

Progress on 2017/2018 Stroud District Council's Governance Improvement Actions

AGS Review Reference	Governance matters identified / actions taken	Target Date and Lead Officer	Position as at December 2018
<p>Chief Financial Officer Assurance Statement</p>	<p>Future Financial Sustainability</p> <p>The 2018/19 Medium Term Financial Plan identified core deficit of £1.5m by 2021/22.</p> <p>Actions: Work is currently underway with senior officers and key members of the administration to produce a balanced savings plan that addresses the funding shortfall.</p> <p>The 2017/18 Medium Term Financial Plan (MTFP) identified a core deficit of £3.4m by 2020/21. At the time the MTFP was published in February 2017, there was not a balanced and proportionate savings plan in place to mitigate the reliance on reserves and balances. During 2017/18, a Savings Plan was produced that reduced the reliance on reserves and balances significantly. The 2018/19 MTFP (as published in February 2018), showed</p>	<p>Ongoing</p> <p>Chief Financial Officer (S151)</p>	<p>Financial sustainability is continuously reviewed by the S151 Officer and Corporate Team.</p> <p>The Budget Strategy approved in October 2018 set out the Council's financial approach in the medium term. This included a commitment to close the gap between expenditure and predicted resources.</p> <p>The Medium Term Financial plan, subject to approval in January 2019, shows the medium term forecast and an expectation of a £1.4m funding gap in 2022/23.</p>

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	<p>that the Core Deficit had reduced to £1.222m by 2020/21, rising to £1.526m by 2021/22. The Savings Plan does include a number of assumptions and savings targets, which will need to be monitored closely in 2018/19 to ensure these, can be delivered in accordance with the plan.</p> <p>Further savings will be required over the MTFP to address the remaining core deficit, given the risks inherent in the MTFP around funding, the attainment of savings targets and the cost pressures facing the Council particularly around Waste Management.</p>		<p>Income generation will be used as the primary means to close that gap. Budget monitoring reports will be used as the primary mechanism for monitoring the progress of the Medium Term financial plan.</p> <p>The Council remains at risk from the Fair Funding Review to be published in 2019. The S151 Officer will ensure that members and management are fully aware of the implications of that review.</p> <p>During 2019 officers and members must work together to identify savings options to be implemented in the future.</p>

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2017/2018 Limited Assurance Internal Audit Review (Fundamental Financial System)	<p>Capital Programme Management</p> <p>A capital programme is a set of capital projects that a council plans to undertake within a given timetable and should be based on an approved Capital Strategy, which in turn should be linked to the council's Asset Strategy.</p> <p>The development of a capital programme, as per Chartered Institute of Public Finance and Accountancy (CIPFA) best practice, involves the following key activities: (1) Setting the parameters; (2) Identifying and developing project proposals; (3) Evaluating and prioritising project proposals; and (4) Finalising and approving the programme and confirming the funding.</p> <p>The council's medium term General Fund capital programme has planned expenditure of approximately £20m for the period 2017-18 to 2020-21.</p>	<p>26th July 2018 Management update Chief Financial Officer (S151) (Management Actions)</p> <p>31st March 2018 Chief Internal Auditor (Follow Up Review)</p>	<p>A draft Capital Strategy has now been produced in accordance with the CIPFA Guidelines. This sets out the key principles of the management of capital expenditure for the authority. It also includes the requirements for selecting and managing capital schemes.</p> <p>The Capital Strategy has been developed in consultation with both Senior Officers and with Members. The Strategy will be subject to approval by Strategy and Resources Committee and by Council in January 2019. Once approved it can form part of the Council's financial procedures.</p>

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	<p>Due to the significance of the budget, Internal Audit undertook a review of the systems and processes relating to the General Fund capital programme, which resulted in a limited assurance opinion provided on the control environment. The outcomes of the review have been reported to Audit and Standards Committee on 10th April 2018.</p> <p>Actions: Management attendance at the Audit and Standards Committee on 26th July 2018 to provide an update as to the progress made in implementing the recommendations and an Internal Audit follow up review included as part of 2018/2019 Internal Audit Plan.</p>		<p>IA will undertake a follow up review once the capital strategy has been formally approved and implemented.</p>

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<p>AGS Assurance Framework</p>	<p>Risk Management Framework</p> <p>Following the Council’s fundamental review of its Risk Management framework, a new Policy Statement and Strategy was adopted by the Audit and Standards Committee in April 2017. Guidance and training was provided to all Directors and heads of service / managers in 2017/18 and the strategic risk register updated. Relevant responsibilities are clear within the policy. Further compliance with the policy is now overseen and reviewed by the Audit and Standards Committee at each meeting as a result of which in recent months, the committee has taken a more active role in ensuring compliance with the policy, particularly within the context of management of the strategic risk register, which identifies key issues of concern for the Council which if not managed effectively will have significant adverse effects on the Council’s ability to operate.</p>	<p>Ongoing during 2018 / 2019</p> <p>This function affects all elements of the Council and as such lead officers comprise all members of Corporate Team (CT).</p> <p>The framework is administered by Monitoring Officer’s team.</p>	<p>Ongoing during 2018 / 2019</p> <p>CT reviews the Strategic Risk Register (on Excelsis) on a quarterly basis.</p> <p>Audit and Standards Committee have a standing item on their meeting agenda to raise any concerns relating to the strategic risks.</p>

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	<p>Action: Audit and Standards Committee to continue to monitor and challenge key risk controls identified by the Corporate Team and actions across the Council in line with adopted policy including discussing pertinent issues direct with Corporate Team to ensure that the principles of effective risk management are fully embedded into the Council's day to day business activities.</p>		
Director Of Tenant and Corporate Services Review	<p>ICT Strategy / Infrastructure</p> <p>Socitm Advisory Ltd was commissioned by the Director Of Tenant and Corporate Services to assist in reviewing Stroud District Council's ICT Service, specifically in relation to:</p> <ul style="list-style-type: none"> ➤ Whether the Council's current ICT provision is suitable to meet current and future needs of the council; ➤ Advise whether the ICT service has the right management and technical skills, staff numbers and budget to meet these needs; 	<p>Action Plan implemented over a 2 / 3 year period</p> <p>Director: Tenant and Corporate Services, Head of Business Services Planning and Head of IT.</p>	<p>A T&F group was formed on 12 July 2018 with the objective of reviewing and defining the Council's future direction in terms of the best use of IT to support the delivery of efficient and effective services to citizens. A visioning session was facilitated by SOCITM in August 2018 where consensus was reached on the general requirements. The T&F group has met a number of times since formation to discuss a way</p>

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	<ul style="list-style-type: none"> ➤ Explore potential partnership working opportunities; and ➤ Investigate the seeming disconnect between the ICT service and the business. <p>The review confirmed that SDC required significant ICT change and that this change would need to be in two steps i.e. over 2/3 years to complete foundation work and remedy major issues, and implement.</p> <p>Detailed recommendations were made which related to (1) Leadership and Governance, (2) Vision and Strategy, (3) Options assessment (e.g. how ICT service will be delivered) and (4) Infrastructure; Staffing; Ongoing Funding; Service Management; Business Change Capability; Business Focus; Communications; Security and Business Continuity.</p>		<p>forward. It has been agreed three linked strategies (Digital, Information and ICT) should be produced, which will define our future use of and investment in IT. SOCITM have been engaged to help develop these strategies which are all due to be delivered to the S & R committee meeting scheduled for April 2019.</p> <p>SOCITM have also been engaged to develop and deliver an internal governance framework for the management of the ICT service. This is due to be delivered by the end of January 2019.</p> <p>A review of our IT structure, the skills and knowledge we will require</p>

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	<p>Action: The Leader has confirmed full support from both Members and Officers requesting that a formal Task and Finish Group is set up, whose role would include determining the role of Strategy and Resources (S and R) Committee and Audit and Standards Committee in monitoring the progress made with the implementation of the recommendations. This group would be set up through May 2018 S and R Committee.</p>		<p>moving forward will also need to take place (as identified by the SOCITM review). This will be considered in more detail as the future direction of our use and investment in IT becomes clearer. It may not need to wait until April 2019.</p>
<p>Director's Composite Assurance Statement</p>	<p>ICT Back Up and Disaster Recovery Arrangements</p> <p>ICT back up and disaster recovery arrangements are where the council needs to be more reassured that a critical service can be restored.</p> <p>A programme of work has been identified by the Socitm Advisory Ltd review requiring managers, services and ICT to define the prioritisation and realistic targets of service delivery in a Business Continuity Management / Disaster Recovery emergency.</p>	<p>September 2019</p> <p>Lead Officers: Corporate Team (to initially define recovery times for their critical services)</p>	<p>A report with options was prepared and presented to the corporate team. Authorisation was provided by the corporate team for the Head of ICT of ICT to implement the recommended option, which included a 4-stage plan. Work has started on the first stage which is the building of a second offsite datacentre to improve ICT backup and disaster recovery arrangements.</p>

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	<p>Action: This substantial programme of work will be led by Corporate Team as part of the wider governance changes required, which have been identified in recent internal audit reviews as well as the SOCITM external review.</p>	<p>Action Owner: Head of ICT (based on the above, ICT to review design options and costs and report back to Corporate Team, prior to agreeing final design options and subsequent implementation).</p>	<p>A location has been identified, a specification produced and costs are being obtained from suppliers. Construction works are likely to be completed by the end of April, with datacentre services becoming available by the end of August 2019 which will be the completion of stage 1.</p>

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<p>Brought forward from 2016/2017</p>	<p>Multi Service Contract</p> <p>The multi services contract provides for the provision of waste and recycling, street cleaning, grounds maintenance, fleet management and maintenance services.</p> <p>There has been a significant increase in costs of the new waste and recycling service which has resulted in additional resources allocated in 2018/2019 Medium Term Financial Plan.</p> <p>Actions: A full service management review was undertaken in early 2017/2018 which included detailed resource analysis. In addition, Internal Audit provided support and made a number of recommendations to the assist the development of a control framework to effectively manage and monitor the contract.</p>	<p>9th October 2018</p> <p>Audit and Standards Committee</p> <p>Director of Customer Services (Management Actions)</p>	<p>The significant increase in cost has been identified due to hire of vehicle costs, agency costs and the bottom line budget being incorrect. This has been analysed and with work undertaken between SDC and Ubico. We have set a challenging but achievable budget for 2019/20.</p> <p>This budget will now form part of the Council's budget setting process through the committees, a significant improvement on current years where a contract fee was agreed after that process.</p>

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	<p>Internal Audit will undertake a follow up review during 2018/2019 to establish progress to date with the agreed recommendations and report these outcomes to the Audit and Standards Committee.</p>	<p>Chief Internal Auditor (Follow Up Review finalised and reported to A & S Committee 9th October 2018)</p>	<p>As agreed at the A & S committee on the 20th November the Head of Community Services and the Community Services Manager will report back on the agreed recommendations at A & S committee in January 2019.</p> <p>Currently as of today 7/12/2018 these recommendations are progressing well, with a number that has been concluded, with the remaining ones being signed off by the Environmental Services Partnership Board (ESPB) on January 10th 2019.</p>

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Brought forward from 2016/2017	<p>Procurement Action Plan</p> <p>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.</p> <p>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.</p>	Ongoing Principal Procurement Officer and Monitoring Officer	Ongoing Regular update reports are taken to CT on a quarterly 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 A&S Committee to highlight any improvements to; or concerns; relating to the application of the procurement governance framework.

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	<p>Action: 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 Corporate Team are provided on procurement activities including consolidation projects.</p>		<p>Details of all exemptions to Contract Procurement Procedure Rules (whether agreed or not) to be provided to A&S Committee on a regular basis as part of the procurement updates.</p> <p>Forthcoming update to the Procurement and Contract Management Strategy action plans to reflect the requirements of the National Procurement Strategy 2018 and recent motions agreed by Council.</p>

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<p>Revised CIPFA Audit Committees: Practical Guidance</p>	<p>CIPFA Audit Committees: Practical Guidance for Local Authorities and Police (2018 Edition)</p> <p>Audit Committees are a key component of corporate governance. They provide a high-level focus on assurance and the Council's arrangements for governance, managing risk, maintaining an effective control environment, and reporting on financial and non-financial performance.</p> <p>This revised edition updates the core functions of the audit committee in relation to governance, risk management, internal control and audit. This includes new legislation affecting audit committees in combined authorities and updates to regulations and statutory guidance. The updates to the Public Sector Internal Audit Standards and Delivering Good Governance in Local Government: Framework and associated guidance are also considered for their impact on the work of the audit committee.</p>	<p>31st March 2019</p> <p>Chief Internal Auditor</p>	<p>The CIPFA guidance was formally published on 22nd May 2018.</p> <p>The evaluation of the Council's Audit and Governance Committee against the revised guidance is currently in progress and recommendations for improvement will be made where necessary.</p> <p>The self assessment will be finalised in full consultation with all key stakeholders.</p> <p>The Audit and Governance Committee will formally present the key outcomes of the evaluation in their Annual Report to Council, initially to the Committee on 7th May 2019 and to full Council 16th May 2019.</p>

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	<p>There are significant changes to the core functions of the committee in relation to external audit, reflecting the new arrangements for auditor appointment and new guidance on ethical standards for auditors issued by the Financial Reporting Council. Both developments require greater attention to be given to this important area.</p> <p>The audit committee role in relation to counter-fraud has also been updated to reflect the Code of Practice on Managing the Risk of Fraud and Corruption.</p> <p>The guidance continues to include a strong focus on the factors that support improvement. These include the knowledge and skills that audit committee members require and a focus on where the audit committee adds value.</p>		

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	<p>Action: The Chief Internal Auditor will review the guidance (when published) and will provide support to the Audit and Standards Committee to enable the evaluation of the Council's Committee against the revised guidance, making recommendations for improvement where necessary.</p>		