

Cheltenham Borough Council
Audit, Compliance and Governance Committee – 14 July 2021
Annual Governance Statement

Accountable member	Cllr Rowena Hay, Leader of the Council
Accountable officer	Darren Knight, Executive Director - People and Change
Ward(s) affected	All
Key/Significant Decision	No
Executive summary	<p>The Council has a statutory duty to prepare an Annual Governance Statement (AGS) (Appendix 2) to be approved as part of the Annual Statement of Accounts.</p> <p>The AGS is for the period 1st April 2020 to 31st March 2021 and indicates how the Council is meeting the requirements of the Accounts and Audit (Amendment) (England) Regulations 2011 and, from 1st April 2015 the Accounts and Audit Regulations 2015 in relation to the publication of a Statement on Annual Governance.</p> <p>In February 2021 CIPFA published Bulletin 06, the Application of the Good Governance Framework 2020/21, which contains guidance concerning the impact of the continuing Covid-19 pandemic on governance in local government bodies and the requirements of the Delivering Good Governance in Local Government Framework 2016 CIPFA and Solace (the Framework). It also takes into account the introduction of the CIPFA Financial Management Code 2019 (FM Code) during 2020/21. This AGS has been prepared taking into account this latest guidance.</p> <p>The Audit Committee needs to satisfy itself that the AGS fairly reflects the arrangements within the Council.</p>
Recommendations	The Audit, Compliance and Governance Committee approves the proposed 2020/21 Annual Governance Statement
Financial implications	There are no financial implications arising from the report. Contact officer: Gemma Bell, Head of Finance (Deputy Section 151 Officer) Gemma.Bell@cheltenham.gov.uk, 07341 780601
Legal implications	There are no legal implications arising from the report. Contact officer: One Legal legal.services@teWKesbury.gov.uk, 01684 272012
HR implications (including learning and organisational development)	There are no HR implications arising from the report. Contact officer: Julie McCarthy, HR Manager – Operations Julie.McCarthy@publicagroup.uk, 01242 264355
Key risks	See appendix 1
Corporate and community plan	Good governance helps to deliver the Council aspirations to be an excellent, efficient and sustainable Council. It also ensures that risks are

Implications	identified and managed to protect its assets and workforce.
Environmental and climate change implications	There are no environmental and climate change implications arising from the report. Contact officer: Mike.Redman@cheltenham.gov.uk
Property/Asset Implications	There are no property implications arising from the report. Contact officer: Dominic.Stead@cheltenham.gov.uk

1. Background

- 1.1 The Council has a statutory duty to prepare an Annual Governance Statement (AGS) to be approved as part of the Annual Statement of Accounts.
- 1.2 The AGS is for the period 1st April 2020 to 31st March 2021 and indicates how the Council is meeting the requirements of the Accounts and Audit (Amendment) (England) Regulations 2011 and, from 1st April 2015 the Accounts and Audit Regulations 2015 in relation to the publication of a Statement on Annual Governance.
- 1.3 In discharging these responsibilities, the authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and including arrangements for the management of risk.
- 1.4 The authority has developed and approved a code of corporate governance, which is consistent with the core principles and sub-principles as set out in the CIPFA/SOLACE “Delivering Good Governance in Local Government: Framework (2016)” (‘the Framework’). This statement explains how the authority has complied with the code and also meets the requirements of Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 (England) which requires the authority to conduct a review at least once a year on the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts.
- 1.5 In addition to this, CIPFA issued its “Statement on the Role of the Chief Finance Officer in Local Government (2015)”. The Annual Governance Statement (AGS) reflects compliance with that Statement for reporting purposes. The Executive Director Finance and Assets is the Statutory Section 151 Officer (S151 Officer) for Cheltenham Borough Council.
- 1.6 In February 2021 CIPFA published Bulletin 06, the Application of the Good Governance Framework 2020/21, which contains guidance concerning the impact of the continuing Covid-19 pandemic on governance in local government bodies and the requirements of the Delivering Good Governance in Local Government Framework 2016 CIPFA and Solace (the Framework). It also takes into account the introduction of the CIPFA Financial Management Code 2019 (FM Code) during 2020/21. This AGS has been prepared taking into account this latest guidance
- 1.7 The Audit Committee needs to satisfy itself that the AGS fairly reflects the arrangements within the Council.

2. Reasons for recommendations

- 2.1 The Final AGS will form part of the Annual Statement of Accounts. Under the CIPFA Public Sector Internal Audit Standards the chief audit executive must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control.

The annual report must incorporate:

- the opinion;
- a summary of the work that supports the opinion; and
- a statement on conformance with the Public Sector Internal Audit Standards and the results of the quality assurance and improvement programme

3. Alternative options considered

3.1 None.

4. How this initiative contributes to the corporate plan

4.1 Compliance.

5. Consultation and feedback

5.1 The AGS has been consider by the Executive Director – People and Change, Chief Executive, Leader of the Council and the Corporate Governance Group.

Report author	Contact officer: Ann Wolstencroft, Governance Manager, Ann.Wolstencroft@cheltenham.gov.uk, 01242 264158
Appendices	<ol style="list-style-type: none"> 1. Risk Assessment 2. Annual Governance Statement

Risk Assessment – Appendix 1

Risk Ref	Risk Description	Risk Owner	Impact score (1-5)	Likelihood score (1-5)	Initial raw risk score (1 - 25)	Risk Response	Controls / Mitigating Actions	Control / Action Owner	Deadline for Controls/ Actions
	If the Council fails to have an effective review of its governance arrangements then there is a risk that it will not maintain its good conduct and high ethical standards.	Darren Knight	4	2	8	Reduce the Risk	<p>Ensure all certificates of assurance are collected from partner organisations and reviewed.</p> <p>Ensure all employee declarations are collected and reviewed annually.</p> <p>Ensure Director statements of assurance are collected and reviewed and</p> <p>Ensure all Audit requirements are in place.</p> <p>Ensure all Counter Fraud requirements are in place</p>	<p>Ann Wolstencroft</p> <p>Ann Wolstencroft</p> <p>Ann Wolstencroft</p> <p>Paul Jones</p> <p>Paul Jones</p>	<p>Annually Completed 2021</p> <p>Annually Completed 2021</p> <p>Annually Completed 2021</p> <p>Ongoing</p> <p>Ongoing</p>



CHELtenham
BOROUGH COUNCIL

**Annual Governance Statement
2020/21**

Section 1 - Scope of Responsibility

Section 2 - Purpose of Governance Framework

Section 3 - Governance Environment

Section 4 – Impact of COVID19

Section 5 - Principles

Section 6 - Review of Effectiveness

Section 7 - Significant Governance Issues during 2019/2020

Section 8 - Significant Governance Issues during 2020/2021

Section 9 - Approval of Leader and Chief Executive

1. Scope of Responsibility

Cheltenham Borough Authority (“the authority”) is responsible for ensuring that:

- Its business is conducted in accordance with the law and proper standards;
- Public money is safeguarded and properly accounted for
- Public money is used economically, efficiently and effectively; and
- There is a sound system of governance, incorporating the system of internal control and risk management

The authority has a Best Value 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 these responsibilities, the authority is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, and including arrangements for the management of risk.

The authority has developed and approved a code of corporate governance, which is consistent with the core principles and sub-principles as set out in the CIPFA/SOLACE “Delivering Good Governance in Local Government: Framework (2016)” (‘the Framework’). This statement explains how the authority has complied with the code and also meets the requirements of Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 (England) which requires the authority to conduct a review at least once a year on the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts.

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In February 2021 CIPFA published Bulletin 06, the Application of the Good Governance Framework 2020/21, which contains guidance concerning the impact of the continuing Covid-19 pandemic on governance in local government bodies and the requirements of the Delivering Good Governance in Local Government Framework 2016 CIPFA and Solace (the Framework). It also takes into account the introduction of the CIPFA Financial Management Code 2019 (FM Code) during 2020/21. This AGS has been prepared taking into account this latest guidance.

2. Purpose of Governance Framework

The governance framework comprises the systems, processes, culture and values, by which the authority is directed and controlled including activities through which it is held accountable by, engages with and leads its communities. It enables the authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost effective services.

The system of internal control is a significant part of the governance 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 on-going process designed to:

- Identify and prioritise the risks to the achievement of the authority's policies, aims and objectives;
- Evaluate the likelihood of those risks occurring;
- Assess the impact should those risks occur; and
- Manage the risks efficiently, effectively and economically

The governance framework has been in place at the authority for the year ended 31 March 2021 and up to the date of approval of the Annual Statement of Accounts. It should be noted that any changes to CBC arrangements due to COVID19 and the impact on our governance are recorded in this document.

3. Governance Environment

The key elements of the authority's governance arrangements are outlined in the Local Code of Corporate Governance. The governance framework includes arrangements for:

- Identifying and communicating the authority's vision of its purpose and intended outcomes for citizens and service users;
- Reviewing the authority's vision and its implications for the authority's governance arrangements;
- Measuring the quality of services for users, ensuring that they are delivered in accordance with the authority's objectives and ensuring that they represent the best use of resources;
- Defining and documenting the roles and responsibilities of the executive (Cabinet), non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication;
- Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff;
- Reviewing and updating Financial Rules, Contract Rules, Constitution, Scheme of Delegation and supporting procedure notes / manuals, which clearly define how decisions are taken and the processes and controls required to manage risks;
- Ensuring effective counter fraud and anti-corruption arrangements are developed and maintained;
- Ensuring the authority's financial management arrangements meet the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2015);
- Undertaking the core functions of an Audit Committee, as identified in CIPFA's Audit Committees: Practical Guidance for Local Authorities;
- Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that

- expenditure is lawful;
- Whistleblowing referrals and for receiving and investigating complaints from the public;
- Identifying the development needs of members and senior officers in relation to their strategic roles, supported by the appropriate training;
- Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation; and
- Incorporating good governance arrangements in respect of partnerships, including shared services and other joint working and reflecting these in the authority's overall governance arrangements.

4. Impact of COVID19

COVID19 has had a significant impact on the way we worked during 2020/21. Reduced capacity due to redeployment of resources and those shielding, constraints resulting from home working, social distancing and the financial impact of the pandemic has led to changes in the way CBC operated.

Whilst these changes were significant to the way we operated within a very short space of time CBC put in place a number of measures to ensure there was minimal impact on the governance of the organisation.

From a financial perspective to monitor the impact of COVID19 CBC provided the Ministry for Housing, Communities and Local Government (MHCLG) monthly financial information through the online reporting system DELTA.

Despite the impact of COVID19, CBC was able to effectively maintain services through its business continuity arrangements, support the emergency response efforts in conjunction with the Local Resilience Forum and lead recovery efforts into 2021.

As a result of CBC's efforts during 2020/2021, the Council won two national awards; the Royal Town Planning Institute (RTPI) award for Planning Heroes in a Pandemic and the iESE Transformation Award in the Working Together category. CBC was one of the first Councils in the UK to publish its Recovery Strategy back in May 2020.

2020/2021 was a hugely challenging year and a significant test of our business continuity arrangements, emergency response and recovery efforts. As part of our commitment to continuous improvement SWAP Audit undertook a review of CBC's Response to COVID-19 which resulted in a 'substantial' audit assurance opinion.

Changes made during 2020/21 as a result of COVID19 and their impact/effectiveness are listed underneath each of the principles.

5. Principles

The main areas of the authority's governance framework, and the key evidence of delivery, are set out over the next pages under the headings of the core principles and sub-principles from the CIPFA/SOLACE "Delivering Good Governance in Local Government: Framework (2016).

Principle A

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

- The roles and responsibilities of Members and all holders of an office are set out in the authority's Constitution. The Constitution also sets out how decisions are made and the procedures that are followed to ensure these are efficient, transparent and accountable to local people. The Constitution is supported and underpinned by a Code of Conduct for Members', Code of Conduct for Employees and a Protocol for Member/Officer Relations.
- On 23 March 2020 CBC full council agreed, in advance of anticipated emergency Government legislation, to make arrangements for continuity of decision making by temporarily making changes to the Council's Constitution.
- These proposed changes, documented in the council report, were necessary to enable decisions to be taken on non-executive and regulatory functions via temporary changes to the scheme of delegation.
- The alternative arrangements put in place did not override the requirement for decisions to be made within the legal framework of the Local Government Act 1972 and other legislation.
- Throughout this period officers continued to seek legal advice prior to making any decisions and the process and procedures for recording decisions still applied to ensure open and transparent decision making. CBC continued to publish decisions taken and those decisions were still subject to the call-in process and on 15 June 2020 a report went to council outlining urgent decisions which had been taken during the emergency.
- Within 6 weeks from the start of lockdown all members were rapidly given laptops to enable CBC council and committee meetings to continue online with the first virtual meeting taking place on Thursday 14 May. This enabled the democratic process and decision making to be rapidly restored. The Public have the ability to access all meetings on the CBC YouTube channel.
- New rules were introduced for online meetings with members having to be seen on camera at all times to ensure meetings were quorate, they had to be shown for all parts of the debate prior to voting for/against recommendations with each member canvassed individually for their vote.
- The Code of Conduct for Members' requires declarations at meetings to be made by Members where necessary and these declarations are recorded in the minutes of the meeting. This has continued to happen as part of our online meetings with any declarations made and recorded in the minutes.
- The authority has a Standards Committee to maintain and promote high standards of conduct by observing and monitoring the operation of the Code of Conduct for Members'. Any concerns about

conduct raised throughout the year 2020/21 continued to be dealt with through online meetings and email.

- Statutory Officers' responsibilities are defined in the Constitution and are employed in accordance with statutory guidance.
- The Executive Director Finance and Assets leads the promotion and delivery of good financial management through the Executive Leadership Team, attendance at Council, Cabinet and Committee meetings and organises specialist workshops/training for officers and Members as appropriate and as part of the member induction programme following borough elections every 2 years. Induction is open to all members.
- Due to the financial impact of COVID19 a revised budget was presented and approved by full Council in November 2020 by the Executive Director of Finance and Assets.
- Registers of interest are completed by Members and officers and a register of gifts and hospitality is maintained. Declarations of interest are declared and recorded at meetings.
- The Monitoring Officer and Executive Director Finance and Assets are members of the authority's Executive Leadership Team and meet with the Chief Executive to discuss any matters relevant to their statutory functions.
- Internal audit reviews are designed to ensure services are complying with internal and external policies and procedures / statutory legislation. Where non-compliance is identified, this is reported to management and to Members via the Audit, Compliance and Governance Committee.
- Whistleblowing Policies are in place.
- We work with a Gloucestershire wide Counter Fraud unit to help prevent and detect fraud and corrupt practices, including abuse of position. The service reports to Audit, Compliance and Governance Committee twice a year. Throughout 2020/21 the Counter Fraud unit have been working closely with our Revenues and Benefits team to ensure that all discretionary grant schemes put in place as a result of COVID19 have sufficient pre and post payment checks and controls in place to give assurance that the COVID19 business grants were paid to eligible business.
- During the COVID19 pandemic CBC recognised the leadership role it had in the community. As well as providing emergency support to people and communities through the 'Community Support Hub' the communication team recognised they had a role to play to ensure people upheld COVID regulations. As well as passing on key Government and County Council messages where appropriate an on street presence was established to remind and support CBC businesses and residents on rules around COVID19 safety and social distancing measures.
- During the pandemic CBC launched a number of new communication campaigns designed to not only remind people of key COVID19 messages but also to recognise the effort their residents had been making to comply with COVID19 regulations. The Council's external communications were recognised as examples of best practice by CommsHero and Commscreatives, two leading edge communications companies.

Principle B

Ensuring openness and comprehensive stakeholder engagement

- The annual accounts are published in a timely manner and in accordance with specified timescales so

that the financial position and performance of the authority is open to public scrutiny. COVID19 changed reporting timescales during 2020/21 but CBC continued to meet all deadlines and requirements.

- Committee meetings, agendas and minutes are published in accordance with the Forward Plan and publication of agendas is done in accordance with the Local Government Act 1972. Where statutory timescales are not met then the appropriate consultation takes place with the Chair of the Overview and Scrutiny Committee with regard to call-in. Council, Cabinet and Committee reports clearly outline their purpose, so the public can understand what the decision is aiming to achieve. Reports also address financial, legal, equalities, risk and sustainability implications to aid Members in their decisions making.
- Members and the public are able to ask questions at Council, Cabinet and the Overview and Scrutiny Committee. Public questions can be asked at other committee meetings, e.g. Audit, Licensing and Planning. All meetings are held in public unless exempt business is under discussion. This continued during 2020/21 and COVID19 although the public had to watch all proceeding via the CBC YouTube channel.
- Members of the public are able to speak at Planning Committee although during 2020/21 this was via an online link sent to them via the CBC democratic services team.
- Overview and Scrutiny committee promotes open and transparent decision-making, democratic accountability and holds the Cabinet to account for its decisions.
- Following the independent review undertaken in 2019-20 of the Overview and Scrutiny committee implementation of the action plan continued throughout the year with all actions now being completed.
- At the start of the pandemic all partner stakeholders Publica, Ubico, The Cheltenham Trust and Cheltenham Borough homes were involved in all of our Business Continuity meetings to ensure they were supported and we consulted on the best way to continue providing services.
- As part of the budget setting process consultation takes place through the authority's website and by attendance at meetings of the parish councils and business community by the Executive Director Finance and Assets and Cabinet Member Finance / Leader of the Council. During 2020/21 all such interactions were all undertaken online and through telephone calls.
- Engagement with staff happens in a number of ways; whole authority staff sessions, directorate team meetings, monthly managers meetings and one-to-one meetings. During 2020/21 the impact of COVID19 meant all of these interactions continued but were undertaken via our WebEx system. As well all of the meetings above during the first eight months of the pandemic weekly information bulletins were sent to all staff, members and partners updating them on the latest CBC news as well the latest pandemic information for our Borough.
- Outside the budget process, engagement and consultation with the public is undertaken through public meetings, surveys and other mechanisms as required throughout the year or around specific topics, e.g. Cheltenham Plan. During the initial stages of the pandemic no consultations were undertaken other than online however, as restrictions eased appointments were made so individuals could come to the municipal offices to view plans etc.
- A Statement on Community Involvement is approved which sets out the opportunities by which the public and organisations can engage with the planning system, including the procedures and methods used to consult on planning applications.
- Performance against the corporate plan is monitored via Overview and Scrutiny and reported on an annual basis to Cabinet.
- During 2020/21 additional meetings (every two weeks) with the Leader and Lead Member for Finance were undertaken to ensure the financial impact of COVID19 was monitored, discussed and managed.
- Transparency data is published on the website and includes supplier payments, senior management

structure charts, annual pay policy statement, and our gender pay gap report for the previous financial year. Where data is not available in the published data sets, instructions are available on how to make a Freedom of Information Request and the procedure that will be followed to answer the request.

- In November, the Local Government Association (LGA) took part in a mini form of peer review through a Renewal and Recovery Panel to provide feedback on the Council's emergency response and recovery efforts. This report was published and is available on the Council's website.

Principle C

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

- The vision for Cheltenham is articulated in the Cheltenham Place Vision document. The vision sets out the ambitions, aspirations and actions that the authority, together with its key partners, will take to bring about a thriving town in terms of businesses and their workforces, culture and creativity, people and communities. During COVID19 our Marketing Cheltenham team supported CBC through the delivery of key COVID19 messages as well as supporting businesses as rules were relaxed.
- Our Corporate Plan sets out the authority's purpose, principles and priorities for the future. Guided by an agreed set of principles the priorities in the plan were developed to make the biggest difference to Cheltenham's communities, businesses and residents, in line with Cheltenham's place vision. This plan is now supported by our COVID19 recovery strategy (see below).
- As with all areas of the world COVID19 has had a substantial impact on our town and visitor economy. In May 2020 the Cabinet put in place a new recovery strategy for CBC. This strategy does not replace our Place Vision or Corporate Plan but compliments these strategic documents by defining our priorities and a 'Local New Deal' for Cheltenham.
- In response to the initial lockdown during 2020 to ensure the most vulnerable were supported, we rapidly established a community 'help-hub'. Working with Gloucestershire County Council, supported by Cheltenham Borough Homes and The Cheltenham Trust (TCT) we re-deployed staff to support hundreds of vulnerable residents to ensure they had the essentials of food, their prescriptions, as well as to hear a friendly voice. With our well-established community connections and Councillor insight, we gathered intelligence from across the town, swiftly realising that local food banks were struggling to meet demand. Therefore, the Mayor's Foodbank fund was established and raised thousands of pounds. Combining our community grant funding with additional funding from Gloucestershire County Council we were able to give funding grants to those charities/community groups that were providing essential support for the most vulnerable.
- The Borough has a statutory development plan in place made up of the Gloucester, Cheltenham and Tewkesbury Joint Core Strategy (adopted 2017) and The Cheltenham Plan (adopted 2020), together these plans make provision for the long term growth of our area delivering sustainable, social and environment benefits across the Borough. A review of the JCS is underway and Cheltenham continues to work collaboratively with its partners Tewkesbury Borough and Gloucester City on development plan formulation and its delivery. We await guidance from government arising from the recent White Paper that will drive fundamental reforms of the planning system; this guidance is expected later this year.
- Following the Council's Cabinet formally declaring a climate emergency in July 2019 in 2020/21

specific funding was made in the budget to start work on both CBC and Cheltenham becoming carbon neutral by 2030. Changes were made to Cabinet portfolios with the Leader assigning two new posts, one covering economy and development and, the other covering climate and communities.

Principle D

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

- A mixed economy approach to service delivery is in place. In order to continue to deliver the priority outcomes of Members, and to operate within a more constrained financial cost base, the authority has over a number of years created a number of new organisations to deliver once in-house provided services.
- Each partner service is assigned a client officer who undertakes frequent and direct liaison with the service provider and monitors the contract performance and delivery. Each member of the Executive Leadership Team holds accountability for one of these services and provides the strategic guidance and support to the client officers. Executive Leadership Team and client officers keep relevant Cabinet members apprised of commissioned service performance as well as Cabinet Members being engaged directly in performance meetings with commissioned service providers.
- During 2020/21 a number of services provided for CBC by The Cheltenham Trust were either unable to operate due to the COVID19 restrictions or able to operate in a limited capacity. During this period the Executive, Client officers, Members and leadership of the Cheltenham Trust worked together to maximise income (through changed operations and grant funding), minimise redundancies (through furloughing of employees), to ensure that these services were sustained at a level to enable them to restart and continue operating following the pandemic.
- We also worked with our Partners, Cheltenham Borough Homes and The Cheltenham Trust, to provide support to our communities through our Community Help Hub providing food, shopping, general wellbeing support and a prescription collection service.
- We continue to work on achieving the aims of our commercial strategy that sets out the authority's ambition to be an enterprising and commercially focused authority. This will be even more important in the future following COVID19. By continuing to drive down the Council's net costs and increase income via a commercial mind-set with the aim to hold down council tax as far as possible, now and in the longer term helps the Authority protect frontline services from cuts which is exceptionally important following COVID19.
- The drive towards financial sustainability includes identifying new opportunities to generate income and investment in projects that provide good financial returns. The authority's commercial strategy aligns closely with other key strategies including place-making, economic growth, digital transformation, workforce and skills development, investment and asset management. Whilst the

pandemic has caused financial challenges it also has the potential to create an opportunity for the future in a review of the way we work as a Council. The Director of Finance and Assets oversees all commercial work to ensure it fits with our role as a council and within our financial framework.

- The authority's budgets are prepared annually in accordance with objectives, strategies and the MTFS is finalised following consultation with Members, customers, stakeholders and officers.
- Financial stewardship in respect of both capital and revenue proposals is reviewed and challenged by the Budget Scrutiny Working Group and considered regularly by the Executive Leadership Team.
- The MTFS is a live document and is updated as necessary, to respond to the changing environment and in such circumstances would be discussed by the Executive Leadership Team to determine any necessary mitigating actions that would then be discussed with the Cabinet. Due to the financial impact of COVID19 a revised budget was presented and approved by full Council in September 2020 by the Executive Director of Finance and Assets.
- Processes are in place to identify and respond to external changes, for example: changes to legislation and regulation, emerging risks and opportunities, risk management, development and delivery of the corporate strategy, performance management, medium term financial planning, budget monitoring are designed to capture and incorporate external factors and to enable the authority to respond appropriately.
- Corporate risks are considered by the Executive Leadership Team (ELT) on a monthly basis. Operational risks are monitored and managed at Manager level. Any strategic risks scoring 16 or more are escalated to the corporate risk register. CBC now has two senior officers qualified in risk management (MOR).
- In previous years ELT met on a weekly basis to deal with matters of urgency, items require strategic consideration or to make decisions. During the 2020/21 COVID19 pandemic ELT met daily to assess the situation and deal with the consequences of the pandemic. This enabled consistent, coordinated yet rapid decision making leading to CBC being able play a lead role in the Borough supporting businesses, the community and our own staff ensuring that all government advice was acted upon promptly and our vulnerable people had the necessary support.
- Initially during the pandemic a number of projects, e.g. townscape were halted to ensure we adhered to government guidance on the safety of the workforce etc. This also meant we were able to quickly redeploy resource to the more urgent needs such as getting food, prescriptions and support to those in need.

Principle E

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

- During 2020/.21 we continued to work on our organisational change programme, although with a reduced level of resource, focusing on the development of a range of leadership programmes for our people designed to give them behaviours and skills for the future.
- Throughout the pandemic we utilised our Learning and Management System to offer our people a range of wellbeing courses designed to support them through the difficulties being experienced as a result of COVID19. As well as learning through our LMS managers undertook training on 'managing remotely' to ensure they had the relevant skills to both deliver services and support their teams remotely.
- Publica support services continue to work with CBC in the areas of Human Resources, Finance and ICT. Specifically important during 2020/21 has been the support received by CBC from Publica in the area of Health and Safety and ICT. To ensure that we adopted safe working practices that adhered to the changing government guidance throughout the pandemic a new health and safety group was formed. This group which initially met twice a week was responsible for advising managers and reviewing risk assessments to ensure our staff were safe in their workspaces (both home and office), safe in the delivery of services and had all the relevant personal protective equipment. Publica ICT acted swiftly ensuring that within a very short space of time all staff and members had laptops with the relevant technology enabling them work from home. The Council's previous investment in smart working technology was a key reason why CBC was able to become a virtual Council in a short space of time, as well as being able to continue to maintain data security.
- All new employees take part in an induction programme, online during the pandemic, and ongoing staff development needs are identified through the appraisal process and 1:1's. The launch of our new online one to one process has been delayed due to COVID19 but will be rolled out in the first quarter 2021/22. The Chief Executive is appraised by the Group Leaders.
- The introduction of regular all manager, all employee and member WebEx meetings enabled information to be easily and consistently cascaded.
- All new Members undertake a comprehensive Members induction programme that is delivered after each borough election (i.e. every 2 years). New Members are matched with a senior officer under a "buddy" system to provide practical support as they develop into their roles. Training is provided for Members on an ongoing basis as appropriate and necessary. Members on certain committees (e.g. Planning and Licensing) are required to undertake initial and ongoing "top up" training in order to take their place on the committee. The authority is a member of the Local Government Association who provide individual mentoring and support to Members and officers as necessary or requested.
- During the last year Members have undertaken learning and development in a number of areas including Planning Reform, Equalities and Diversity, the NHS and City Fibre.

Principle F

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

- A corporate governance group meets on a quarterly basis, is chaired by the Executive Director of People and Change, and its attendees are the other statutory officers, plus internal audit, counter fraud, risk manager and HR.
- Officers are required to maintain Service / Operational Risk Registers and the ELT reviews the corporate risk register on a monthly basis that is then provided to informal cabinet.
- Any service level risks that score 16 or above are incorporated in the corporate risk register.
- The MTFS is reviewed and updated on a regular basis so that Members and ELT are aware of the financial standing of the authority in terms of delivering against cost reduction or revenue raising targets. Performance against budget is reported to Cabinet and any significant variances explained. During 2020/21 additional meetings were held with the Leader and Lead Member for Finance to monitor the impact of COVID19.
- During 2020/21 the decision was taken to bring the finance function, being undertaken by Publica, back in house. A Head of Finance was externally recruited with the successful candidate starting in January 2020.
- The Statement of Accounts is produced and published annually in accordance with statutory legislation – these statutory dates were adjusted for the 2020/21 year due to COVID19. Aligned with this is the production of this Annual Governance Statement that identifies how the authority has met its governance reporting obligations.
- External Audit recommendations are reported to Audit, Compliance and Governance Committee following the completion of their annual audit process with follow-ups of recommendations also reported. Any recommendations are incorporated into the planning for the next years Audit.
- Internal Audit is delivered through SWAP Internal Audit Services (SWAP) and processes ensure compliance with Public Sector Internal Auditing Standards. Internal Audit agreed actions are followed up and reported to Audit, Compliance and Governance Committee with further follow up being reported where agreed actions have not been implemented in full. During 2020/21 SWAP continued to undertake scheduled audits wherever possible.
- Copies of all Internal Audit reports are provided to the Executive Director Finance and Assets who ensures that other relevant Executive Directors are made aware of any significant issues or recommendations.
- The Audit, Compliance and Governance Committee reviews and approves the Risk Management Policy on an annual basis. Risks are identified when undertaking Internal Audit reviews and reported when necessary.
- A risk-based Audit Plan is drafted annually following consultation with Officers, Members and the Executive Director Finance and Assets. The Audit Plan is approved at Audit, Compliance and Governance Committee prior to the financial year.
- Audit reports, once completed are discussed with the service manager. Executive summaries, including findings, and progress on the Annual Plan are reported to Audit, Compliance and Governance Committee, on a quarterly basis.

- Agreed Actions made in audit reports are followed up 6 months after the completion of the audit and findings reported to Audit, Compliance and Governance Committee.
- The authority's services are delivered through a mix of direct service delivery and delivery through other standalone organisations, e.g., Cheltenham Borough Homes delivers housing; Ubico deliver environmental services including waste management, street cleansing and grounds maintenance; The Cheltenham Trust is responsible for the authority's town hall, Pittville Pump Room, The Wilson, Leisure@ and Prince of Wales Stadium. Contracts and agreements are in place with each of these organisations that include performance management and reporting arrangements. Client officers monitor contractual requirements and performance measures. During 2020/21 CBC have been working with all of these organisations to understand the impact of COVID19, work with and support these organisations to ensure the continued delivery of services wherever possible.
- Organisational performance against the authority's corporate plan objectives is reviewed by the Executive Leadership Team to ensure key programmes of work remain on track to achieve CBC goals and objectives.
- A Counter Fraud Unit supports all the Gloucestershire Local Authorities, West Oxfordshire District Council and other third parties. Where investigations identify possible improvements to the internal control framework, the Counter Fraud Unit will liaise with the Internal Audit Team to ensure the improvements are followed up and implemented by Management. During COVID19 the Counter Fraud team have been working with CBC to ensure that COVID19 grant payments are only made to qualifying organisations and to reduce the risk fraud.
- Our Data Protection Policy provides a framework for all other Information security and Information Management Policies all of which are available to all data users on the Councils intranet. It also provides the responsibilities and accountabilities for the roles of the Data Protection Officer, Senior Information Risk Officer (SIRO) and the Single Point of Contact (SPoC).
- A range of training documentation is produced to support the training on Data Protection. Documentation is regularly reviewed and used to deliver an agreed annual training programme that includes induction for elected Members and employees.
- The authority is part of the Gloucestershire Information Sharing Partnership. This will enable data to be shared when necessary.
- Audit reviews ensure data is held securely whether electronic or hard-copy.

Principle G

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

- The authority publishes its performance in achieving delivery of its corporate plan objectives on an annual basis. Performance monitoring reports considered by Overview and Scrutiny are published on the authority's website in accordance with publication standards and guidelines.
- Data in respect of transparency is published on the authority's website.
- The Council's Audit, Governance & Compliance Committee review the Local Code of Corporate

Governance

- The Statement of Accounts is produced and published annually in accordance with statutory legislation. Aligned with this is the production of the Annual Governance Statement which identifies how the authority has met its governance reporting obligations
- External Audit recommendations are reported to Audit, Compliance and Governance Committee, following the completion of their annual audit process, follow-ups of recommendations are also reported
- Internal Audit processes ensure compliance with Public Sector Internal Auditing Standards. Internal Audit agreed actions are followed-up and reported to Audit Committee, further follow-up is planned if agreed actions have not been implemented in full.

6. Review of Effectiveness

The authority 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 senior managers, the annual opinion from the Head of Internal Audit, the officer Corporate Governance Groups and comments made by the external auditors, other review agencies and inspectorates.

The authority's process for maintaining and reviewing the effectiveness of the governance framework has included the following:

- Directors complete an Annual Assurance Statement at the end of each financial year. These governance declarations provide appropriate management assurance that key elements of the system of internal control are in place and are working effectively and help to identify areas for improvement.
- Annual Assurance Statements are also completed by Client Officers in respect of external service providers, The Cheltenham Trust, One Legal, Publica, Ubico and CBH.
- Where the assurance review highlights elements that do not fully or partially meet the systems of internal control then the Directors and Client officers explain what action needs to be taken within an agreed timeframe.
- ELT review the Corporate Risk Register on a monthly basis and service risk registers are managed by each manager.
- The SWAP Assistant Director (Head of Internal Audit) provides the Audit, Compliance and Governance Committee, as the Committee charged with governance, with an Annual Opinion on the control environment of the authority, which includes its governance arrangements.
- Investigation of, and decisions on, allegations of failure to comply with Members Code of Conduct are considered and determined through processes involving the Monitoring Officer/Independent Person(s)/Standards Committee/Sub-Committee as set out in the Constitution.
- A full induction programme is delivered for newly elected members.

The Executive Director Finance and Assets ensures training and awareness sessions are carried out for the Audit, Compliance and Governance Committee periodically.

- The External Auditors (Grant Thornton) present progress reports to the Audit, Compliance and Governance Committee. The Chief Executive and Executive Director Finance and Assets attend audit liaison meetings with the external auditors on a regular basis.
- The External Auditor’s Annual Audit Letter and follow-up of management responses to issues raised in the Letter or other reports are overseen by the Audit, Compliance and Governance Committee.
- Performance with regard to achievement of corporate priorities, budgets and risk are reported and monitored as outlined in this statement.
- The Audit, Compliance and Governance Committee review the Annual Governance Statement.
- The Audit, Compliance and Governance Committee review the Annual Statement of Accounts and reports from both Internal Audit (SWAP) and External Audit (Grant Thornton), including quarterly progress reports.
- Council approves the annual budget, reviews and approves the Treasury Management Strategy.
- Internal Audit monitors the quality and effectiveness of systems of internal control. Audit reports include an opinion that provides management with an independent judgement on the adequacy and effectiveness of internal controls. Reports including agreed actions for improvement are detailed in an action plan agreed with the relevant Executive Director/Service Manager.

On the balance of our 2020/21 audit work for Cheltenham Borough Council, enhanced by the work of external agencies, I am able to offer a **Low Substantial Assurance** opinion in respect of the areas reviewed during the year.

7. Significant Governance Issues During 2019/2020

In preparing the 2019/2020 statement and reviewing the effectiveness of the governance arrangements a number of areas were identified where the Council needs to focus attention and improve arrangements over the next financial year. These areas of work were to strengthen the control framework. These actions and outcomes are set out in the table below.

No	Key Area of Focus	Planned Actions	Lead officer	Outcome
1	Clearview	Focus on full implementation of Risk, Organisational Performance and Project Management modules	Darren Knight	Progress delayed and rollout ongoing into 2021/2022
2	Procurement	Ensure there is capacity to undertake all procurements required by CBC	Gill Morris	Not completed ongoing review.
3	Financial Rules Training	Develop module for Learning Management System	Gemma Bell	Not completed due to COVID19 rollover to 2021-22 action plan
4	Availability of Training Budgets	Consolidate training budgets and ensure they are available to support training requirements	Darren Knight / Paul Jones	Completed and ready for 2021/2022

5	The Cheltenham Trust manual financial processes as per audit recommendations	Processes to be reviewed.	Paul Jones	Completed
6	Impact of COVID19	Recovery Strategy	ELT / Darren Knight lead	Completed and Recovery Strategy approved by Cabinet

8. Significant Governance Issues During 2020/2021

There were no significant governance issues identified during 2020/2021.

9. Approval of Leader and Chief Executive

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Audit, Compliance and Governance Committee, and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

Signed on behalf of Cheltenham Borough Council:

Rowena Hay

Leader of the Authority

Date: XX XXX 2021

Gareth Edmundson

Chief Executive

Date: XX XXXX 2021