

# Annual Governance Statement 2019 - 2020



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# Scope of Responsibility

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

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

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

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

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

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

The responsibility for leading and directing the annual reviews of the effectiveness of the Council's governance arrangements against the Code and providing ongoing oversight and robust challenge, is the Council's Strategic Leadership Team (SLT). When completed, the findings are reported to 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 2020 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 2020 and up to the date of approval of the AGS and Statement of Accounts.

The Council is also aware that should the position change and a significant control issue is subsequently identified after the 31st March 2020 (and prior to the publication of the AGS in July), this will be brought to the attention of the Chief Financial Officer and an addendum provided to this statement.

# What is a Governance Assurance Framework?

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

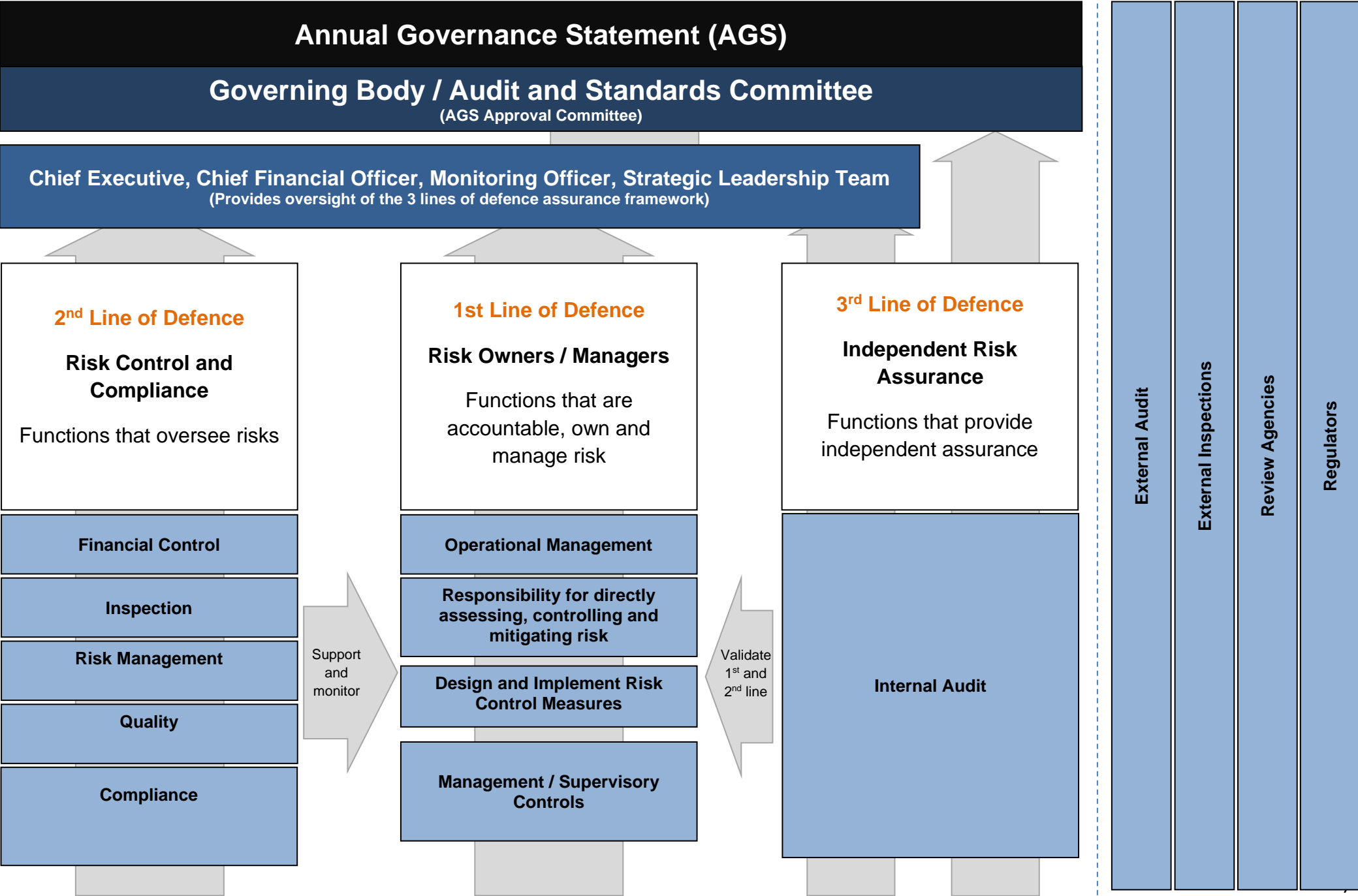
An assurance process is in place to provide a framework for the annual assessment of the effectiveness of the governance arrangements operating within the Council. This includes robust challenge by the Council's Audit and Standards Committee, Statutory Officers i.e. the Chief Executive, Monitoring Officer, Chief Financial Officer and the Strategic Leadership Team.

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

## **The Three Lines of Defence in effective Risk Management and Control**

Assurance can come from many sources within the Council. The Three Lines of Defence is a concept for helping to identify and understand the different sources of assurance. By defining these sources into three categories i.e. the **First Line** (functions that own and manage risks e.g. operational management has ownership, responsibility and accountability for directly identifying, assessing and controlling / mitigation risks), the **Second Line** (functions that oversee risks and ensures compliance e.g. HR, Finance, IT and other control functions. This line monitors the effectiveness of risk management arrangements put in place by the first line and the **Third Line** (functions that provide independent assurance on the management of risks e.g. Internal Audit). In addition to internal governance arrangements, External Auditors, regulators and other bodies reside outside of the Council's structure, but have an important role in the Council's overall governance and control structure. This framework helps the Council understand how each contributes to the overall level of assurance and how best they can be integrated and supported. Please see page 7 below which summarises the Council's assurance framework, which is based on the three lines of defence model.

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



# 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 to ensure it supports the delivery of sustainable service outcomes and value for money. The key sources of assurance that inform this review are outlined below:

- ❑ The development and implementation of a Management Governance Assurance Framework which enables the Council to gain assurance that good governance actions and behaviours are operating within the Council;
- ❑ The work of Members and Senior Officers of the Council who have responsibility for good governance;
- ❑ Reports on Risk Management activity during 2019/2020;
- ❑ The Council's Risk Maturity Assessment which is Level 4 out of 5: Risk Managed – Established risk management with planned extension / development;
- ❑ Any comments made by the Council's External Auditors and any other review agencies and inspectorates; and



- The Chief Internal Auditor's annual opinion which has, up to the middle of March 2020, provided a satisfactory independent opinion on the effectiveness of the Council's control environment comprising, risk management, control and governance. The opinion given is based on internal audit work undertaken, and completed, prior to emergency measures being implemented as a result of the pandemic. These measures have resulted in a significant level of strain being placed on normal procedures and control arrangements. The level of impact is also changing as the situation develops. It is therefore not possible to quantify, at this stage, the additional risk arising from the current short term measures or the overall impact on the framework of governance, risk management and control;

# COVID-19 Impact on Governance

With significant organisational disruption, new emergency responsibilities, increased staff absence and also staff working from home, conducting the annual review has recognised the challenges from Coronavirus. The AGS assesses governance in place during 2019/20 so the majority of the year will be unaffected by Coronavirus. The conclusion on whether or not governance is fit for purpose therefore reflects the normal operations. However Coronavirus will have impacted on governance during March 2020 and beyond. The impact on governance will be felt by all organisations and there will be some aspects experienced by all, for example changes to decision making arrangements and the conduct of meetings. Other aspects will reflect changes to the Council's priorities and programmes. These may fall into the following broad categories:

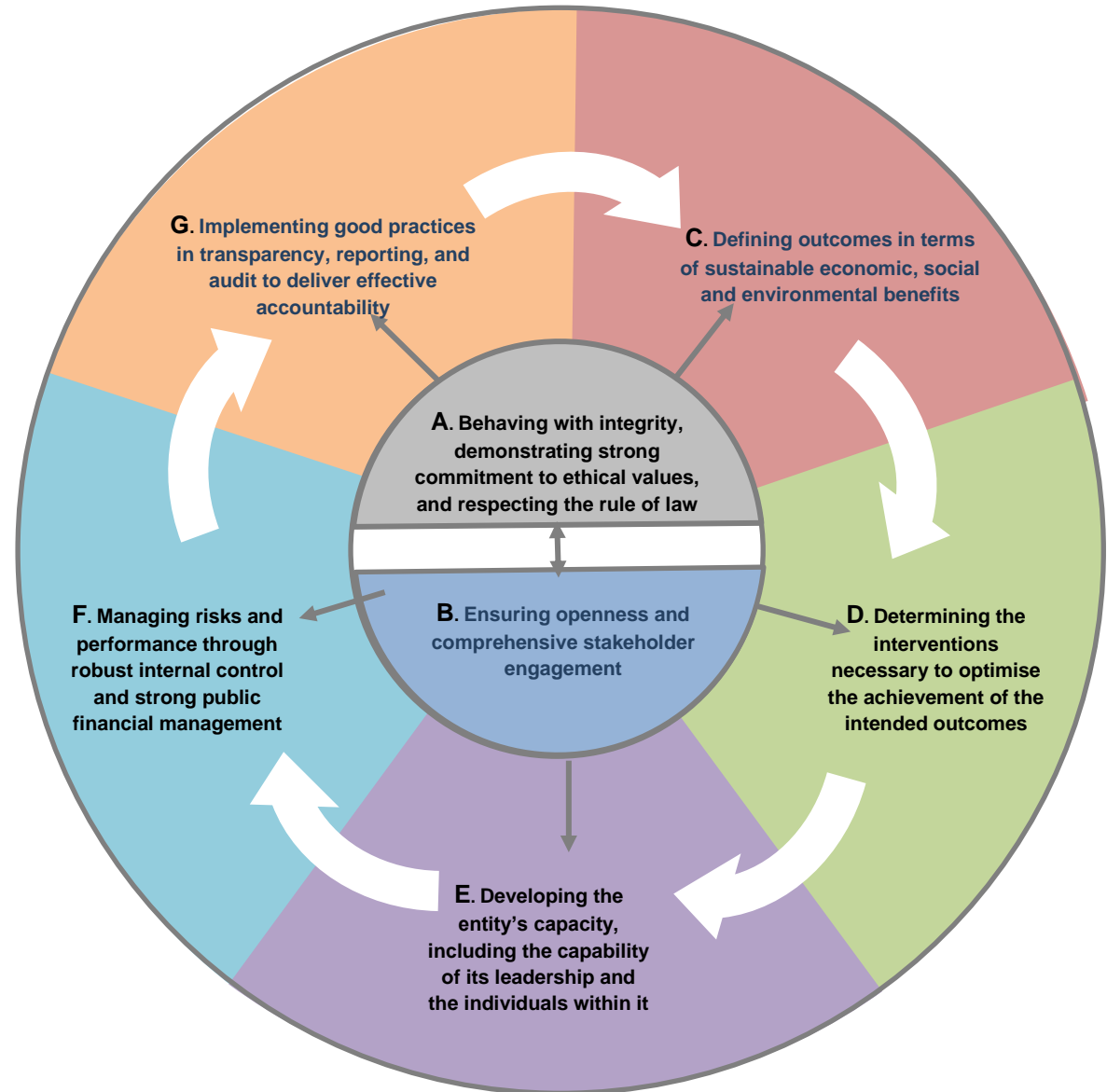
- ❑ Impact on business as usual in the delivery of services;
- ❑ New areas of activity as part of the national response to coronavirus and any governance issues arising, e.g. Implementation of new policies and processes and emergency assistance;
- ❑ The funding and logistical consequences of delivering the local government response, e. g. Changes to council meetings and decision making arrangements, new collaborative arrangements and funding and cash flow challenges;

Assessment of the longer term disruption and consequences arising from the coronavirus pandemic, e.g. Existing projects and programmes may have been put on hold, new priorities and objectives introduced and new risks identified or existing risks escalated.

By the date of final publication the crisis may be over and the Council may have conducted or be in the process of reviewing lessons learned from its response. However, this area has been included as one of the Council's significant governance issues within the 2019/2020 action plan below.

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

The Council aims to achieve good standards of governance by adhering to the seven core principles below, which form the basis of the Council's Code of Corporate Governance:



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

# 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:
  - Statutory registers of interests;
  - Requirements to declare conflict of interests and refrain from participating in relevant matters; and
  - 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.

## 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:

- ❖ 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.

- ❖ 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.

- ❖ 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

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.
- ❖ Management development programme in place 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 where appropriate.

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

- ❖ The Council's Constitution clearly defines the statutory and distinctive roles of the Leader and other councillors and sets out to whom decision making powers are delegated, including senior officers such as the Chief Executive.
- ❖ A Members Training and Development Programme is in operation, which supports continued Member development.
- ❖ The Council has a corporate competency framework for all employees, managers and Leadership Team, which provides an opportunity to reflect on how individuals are performing, what is going well and also where the individual may need further support or development as part of their role. However, there are plans to revisit and refresh this framework.
- ❖ The above includes required skills and behaviours as these behaviours are essential for the delivery of our key priorities, to continue to support our savings targets, and form part of our on-going commitment to personal and professional development.
- ❖ 121's are held to monitor staff performance and identify learning and development needs.



## Principle F

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

Supporting Principles:

#### Managing Risk

How we do this:

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

#### Managing Performance

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

#### Robust internal control

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

#### Managing Data

- ❖ Data is managed in accordance with the law. Key information management policies e.g. [freedom of information](#) and [data protection](#). The Council has information champions who help to promote effective management of information across the Council.
- ❖ Information Sharing protocols are in place when sharing data with third parties.
- ❖ [ICT Infrastructure Investment Plan 2017/18 to 2019/20](#).

#### Strong public financial management

- ❖ Robust budget management arrangements are in place including monitoring and review by all Committees.
- ❖ [External Audit review](#) and report on the Council's financial statements (including the [Annual Governance Statement and Local Code of Corporate Governance](#)), providing an opinion on the accounts and concluding on the arrangements in place for securing economy, efficiency and effectiveness in the use of resources (the value for money conclusion).
- ❖ The [Audit and Standards Committee](#) monitors the effectiveness of the Chief Financial Officer's responsibility for ensuring an adequate internal / financial control environment.

## Principle G

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

Supporting Principles:

#### Implementing good practices in transparency

#### Implementing good practices in reporting

#### Assurance and effective accountability

How we do this:

- ❖ [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.

- ❖ 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.

- ❖ 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?

<b>The Council</b>	<ul style="list-style-type: none"> <li>- Adopting and making substantive changes to the Constitution.</li> <li>- Approving or adopting the annual budget.</li> <li>- Agreeing and/or amending the Terms of Reference for Committees, deciding on their composition and appointing Chairmen and Vice Chairmen to them.</li> </ul>
<b>Audit and Standards Committee</b>	<ul style="list-style-type: none"> <li>- Provides independent assurance to The Council on the adequacy and effectiveness of the governance arrangements, risk management framework and internal control environment.</li> <li>- Promotes high standards of member conduct.</li> <li>- Approves the Annual Statement of Accounts and Annual Governance Statement.</li> </ul>
<b>Committees</b>	<ul style="list-style-type: none"> <li>- 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.</li> </ul>
<b>Chief Executive Strategic Leadership Team</b>	<ul style="list-style-type: none"> <li>- 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.</li> <li>- Influences a corporate culture and fostering a culture of high ethical standards and integrity.</li> </ul>
<b>Chief Financial Officer (s151)</b>	<ul style="list-style-type: none"> <li>- Accountability for developing and maintaining The Council's governance, risk and control framework.</li> <li>- Contribute to the effective corporate management and governance of the Council.</li> </ul>
<b>Monitoring Officer</b>	<ul style="list-style-type: none"> <li>- To 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>Strategic Directors/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 2018/19?

The Annual Governance Statement 2018/19 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 [28th January 2020](#). Please note that whilst improvement plans are in place to address these issues, due to their significance in relation to governance and inherent risk, two of these actions have been carried forward into the 2019/2020 Action Plan to enable their ongoing monitoring as noted below.

2018/19 Review Reference	Action	Current Status
Chief Financial Officer Assurance Statement	Future Financial Sustainability	C/F into the 2019/2020 AGS Action Plan
Local Government Association (LGA) Corporate Peer Challenge (CPC)	Local Government Association (LGA) Corporate Peer Challenge (CPC)	C/F into the 2019/2020 AGS Action Plan
Brought Forward from 2016/2017	Procurement Action Plan	Whilst procurement continues to be a key strategic activity there have been no significant governance issues identified during 2019/2020 and therefore is not included within the 2019/20 action plan.

# What are the key 2019/20 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 2020/21, which includes the two carried forward actions from 2018/2019.

2019/2020 Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
Chief Financial Officer Assurance Statement	<p><b>Future Financial Sustainability / COVID-19</b></p> <p>The 2019/20 Medium Term Financial Plan identified core deficit of £1.8m by 2023/24. In addition, lost income and additional cost pressures as a result of the economic impact of the coronavirus lockdown is being dynamically managed and monitored and will be a key element of the next Medium Term Plan.</p> <p><b>Actions taken in response to the above:</b></p> <p>The Medium Term Financial Plan has been strengthened by a thorough review of the reserves and the removal of savings targets related to the work force plan which had not been fully costed. A thorough review of the fees and charges regime had brought in an additional £100k p.a. of income, albeit this is likely to be impacted by the Covid-19 pandemic.</p> <p>Reaching financial self-sufficiency remains a key focus of the Council's Corporate Delivery Plan and the Council is actively pursuing new income generation opportunities including improved treasury management returns which have been boosted by an additional £9m investment in multi-asset funds.</p> <p>As the long term coronavirus implications for the Council become more apparent our financial planning will be updated accordingly and an initial report has already been submitted to Strategy and Resources Committee.</p>	31st March 2021	Chief Financial Officer (S151)

2019/2020	Governance matters identified/actions taken	Target Date	Lead Officer
Review Reference			
Corporate Governance	<p data-bbox="344 258 1411 287"><b>Local Government Association (LGA) Corporate Peer Challenge (CPC)</b></p> <p data-bbox="344 316 1621 564">The Local Government Association (LGA) offers all local authorities the opportunity to participate in a Corporate Peer Challenge every 4 years or so as part of its sector-led improvement programme. The Council's Corporate Peer Challenge took place between 26 and 29 March 2019. It was conducted by a team of elected members and senior officers from other local authorities together with LGA advisors.</p> <p data-bbox="344 647 1621 954">The Peer Challenge team reviewed the Council's self-assessment, key documents. They conducted site visits, interviews and workshops with a wide selection of staff, members, stakeholders and partners, meeting with 107 people and holding 47 meetings during their stay. The Council received the Peer Challenge team's feedback report in May 2019 and reported it to Council on 16 May 2019. The report set out eight recommendations in respect of areas for development and improvement. These recommendations are listed below:</p> <ol data-bbox="344 1034 1621 1212" style="list-style-type: none"> <li data-bbox="344 1034 1621 1123">1. Commence senior officer restructure to ensure sufficient strategic capacity is in place at the top of the organisation.</li> <li data-bbox="344 1181 1621 1212">2. Agree short-term priorities and actions for the period to May 2020.</li> </ol>	Ongoing	Chief Executive

2019/2020 Review Reference	Governance matters identified/actions taken	Target Date	Lead Officer
3.	Ensure the integrity of the current IT system. Review the progress and suitability of current plans, capability and capacity in respect of this, and beyond that to confirm the emerging plans in respect of ICT development and digital delivery fit with longer term transformational plans.		
4.	Work with all key stakeholders over the next year to develop a clear vision and priorities for the council aligned to our Medium Term Financial Plan (MTFP), to be agreed in the next iteration of the Corporate Delivery Plan (CDP) and once approved ensure this is communicated effectively to residents, businesses and other partners.		
5.	Create time, once the senior officer team is appointed, for the political and managerial leadership teams, both informally and formally, to have 'strategic conversations'. This will help develop a strong leadership team and help them develop clear priorities and plans to be put in place focused on SDC's improvement, for the district and wider county and sub region.		
6.	Establish effective workforce planning and performance management arrangements so that the Council has a committed and engaged staff group with clarity in terms of the expectations of them and sufficient capacity to deliver its plans.		
7.	Building on its relatively strong financial position, review how its investment and commercial plans could be enhanced. A key focus of this will be to help deliver the Council's priorities as well as sustain its financial viability into the medium term.		

2019/2020	Governance matters identified/actions taken	Target Date	Lead Officer
Review Reference			
	<p>8. Consider reviewing governance arrangements to ensure better decision making in order to deliver its revised priorities and plans.</p> <p><b>Actions taken in response to the above:</b></p> <p>An Action Plan was developed in respect of the 8 recommendations, including timescales and organisational leads. This has been kept constantly updated throughout the year and reported to each meeting of the Strategy and Resources Committee.</p> <p>An update report is being produced in June 2020 and any outstanding actions will be carried into the 2020/21 year reflecting the fact that many of the peer challenge recommendations relate to the Medium Term. The LGA will be invited back for a review visit approximately two years after the original report.</p>		



2019/2020	Governance matters identified/actions taken	Target Date	Lead Officer
Review Reference			
Corporate Governance	<p><b>COVID-19 – Impact on Governance</b></p> <p>The Council has had the majority of its staff working from home since the week commencing March 16th. This was before the Central Government lockdown. This brought about some immediate and fundamental changes to governance procedures.</p> <p><b>There were a number of key changes that impacted upon the governance of the Council:-</b></p> <ul style="list-style-type: none"> <li>❑ Council elections due to be held on 7 May 2020 were postponed until May 2021, councillor terms of office were extended and by-elections suspended for the period.</li> <li>❑ Council and committee meetings were suspended until further notice.</li> <li>❑ Officers were instructed to begin working from home if at all possible.</li> </ul> <p><b>The Council has responded by:</b></p> <ul style="list-style-type: none"> <li>❑ The Strategic Leadership Team along with the Head of Community Services, HR Manager and Communications Manager have been meeting daily thorough out this time, reducing to four days per week in late May as the immediate need to respond to the crisis subsided.</li> <li>❑ The Strategic Leadership Team has met with the wider Leadership and Management Team weekly, reducing to fortnightly in June 2020.</li> </ul>	Ongoing	Chief Executive

2019/2020	Governance matters identified/actions taken	Target Date	Lead Officer
Review Reference			
	<ul style="list-style-type: none"> <li>❑ Three critical cells were established to co-ordinate the response. These were community response, customer services and communications. Each of those had a lead from SLT and were included in the daily SLT meeting agenda.</li> <li>❑ Notes are held of every meeting and key decisions are recorded. An action log is maintained on a daily basis.</li> <li>❑ Procurement procedures were maintained but adjusted in line with national guidelines where appropriate.</li> <li>❑ Zoom and Microsoft Teams have been rolled out to allow staff and members to communicate effectively.</li> <li>❑ The Chief Executive has met with all 4 Group Leaders at least once a week, and more often in the earlier stages, to discuss key issues. Agendas and notes have been prepared for these meetings. This group has also regularly met with the District's two MPs.</li> <li>❑ The Chief Executive and Strategic Director of Resources have been publishing regular updates to all elected members throughout the process; at first this was daily and by agreement with the Group Leaders, this reduced to three times each week and then twice a week and by exception.</li> <li>❑ An informal all Councillor meeting was held in early May to brief them on Covid response progress.</li> </ul>		

2019/2020	Governance matters identified/actions taken	Target Date	Lead Officer
Review Reference			
	<ul style="list-style-type: none"> <li>❑ In addition, Weekly Covid-19 Statistics demonstrating activity and progress are shared with all Councillors and MPs each Wednesday after discussion with SLT and then the 4 Group Leaders.</li> <li>❑ Full Council in May was carried out remotely on May 19th and agreed a series of changes to the constitution and standing orders to allow Council committees to operate remotely.</li> <li>❑ For decisions that would require political approval have involved consultation with all four group leaders to agree an urgent officer decision. Each of these decisions has been accompanied by both a report and a decision notice which have been published on the SDC website.</li> <li>❑ The majority of the Council services have continued with staff working from home.</li> <li>❑ Officers and members have been working in partnership with others on a local, regional and national level to strengthen response.</li> <li>❑ A recovery Strategy has been produced in consultation between Senior Officers and members of the Strategy and Resources Committee. This is to be discussed by the Strategy and Resources Committee on June 18th.</li> </ul>		

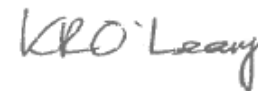
# Certification

The annual review assesses the Council’s governance arrangements in place during 2019/20, so the majority of the year will be unaffected by coronavirus. Therefore to the best of our knowledge, the governance arrangements as defined above and within the Council’s Local Code of Corporate Governance have been operating effectively with the exception of those areas identified on pages 21 – 27.

However coronavirus will have impacted on governance during March 2020 and therefore during the current emergency, unprecedented pace of change and degree of uncertainty, would naturally carry a lower level of confidence. The Council’s response to the coronavirus pandemic and other governance issues identified has been summarised within the AGS action plan on pages 25-27.

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.

We will also ensure that the AGS is current at the time of publication and reflects any further impacts on governance. Where necessary a second conclusion on the adequacy of governance arrangements during this period will be included to make clear the impact.



**Signed:**

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**Doina Cornell**  
**Leader of the Council**

**Kathy O’Leary**  
**Chief Executive**

**Date:**

28/07/2020

28/07/2020

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.

A handwritten signature in black ink, appearing to read 'A Cummings', written over a horizontal line.

**Signed:** \_\_\_\_\_

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

**Date:** 27/07/2020\_\_\_\_\_