



Civic Centre,
Arnot Hill Park,
Arnold,
Nottinghamshire,
NG5 6LU

Agenda

Audit Committee

Date: **Tuesday 7 July 2020**

Time: **2.00 pm**

Place: **Virtual Meeting**

For any further information please contact:

Alec Dubberley

Service Manager Democratic Services

0115 901 3906

Audit Committee

Membership

Chair	Councillor Bob Collis
Vice-Chair	Councillor Meredith Lawrence
	Councillor Liz Clunie
	Councillor Boyd Elliott
	Councillor Kathryn Fox
	Councillor Helen Greensmith
	Councillor Jennifer Thomas

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AGENDA

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- 2 To approve, as a correct record, the minutes of the meeting held on 1 June 2020** **5 - 7**
- 3 Declaration of Interests.**
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Report of the Director of Organisational Development and Democratic Services
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Report of the Assistant Director Finance.
- 7 Any other item which the Chair considers urgent.**

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MINUTES AUDIT COMMITTEE

Monday 1 June 2020

Councillor Bob Collis (Chair)

Councillor Meredith Lawrence
Councillor Liz Clunie
Councillor Boyd Elliott

Councillor Kathryn Fox
Councillor Helen Greensmith
Councillor Jennifer Thomas

Officers in Attendance: A Ball, H Barrington, A Dubberley and M Hill

1 APOLOGIES FOR ABSENCE AND SUBSTITUTIONS.

None

2 TO APPROVE, AS A CORRECT RECORD, THE MINUTES OF THE MEETING HELD ON 14 JANUARY 2020.

RESOLVED:

That the minutes of the above meeting, having been circulated, be approved as a correct record.

3 DECLARATION OF INTERESTS.

None.

4 DRAFT INTERNAL AUDIT PLAN AND STRATEGY 2020/21 – 2022/23

Consideration was given to a report of the Head of Internal Audit (BDO) outlining the planned internal audit activity for 2020/21 as well as a three year audit strategy.

The Committee welcomed Greg Rubins and Charlotte Thomas from BDO, the Council's newly appointed internal auditors, who explained that audit plan may be impacted by the ongoing COVID-19 situation as some Council priorities may change. There may therefore be amendments to the audits proposed.

RESOLVED to:

Receive the report and approve the Internal Audit Plan and Strategy as documented in this report.

5 CORPORATE RISK MANAGEMENT SCORECARD QUARTER 3 2019/20

The Assistant Director Finance introduced a report, which had been circulated prior to the meeting, updating members on the current level of assurance that can be provided against each corporate risk.

RESOLVED:

To note the progress of actions identified within the Corporate Risk Register.

6 INTERNAL AUDIT PROGRESS REPORT 2019/20

The Assistant Director Finance introduced a report, which had been circulated prior to the meeting, summarising the outcome of the internal audit activity completed by the RSM Internal Audit Team for the period December 2019 to March 2020.

RESOLVED:

To note the actions taken or to be taken.

7 DRAFT ANNUAL INTERNAL AUDIT REPORT 2019/20

The Assistant Director Finance introduced a report which had been circulated in advance of the meeting, presenting the Draft Internal Audit Report 2019/20. Following dispatch of the agenda, the final version of the report had been made available so this version was considered by Members.

RESOLVED:

To accept and note the report.

8 MAZARS EXTERNAL AUDIT - AUDIT STRATEGY MEMORANDUM

The Assistant Director Finance introduced a report, which had been circulated in advance of the meeting, setting out the Mazar's External Audit Strategy Memorandum for the year ending 31 March 2020 for approval.

RESOLVED:

To receive the report and approve the Mazar's External Audit Plan for 2019/20 and refer the report to full Council for information.

9 LOCAL CODE OF CORPORATE GOVERNANCE 2020/21

The Director of Organisational Development and Democratic Services presented a report seeking approval for the updated Local Code of Corporate Governance 2020/21.

RESOLVED:

To approve the Local Code of Corporate Governance for 2020/21.

10

ANY OTHER ITEM WHICH THE CHAIR CONSIDERS URGENT.

None.

The meeting finished at 2.55 pm

Signed by Chair:

Date:

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Report to Audit Committee

Subject: Progress update – IT general controls audit

Date: 7 July 2020

Author: Director of Organisational Development and Democratic Services

Purpose

To formally report progress against the high priority actions contained in the IT general controls audit report.

Recommendation

THAT:

The Committee notes the progress in relation to the high priority actions contained in the IT general controls audit report.

1 Background

- 1.1 On 1 June 2020, the Committee considered the IT general controls audit report and was provided with a verbal update on progress already made in respect of the 3 high priority actions by the Director of Organisational Development and Democratic Services. The Committee noted this verbal update and requested a written report to this next meeting of the Committee.

2 Proposal

- 2.1 It is proposed that the Committee notes the following progress made in relation to the high priority actions contained in the IT general controls audit report.
- 2.2 Action 1: Management will ensure that the Business Continuity Management work is completed and links with the IT Disaster Recovery work, to include a review of the Business Impact Analysis (BIA) for each service area and the requirements for service recovery. As discussed, this

work is being undertaken outside of IT.

Management will make it more explicit in the Council's Business Continuity Plan what the Recovery Point Objectives (RPO) and Recovery Time Objectives (RTO) are to ensure that Management understand and accept these timescales. As discussed, this work is being undertaken outside of IT.

Implementation date: 30 September 2020

Progress: **In progress.** These are corporate actions which sit with the Health, Safety and Emergency Planning Officer. In response to the Covid-19 pandemic, in the first week of March 2020, a Business Impact Assessment (BIA) template was adopted and all service areas asked to complete it. The BIA incorporates recovery time objectives and actions. Cabinet will be asked to formally approve the Business Continuity Policy, BIA template and guidance on 2 July 2020. In view of the fact that Service areas predominantly focussed on the pandemic when completing the BIAs in March, Service Managers will be asked to review their BIAs in accordance with the Policy by September 2020 to ensure a full suite of plans covering all risk events are in place.

- 2.3 Management will follow up the presentation on RPO and RTO's with formal confirmation via email.

Implementation date: Immediate

Progress: **Completed.** Formal confirmation email sent.

- 2.4 Action 2: Management will ensure that the issues identified as part of the Public Sector Network (PSN) review are assigned action owners and that the actions are tracked through to completion.

Implementation date: 31 May 2020

Progress: **Completed.** This action was due to be completed by 31 May 2020, however was not progressed as expected due to the impact of Covid-19. IT resources were diverted to enable staff to work from home during lockdown. This was a significant and complex piece of work which had to be carried out in rapid time; it included purchasing new equipment, building and issuing desktops and laptops; rolling out softphones, telephone and video conferencing facilities, monitoring and advising remote working staff on appropriate on and off-line working to reduce pressure on IP addresses and increasing our bandwidth capacity. The PSN submission was completed and lodged on 23 June 2020.

- 2.5 Action 3: Management will identify the areas of the IT estate where patching is not routinely performed, monitor these areas and assess the

risks, for inclusion in the risk register.

Implementation date: 28 February 2020

Progress: **Completed.** The IT Research and Development and Operational Development Managers meet regularly now to discuss patching. Senior Leadership Team received a report detailing the patching situation in November and will receive regular update reports.

3 Alternative Options

- 3.1 Not to update the Audit Committee by way of formal report and to rely on the verbal update provided by the Director at the meeting on 1 June.

4 Financial Implications

- 4.1 There are no financial implications directly arising from this report.

5 Legal Implications

- 5.1 There are no legal implications directly arising from this report.

6 Equalities Implications

- 6.1 There are no equalities implications directly arising from this report.

7 Carbon Reduction/Environmental Sustainability Implications

- 7.1 There are no carbon reduction/environmental sustainability implications directly arising from this report.

8 Appendices

- 8.1 None.

9 Background Papers

- 9.1 IT General Controls Audit report.

Statutory Officer approval

Approved by: Chief Financial Officer
Date: 25 June 2020

Report drafted by the Monitoring Officer

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Report to Audit Committee

Subject: Corporate Risk Management Scorecard Quarter 4 2019/20

Date: 7 July 2020

Author: Assistant Director - Finance

1. Purpose of the Report

To update members of the Audit Committee on the current level of assurance that can be provided against each corporate risk.

Recommendations:

That Members:

- Note the progress of actions identified within the Corporate Risk Register.

2. Background

The current Risk Management Strategy & Framework was last considered and approved by the Cabinet in October 2017.

The purpose of the Strategy and Framework is to define how risks are managed by the Council. It provides guidance on the processes, procedures, roles and responsibilities for risk, and it sets out the context on how risks are to be managed. It defines the key role for the Audit Committee as providing independent assurance to the Council with regard to the effectiveness of the risk management framework and the associated control environment. This includes the monitoring of the framework and ensuring the implementation of all audit actions.

The Corporate Risk Register is a key enabler of the Strategy and Framework, and provides assurance on the key risks identified as corporate risks.

Existing risks identified within both the Council's corporate and operational service risk registers are subject to quarterly review by senior management and on an ongoing basis through the work of Internal Audit.

3. Corporate Risk Register

This approach has meant that some of the risks included within the corporate risk register have been set at a relatively high score with the expectation that as mitigation measures are properly recorded or actions taken, then these risks should start to improve over the coming months. This is not to say that all risks will return to 'green', as mitigation measures can only go so far, and some risks may always be inherently 'red' or 'amber' as the score reflects the potential impact on the Council and the likelihood of that event occurring.

The Corporate Risk Register and supporting comments as at the end of March 2020 are appended to this report, and this includes a summary of all control gaps currently identified on the Council's Corporate Risk Register.

Members are fully aware of the risks arising from the national outbreak of the coronavirus, Covid-19. The impacts of this, as at quarter 4, have been reflected in the risk register. Two reports were presented to Cabinet on 18 June 2020 detailing Gedling's response to the pandemic, and proposing a Reset Strategy to include a review of the Gedling Plan to ensure that it remains fit for purpose and incorporates any new work streams arising from Covid-19 impacts.

4. Financial Implications

None arising directly from this report.

5. Legal Implications

None arising directly from this report.

6. Equalities Implications

None arising directly from this report.

7. Carbon Reduction/Environmental Sustainability Implications

None arising directly from this report.

8. Appendices

Appendix 1 - Corporate Risk Register Monitoring – Quarter 4, March 2020

Appendix 2 - Risk Management Scoring Matrix

Statutory Officer Approval

Approved by: Chief Financial Officer
Date: 26/06/20

Approved by: Monitoring Officer
Date: 26/06/20

Appendix 1 - Corporate Risk Register Monitoring – Quarter 4, March 2020

1	<p>FAILURE TO PREVENT BUDGET OVERHEATING ONCE THE BUDGET HAS BEEN SET</p> <p>Owner: Alison Ball</p> <p>Current Risk and Direction of Travel: GREEN – No Change</p> <p>Definition:</p> <p><i>Shorter term implications of overspending budgets or not collecting as much income as forecasted. This can cause adverse impact on Council balances.</i></p> <p>Key Risk Driver: Financial Impact</p> <p>Raw Risk Value: Serious - £50k - £500k</p> <p>Corporate Risk Register Outstanding Controls:</p> <p><u>Actions completed during quarter 4:</u></p> <ul style="list-style-type: none"> • Quarter 4 budget monitoring has been completed and the 2019/20 Outturn report has been prepared for Cabinet consideration on 2 July. The budget outturn report presents a minor overspend of £57,435, or 0.49% against the Net Council Budget, and a minor shortfall on the financing budgets, including business rates, of £13,261. The outturn position, which requires a slightly higher contribution from balances than estimated, is primarily due to a loss of income following the closure of the Council's leisure centres in March due to the restrictions arising from the Covid-19 pandemic, and a required increase in bad debts provisions, which are not covered by established earmarked reserves. However, total reserve balances at the year-end are higher than estimated by £501,000 mainly due to the receipt of grant funding. Given the extent of the financial challenges facing the Council this presents a robust outturn position for the Council. <p>There are no outstanding control gaps in the strategic or operational risk registers relating to this corporate risk at the end of quarter 4.</p> <p>However, it should be noted that the financial impacts of Covid-19 are expected to be significant in 2020/21, with an estimated net budget pressure of up to £2.8m, after accounting for the emergency government funding of £1.2m received at the time of writing this report. In addition, a new budget pressure has been identified: the pay award offered is 0.75% higher than projected. It is anticipated that there will</p>
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	<p>be a significant increase in the risk level at the end of quarter 1 in 2020/21 and mitigation measures are currently being considered by SLT.</p>
2	<p>FAILURE TO MAINTAIN FINANCIAL INTEGRITY</p> <p>Owner: Alison Ball</p> <p>Current Risk and Direction of Travel: RED – Deterioration from D4 (major impact/high likelihood to E4 (major impact/very high likelihood)</p> <p>Definition:</p> <p><i>Affecting the ability of the Council to meet its financial commitments in the longer term.</i></p> <p>Key Risk Driver: Financial Impact</p> <p>Raw Risk Value: Critical - £1m+</p> <p>Corporate Risk Register Outstanding Controls:</p> <p>The Council's financial position remains extremely challenging and future funding remains uncertain.</p> <p><u>Actions completed during quarter 4:</u></p> <ul style="list-style-type: none"> • A full review of the Council's 5 year MTFP was completed as part of the 2020/21 budget process and was approved by Budget Council in March. The MTFP sets out the estimated future funding position and the associated risks due to the uncertainties surrounding the Fair Funding Review, Business Rates Retention and New Homes Bonus. The Government confirmed a one year only local government finance settlement for 2020/21 which meant the reviews for the future funding of local government were deferred for a year. This continues to inhibit effective medium term financial planning and the achievement of a sustainable financial position. • The future efficiency 2020/21-2022/23 programme totalling £1.924m was approved by Budget Council on 5 March and its effective delivery is recognised as essential to the achievement of a balanced and sustainable Medium Term Financial Plan (MTFP). The programme includes a new target of £250,000 to be delivered from 2020/21 which is not yet supported by outline business plans which means this aspect of the plan is less robust. However, as savings were not proposed for delivery until year 2 of the MTFP this provided a good lead in time to enable the development of detailed plans; • As detailed above in Risk 1 the financial impacts of Covid-19,

	<p>which emerged during quarter 4, are expected to be significant in 2020/21, with an estimated net budget pressure of up to £2.8m. In the absence of further emergency funding from government, this shortfall will need to be funded from Reserves or other spending reductions in order to balance the budget. This will have a knock on impact on achieving a sustainable MTFP which is currently predicated on the availability of reserve balances to support the budget whilst the efficiency programme is delivered. Also, due to Covid-19, the Government announced a further deferral of the Fair Funding and Business Rates review for a another year to 2022/23 prolonging the uncertainties around future funding. These increased risks are the reason for the deterioration in the assessed risk level which may need to be raised again during quarter 1 depending upon the availability of government funding and the identification of other mitigation measures;</p> <ul style="list-style-type: none"> • Monitoring of the Brexit impact, which is recognised as an additional risk to the achievement of a balanced Medium Term Financial Plan, is ongoing. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> • <i>New Action:</i> Review the MTFP to reflect the risks arising from the impact of the Covid-19 pandemic, the expected economic downturn and the uncertainties of future local government funding; • <i>Updated Action:</i> Review the efficiency programme to incorporate the new efficiency target of £250k approved by Council and the impact of emerging budget pressures; • Implementation of Advertising, Sponsorship and Marketing strategies to generate additional funding; • Development of a Procurement and Contract Management Strategy to ensure value for money in purchasing.
3	<p>FAILURE TO PROTECT STAFF, INCLUDING HEALTH & SAFETY ISSUES</p> <p>Owner: Helen Barrington</p> <p>Current Risk and Direction of Travel: AMBER – NO CHANGE</p> <p>Definition:</p> <p><i>Ineffective systems, processes and equipment that can present danger to individuals or groups of employees.</i></p> <p>Key Risk Driver: Health & Safety</p> <p>Raw Risk Value: Major – Loss of life / major illness</p>

	<p>Corporate Risk Register Outstanding Controls:</p> <p><u>Actions completed during quarter 4:</u></p> <ul style="list-style-type: none"> • None completed. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> • Full implementation of emergency evacuation templates at each council location; • New Action: all services to complete Covid-19 secure risk assessments prior to staff moving back into our buildings when restrictions are lifted and we re-instate services.
4	<p>FAILURE TO RECRUIT AND RETAIN STAFF, AND MAINTAINING INTERNAL CAPACITY</p> <p>Owner: Helen Barrington</p> <p>Current Risk and Direction of Travel: AMBER – NO CHANGE</p> <p>Definition:</p> <p><i>Associated with the particular nature of each profession, internal protocols, managerial abilities, and sickness levels.</i></p> <p>Key Risk Driver: Service Provision</p> <p>Raw Risk Value: Serious – Significant elements of a service suspended / reduced</p> <p>Corporate Risk Register Outstanding Controls:</p> <p>As a consequence of budget pressures, decreasing workforce, increasing workload and higher customer expectations we are seeing an impact on capacity and resilience which may result in a potential reduction in performance. Work is needed to help improve organisational capacity and resilience by developing the skills and abilities of key leaders and staff.</p> <p><u>Actions completed during quarter 4:</u></p> <ul style="list-style-type: none"> • Implementation of the Agile Working Strategy is ongoing and was accelerated to enable the rapid implementation of home working due to Covid-19 restrictions; • A draft employee benefit statement has been completed with its distribution now planned for June 2020. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> • Development of a Workforce Strategy was delayed as staff were

	<p>diverted to provide support to the Covid-19 response work. The Strategy will seek to ensure that staff are creative, flexible and have the right skills to respond positively to the challenges that lie ahead.</p>
5	<p>FAILURE TO PROPERLY UTILISE EXISTING ICT, REACT TO TECHNOLOGY CHANGES, AND PREVENT DATA LOSS</p> <p>Owner: Helen Barrington</p> <p>Current Risk and Direction of Travel: RED – NO CHANGE</p> <p>Definition:</p> <p><i>The capacity of the Council to deal with the pace / scale of technological change, or its ability to use technology to address changing demands. Challenges over the security, storage and retention of both electronic and manual records, and data.</i></p> <p>Key Risk Driver: Objectives</p> <p>Raw Risk Value: Major – Directorate objectives not met</p> <p>Corporate Risk Register Outstanding Controls:</p> <p><u>Actions completed during quarter 4:</u></p> <ul style="list-style-type: none"> • An agreement has been reached with partners and the software provider of Abritas Housing Needs system for the separation of the database to secure GDPR compliance. The work will be completed by September 2020; • General Data Protection Regulations – the delivery of the project plan to ensure that the Council responds to the requirements of the Act is nearing completion but has been delayed due to Covid-19. Information Asset Registers have been completed but some Data Protection Impact Assessments are still outstanding; • Ongoing implementation of the Digital Strategy annual action plan which sets out a requirement that the technological solutions we invest in are used to their full potential; • A resource development bid for an additional IT Technical Officer to support the delivery of key digital projects and ensure that the robustness of cyber system security processes are maintained, was approved by Budget Council in March. • Implementation of the actions arising from the IT Controls internal audit was commenced. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> • Cyber Security risk assessment – the first draft has been considered by SLT and further information requested but the response has been delayed due to Covid-19. The Internal Audit

	<p>Team (BDO) are due to undertake an advisory cyber risk review which will support the conclusion of the risk assessment;</p> <ul style="list-style-type: none"> • Abritas Housing Needs system amendments to be implemented; • Ongoing implementation of the Digital Strategy action plan. The Strategy will be refreshed to ensure that it effectively supports the future three year Gedling Plan.
6	<p>FAILURE TO PROTECT & UTILISE PHYSICAL ASSETS</p> <p>Owner: Mike Avery</p> <p>Current Risk and Direction of Travel: AMBER – NO CHANGE</p> <p>Definition:</p> <p><i>Buildings that are fit for purpose, safe, secure, and meet legislative requirements for fire, asbestos, and water-testing. Land, buildings and other assets to be recorded on a database.</i></p> <p>Key Risk Driver: Health & Safety</p> <p>Raw Risk Value: Major – Loss of life / major illness</p> <p>Corporate Risk Register Outstanding Controls:</p> <p><u>Actions completed during quarter 4:</u></p> <ul style="list-style-type: none"> • The rolling programme of condition surveys for all council-owned buildings is continuing, with pavilions and public convenience now completed; • A refresh of the Asset Management Plan and the Property Review has been completed and is awaiting Director approval; • Parks Risk Review – 70% of the improvement actions arising from the risk assessment of parks assets have been implemented with the remaining 30% to be completed by October 2020. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> • A tree register is to be developed to support the parks risk review work; • Counter Terrorism Review – report pending from the external agents, which will identify achievable actions to be implemented.
7	<p>FAILURE TO REACT TO CHANGES IN LEGISLATION</p> <p>Owner: Helen Barrington</p> <p>Current Risk and Direction of Travel: AMBER – NO CHANGE</p>

	<p>Definition:</p> <p><i>Associated with current or potential changes in national or European law which can lead to possible breaches of legislation. Assessing the wider implications of new legislation on both the Council and its residents.</i></p> <p>Key Risk Driver: Financial Impact</p> <p>Raw Risk Value: Major - £500k - £1m</p> <p>Corporate Risk Register Outstanding Controls:</p> <p><u>Actions completed during quarter 4:</u></p> <ul style="list-style-type: none"> • General Data Protection Regulations and Data Protection Act 2018 – the delivery of the project plan to ensure compliance is nearing completion. A final review of information asset registers which was planned for quarter 4 has been delayed due to Covid-19. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> • Universal Credit implementation has been deferred by Central Government; • Any outcomes from the Recycling and Waste Strategy consultation. Requirements may include an increase in recycling requirements and consequent funding implications; • A new risk identified was identified in quarter 3: the Supreme Court is currently considering a case in respect of annual leave and associated payments for irregular workers e.g. casual workers, which may have consequences for all employers nationally – the outcome is awaited and the impact for the Council will be determined.
8	<p>FAILURE OF CONTRACTORS OR PARTNERSHIP ARRANGEMENTS – CONTRACTUAL BREACHES</p> <p>Owner: Helen Barrington</p> <p>Current Risk and Direction of Travel: AMBER – NO CHANGE</p> <p>Definition:</p> <p><i>Associated with the failure of contractors and partnership arrangements to deliver services or products to the agreed cost and specification.</i></p> <p>Key Risk Driver: Financial Impact</p> <p>Raw Risk Value: Serious - £50k - £500k</p>

	<p>Corporate Risk Register Outstanding Controls:</p> <p><u>Actions completed during quarter 4:</u></p> <ul style="list-style-type: none"> • Implementation of the contract management module of the new procurement system is ongoing and the transfer of legacy information into the contracts register has commenced with completion expected in quarter 1 of 2020/21; • Procurement and Contract Standing Orders and Contract Management Risk training sessions have been delivered. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> • Contract management processes are to be developed and implemented as part of the new e-procurement system.
9	<p>INABILITY TO DEFEND ONE-OFF CHALLENGES TO A COUNCIL DECISION OR NEW COMPENSATION TREND EMERGES</p> <p>Owner: Helen Barrington</p> <p>Current Risk and Direction of Travel: GREEN – NO CHANGE</p> <p>Definition:</p> <p><i>Councils are increasingly vulnerable to judicial reviews and new compensation claims.</i></p> <p>Key Risk Driver: Financial Impact</p> <p>Raw Risk Value: Serious - £50k - £500k</p> <p>Corporate Risk Register Outstanding Controls:</p> <p><u>Actions completed during quarter 4:</u></p> <ul style="list-style-type: none"> • None to be delivered. <p><u>Actions outstanding:</u></p> <p>There are currently no outstanding control gaps in the strategic or operational risk registers relating to this corporate risk.</p>
10	<p>FAILURE TO MAINTAIN SERVICE STANDARDS, CUSTOMER SATISFACTION, AND/OR MEET CUSTOMER EXPECTATIONS</p> <p>Owner: Helen Barrington</p> <p>Current Risk and Direction of Travel: AMBER – Deterioration (from a</p>

	<p>fully controlled risk B1 to C3 Significant Impact/Significant Likelihood)</p> <p>Definition:</p> <p><i>Related to channel shift to more digital on-line services but retaining the availability of face-to-face services. Affecting the competitiveness of the service (in terms of cost or quality) and/or its ability to deliver best value.</i></p> <p>Key Risk Driver: Reputation</p> <p>Raw Risk Value: Major – Adverse national publicity</p> <p>Corporate Risk Register Outstanding Controls:</p> <p>The emergence of the Covid-19 pandemic has caused the deterioration in the assessed level of risk. Covid-19 resulted in a number of service closures and suspensions in quarter 4 due, both to the government imposed restrictions, and the uncertainty of available staffing levels due to sickness, shielding and the prioritisation of critical services. The consequence is a possible adverse impact on service standards and customer satisfaction. Improvements in the risk level are expected as service levels return to normal but this could be impacted by a second outbreak of Covid 19. The impact is not expected to continue in the longer term.</p> <p><u>Actions completed during quarter 4:</u></p> <ul style="list-style-type: none"> Monitoring of complaints received for Covid-19 related impacts has commenced. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> To continue complaints monitoring and resume service levels when the risks are reduced and staffing levels and government guidance enable us to do so.
11	<p>FAILURE TO PREVENT DAMAGE TO THE COUNCIL’S REPUTATION</p> <p>Owner: Mike Hill</p> <p>Current Risk and Direction of Travel: GREEN – NO CHANGE</p> <p>Definition:</p> <p><i>Related to the Council’s reaction to a specific event or issue, or generally a downturn in quality of service.</i></p> <p>Key Risk Driver: Reputation</p> <p>Raw Risk Value: Major – Adverse national publicity</p>

	<p>Corporate Risk Register Outstanding Controls:</p> <p><u>Actions completed during quarter 4:</u> Quarterly monitoring of performance information by SLT is an embedded process and timely management action is taken to address any service quality issues arising.</p> <p><u>Actions outstanding:</u> There are currently no outstanding control gaps in the strategic or operational risk registers relating to this corporate risk.</p>
12	<p>FAILURE TO REACT TO AN ENVIRONMENTAL INCIDENT OR MALICIOUS ACT</p> <p>Owner: Mike Hill</p> <p>Current Risk and Direction of Travel: AMBER – Deterioration from fully controlled to Serious Impact/Low Likelihood</p> <p>Definition:</p> <p><i>Council reaction to a natural occurrence e.g. widespread flooding, or other events such as fire and explosions.</i></p> <p>Key Risk Driver: Reputation</p> <p>Raw Risk Value: Major – Adverse national publicity</p> <p>Corporate Risk Register Outstanding Controls:</p> <p>The emergence of the Covid-19 pandemic revealed some gaps in existing Business Continuity Plans meaning that some control gaps existed and the previously assessed risk level was too low.</p> <p><u>Actions completed during quarter 4:</u></p> <ul style="list-style-type: none"> • A new Business Continuity Impact Assessment template was adopted and Business Continuity Plans were completed by all service areas to address the Covid-19 risks. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> • Request Cabinet approval for a Business Continuity Policy and Business Continuity Impact Assessment Guidance; • All Business Continuity Impact Assessments to be reviewed in accordance with the Policy to ensure a full suite of plans covering all risk events is completed by September 2020.

13	<p>FAILURE TO REACT TO SOCIO-ECONOMIC TRENDS</p> <p>Owner: Mike Hill</p> <p>Current Risk and Direction of Travel: GREEN - NO CHANGE</p> <p>Definition:</p> <p><i>Relating to the effects of changes in demographic, residential, or socio-economic trends on the Council's ability to meet its objectives.</i></p> <p>Key Risk Driver: Reputation</p> <p>Raw Risk Value: Serious– Adverse regional publicity</p> <p>Corporate Risk Register Outstanding Controls:</p> <p><u>Actions completed during quarter 4:</u></p> <ul style="list-style-type: none"> The Senior Leadership Team receives economic indicator reports on a bi-annual basis that reports over the themes of homelessness, new homes, benefits and income, and local economy. SLT reflect on these demographic trends and ensure they are fully reflected in service planning processes to ensure needs continue to be met. <p><u>Actions outstanding:</u></p> <ul style="list-style-type: none"> To undertake a 'Visioning' exercise to identify longer term forecasts for socio-economic trends and how these will be reflected in the longer term priorities for the Council to ensure services can meet future needs within available resources.
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HIGH RISK AUDIT RECOMMENDATIONS RAISED IN PREVIOUS YEARS BUT NOT YET IMPLEMENTED:

There are no high risk audit recommendations from previous years that have not been addressed and implemented.

HIGH RISK AUDIT RECOMMENDATIONS RAISED IN THIS FINANCIAL YEAR:

There have been 3 high risk recommendations reported during 2019/20 all of which were included in the IT General Controls audit. An explanatory report from the Director for Organisational Development is included elsewhere on this agenda.

APPENDIX 2 - RISK MANAGEMENT SCORING MATRIX

L i k e l i h o o d	Very High	E				2	
	High	D					
	Significant	C		4	6, 7,10	5	
	Low	B	1	11,13	3,8,12		
	Very Low	A			9		
			1	2	3	4	5
			Negligible	Minor	Serious	Major	Critical
			I m p a c t				



Report to Audit Committee

Subject: Annual Governance Statement 2019/20

Date: 7 July 2020

Author: Assistant Director - Finance

1. Purpose of the Report

To inform Members of the proposed Annual Governance Statement 2019/20.

Recommendations:

That Members:

- note the Annual Governance Statement 2019/20 and provide any comments for inclusion in the final version when presented to the Audit Committee on 24 November 2020.

2. Background

The Council 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 that it is used economically, efficiently and effectively. In accordance with the Accounts and Audit Regulations the Council conducts an annual review of the effectiveness of the system of internal controls and prepares an Annual Governance Statement (AGS).

3. Proposal

Following the review of the system of internal control it is proposed that the AGS for 2019/20, attached at Appendix 1, is approved.

4. Financial Implications

There are no financial implications arising from this report.

5. Legal Implications

None arising directly from this report.

6. Equalities Implications

None arising directly from this report.

7. Carbon Reduction/Environmental Sustainability Implications

None arising directly from this report.

8. Appendices

Appendix 1 – Annual Governance Statement 2019/20.

Statutory Officer Approval

Approved by: Chief Financial Officer
Date: 26/06/20

Approved by: Monitoring Officer
Date: 26/06/20

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1. Scope of Responsibility

- 1.1 Gedling Borough Council 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. Gedling Borough 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.
- 1.2 In discharging this overall responsibility, Gedling Borough Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, including arrangements for the management of risk.
- 1.3 Gedling Borough Council has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government* (2016). A copy of the authority's local code is on our website at <https://www.gedling.gov.uk/council/aboutus/financeandaccounts/> or can be obtained from the Assistant Director - Finance, Gedling Borough Council, Arnot Hill Park, Arnold, Nottingham. NG5 6LU. This statement explains how Gedling Borough Council has complied with the code and also meets the requirements of the Accounts and Audit Regulations 2015, which requires all relevant bodies to prepare an annual governance statement.

2. The Purpose of the Governance Framework

- 2.1 The governance framework comprises the systems and processes, culture and values by which the authority is directed and controlled and its activities through which it accounts to, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives led to the delivery of appropriate cost effective services.
- 2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of Gedling Borough Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.
- 2.3 The governance framework has been in place at the Council for the year ended 31 March 2020 and up to the date of approval of the statement of accounts.

3. The Governance Framework

- 3.1 Gedling Borough Council's Local Code of Corporate Governance recognises that effective governance is achieved through the 7 core principles as identified in the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government 2016 Edition*. These are:
- (A) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- (B) Ensuring openness and comprehensive stakeholder engagement.

Principles A and B permeate the implementation of principles C-G.

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- (C) Defining outcomes in terms of sustainable economic, social and environmental benefits.
 - (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.
 - (F) Managing risks and performance through robust internal control and strong public financial management.
 - (G) Implementing good practices in transparency, reporting, and audit to deliver effective accountability.
- 3.2 Good governance is dynamic process and the Council is committed to improving governance on a continuing basis through a process of evaluation and review. The Audit Committee on 19 March 2019 received the report on Gedling's "*Local Code of Corporate Governance 2019/20*" which set out in detail how the Council demonstrates that its governance structures comply with these seven core principles. An end of year review has confirmed that these were in place for the whole of the financial year.

4. Governance Arrangements

- 4.1 There is a governance assurance framework through which the Council satisfies itself as to the effectiveness of its system of internal control. This takes as its starting point the Council's principal statutory objectives and our organisational objectives as set out in the Council's Corporate Plan. From this are identified the key risks to the achievement of the Council's objectives as set out within the Council's corporate, directorate and service risk registers.
- 4.2 The framework identifies the main sources of assurance on the controls in place to manage those risks, and it is the evaluation of those assurances that is the basis of this Annual Governance Statement.
- 4.3 The following documents establish these policies, aims and objectives at a strategic level:
- The Corporate Plan (The Gedling Plan);
 - The Local Plan;
 - The Community Safety Partnership Strategic Plan;
 - The Annual Budget and Performance Management Framework;
 - The Medium Term Financial Plan;
 - The Treasury Management Strategy;
 - The Internal Audit Strategy;
 - The Risk Management Strategy;
 - The Corporate Equalities Scheme;
 - The Counter Fraud and Corruption Strategy.
- 4.4 These high level plans are further supported by Service Plans. The Constitution provides clear guidance on how the Council operates, how decisions are made and the procedures and protocols to ensure that decisions and activities are efficient, transparent and accountable to local citizens. Some of these processes are required by law, whilst others are determined by the Council for itself. All of these documents are within the Council's Publication Scheme and available on the Council's website at www.gedling.gov.uk or can be inspected at the Council's Civic Centre, Arnot Hill Park, Arnold, Nottinghamshire.

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- 4.5 Gedling's corporate governance framework defines the roles and responsibilities of the full Council, Cabinet, Scrutiny and officer functions, as detailed in the Constitution, and demonstrates how the Council meets defined standards of governance in relation to its policies, aims and objectives.
- 4.6 The Council acknowledges its responsibility to ensure that it operates an effective system of internal control to maintain and operate controls over its resources. This system of internal control can only provide reasonable (not absolute) assurance that assets are safeguarded, transactions authorised and properly recorded, and that material errors or irregularities are prevented or would be detected within a reasonable period.
- 4.7 The internal control system includes:
- Annual review of the effectiveness of the Council's Corporate Governance Framework, including signed Assurance Statements from Directors and Service Managers;
 - An established counter fraud and corruption strategy, including whistleblowing procedures, communicated to Members, officers and the public, and are available on the Council's website;
 - An established Audit Committee that undertakes the core functions as identified in CIPFA guidance;
 - The Terms of Reference for the Audit Committee which include specific responsibility for reviewing risk management procedures, including the reporting arrangements on strategic risks via a corporate risk scorecard;
 - A Risk Management Strategy that is led by Senior Management for the identification and evaluation of strategic and operational risks, and integrated with the work of Internal Audit to provide a holistic source of assurance aligned to corporate objectives;
 - A comprehensive risk management process that includes the identification of both strategic and operational risks which are held and maintained on corporate and directorate Risk Registers, and subject to regular review;
 - Internal audit reviews are carried out using a risk-based audit approach with the emphasis on key financial systems. This work is undertaken in co-operation with the Council's External Auditor ensuring maximum use of Audit resources, and ensures that professional standards are maintained;
 - Performance Plan monitoring, review and reporting;
 - Facilitation of policy and decision making through the Constitution, Codes of Conduct and the decision-making process, Forward Plan and role of the Scrutiny Committee;
 - The statutory roles of the Council's Head of Paid Service, Monitoring Officer and Chief Financial Officer place a duty on these post-holders to provide robust assurance on governance and ensure compliance with established policies, procedures, laws and regulations;
 - Compliance with established policies, procedures, laws and regulations are monitored through the work of the Finance and Legal staff that are adequately trained and experienced;
 - Budgetary and performance management reporting to management, Cabinet and Council;

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- Formal project management guidelines;
- Business continuity planning processes;
- Adherence to good employment practices;
- Governance training has been provided to all key officers and Members, including induction training, and arrangements are in place for the ongoing continuation of that training.

5. **Financial Management**

5.1 Ensuring that an effective system of internal financial control is maintained and operated is the responsibility of the Chief Financial Officer.

5.2 Internal financial control is based on a framework of management information that includes the Financial Regulations, Contract Standing Orders and Procurement Procedure Rules and administration procedures, adequate separation of duties, management supervision, and a system of delegation and accountability.

5.3 The Council has produced comprehensive procedure notes/manuals for all key financial systems, and these are regularly reviewed. The controls created by management are evaluated to ensure:

- Council objectives are being achieved;
- The economic and efficient use of resources;
- Compliance with policies, procedures, laws, rules and regulations;
- The safeguarding of Council assets;
- The integrity and reliability of information and data.

5.4 CIPFA issued in 2016 a Statement on *“The Role of the Chief Financial Officer in Local Government”*, and this covered five key areas. The Council can demonstrate how it conforms to these governance requirements as the Chief Financial Officer:

- is a member of the Senior Leadership Team and plays a key role in helping it to develop and implement strategy to resource and deliver the Council's strategic objectives sustainably and in the public interest;
- is actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered, and there is alignment with the Council's overall financial strategy;
- leads the promotion and delivery by the whole Council of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively;
- leads and directs the finance function, which is resourced to be fit for purpose;
- is professionally qualified and suitably experienced.

5.5 CIPFA issued in 2019 a Statement on *“The Role of the Head of Internal Audit”*, and this covers five key principles that define the core activities and behaviours of the role. The Council can demonstrate how it conforms to these governance requirements as the Head of Internal Audit:

- champions best practice in governance and management, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments;
- gives an objective and evidence based opinion on all aspects of governance, risk management and internal control;

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- is a senior manager, Chris Williams, a Director of RSM UK, and he (or his RSM representatives) have had regular and open engagement across Gedling Borough Council, particularly with the Leadership Team and with the Audit Committee. From 1 April 2020 this role is to be undertaken by a Director of BDO, who were awarded the internal audit contract for a period of four years;
- leads and directs an internal audit service that is resourced to be fit for purpose;
- is professionally qualified and suitably experienced;

6. Review of Effectiveness

6.1 Gedling Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

6.2 The Council is committed to the maintenance of a system of internal control which:

- Demonstrates openness, accountability and integrity;
- Monitors and reviews compliance with established policies, procedures, laws and regulations and effectiveness against agreed standards and targets;
- Monitors and reviews the effectiveness of the operation of controls that have been put in place;
- Identifies, profiles, controls and monitors all significant strategic and operational risks;
- Ensures that the risk management and control process is monitored for compliance.

6.3 Assurance From Executive Managers

In preparing this statement each Service Manager and Director has signed an assurance checklist. The checklist requires assurance that services are operating in compliance with the Council's policies, procedures and practices and with the internal control and governance assurance framework. The checklist asked each Service Manager to draw attention to any matters in respect of which internal controls were not working well and required a positive assurance that apart from those areas which were identified for improvement that the controls within the service had been, and are, working well. Each Service Manager gave a positive assurance. Throughout the year a small number of issues were raised regarding non-compliance with contract standing orders and financial regulations, and a new process for recording such events and targeting training is to be introduced in 2020/21.

6.4 Assurance from Internal and External Audit

Two of the key assurance statements the Council receives are the annual report and opinion of the Head of Internal Audit, and the external auditor's Value for Money conclusion as follows:

External Auditor (Mazars) Value For Money conclusion for 2018/19 which stated:

"we are satisfied that in all significant respects, the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019."

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The Head of Internal Audit (RSM) Annual Report for 2019/20, which concluded:

“For the 12 months ended 31 March 2020, the Head of Internal Audit opinion for Gedling Borough Council is as follows:

The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.”

“Factors and findings which have informed our opinion

- ❖ *Governance* – A review of Corporate Governance was undertaken at the Council as part of the approved internal audit periodic plan for 2019/20. The review reported positively on the governance framework in place and concluded that the Council could take substantial assurance. This review resulted in one ‘medium’ and three ‘low’ priority findings; the medium priority finding related to a register of interest not being in place for all staff at the Council.

We have also taken into consideration the governance and oversight related elements of each of the reviews undertaken as part of the 2019/20 internal audit plan. We have observed that the Audit Committee is effective in monitoring and challenging management and holding them to account.

- ❖ *Risk Management* – Our risk management opinion is informed by our observation of risk management systems and processes throughout the course of all audits within the Audit Plan. The Corporate Risk Register contains those risks which may impact achievement of the Council’s strategic objectives, whereas the Service Risk Register documents risks identified at an operational level for each service area. The risks are discussed and reviewed quarterly by the Senior Leadership Team and a quarterly report is presented to the Audit Committee.

An audit of Risk Management was undertaken during 2019/20, which concluded that the Council could take substantial assurance. We did not consider it necessary to raise any management actions as a result of this audit.

- ❖ *Internal control* – We undertook 16 internal audit reviews in 2019/20 which resulted in an assurance opinion. There were 12 reviews (75%) from which the Council can take substantial assurance, three reviews (19%) from which the Council can take reasonable assurance and one review of IT General Controls (6%) from which the Council can take partial assurance.

The IT General Controls review resulted in three high, three medium and six low priority actions being raised and agreed with management.

During the year we raised a total of 69 management actions across assurance and follow up reviews. Of the 69 actions raised: three (4%) were ‘high’ priority, 31 (45%) were ‘medium’ priority and 35 (51%) were ‘low’ priority actions.

An advisory review of the Council’s Flexible and Lone Working arrangements was undertaken, and suggestions were provided to management to consider.

- 6.5 We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are outlined in section 7 below.

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7 Significant Governance Issues

- 7.1 The control framework described above facilitates the identification of any areas of the Council's activities where there are significant weakness in the financial controls and/or governance arrangements of the management of risk.

As detailed in paragraph 6 above the annual review of the effectiveness has been completed and has not highlighted any significant control or risk management concerns. The Head of Internal Audit concluded in the Annual Internal Audit Opinion that the organisation has an adequate and effective framework for risk management, governance and internal control.

7.2 Covid-19 Pandemic

The Annual Governance Statement assesses governance in place during 2019/20 so for the majority of the year our governance was unaffected by the impact of Covid-19. Covid-19 has impacted on governance during March 2020 and whilst the impact at the end of the 2019/20 financial year was not material, its ongoing impact will be significant and raises issues that will need to be addressed in 2020/21. A full report on the Council's response to Covid-19 was considered by Cabinet on 18 June 2020 which demonstrates the effectiveness of governance arrangements during the response phase.

The key governance issues arising and actions are summarised below:

Council Decision Making and Meetings

When setting up the Incident Management Team structure in response to the Covid-19 pandemic, it was clear at an early stage that rapid decisions would need to be made to close facilities and suspend services in response to changes in government policy or staffing issues. In order to ensure established governance arrangements were maintained and Constitutional and legislative requirements complied with, an emergency decision making process was adopted.

Whilst the Constitution contains a delegation to the Chief Executive to make urgent decisions, given the magnitude of the potential impact of those decisions both in relation to the community and the Council's finances and to ensure transparency in decision-making, it was agreed that the Leader would make all Covid-19 response related decisions after consideration of a written report. Decisions were published on the Council's website in the usual way.

Previously the Council has not had the power to hold meetings remotely and therefore when Covid-19 restrictions were imposed in March, Council, Cabinet and Committee meetings had to be cancelled until further notice.

Work was carried out to enable remote meetings to be supported on the Microsoft Teams platform, which included practical guidance and instructions for Members. The Procedural Rules included in the Constitution apply to remote meetings in the same way as they do for other meetings of the Council; however additional Rules for holding remote meetings, were agreed by the Chief Executive in consultation with the Mayor on 10 May. In addition a schedule of meetings was also agreed on 12 May to enable meetings to recommence with effect from June.

In conclusion the arrangement for decision making have remained effective following the onset of Covid-19.

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Impact on Service Delivery

At the onset of the pandemic it was quickly recognised that effective Business Continuity Planning was vital to ensuring the continued operation of key services. A review of Business Continuity Plans (BCPs) was an outstanding action on the Council's corporate risk register which was due for completion by September 2020. In the first week in March, to ensure any gaps in Business Continuity Plans were quickly addressed, a Business Continuity Impact Assessment template was adopted and completed by all services, together with the identification of critical services and staff. Whilst there is still an outstanding action on the risk register to ensure a full suite of BCPs covering all business continuity risks, this represents an improvement in the governance arrangements. Enabling home working involved a rapid deployment of guidance and equipment and ensured there was no compromise to IT security.

Financial Issues

Whilst the financial impact of Covid-19 at the end of 2019/20 was not material, the ongoing impact is expected to be significant and the impact of an expected economic downturn adds further to the uncertainty. For 2020/21, at the time of writing, it is estimated that the financial cost of additional budget pressures and reductions in income will be around £4m, and after accounting for emergency government funding received of £1.2m to date, it is estimated that up to £2.8m will be required from Reserves or other spending reductions in order to balance the budget. This will have a knock on impact on achieving a sustainable Medium Term Financial Plan up to 2024/25 which is currently predicated on the availability of reserve balances to support the budget whilst the Council's planned efficiency programme is delivered.

A revised Medium Term Financial Plan will be presented to Cabinet by September 2020. This will consider key areas of risk, being income streams, including Business Rates and Council Tax collection, the capital programme and its funding and, the announced delays for a further year of the national reviews of Business Rates and Fair Funding. The timing of the Comprehensive Spending Review remains uncertain. This is important as it will determine the overall funding available to the local government sector. This complex economic environment is further compounded by the uncertainty that BREXIT creates and the impact of the deal that is eventually negotiated. The Medium Term Financial Plan will be considered in the context of the Gedling Plan (see below) to ensure available resources are effectively aligned to priorities and the delivery of sustainable outcomes.

Future Service Impacts

The Council's Covid-19 Reset Strategy was considered by Cabinet on 18 June 2020. The Strategy recognises that there will be an impact on the delivery of the Gedling Plan with the need for a review to ensure that it remains fit for purpose and incorporates any new work streams required as a result of Covid-19 impacts, ensuring the Council does not return to 'normal' but strives to 'build back better'. The Gedling Plan is a key aspect of the Council's governance framework and essential in defining sustainable outcomes in terms of economic, social and environmental benefits. The work streams to deliver the Reset Strategy will seek to address the inequalities highlighted by Covid-19 and retain the positive carbon reduction benefits.

7.3 Action Plans

7.3.1 Review of Progress in 2019/20

The 2018/19 Annual Governance Statement did not identify any significant control or risk issues but recognised some emerging issues, through its proactive and holistic approach to Governance. The progress is detailed below:

- Constitutional Changes – A review group was established to update a number of sections of the Constitution in 2019/20.

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This work is still ongoing. The updated sections have now been drafted and will need further consideration by SLT before being presented to Members.

Updated Action: Senior Leadership Team – March 2021.

- Commercialisation – *The Council will investigate the possibility of introducing a commercial housing development operation and appropriate governance issues will need to be identified.*

This work is ongoing and the potential options for a commercial housing development operation and appropriate governance issues will be considered by SLT before being presented to Members

Updated Action: Senior Leadership Team – December 2020.

- Member Training – *The Council has introduced a number of new Members as part of the district elections and an appropriate training programme will be developed.*

Action: Completed August 2019.

- Officer Training – *A suitable training programme for staff will need to be developed following the outcome of the Constitution review, which would include training in financial management.*

The training programme commenced in 2019/20, covering Local Government Governance Basics; Reporting and Decision Making; Contract Standing Orders and Procurement; Contracts Risk Management; Members Code of Conduct. Further training will be delivered during 2020/21, to include: Financial Regulations, Counter Fraud, Anti-Money Laundering; Whistleblowing; Officers Declaration of Interests.

Updated Action: Senior Leadership Team – March 2021.

- Counter Fraud & Corruption Strategy – *A new strategy is currently in development which will require approval by both the Audit Committee and the Cabinet.*

Action: Completed February 2020.

7.3.2 Actions 2020/21

Based on our review of the Governance Framework, the following issues will be addressed in 2020/21:

- Sustainable Medium Term Financial Plan - A review of the Medium Term Financial Plan will be presented to Cabinet to reflect the impact of Covid-19 and consider the emerging risks of an economic downturn and uncertainties of future local government funding.

Action: Senior Leadership Team – September 2020

- Gedling Plan - A review of the Gedling Plan will be presented to Cabinet to reflect the impact and risks arising from Covid-19.

Action: Senior Leadership Team – September 2020

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- Efficiency Programme - A review of the current approved efficiency programme will be completed to ensure value for money is secured: to incorporate the new efficiency target approved by Council in March 2020; the impact of emerging budget pressures e.g. pay award 2020/21; the delivery risks of existing initiatives.

Action: Senior Leadership Team – September 2020

- Officer Declaration of Interests – The review of the Counter Fraud and Corruption Strategy identified improvements to the process for officer declaration of interests that will be implemented in 2020/21.

Action: Chief Financial Officer and Monitoring Officer – December 2020

- Brexit - The United Kingdom left the European Union on 31 January 2020 and entered a transition period which will last until 31 December 2020 and new rules will come into place from 1 January 2020/21. There is considerable uncertainty regarding the future rules and any impact on the economy and how this might impact on funding levels and demands for public services.

Watching brief: Senior Leadership Management Team.

- 7.4 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 as part of our next annual review.

Mike Hill
Chief Executive

Date:

John Clarke
Council Leader

Date: