

Cheltenham Borough Council
Audit, Compliance and Governance Committee – 20 April 2021
Draft Annual Governance Statement

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| 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>This draft AGS is for the period 1st April 2021 to 31st March 2022 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>The Audit Committee needs to satisfy itself that the draft AGS fairly reflects the arrangements within the Council.</p> |
| Recommendations | The Audit, Compliance and Governance Committee approves the draft 2021/22 Annual Governance Statement |
| Financial implications | <p>There are no financial implications arising from the report.</p> <p>Contact officer: Gemma Bell, Head of Finance (Deputy Section 151 Officer) Gemma.Bell@cheltenham.gov.uk, 07341 780601</p> |
| Legal implications | <p>There are no significant legal implications arising from the report.</p> <p>Contact: One Legal E-mail: legal.servies@onelegal.org.uk Tel no: 01684 272691</p> |
| HR implications | <p>There are no HR implications arising from the report.</p> <p>Contact officer: Clare Jones, HR Business Partner clare.jones@publicagroup.uk, 01242 264364</p> |
| Key risks | Refer to the risk assessment at appendix 1 |
| Corporate and community plan Implications | Good governance helps to deliver the Council aspirations to be an excellent, efficient and sustainable Council. It also ensures that risks are 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 | <p>There are no property implications arising from the report.</p> <p>Simon Hodges, Senior Asset Management Surveyor, Simon.Hodges@cheltenham.gov.uk</p> |

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 This is the first draft of the AGS is for the period 1st April 2021 to 31st March 2022 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 The Audit Committee needs to satisfy itself that the AGS fairly reflects the arrangements within the Council.

2. Reasons for recommendations

- 2.1 Once finalised this 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 Good governance and compliance means that the Council continues to operate effectively within

legislative requirements enabling continued delivery of the corporate plan. It also ensures that risks are identified and managed to protect its assets and workforce.

5. Consultation and feedback

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

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| Report author | Contact officer: Ann Wolstencroft, Governance Manager, Ann.Wolstencroft@cheltenham.gov.uk, 01242 264158 |
| Appendices | <ol style="list-style-type: none">1. Risk Assessment2. Draft 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 |
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| | 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 – to be complete by 30.4.22</p> <p>Annually – to be complete by 30.4.22</p> <p>Annually – to be complete by 30.4.22</p> <p>Ongoing</p> <p>Ongoing</p> |



CHEL TENHAM

BOROUGH COUNCIL

Annual Governance Statement

2021/22

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 require 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.

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.

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 a 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. Ongoing Impact of COVID19

Short paragraph about ongoing impact to be added by Gemma Bell

5. Principles Framework

The main areas of the authority's governance framework and the assurance on compliance 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).

| Governance Principle | Sub-Principle | Assurance on Compliance |
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| Principle A - Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law | Behaving with integrity | <ul style="list-style-type: none"> • The political and executive leadership sets the tone for CBC and ensure that the required policies are put into place and monitored. • The Council's Constitution sets out how decisions are made and the procedures that are followed to ensure these are efficient, transparent and accountable to local people. • Statutory Officers' responsibilities are defined in the Constitution and are employed in accordance with statutory guidance. • The Employee Code of Conduct forms part of the Constitution and set out the behaviours expected of employees. • The Members' Code of Conduct forms part of the Constitution and sets out the standards of conduct expected by Members of the Council. • The Protocol for Member/Officer Relations is designed to guide Members and Officers of the Council in their relations with one another to maintain the integrity of local government. • The standards committee is in place to promote and maintain high standards of conduct and to assist Members and Co-opted Members to observe the Code of Conduct. |
| | Demonstrating strong commitment to ethical values | <ul style="list-style-type: none"> • In accordance with the Localism Act 2011 we have adopted a Code of Conduct for our Councillors that is in keeping with the general principles of public life. All Councillors and co-opted Members undertake that they will observe the Code of Conduct. • The Employee Code of Conduct provides guidance to our employees on the ethical framework within which we seek to conduct its activities; and on the processes that the Council uses to ensure compliance with the highest ethical standards. These standards reflect the Nolan Principles which form the basis of the Members' Code of Conduct. • 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. • A register of gifts and hospitality is maintained. |

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| | Respecting the rule of law | <ul style="list-style-type: none"> • The roles and responsibilities of Members and all holders of an office are set out in the authority's Constitution. • Codes of Conduct set out the standards of behaviour that are expected of our Councillors and Officers. Should these standards be breached, they will be dealt with, either through the standards Committee or, in relation to Officers, action taken under our capability and/or disciplinary procedures. • The Whistleblowing Policy adopted by the Council ensures its effectiveness from a safeguarding perspective and to make it easier for staff to raise concerns about malpractice or illegal activity. The Policy contains clear guidance about how to report a concern, who to contact and sources of internal and external support. • 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. • CBC 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 2021/22 the Counter Fraud unit has continued to work 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 businesses. |
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| Governance Principle | Sub-Principle | Assurance on Compliance |
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| Principle B - Ensuring openness and comprehensive stakeholder engagement | Openness | <ul style="list-style-type: none"> • 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. • 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. • Council, Cabinet and Committee reports clearly outline their purpose, so the public can understand what the decision is aiming to achieve. • Council, Cabinet and Committee reports address financial, legal, equalities, risk and sustainability implications to allow public scrutiny and aid Members in their decision-making. |

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| | | <ul style="list-style-type: none"> • All public meetings that take place in the council chamber are webcast live to the council's YouTube channel. Cabinet and Council meetings remain on this channel for 6 months, while other committees can only be watched live. • 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. • Members of the public are able to speak at Planning Committee. • Overview and Scrutiny committee promotes open and transparent decision-making, democratic accountability and holds the Cabinet to account for its decisions. • 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. |
| | Engaging comprehensively with institutional stakeholders | <ul style="list-style-type: none"> • We engage with large numbers of stakeholders through forums such as Leadership Gloucestershire, Southwest Councils and the Local Government Association. • We have a comprehensive engagement system with statutory stakeholders such as the NHS, Gloucestershire County Council and the Gloucestershire Police. • We engage with further subject based stakeholders particularly around economic development such as the Cheltenham BID, the Cheltenham Economic Recovery Task Force, The Cheltenham Culture Board and the Local Enterprise Partnership (LEP). • 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. • Engagement with staff happens in a number of ways; whole authority staff sessions, directorate team meetings, monthly managers meetings and one-to-one meetings |
| | Engaging with individual citizens and service users effectively | <ul style="list-style-type: none"> • Local focus and community group engagement are undertaken by our strategy and engagement team. • Our Solace Partnership comprising of Cheltenham Borough Council, Gloucester City Council and Gloucestershire Constabulary come together with communities to prevent, investigate and tackle anti-social behaviour (ASB) in Cheltenham and Gloucester. • The Communications team and our Marketing Cheltenham Team ensure that specific matters are placed in the media and engage with the media over enquiries on specific matters. |

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| | | <ul style="list-style-type: none"> 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. 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. |
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| Governance Principle | Sub-Principle | Assurance on Compliance |
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| Principle C - Defining outcomes in terms of sustainable economic, social, and environmental benefits | Defining outcomes | <ul style="list-style-type: none"> The Cheltenham Place Vision document 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. Our Corporate Plan sets out CBC'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. As Cheltenham continues to recover from the impact of COVID our Recovery Strategy supports both the place vision and our corporate plan. 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 environmental benefits across the Borough up to 2031. The Council is updating its Local Development Scheme, which sets out the key milestones for the preparation of its statutory development plan, as required by the Planning and Compulsory Purchase Act 2004 (as amended). The key milestones over the coming year include a new draft JCS that presents clear spatial options and updated policy that looks to 2041 and the start of the scoping work on the review of the Cheltenham Plan; <ul style="list-style-type: none"> JCS – agreement of preferred options by the JCS councils and consultation by Spring 2023, and Cheltenham Plan – Issues and options consultation by Spring 2023 The Local Development Scheme references a review of the Council's Supplementary Planning Documents, this review will be completed by Summer 2022 and a programme of preparation and/or review agreed. During 2022/23 we also envisage two neighbourhood plans reaching their concluding milestones. |

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| | Sustainable economic, social and environmental benefits | <ul style="list-style-type: none"> 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. In February 2022 the council approved the emerging CBC Climate Emergency Action Plan: Pathway to Net Zero and during 2022/23 a robust framework to monitor achievements against this action plan will be put in place. |
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| Governance Principle | Sub-Principle | Assurance on Compliance |
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| Principle D - Determining the interventions necessary to optimise the achievement of the intended outcomes | Determining interventions | <ul style="list-style-type: none"> A mixed economy approach to service delivery is in place to deliver the priority outcomes of Members. To operate within a more constrained financial cost base CBC has over a number of years created a number of new organisations to deliver services once provided in house. 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. Regular Peer Reviews are undertaken for quality assurance and the latest review undertaken measured CBC's response to COVID and commended the positive action taken by the council in this area. CBC have an Overview and Scrutiny Committee whose role it is to deliver measurable outcomes which benefit the effectiveness of the Authority and the community. |
| | Planning interventions | <ul style="list-style-type: none"> Performance, audit, risk and finance information is used to identify areas of concern and plan required interventions. Corporate risks are considered by the Executive Leadership Team 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 discussed by the Leadership Team and considered by members of the Cabinet. |

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| | | <ul style="list-style-type: none"> • Outcomes are monitored on a regular basis and open to scrutiny and programmes/projects which have a formal programme/project structure are required to be placed on our Clearview system and reported upon to the Executive Leadership Team at regular intervals. • Our Corporate Leadership Team has strategic oversight of major issues affecting the Council with a well-developed forward plan. • Budget monitoring is designed to capture and incorporate internal & external factors and to enable the authority to respond appropriately. |
| | Optimising achievement of intended outcomes | <ul style="list-style-type: none"> • 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 which will be even more important in the future following COVID19. • CBC's approach 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 Director of Finance and Assets oversees all commercial work to ensure it fits with our role as a council and within our financial framework. • During 2021 CBC's Capital Strategy 2022 to 2023, Investment Strategy 2022 to 2023 and Treasury Management Strategy 2022 to 2023 were refreshed and approved by full council in March 2022. • 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. |

| Governance Principle | Sub-Principle | Assurance on Compliance |
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| Principle E - Developing the entity's capacity, including the capability of its | Developing the entity's capacity | <ul style="list-style-type: none"> • The Head of Paid Service is responsible for the organisation of the staff. • Leadership and Management is delivered through the Executive Leadership Team and the Corporate Leadership Team who meet once a week along with monthly managers meetings and monthly all staff webinars. |

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| leadership and the individuals within it | | <ul style="list-style-type: none"> • During 2021/22 our new performance management approach, using our Learning Management System, was tested and implementation commenced. Our aim is to have in place a modern, flexible, effective, approach to 1:1 conversations with our people about performance and development. • During 2021/22 we continued to work on our organisational review to ensure our resources were structured to deliver our corporate plan over the next five years and the proposed changes were approved by council in March 2022. • Publica support services continue to provide services to CBC in the areas of Human Resources, some Finance and ICT and once again during the past year we have worked with our Publica Health and Safety partners to help us adopt safe working practices that continued to adhere to changing government guidance. • During the past year we have also strengthened our finance team following a decision in 2020/21 to bring back in house the majority of the finance function being undertaken by Publica. • To further develop our operational services and capability a procurement exercise has been completed to secure a new digital platform aimed at improving services to our residents and businesses. |
| | Developing the capability of the entity's leadership and other individuals | <ul style="list-style-type: none"> • We have a programme of training available for both Councillors and Officers at all levels. • All new employees take part in an induction programme and ongoing staff development needs are identified through our system of 1:1 meetings • There is mandatory compliance training for all staff on key items and policies via our Learning Management System. • Professional members of staff are required to undertake additional training requirements (continuing professional development) as set by their professional bodies. • We continue to run a range of leadership programmes for our people designed to give them behaviours and skills for the future. • Our executive leadership team have undertaken a 360 review to gather insights from a wide range of individuals and stakeholders who have given their views on their leadership and management competencies. • The results of these reviews will be used to put in place development plans to ensure the team has the required level of skills and behaviours to lead the council and drive organisational performance. • 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. |

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| | | <ul style="list-style-type: none"> • 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. • During the last year Members have undertaken learning and development in a number of areas including Data Protection, FOI, Flooding, CERTF, Emergency Planning, Carbon Foot Printing and Environmental Crime. • The authority is a member of the Local Government Association who provide individual mentoring and support to Members and officers as necessary or requested. |
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| Governance Principle | Sub-Principle | Assurance on Compliance |
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| Principle F - Managing risks and performance through robust internal control and strong public financial management | Managing risk | <ul style="list-style-type: none"> • Our Risk Management Policy are in place and subject to regular review. Considerable work has taken place during the year to embed the framework more consistently across our key programmes and projects. • Officers are required to maintain the CBC Service / Operational Risk Registers and the Executive Leadership Team and Informal Cabinet reviews the corporate risk register on a monthly basis. • Any strategic level risks that score 16 or above are incorporated in the corporate risk register. • The Audit, Compliance and Governance Committee reviews and approves the Risk Management Policy on a regular 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. |
| | Managing performance | <ul style="list-style-type: none"> • Organisational performance against the authority’s corporate plan objectives is reviewed by the Leadership Team to ensure key programmes of work remain on track to achieve CBC goals and objectives. • Principal performance KPI’s and targets are being developed throughout the organisation and captured within our organisational performance management system, Clearview. • Scorecards for individual services areas, Leadership Team and Cabinet will be developed during 2022/3. • Individual programmes and projects have their own targets and performance expectations and are reported via the programme/project boards as required. • Programmes and Projects are tracked through our Clearview system and reported to the Leadership Team. |

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| | Robust internal control | <ul style="list-style-type: none"> • CBC corporate governance group meets on a quarterly basis, chaired by the Executive Director of People and Change, and its attendees are the other statutory officers, internal audit, counter fraud, risk management and Human Resources. • Assurance is gained through regular internal audits and reporting. • 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 year's 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. • Copies of all Internal Audit reports are provided to the Executive Director Finance and Assets and / or Executive Director People and Change who ensures that other relevant Directors and Officers are made aware of any significant issues or recommendations. • 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 one month after the agreed target implementation date. High priority agreed actions are reported to Audit, Compliance and Governance Committee with quarterly updates on progress. • 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 2021/2 the Counter Fraud team have continued to work with CBC to ensure that COVID19 grant payments are only made to qualifying organisations to reduce the risk fraud. |
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| | Managing data | <ul style="list-style-type: none"> • 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. • These policies 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). • All officers and Councillors are required to undertake mandatory e-Learning training on information governance. • The importance of reporting breaches of Data Protection legislation is well publicised and individual officers are welcomed when they come forward to report incidents. • 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. |
| | Strong public financial management | <ul style="list-style-type: none"> • The Finance Strategy sets the overall direction for how we will fund our activities and invest in the future. • We have a budget setting process with the Budget and Medium Term Financial Plan decided annually by Council. • We have in place a statutory Section 151 Officer with finance teams that support the budget holders. • 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. • Financial Procedure Rules and Contract Procedure Rules are in place and regularly updated. • The Statement of Accounts is produced and published annually in accordance with statutory legislation. • Aligned with the accounts the production of this Annual Governance Statement that identifies how the authority has met its governance reporting obligations. |

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| Principle G - Implementing good practices in transparency, reporting, and audit to deliver effective accountability | Implementing good practice in transparency | <ul style="list-style-type: none"> • Agendas for all Council meetings are publicly available on website and meetings are accessible on YouTube. • 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. • We have a Whistleblowing Policy in place. |
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| | Implementing good practices in reporting | <ul style="list-style-type: none"> • We have in place comprehensive procedures for the making of decisions, either by Full Council, Committee, Cabinet or individual decisions made by Directors and Cabinet Members. • All reports are taken through Democratic Services and require clearance by Legal, Finance, HR and Property/Assets and risk implications for every report are identified. • Reports for Council, Committees and Cabinet business and minutes of these meetings are available on our website, save for reports which contain information that is exempt from publication. |
| | Assurance and effective accountability | <ul style="list-style-type: none"> • The Constitution sets out the executive arrangements and the roles and responsibilities of the Leader of the Cabinet, the Cabinet and each of the Cabinet Members individually and the roles and responsibilities of other Council Members. • The Constitution sets out the functions of Council, Cabinet and the various committees. • We have an effective Oversight and Scrutiny function whose responsibilities are also set out in the Constitution. • The principal roles and responsibilities of the Chief Executive and senior officers, including the Chief Financial Officer (Section 151 Officer) and the Monitoring Officer, are also set out in the Constitution. • 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.
- 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.

Refresh Audit statement – '~~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 2020/2021

In preparing the 2020/2021 statement and reviewing the effectiveness of the governance arrangements there were no significant governance issues identified.

8. Significant Governance Issues During 2021/2022

In preparing the 2021/2022 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. (If issues identified)

| No | Key Area of Focus | Planned Actions | Lead officer | Outcome |
|----|-------------------|-----------------|--------------|---------|
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9. Approval of Leader and Chief Executive

We have been advised of 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 XXXXX 2022

Gareth Edmundson
Chief Executive

Date: XX XXXXX 2022