the Council's Money Plan. Together Gloucester has been tasked to design organisational transformation while delivering the efficiencies the Council needs to deliver. Together Gloucester has been targeted to deliver £1m of savings in 2017/18. **Actions**: Close monitoring of budgets will be carried out in each financial year. Continuous monitoring of service pressures and ongoing focus on preventative support.	31st March 2018	Chief Financial Officer

Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
AGS Assurance Framework	**Governance Arrangements – New Operating Model** During 2016 the Council embarked upon an organisational transformation programme called Together Gloucester. The process was subject to widespread consultation and reports were made to Cabinet and Overview and Scrutiny Committee in addition to group leader briefings. Staff and Trade Unions were consulted and specific workstreams were established to deal with HR and Communications, ICT, office accommodation, benefits realisation and governance. **Actions:** To develop and implement the new governance arrangements in relation to the City Council's new operating model.	1st June 2017	Managing Director

Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
Corporate Director's Assurance Statement	**Corporate Performance / Risk Management:** The Council Plan details the priorities and strategic objectives of the Authority. Performance review and management against the Council Plan is needed to ensure internal and external (e.g. stakeholder) awareness and understanding of the Council's progress against the objectives and further action required. The Council has embarked upon a significant review and refresh of its approach to performance measurement, management and reporting. Investment has been made in a new Performance Management Software system (COVALENT) and following the implementation of Together Gloucester the Council will implement a comprehensive service planning process which will map the resources, priorities, projects and programmes, risk, deliverables, interdependencies, milestones and outcomes and establish effective performance management measures. The proposed process will involve review at one-to-one level with Heads of Service, strategic review at Senior Management Team and political review via Portfolio Holders and Overview and Scrutiny Committee. The refreshed process will be implemented during Summer 2017. **Action:** The review and subsequent implementation of the Council's corporate performance / risk management approach will ensure that they reflect the needs and the structure of the organisation.	30th September 2017	Corporate Director

Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
AGS Assurance Framework	**Workforce and Organisational Development Plan:** A key element for development of the capacity and capability of officers to be effective. A Strategy will mitigate the risk of a lack of competence, probity and professionalism within the Authority leading to diminished performance, inappropriate behaviour, and failure to comply with governance arrangements. **Actions:** Corporate Director and HR Business Partner to finalise the Council's current draft Workforce and Organisational Development Strategy. Draft document to be reviewed by Senior Management Team prior to formal approval process and roll out. The associated staff performance appraisal and talent management process is due to be implemented with effective from 1st June 2017 in line with the implementation of the New Operating Model.	June – September 2017	Corporate Director / HR Business Partner

Certification

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:

Jon Topping
Head of Finance (S151 Officer)

Date:

To the best of our knowledge, the governance arrangements, as defined above and within the Council's Code of Corporate Governance, have been effectively operating during the year with the exception of those areas identified on pages 25 – 28 above. We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation during the year and as part of our next annual review.

Signed:

Paul James
Leader of the Council

Jon McGinty
Managing Director

Date: