Annual Governance Statement
2018/19

STROUD
DISTRICT
COUNCIL

Contents

Scope of Responsibility

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

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

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

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

A copy of the Code can be accessed on the Council's website. However, a summary of the seven core principles upon which it is based can be found on page 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 Senior Leadership Team (SLT). When completed, the findings are reported to and improvement actions identified are monitored by the Audit and Standards 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 vision and strategic priorities and to consider whether those priorities have led to the delivery of appropriate services and value for money. The system of internal control is a significant part of the framework and is designed to manage risk to a reasonable level. It assures that in conducting its business, the Council:

- ❑ operates in a lawful, open, inclusive and honest manner;
- ❑ makes sure that public money and assets are safeguarded from inappropriate use, or from loss and fraud, properly accounted for and used economically, efficiently and effectively;
- ❑ has effective arrangements for the management of risk;
- ❑ secures continuous improvement in the way that it operates;
- ❑ enables human, financial, environmental and other resources to be managed efficiently and effectively;
- ❑ properly maintains records and information; and
- ❑ ensures its values and ethical standards are met.

What is the Annual Governance Statement?

The Council is required by the Accounts and Audit Regulations 2015 to prepare and publish an Annual Governance Statement, in order to report publicly on the extent to which we comply with our own local Code of Corporate Governance, including how we have monitored the effectiveness of our arrangements in year and on any planned changes to our governance arrangements in the coming year.

In this document the Council:

- ❑ acknowledges its responsibility for ensuring that there is a sound system of governance;
- ❑ summarises the key elements of the governance framework and the roles of those responsible for the development and maintenance of the governance environment;
- ❑ describes how the Council has monitored and evaluated the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period;
- ❑ provides details of how the Council has responded to any issue(s) identified in last year's governance statement; and
- ❑ reports on any key governance matters identified from this review and provides a commitment to addressing them.

The Annual Governance Statement reports on the governance framework that has been in place at Stroud District Council for the year ended 31st March 2019 and up to the date of approval of the Statement of Accounts.

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

The Council's Governance Assurance Framework, which underpins the AGS, has been in place at the Council for the year ended 31st March 2019 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 priorities/objectives are being achieved. An Assurance Framework is a structure within which Members and Senior Management identify the principal risks to the Council meeting its key priorities, and through which they map out both the key controls to manage them and how they have gained sufficient assurance about the effectiveness of those controls. The assurance framework underpins the statements made within the Annual Governance Statement.

An assurance process is in place to provide a framework for the annual assessment of the effectiveness of the governance arrangements operating within the Council. This includes robust challenge by the Council's Audit and Standards Committee, Statutory Officers i.e. the Chief Executive, Monitoring Officer, Chief Financial Officer and the Senior Leadership Team.
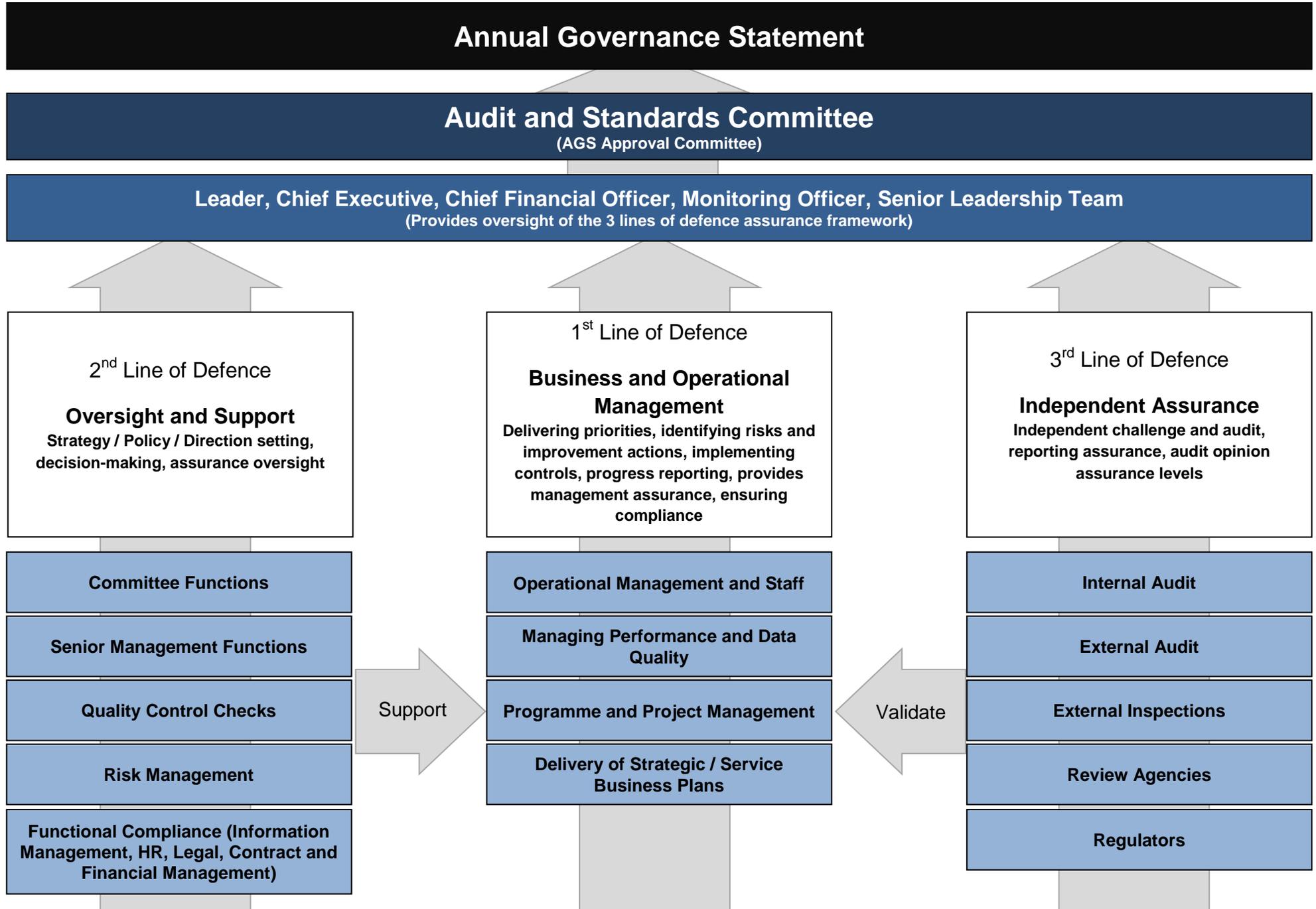
In addition, 'the three lines of defence assurance model' is in place which helps Members and Senior Management to understand where assurances are being obtained from, the level of reliance they place on that assurance and identify potential gaps in assurance.

The Three Lines of Defence in effective Risk Management and Control

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

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 Standards Committee, other Council Committees, Management Teams) and the Third Line (functions that provide independent assurance on the management of risks e.g. HMRC, 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

Audit and Standards Committee
(AGS Approval Committee)

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

2nd Line of Defence

Oversight and Support
Strategy / Policy / Direction setting, decision-making, assurance oversight

| Committee Functions |
| Senior Management Functions |
| Quality Control Checks |
| Risk Management |
| Functional Compliance (Information Management, HR, Legal, Contract and Financial Management) |

1st Line of Defence

Business and Operational Management
Delivering priorities, identifying risks and improvement actions, implementing controls, progress reporting, provides management assurance, ensuring compliance

| Operational Management and Staff |
| Managing Performance and Data Quality |
| Programme and Project Management |
| Delivery of Strategic / Service Business Plans |

3rd Line of Defence

Independent Assurance
Independent challenge and audit, reporting assurance, audit opinion assurance levels

| Internal Audit |
| External Audit |
| External Inspections |
| Review Agencies |
| Regulators |

Support

Validate

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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 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 opinion which, except for those key governance matters identified in relation to the LGA Corporate Peer Challenge Review, is that the Council's control environment provides **satisfactory** assurance that the significant risks facing the Council are being addressed;

❑ Reports on Risk Management activity during 2018/2019;

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

❑ Any other review agencies and inspectorates.

What are the key elements of SDC's Governance Framework?

The Council aims to achieve good standards of governance by adhering to the seven core principles below, which form the basis of the Council's Code of Corporate Governance:
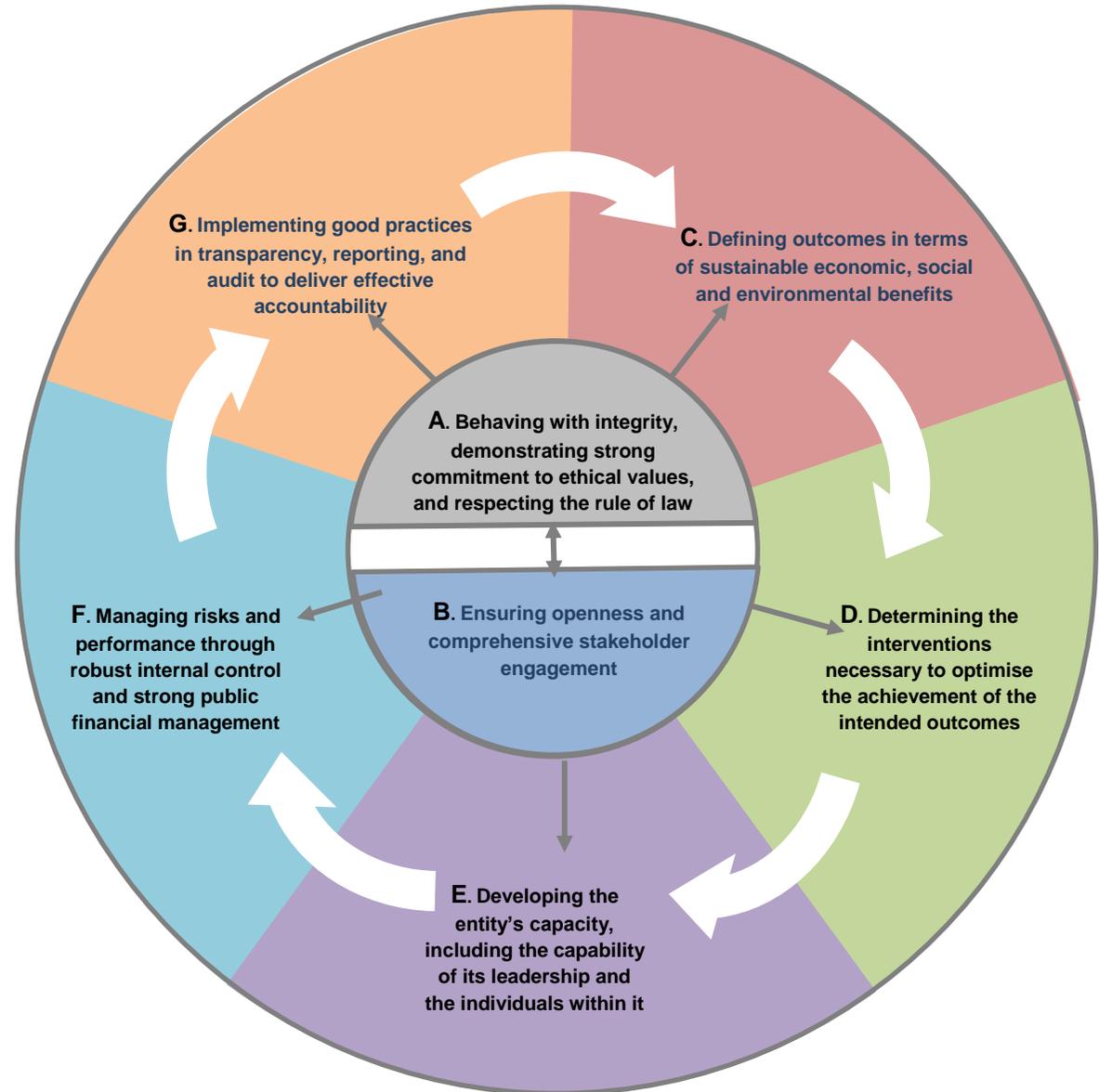
The following pages provide a summary of actions and behaviours taken by the Council in relation to each of these seven core principles and associated sub principles.

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

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

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

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

B. Ensuring openness and comprehensive stakeholder engagement

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

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

Principle A

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

Supporting Principles:

Behaving with integrity

How we do this:

- ❖ The Council has an **Audit and Standards Committee** and Monitoring Officer promote the duty of the Council to encourage and maintain high standards of member conduct. The Council has a Member **Code of Conduct** plus various good conduct practice guides to strengthen the Council's ethical framework. The framework is regularly reviewed.
- ❖ In upholding high standards, investigations are undertaken and reports submitted to the Audit and Standards Committee and the independent standards panel. Officer behaviour is governed by the Employees' Code of Conduct. The Code has been formulated to provide a set of standards of conduct expected of employees at work.
- ❖ External providers of services acting on behalf of the Council are also required to comply with the Code of Conduct.

Demonstrating strong commitment to ethical values

- ❖ Arrangements exist to ensure that members and officers are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders. These include:
  - o Statutory registers of interests;
  - o Requirements to declare conflict of interests and refrain from participating in relevant matters; and
  - o Employee Registers of gifts and hospitality.
- ❖ A **customer feedback / Complaints Policy** exist to receive and respond to any complaints received.
- ❖ Actively seek to deter and prevent fraud and corruption and ensure where irregularity is suspected that it is thoroughly investigated.
- ❖ The Council's competency framework seeks to promote good 'behaviours'.

Respecting the Rule of Law

- ❖ The **Constitution** sets out the decision making responsibilities of the Council, its Committees and officers and associated decision making procedures.
- ❖ The Council's in house legal team identifies and advises the Council (including its committees and officers) on key elements of the law and their application, also providing training and guidance notes where there are capacity or skill shortages. All committee reports include legal implications.
- ❖ The Council has a duty to appoint three of its staff to specific roles, these being:
  -**The Head of Paid Service (i.e. Chief Executive)**, who has overall accountability for the governance arrangements operating within the Council.
  - **The Monitoring Officer** who has a key role in ensuring that decisions taken are within the law and the Council complies with the provisions of its Constitution.
  - **The Chief Financial Officer** is the principal financial adviser to the Council and is responsible for the proper administration of the Council's financial affairs & internal control environment.

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Principle B

Ensuring openness and comprehensive stakeholder engagement

Supporting Principles:

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

How we do this:

Openness

- ❖ To help the Council deliver its vision it produces a 4-year rolling Corporate Delivery Plan (CDP) which is reviewed annually. This allows us to maintain a focus over the medium term and ensures that we plan financially and adapt what we do to the changing demands of local people and the Government. The CDP is publicly available.
- ❖ Member decisions and significant officer decisions are also reported on the Council's website.
- ❖ The Council publishes certain data in accordance with the Local Government Transparency Code which enables more power to be placed into citizens' hands to increase democratic accountability and make it easier for local people to contribute to the local decision making process and help shape public services.

Engaging comprehensively with institutional stakeholders

- ❖ Elected members are democratically accountable to their local area and this provides a clear leadership role in building sustainable communities.
- ❖ The Council's planning and decision-making processes are designed to include consultation with stakeholders and the submission of views by local people.
- ❖ Formal Public Consultation arrangements and public meetings held to ascertain stakeholder views prior to developing and implementing key policy changes.
- ❖ Developed and implemented alternative service delivery models, where appropriate, to allow for resources to be used more efficiently and effectively.

Engaging stakeholders effectively, including individual citizens and service users

- ❖ The long-term vision for the Council is set out in the Corporate Delivery Plan 2018-2022 which is informed by public consultation.
- ❖ Annual resident/business council satisfaction surveys are received from the local communities.
- ❖ The Councillor Call for Action is to support elected members in achieving improvements for their local areas. In their day to day roles, councillors identify issues of significant concern to their communities. They seek to resolve problems by talking to the Council and other service providers. If they cannot resolve a particular issue they are able to refer it to a relevant committee for further investigation.
- ❖ A consultation hub is on the website which provides the details of both open and closed consultations, where we consult regularly with local people on a wide range of policies, plans and proposals affecting our communities.

Principle C

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

Supporting Principles:

| Defining outcomes | Sustainable economic, social and environmental benefits |

How we do this:

- ❖ The long term vision and Council's priorities are set out in the Corporate Delivery Plan 2018-2022.
- ❖ A [Budget and Medium Term Financial Plan](), Capital Programme and annual budget process ensure that financial resources are directed to the Council's priorities.
- ❖ The Council works with partner organisations where there are shared objectives and clear economic benefits from joint working.
- ❖ The Council has a co-ordinated and structured approach to developing services and defining outcomes.
- ❖ Contract management and monitoring arrangements are in place to ensure that services provided are delivered to a high standard.
- ❖ The Council's business planning, performance and risk management framework enables the monitoring of progress against service strategic / business plans priorities and objectives, key performance indicators and targets.

- ❖ The Medium Term Financial Plan identifies the required efficiency savings across the Council in a systematic and considered manner.
- ❖ The Council aims to ensure that the purchase of goods, services or works required to deliver services is acquired under Best Value terms.
- ❖ The Council develops [business continuity plans]() to ensure that critical service delivery can be maintained or recovered during an emergency.
- ❖ The Council's decision making process requires consideration of the economic, social and environmental impacts of policies and plans when taking decisions about service provision.
- ❖ Programme and project management arrangements require consideration of Political, Environmental, Societal (i.e. increased demand for a service and demographic changes), Technological, Legislative, Economic and Efficiency issues, risks and opportunities and value for money.

Principle D

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

Supporting Principles:

Determining interventions	**Planning interventions**	**Optimising achievement of intended outcomes**

How we do this:

❖ The Council's decision making processes ensure that decision makers receive objective and robust analysis of a variety of options indicating how the intended outcomes will be achieved, providing information on the risks and opportunities associated with those options, thus helping to inform those decisions. ❖ Public consultation is undertaken to ensure that feedback from citizens and service users are fully considered when making decisions about service improvements / changes.	❖ The Gloucestershire Vision 2050 plan, which stretches three decades, strives to help Gloucestershire grow - shaping it into a vibrant and welcoming place to live, work and study. ❖ The Council's Corporate Delivery Plan defines the Council's vision and key priorities, following full consultation with the local communities. ❖ The Council has a performance management and monitoring process in place. ❖ Performance reports analysing trends and latest budget position are monitored by management and the relevant Committees.	❖ The Council has developed and implemented a Budget and Medium Term Financial Plan (MTFP). ❖ The financial plans demonstrate how the Council's financial resources will be deployed over the next four years to deliver declared aims and priorities. ❖ The MTFP sets out the overall shape of the Council's budget by determining the level of resources that will be available and how these are currently allocated between services. ❖ The Council ensures the achievement of 'social value' (i.e. a way of thinking about how scarce resources are allocated and used when awarding a contract) when procuring services and service planning.

Principle E

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

Supporting Principles:

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

How we do this:

❖ SDC participated in the Local Government Association (LGA) Corporate Peer Challenge (CPC) which offered support and help to the Council in order to further strengthen local accountability and explore how effectively the council is delivering services. ❖ Council participation in other relevant benchmarking exercises and peer reviews to help inform how the resources are allocated, so that outcomes can be achieved effectively and efficiently. ❖ Collaborative working and alternative service delivery models are fully considered as part of the option appraisal process, when looking to determine how the Council's resources are allocated in order to meet priorities. ❖ Developed and implemented a management development programme for senior managers to enable and encourage increased knowledge and skills. ❖ Access to a separate programme through the Institute of Leadership and Management is also provided. ❖ To expand their skill set beyond those used in their usual role and gain an insight into other parts of the Council, therefore the Council provides employees with secondment opportunities both within the Council and externally.	❖ The Council's Constitution clearly defines the statutory and distinctive roles of the Leader and other councillors and sets out to whom decision making powers are delegated, including senior officers such as the Chief Executive. ❖ A Members Training and Development Programme is in operation, which supports continued Member development. ❖ The Council has implemented a corporate competency framework for all employees, managers and Leadership Team, which provides an opportunity to reflect on how individuals are performing, what is going well and also where the individual may need further support or development as part of their role. ❖ The above includes required skills and behaviours as these behaviours are essential for the delivery of our key priorities, to continue to support our savings targets, and form part of our on-going commitment to personal and professional development. ❖ 121's are held to monitor staff performance and identify learning and development needs.

Principle F

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

Supporting Principles:

Managing Risk	Managing Performance	Robust internal control	Managing Data	Strong public financial management
How we do this:	❖ The Council's Corporate Delivery Plan (CDP) outlines our vision as leading a community that is making Stroud district a better place to live, work and visit for everyone. The plan seeks to demonstrate how this will be achieved around five key priorities: Economy, Affordable Housing, Environment, Health and Wellbeing and Delivery.	❖ The Internal Audit (IA) function is 100% compliant with Public Sector Internal Audit Standards 2017. The Chief Internal Auditor's annual opinion which, except for those matters identified in relation to the LGA Corporate Peer Review is that the Council's control environment provides satisfactory assurance that the significant risks facing the Council are being addressed.	❖ Data is managed in accordance with the law. Key information management policies e.g. freedom of information and data protection. The Council has information champions who help to promote effective management of information across the Council.	❖ Robust budget management arrangements are in place including monitoring and review by all Committees.
❖ 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.				❖ 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).
❖ Business Continuity arrangements should be in place for critical services to ensure they can continue to operate in an emergency.	❖ A business planning framework is in operation which includes our Service Strategic Plans which aligns with our CDP and sets out our strategic priorities and business plans which set out the key priorities / tasks / targets / risks for the day job.	❖ The Council takes fraud, corruption and maladministration very seriously and has established policies and processes which aim to prevent or deal with such occurrences. These can be found within the Anti Fraud and Corruption Policy Statement and Strategy and Whistleblowing Policy.	❖ Information Sharing protocols are in place when sharing data with third parties.	❖ The Audit and Standards Committee monitor the effectiveness of the Chief Financial Officer's responsibility for ensuring an adequate internal / financial control environment.
❖ The Audit and Standards Committee monitor the adequacy of the risk identification, monitoring and control of strategic and operational risk within the Council.	❖ Priorities are monitored through our performance, programme and project management framework.		❖ ICT Infrastructure Investment Plan 2017/18 to 2019/20.	

Principle G

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

Supporting Principles:

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

How we do this:

Implementing good practices in transparency

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

Implementing good practices in reporting

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

Assurance and effective accountability

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

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

The Council	- Adopting and making substantive changes to the Constitution. -Approving or adopting the annual budget. - Agreeing and/or amending the Terms of Reference for Committees, deciding on their composition and appointing Chairmen and Vice Chairmen to them.
Audit and Standards Committee	- Provides independent assurance to The Council on the adequacy and effectiveness of the governance arrangements, risk management framework and internal control environment. - Promotes high standards of member conduct. - Approves the Annual Statement of Accounts and Annual Governance Statement.
Committees	- There are four Committees aligned to the Council's corporate priorities (excluding Audit and Standards and the Development Control Committee). They hold Officers to account and scrutinise performance. Any two members of each committee will meet on a quarterly basis with senior management in non decision making, informal meetings. They report back on an exception basis to their Committees any key issues.
Chief Executive Corporate Management Team	- Implements the policy and budgetary framework set by the Council and provides advice to Committees and the Council on the development of future policy and budgetary issues and oversees the implementation of Council policy.
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).
Directors/Managers	- Responsible for developing, maintaining and implementing the Council's governance, risk and control framework. - Contribute to the effective corporate management and governance of the Council.

How has the Council addressed the governance improvement actions from 2017/18?

The Annual Governance Statement 2017/18 contained the following key improvement actions. Details of the issues and how they have been addressed during the year have been reported to the Audit and Standards Committee at their meeting on 29th January 2019. . Please note that whilst improvement plans are in place to address these issues, due to their significance in relation to governance and inherent risk, several of these actions have been carried forward into the 2018/2019 Action Plan to enable their ongoing monitoring as noted below.

2017/18 Review Reference	Action	Current Status
Chief Financial Officer Assurance Statement	Future Financial Sustainability	C/F into the 2018/2019 AGS Action Plan
2017/2018 Limited Assurance Internal Audit Review	Capital Programme Management	Capital Strategy developed and approved. Internal Audit to review revised arrangements during 2019/2020.
AGS Assurance Framework	Risk Management Framework	Included within the LGA Corporate Peer Challenge Review
Director Of Tenant and Corporate Services Review	ICT Strategy / Infrastructure	Included within the LGA Corporate Peer Challenge Review
Director's Composite Assurance Statement	ICT Back Up and Disaster Recovery Arrangements	Included within the LGA Corporate Peer Challenge Review
Brought forward from	Multi Service Contract	Close liaison and work has been undertaken between SDC

2017/18 Review Reference	Action	Current Status
2016/2017		and Ubico Ltd. This resulted in setting a challenging but achievable budget for 2019/20. This is a significant improvement on current years where a contract fee was agreed after that process.
Brought forward from 2016/2017	Procurement Action Plan	C/F into the 2018/2019 AGS Action Plan.
Revised CIPFA Audit Committees: Practical Guidance	CIPFA Audit Committees: Practical Guidance for Local Authorities and Police (2018 Edition)	Initial self assessment against the guidance completed. Audit and Standards Committee workshop to be arranged in May 2019 to finalise assessment and agree an action plan to deliver any improvements identified.

What are the key 2018/19 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 2019/20, which includes the carried forward actions from 2017/2018.

2018/2019 Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
Chief Financial Officer Assurance Statement	**Future Financial Sustainability** The 2018/19 Medium Term Financial Plan identified core deficit of £1.4m by 2022/23. **Actions taken in response to the above:** The Council has already undertaken a number of savings actions to improve its financial position in the Medium Term including the transfer of the Subscription Rooms in March 2019. It has also moved to a position of being fully budgeted for key risk areas such as the Multi-Service contract with Ubico Ltd. Reaching financial self-sufficiency remains a key focus of the Council's Corporate Delivery Plan and the Council is actively pursuing new income generation opportunities including improved treasury management returns.	31st March 2020	Chief Financial Officer (S151)

2018/2019 Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
Corporate Governance	**Local Government Association (LGA) Corporate Peer Challenge (CPC)** The LGA's offer to support sector led improvement provides a range of tools to help councils further strengthen local accountability and explore how effectively they are delivering services. Peer Challenges are part of this offer. They provide a robust and effective improvement tool managed and delivered by the sector, for the sector. Peers are at the heart of the peer challenge process and provide a 'practitioner perspective' and 'critical friend' challenge. There is currently an offer to all councils to have a peer challenge (at no cost) at a time of its choosing, and focusing on local needs and specific requirements. There is an expectation that councils will commission a Corporate Peer Challenge (CPC) every 4-5 years. **Background and focus for the peer challenge at Stroud District Council (SDC)** SDC last had a CPC in 2014. There is a relatively new political administration and leader and likewise a very new chief executive-Kathy O'Leary, having taken up post in November 2018. As such both the Leader and Chief Executive were very keen to have a relatively 'early' CPC in the spring of 2019. After a long period with relatively little organisational change and transformation SDC welcomed some external challenge. There is a clear mandate to promote and gain the benefits from progressive transformation and organisational change in the council.	Ongoing	Chief Executive

2018/2019 Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
	That is not to underplay the many strong aspects of service performance, such as recycling rates and progressive approaches in terms of the canals and regeneration. However, the Council is keen to guard against itself becoming insular and risk averse and the CPC is a useful milestone to provide some critical friend challenge around the Council's emerging plans for change and the views of the many stakeholder both internally and beyond who will be key to seeing that change through. As such, as well as providing critical friend challenge of the core components it will be important the peer team encapsulates and feeds back a view on the above. Based on the above, SDC participated in an LGA Corporate Peer Challenge, which involved a team from the LGA, comprising of a Chief Executive, senior managers and members from other councils. The LGA review took place between the 26th and 29th March 2019.		

2018/2019 Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
	In delivering this focus the peer team explored the five core components (the underpinning features of good performance) that all LGA Corporate Peer Challenges cover: 1. **Understanding of the local place and priority setting**: Does the council understand its local context and place and use that to inform a clear vision and set of priorities? 2. **Leadership of Place:** Does the council provide effective leadership of place through its elected members, officers and constructive relationships and partnerships with external stakeholders? 3. **Financial planning and viability:** Does the council have a financial plan in place to ensure long term viability and is there evidence that it is being implemented successfully? 4. **Organisational leadership and governance:** Is there effective political and managerial leadership supported by good governance and decision-making arrangements that respond to key challenges and enable change and transformation to be implemented? 5. **Capacity to deliver:** Is organisational capacity aligned with priorities and does the council influence, enable and leverage external capacity to focus on agreed outcomes?		

2018/2019 Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
	In addition to the above we asked the peer teams view on: ➢ How well the Council is currently meeting customer needs; ➢ How the council might make best use of technology in the delivery of efficient and excellent customer services; ➢ How well the structure supports the Council's vision and delivery of corporate objectives and how this might be improved; ➢ How best to achieve financial self sufficiency – including making the most of commercial investment and treasury management (with an eye on the benefit to the residents and businesses). Exploring the core components above will help provide reassurance and an indication about the organisation's ability and capacity to deliver on its plans, proposals and ambitions, but will also allow the peer team where appropriate to comment on track record and achievements too, helping to demonstrate the council's journey of improvement. **Actions taken in response to the above:** To monitor the progress made against the areas for improvement and development identified during the peer challenge.		

2018/2019 Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
Brought forward from 2016/2017	**Procurement Action Plan** The Council fully appreciates that an appropriate corporate framework for procurement and contract management is key to effectively managing risks of legal challenge and not securing best value goods, works and services. In 2017/18 the final elements of the corporate action plan to address weaknesses in the corporate framework identified in 2014/15 were completed i.e. a comprehensive programme of corporate procurement training was delivered to improve staff procurement competency levels. As part of the corporate oversight of procurement, the Principal Procurement Officer with the support of the Legal team is continuing to advise and oversee the application of the framework. As a consequence issues have been brought to the attention of relevant heads of service and directors to improve their teams' forward planning of procurement activities. **Actions taken in response to the above:** To continue to develop officer procurement competency and forward planning, procurement and associated governance issues (e.g. risk management) are included within the staff induction day; further regular updates and reports to committee and Senior Leadership Team (SLT) are provided on procurement activities including consolidation projects.	ongoing	Principal Procurement Officer and Monitoring Officer

2018/2019 Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
	Details of all exemptions to Contract Procurement Procedure Rules (whether agreed or not) are provided to Audit and Standards Committee on a regular basis as part of the procurement updates.		
	Regular update reports are taken to SLT on a regular basis to include any issues relating to the application of the procurement framework; forthcoming contract renewals with updates from contract owners, and progress on spend consolidation projects.		
	Reports and briefing papers are also provided to Audit and Standards Committee to highlight any improvements to; or concerns; relating to the application of the procurement governance framework.		
	Revised Procurement Strategy to be recommended to Council for approval at Strategy and Resources Committee on 13 June 2019; this includes an updated action plan reflecting the National Procurement Strategy 2018, the revised Environment Policy and recent motions agreed by Council relating to Modern Slavery Charter, Community Wealth Building and Single Use Plastics.		

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.
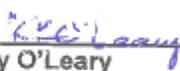
Signed:

Andrew Cummings

S151 Officer

Date:

28/5/2019

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 20-26 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:
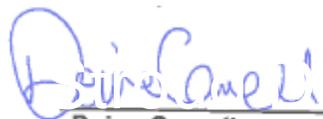
Doina Cornell   Kathy O'Leary

Leader of the Council   Chief Executive

Date: 28/5/2019   28/5/2019