

# Annual Governance Statement 2017/18



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# 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 2018 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 2018 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.

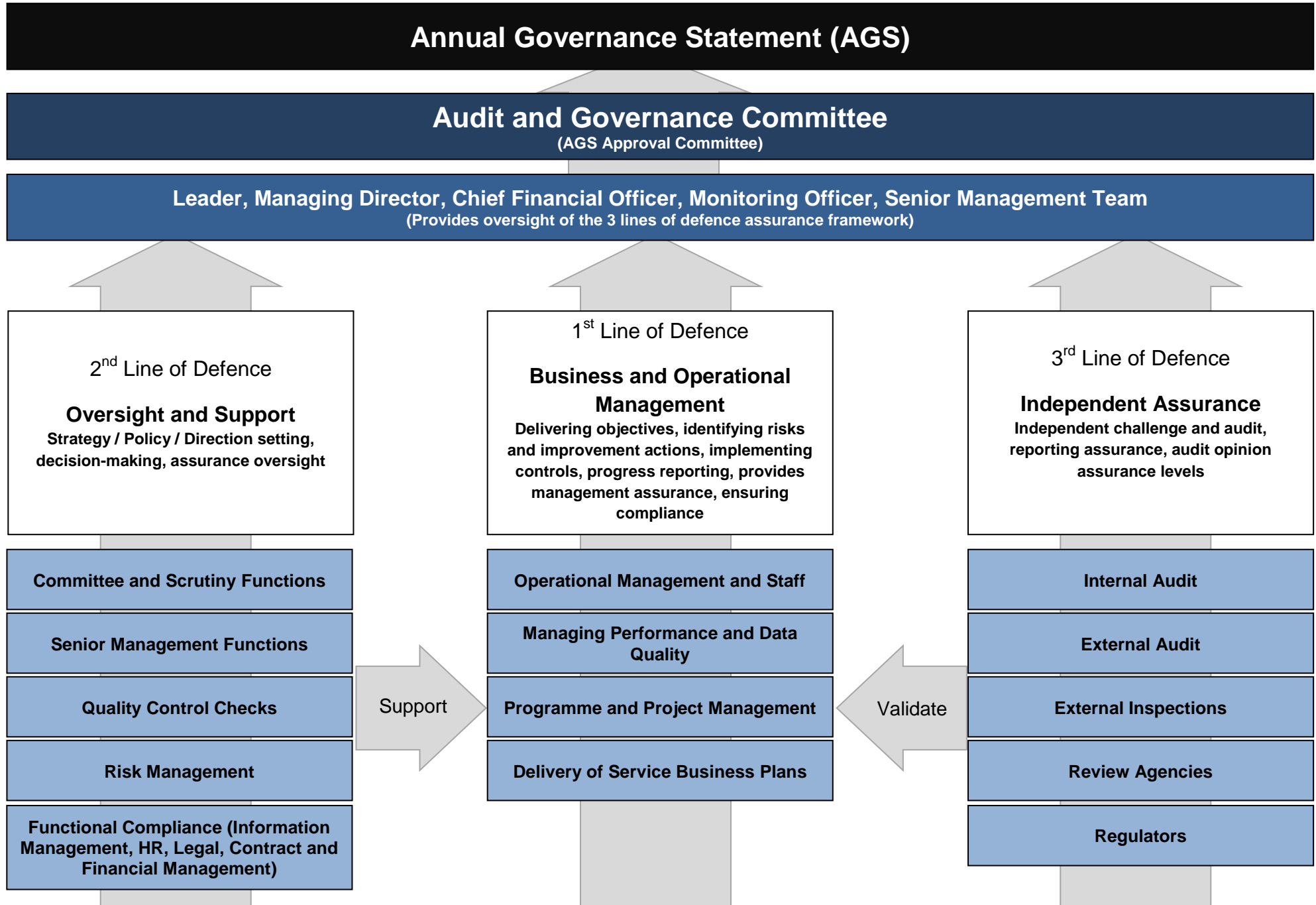
In addition, 'the three lines of defence assurance model' is in place which helps Members and Senior Management to understand where assurances are being obtained from, the level of reliance they place on that assurance and identify potential gaps in assurance.

## **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?



# 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?

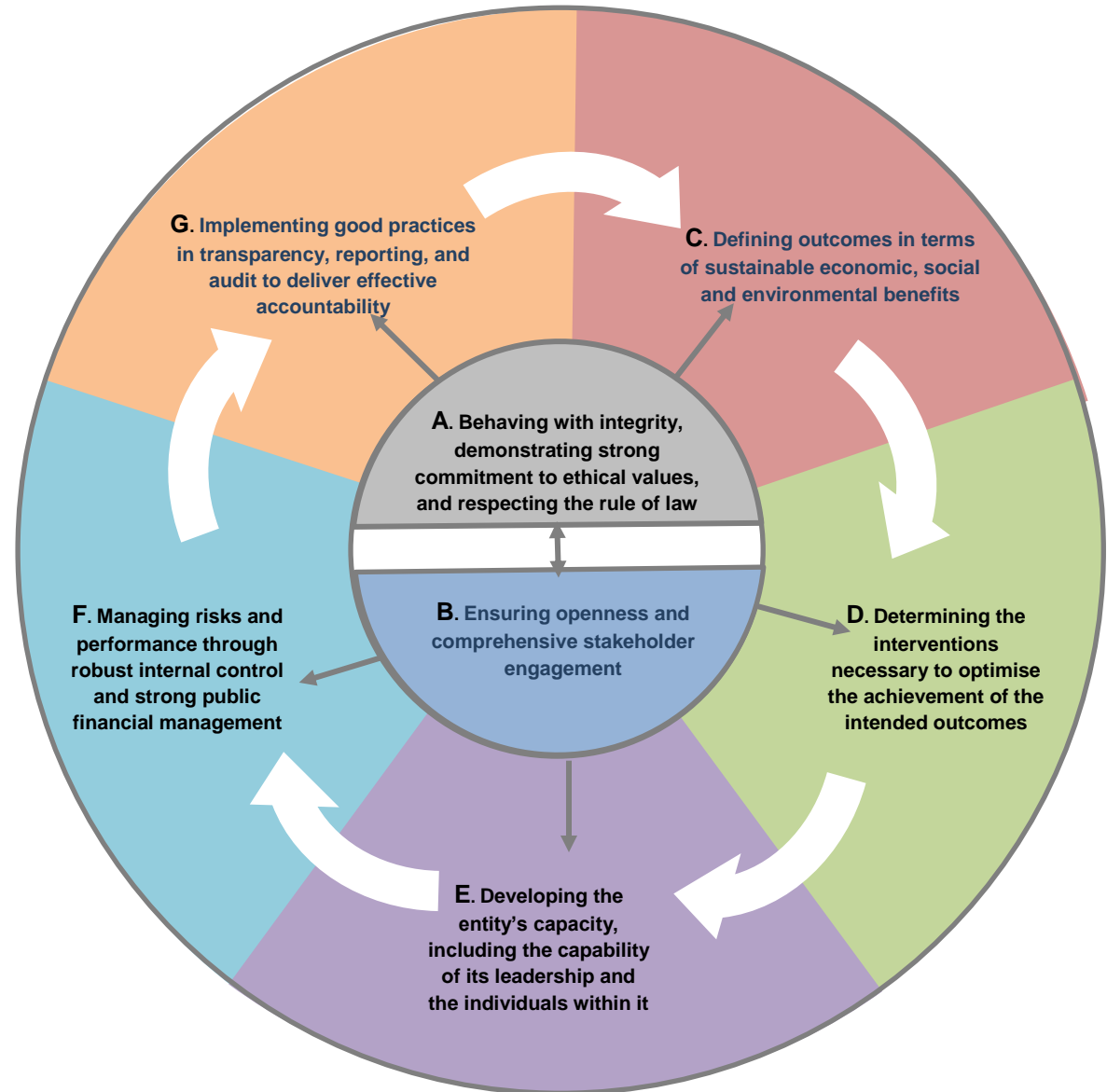
The Council annually reviews the effectiveness of its governance arrangements. The key sources of assurance that inform this review are outlined below:

- ❑ 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 2017/2018, 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 2017/2018;
- ❑ 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:



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

## Principle A

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

Supporting Principles:

### Behaving with integrity

### Demonstrating strong commitment to ethical values

### Respecting the Rule of Law

How we do this:

- ❖ The Council has an [Audit and Governance Committee](#) to promote high standards of Member conduct. Elected Members must follow a [Code of Conduct](#) to ensure high standards in the way they undertake their duties. The Monitoring Officer advises Members on the Code of Conduct.
- ❖ Officer behaviour is governed by the 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.

- ❖ 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.

- ❖ 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:

- ❖ The [Gloucester City Council Plan 2017-2020](#) 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.

- ❖ 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.

- ❖ 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 Council's digital newsletter for the residents of Gloucester. Latest issue is [here](#).

## 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 [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 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:

- ❖ 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.

- ❖ 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 Plan, 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 committee meetings and mitigation strategies are implemented to manage current and emerging risks.

- ❖ 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

How we do this:

- ❖ The Council participates in relevant benchmarking exercises and peer reviews to help inform how the resources are allocated, so that outcomes can be achieved effectively and efficiently.
- ❖ Collaborative working and alternative service delivery models are fully considered as part of the option appraisal process, when looking to determine how the Council's resources are allocated in order to meet our priorities.
- ❖ The Council has refreshed its workforce organisational development plan to align with the Council's new structure / operating model.
- ❖ A Talent Management Programme has been implemented to support succession planning.
- ❖ 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.
- ❖ Managers and staff have access to a HR Advice line and HR Case Team who deal with employee relations issues.

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

- ❖ 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 in place. 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.
- ❖ A training programme specifically for Team Leaders has been developed and launched with a bespoke training programme for the Leadership/Management team, being scoped with a view to launching in September 2018. Both programmes are 12 months in duration and supported by action learning sets and coaching. Eight senior managers are currently being trained to Institute in Leadership and Management level 5 in coaching, as an additional developmental support for staff.

# Principle F

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

Supporting Principles:

### Managing Risk

How we do this:

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

### Managing Performance

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

## Principle G

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

Supporting Principles:

#### Implementing good practices in transparency

#### Implementing good practices in reporting

#### Assurance and effective accountability

How we do this:

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

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

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



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

|  |  |
|--|--|
| <b>The Council</b>                                       | <ul style="list-style-type: none"> <li>- Approves the Council Plan.</li> <li>- Approves the Constitution (including Standing Orders and Financial Regulations).</li> <li>- Approves key policies and budgetary framework.</li> </ul>   |
| <b>Cabinet</b>   | <ul style="list-style-type: none"> <li>- The main decision-making body of the Council.</li> <li>- Comprises six Cabinet Members (including the Leader) who have responsibility for particular portfolios.</li> </ul>   |
| <b>Audit and Governance Committee</b>                    | <ul style="list-style-type: none"> <li>- Provides independent assurance to The Council on the adequacy and effectiveness of the governance arrangements, risk management framework and internal control environment.</li> <li>- Promotes high standards of Member conduct and approves the Annual Statement of Accounts and Annual Governance Statement.</li> </ul>  |
| <b>Committees</b>  | <ul style="list-style-type: none"> <li>- There are four main Committees (excluding the Audit and Governance Committee). The Overview and Scrutiny Committee scrutinises the Council's performance. The Planning Committee and Licencing Enforcement Committee oversee relevant regulatory matters and the General Purposes Committee makes recommendations to Council on a range of matters including amendments to the Constitution and electoral matters.</li> </ul> |
| <b>Managing Director (MD)<br/>Senior Management Team</b> | <ul style="list-style-type: none"> <li>- The Managing Director has overall accountability for the governance framework.</li> <li>- Implements the policy and budgetary framework set by the Council and provides advice to Cabinet and the Council on the development of future policy and budgetary issues and oversees the implementation of Council policy.</li> </ul>  |
| <b>Chief Financial Officer (s151)</b>                    | <ul style="list-style-type: none"> <li>- Accountability for developing and maintaining the Council's governance, risk and control framework.</li> <li>- Contribute to the effective corporate management and governance of the Council.</li> </ul>   |
| <b>Monitoring Officer</b>                                | <ul style="list-style-type: none"> <li>- To advise the Council on ethical issues, standards and powers to ensure The Council operates within the law and statutory Codes of Practice.</li> <li>- Overall responsibility for the maintenance and operation of the Confidential Reporting Procedure for Employees. (Whistleblowing) and contributes to the effective corporate management and governance of the Council.</li> </ul>                                      |
| <b>Internal Audit</b>                                    | <ul style="list-style-type: none"> <li>- Provides independent assurance and annual opinion on the adequacy and effectiveness of the Council's governance, risk management and control framework.</li> <li>- Delivers an annual programme of risk based audit activity, including counter fraud and investigation activity.</li> <li>- Makes recommendations for improvements in the management of risk.</li> </ul>   |
| <b>External Audit</b>                                    | <ul style="list-style-type: none"> <li>- Audit / review and report on the Council's financial statements (including the Annual Governance Statement), providing an opinion on the accounts and use of resources, concluding on the arrangements in place for securing economy, efficiency and effectiveness in the use of resources (the value for money conclusion).</li> </ul>   |
| <b>Managers</b>  | <ul style="list-style-type: none"> <li>- Responsible for developing, maintaining and implementing the Council's governance, risk and control framework.</li> <li>- Contribute to the effective corporate management and governance of the Council.</li> </ul>  |

# How has the Council addressed the governance improvement actions from 2016/17?

The Annual Governance Statement 2016/17 contained the following key improvement actions. Details of the issues and how they have been addressed during the year have been reported to the Audit and Governance Committee at their meeting on 22<sup>nd</sup> January 2018. Please note that where actions are ongoing they have been carried forward into the 2017/2018 Action Plan.

| AGS 2016/17 review reference                   | Action   | Position as at 31 <sup>st</sup> March 2018  |
|--|--|---|
| AGS Assurance Framework                        | Future Financial Sustainability / Efficiency Savings | Carried forward into the 2017/ 2018 AGS Action Plan   |
| AGS Assurance Framework                        | Governance Arrangements – New Operating Model        | <ul style="list-style-type: none"> <li>➤ Local Government Association – Corporate Peer Challenge on New Operating Model</li> <li>➤ Carried forward into the 2017/ 2018 AGS Action Plan</li> </ul> |
| General Data Protection Regulation (GDPR) 2016 | Data Protection (GDPR)                               | Implementation Programme in place   |
| Director’s Assurance Statement                 | Corporate Performance / Risk Management              | Carried forward into the 2017/ 2018 AGS Action Plan   |
| AGS Assurance Framework                        | Workforce and Organisational Development Plan        | Implementation Programme in place   |

# What are the key 2017/18 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 2018/19, which includes the carried forward actions from 2016/2017.

| Review Reference        | Governance matters identified/actions taken   | Target Date     | Lead Officer                 |
|-------------------------|---|-----------------|------------------------------|
| AGS Assurance Framework | <p><b>Future Financial Sustainability / Efficiency Savings</b></p> <p>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 2018, Council approved the implementation of the target savings for the Money Plan 2018-23. In addition to savings in previous years, further savings of £1.649m in 2017/18 were included. With the inclusion of settlement figures for 2018/19 and the assumption of further formula grant reductions over the life of the plan, further savings will be required.</p> <p>The financial gap is £0.037m in 2018/19 which rises to £1.108m by 2022/23.</p> <p>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 was tasked to design organisational transformation while delivering the efficiencies the Council needs to deliver. Together Gloucester delivered £1.23m of savings in 2017/18. The Council's challenge is to continue this journey of transformation to fully implement Together Gloucester and designed outcomes.</p> <p><b>Actions:</b> Close monitoring of budgets will be carried out in each financial year. Continuous monitoring of service pressures and ongoing focus on preventative support.</p> | 31st March 2019 | Head of Policy and Resources |

| Review Reference        | Governance matters identified/actions taken  | Target Date                 | Lead Officer      |
|-------------------------|--|-----------------------------|-------------------|
| AGS Assurance Framework | <p data-bbox="315 201 1211 233"><b>Local Government Association (LGA) Corporate Peer Challenge</b></p> <p data-bbox="315 304 432 336"><b>Context</b></p> <p data-bbox="315 357 1682 639">Peer challenges are improvement-focused and tailored to meet individual councils' needs. They are designed to complement and add value to a council's own performance and improvement focus. The peers used their experience and knowledge of local government to reflect on the information presented to them by people they met, things they saw and material that they read. The team provide feedback as critical friends, not as assessors, consultants or inspectors. Peers reviewed a range of information to ensure they were familiar with the council, the challenges it is facing and its plans for the future Progress.</p> <p data-bbox="315 711 562 743"><b>Focus and Scope</b></p> <p data-bbox="315 764 1653 991">The peer team considered the following five questions which form the core components looked at by all Corporate Peer Challenges. These are the areas we believe are critical to councils' performance and improvement: (1) Understanding of the local place and priority setting, (2) Leadership of Place, (3) Financial planning and viability, (4) Organisational leadership and governance and (5) Capacity to deliver.</p> <p data-bbox="315 1062 1697 1246">In addition, the Council asked the peer team to consider/review/provide feedback on: (1) the Council's progress since the 2013 peer challenge; (2) Partnership arrangements; (3) Social benefits from physical regeneration, (4) Capacity to deliver projects and transformation and (5) Business continuity resilience and emergency planning capacity.</p> | 31 <sup>st</sup> March 2019 | Managing Director |

| Review Reference | Governance matters identified/actions taken   | Target Date | Lead Officer |
|------------------|---|-------------|--------------|
|                  | <p><b>Outcomes</b></p> <p>The team were very positive about the progress the Council has made since the last peer challenge in 2013. They told us that there is strong confidence in political and managerial leadership arrangements and that we have strong financial management. The team recognised the significant level of top quality regeneration that has been delivered within the City over a sustained period of time and our positive work with partners in delivering benefits to the community. They were positive about our shared arrangements with the County Council that deliver value for money and improve our resilience. The team said that the City Council is regarded as a strong, credible and reliable partner with a focus and ability to deliver on shared projects. They congratulated the Council on completing the first phase of the Together Gloucester transformation programme on time and for meeting financial savings targets, but pointed out that we now need to deliver the next phases to include an improved IT platform and the promotion of new forms of customer access.</p> <p><b>Actions</b></p> <p>We know that there are areas where we can do better and the team left us with a number of helpful challenges. We need to put in place a coherent transformation programme and a clearer narrative for our internal transformation plans. The team challenged us to identify and promote Gloucester's 'Unique Selling Point' and that we use this consistently for inward investment, tourism, cultural and economic development regeneration and to establish a stronger identity for Gloucester. The team also urged us to find effective ways to harness the co-operation, spending power and resources of local, county and regional partners to shape and deliver Gloucester based solutions which have a beneficial social impact and make the most of our 'asset based community development' approach. We are embracing this challenge and have responded to the team's recommendation with an action plan that we will deliver over the next year.</p> |             |              |

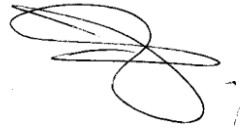
| Review Reference  | Governance matters identified/actions taken   | Target Date                       | Lead Officer                  |
|---|---|-----------------------------------|-------------------------------|
| <p>Revised CIPFA Audit Committees: Practical Guidance for Local Authorities and Police (2018 Edition)</p> | <p><b>CIPFA Audit Committees: Practical Guidance for Local Authorities and Police (2018 Edition)</b></p> <p>Audit Committees are a key component of corporate governance. They provide a high-level focus on assurance and the Council’s arrangements for governance, managing risk, maintaining an effective control environment, and reporting on financial and non-financial performance.</p> <p>This revised edition updates the core functions of the audit committee in relation to governance, risk management, internal control and audit. This includes new legislation affecting audit committees in combined authorities and updates to regulations and statutory guidance. The updates to the Public Sector Internal Audit Standards and Delivering Good Governance in Local Government: Framework and associated guidance are also considered for their impact on the work of the audit committee.</p> <p>There are significant changes to the core functions of the committee in relation to external audit, reflecting the new arrangements for auditor appointment and new guidance on ethical standards for auditors issued by the Financial Reporting Council. Both developments require greater attention to be given to this important area. The audit committee role in relation to counter-fraud has also been updated to reflect the Code of Practice on Managing the Risk of Fraud and Corruption.</p> <p>The guidance continues to include a strong focus on the factors that support improvement. These include the knowledge and skills that audit committee Members require and a focus on where the audit committee adds value</p> <p><b>Action:</b> The Chief Internal Auditor will review the guidance (when published) and will provide support to the Audit and Governance Committee to enable the evaluation of the Council’s Committee against the revised guidance, making recommendations for improvement where necessary.</p> | <p>31<sup>st</sup> March 2019</p> | <p>Chief Internal Auditor</p> |

| Review Reference        | Governance matters identified/actions taken   | Target Date                     | Lead Officer                 |
|-------------------------|---|---------------------------------|------------------------------|
| AGS Assurance Framework | <p><b>Corporate Performance / Risk Management</b></p> <p>The Council Plan details the priorities and strategic objectives of the Authority. Performance and risk 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.</p> <p>The Council has therefore embarked upon a significant review and refresh of its approach to performance and risk measurement, management and reporting. Investment has been made in a new Performance and Risk Management Software system (Pentana Performance) and following the implementation of Together Gloucester the Council is currently finalising a comprehensive service planning and reporting process which will map the resources, priorities, projects and programmes, risk, deliverables, interdependencies, milestones and outcomes and establish effective performance management measures. This revised process involves 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 and feeds into individual Personal Performance Plans and reviewed in regular 1:1's and Appraisals. Strategic risk management update and reporting is currently in place in line with the Council's Risk Management Policy Statement and Strategy, however will be further enhanced when fully integrated into the revised corporate performance management, monitoring and reporting automated process. The year end performance report will be taken from information on the new performance management system and will include the Council's key performance indicators.</p> <p>Prior to the above process being fully operational, a corporate performance and risk report will be presented to Overview and Scrutiny Committee alongside the financial performance reporting process.</p> <p><b>Action:</b> To monitor the effectiveness of the Council's revised corporate performance / risk management approach, to ensure that it reflects the needs and the structure of the Council and provides the relevant performance and risk assurances and supports decision making.</p> | 30 <sup>th</sup> September 2019 | Head of Policy and Resources |

# 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:



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Jon Topping  
**Chief Financial Officer (S151 Officer)**

Date:

**31 May 2018**

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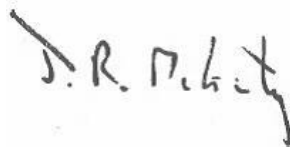
To the best of our knowledge, the governance arrangements, as defined above and within the Council's Code of Corporate Governance, have been effectively operating during the year with the exception of those areas identified on pages 19 – 23 above. We propose over the coming year to take steps to address 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:



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Paul James  
**Leader of the Council**



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Jon McGinty  
**Managing Director**

Date:

**31 May 2018**

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**31 May 2018**

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