



**CHELtenham**  
BOROUGH COUNCIL

# **Annual Governance Statement 2019/20**

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## 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.

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.

**Please note the COVID-19 Pandemic lockdown commenced on 23 March 2020 affecting the final week of the councils’ operations. As it had minimal impact on our governance arrangements for 2019 – 20 the full impact of COVID-19 on governance arrangements will be reflected in our AGS for 2020-21.**

## 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 2020 and up to the date of approval of the Annual Statement of Accounts.

## 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 conform with 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. 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.
- 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. .
- 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’.
- Statutory Officers’ responsibilities are defined in the Constitution and are employed in accordance with statutory guidance.
- Cheltenham Borough Council’s constitution was reviewed and updated during 2019-20 to ensure it remained fit for purpose. Key changes included:
  - Reducing Planning Committee membership from 15 to 11 elected members with a quorum of 6 - following review of other planning committees across the UK to see if a smaller committee might increase the effectiveness of the decision-making process
  - Increase in the size of cabinet - The Cabinet shall consist of the Leader of the Council together with at least two, but not more than nine Councillors”, allowing the introduction of two new portfolios for the climate emergency and the economic

development in West Cheltenham.

- The introduction of the electronic voting system - as an alternative to the show of hands currently required
- Changes to procurement rules – following recommendations of the Constitution Working Group.
- 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.
- Officer and Member decisions are recorded and published on the council website.
- Registers of interest are completed annually 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 Committee.
- Whistleblowing Policies have been updated and have been ratified by the Audit Committee.
- 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 Committee twice a year.

## **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.
- 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.
- Members of the public are able to speak at Planning Committee.

- During 2019-20 webcasting of Council Meetings was introduced enabling our democratic processes to be accessible and open to all stakeholders.
- Overview and Scrutiny committee promotes open and transparent decision-making, democratic accountability and holds the Cabinet to account for its decisions.
- During 2019-20 an independent review was undertaken of the Overview and Scrutiny committee to ensure it continued to be effective. An action plan has been created to implement the recommendations
- 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, divisional team meetings, monthly managers meeting, one-to-one meetings, monthly #wearecbc newsletter with a foreword from a member of the Executive Leadership Team, etc. We also undertake regular staff surveys and exit interviews with staff who leave CBC.
- 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 2019-20 an independent resident survey was undertaken by specialist market research agency BMG research.
  - The survey was conducted during July and August 2019. The initial mailing of 5,500 questionnaires was followed after three weeks by a second copy of the questionnaire being sent to non-responding households, to encourage completion of the survey. At the end of the fieldwork period, 1,594 completed surveys had been received. This includes 234 sampled residents who completed the survey via the online option, rather than through the return of the paper survey. Therefore, the survey had a response rate of 29%, above the rate now typical in surveys of this type (20-25%).
  - A total of 5,500 postal addresses were randomly sampled across all Cheltenham wards. Residential addresses were randomly sampled using Royal Mail's Postal Address File (PAF), the most complete list of addresses that is available. This ensured all residents had an equal and fair chance of being selected for the survey. Within each ward, addresses were sorted by the Index of Multiple Deprivation (IMD) before applying the random sampling.
  - The report shows that overall 84% of Cheltenham residents are satisfied with their local area as a place to live. This score is higher than the Local Government Association (LGA) benchmark (80%) and the BMG urban authority benchmark (80%)
  - The full report has been published on the Council's website and the satisfaction figures have been added to the balanced scorecard as a performance measure baseline. The survey will be repeated in two to three years' time
- 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. This is currently being reviewed and

will be consulted on as soon as practicable.

- Performance against the corporate plan is monitored via Overview and Scrutiny and reported on an annual basis to Cabinet.
- During 2019-20, we have introduced an organisational performance management system called Clearview that will be used for monitoring performance and risk moving forward.
- 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.

### **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.
- The values contained within the vision for Cheltenham reflect the fact that sustainability is of central importance to how the ambitions for the town will be achieved.
- During 2019-20, a new Corporate Plan was completed. The three year corporate strategy sets out the authority's purpose, principles and priorities for the future. Guided by an agreed set of principles, with input from councillors, staff, and key partners, the priorities in the plan have been developed to make the biggest difference to Cheltenham's communities, businesses and residents, in line with Cheltenham's place vision that was agreed last year.
- Having adopted the Gloucester, Cheltenham and Tewkesbury Joint Core Strategy the authority continues to develop and adopt its local plan that sets out the detailed plans for delivering sustainable, social and environment benefits across the Borough. Collectively the Joint Core Strategy and the Cheltenham Plan form the statutory development plan for Cheltenham. 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.
- The Council's Cabinet formally declared a climate emergency on 9th July, 2019, following a request from Council and commissioned the consultancy firm 'De Courcy Alexander' (DCA) to produce a report setting out the steps required to secure carbon neutrality for the Council and the Cheltenham borough by 2030.
- The report entitled 'Carbon Neutral Cheltenham – Leadership through Stewardship' was reported to and endorsed by Council on 14th October, 2019 and was subsequently considered by Cabinet on 5<sup>th</sup> November, 2019, which made the following resolutions, namely that:
  - the findings of the 'Carbon Neutral Cheltenham – Leadership through Stewardship' report and its associated roadmap be endorsed;
  - provision be made in the 2020-21 budget to deliver the 2030 roadmap (section 7 of the report);



- resources needed to deliver the actions required to meet the 2030 carbon neutrality targets be considered, prioritised and identified;
- an annual reporting process be developed to effectively track progress;
- authority be delegated to the Executive Director People & Change and the Director of Environment, to develop the roadmap into a realistic action plan for project delivery, with appropriate business case development, taking account of the impact on the Council's financial position.
- All Cabinet and Council reports are now expected to include an environmental impact assessment setting out the likely carbon implications of any recommended actions.

## **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 commissioned 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 a commissioned service 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 2019-20 the current Chief Executive retired and a new Chief executive was appointed through an open recruitment process. The new CE along with the rest of the Executive Leadership Team (ELT) continues to focus on place and growth, finance and assets and people and change. The ELT have both individual and collective accountability, working with Members, to deliver the Medium Term Financial Strategy (MTFS) and achieve financial sustainability.
- 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. During 2019 - 2020 Cheltenham Borough Council won both the MJ Award for Best Commercial Council as well the APSE Best Commercial and Entrepreneurship Initiative award. These rewards recognise the journey that CBC has made towards becoming financially sustainable. The purpose of this strategy is 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, while also protecting frontline services from cuts.
- 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. The Councils commercial work is overseen by a

commercial board that includes the Director of Finance and Assets and a cross section of the councils' staff.

- 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.
- 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 Corporate Management Team (CMT) on a monthly basis and raised to ELT where necessary. Service risks are monitored and managed at directorate team level. Any risks scoring 16 or more are escalated to the corporate risk register.
- Corporate performance is reported as explained in section C above.
- ELT meets on a weekly basis to deal with matters of urgency or which require strategic oversight or decision making by ELT. CMT meets on a monthly basis to consider progress with corporate projects that are supported by their own governance arrangements. Any significant variances against expected time, cost, and quality would be discussed with the relevant cabinet member and appropriate action taken, within the approved budget and policy framework. Any matters requiring ELT overview/oversight/decision are escalated by the Executive Director People and Change who is a member of the CMT and who acts as a conduit between the two strategic groups.

## **Principle E - Developing the entity's capacity, including the capability of its leadership and the individuals within it**

- Going forward, and as set out within the new corporate plan, our organisational change programme has been focusing on the modernisation of the authority, with staff having the necessary skills, behaviours and competencies to achieve the authority's future ambitions. Training undertaken during 2019-20 includes Commercial Awareness, Writing Better Business Cases, and Leadership Development. The council has also purchased a Learning Management System to enable all our compliance training, as well as other training, to be completed online.
- CBC's HR Action plan sets out the authority's organisational development needs and this continues to be rolled out supported by Publica's Human Resources and Development Team.
- To support the day-to-day delivery of services and the modernisation programme collaboration continues with Publica support services in the areas of Human Resources, Finance and ICT. The Executive Director People and Change is lead commissioner for HR and ICT and the Executive Director Finance and Assets is lead commissioner for Finance.
- All new employees take part in an induction programme and ongoing staff development needs are identified through the appraisal process and 1:1's. Appraisals continue to be undertaken online and a new approach to appraisal will be developed using the new Learning Management System over the next year. The Chief Executive is appraised by the Group Leaders.
- 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.

## **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 CMT 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, ELT and CMT 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.
- The Statement of Accounts is produced and published annually in accordance with statutory legislation. 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 Committee following the completion of their annual audit process with follow-ups of recommendations also reported.
- Internal Audit is delivered through the South West Audit Partnership (SWAP) and processes ensure compliance with Public Sector Internal Auditing Standards. Internal Audit recommendations are followed up and reported to Audit Committee with further follow up is reported where recommendations have not been actioned in full.
- 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 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 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 Committee, on a quarterly basis.
- Recommendations made in audit reports are followed up 6 months after the completion the audit and findings reported to Audit 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, 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. With effect from 1 April 2019, the Council brought in house all responsibilities and delegations from the Joint Waste Committee including the environmental services contract delivered by Ubico. A permanent Environmental Partnerships Manager has been appointed fulfilling the client manager function supported by a client officer (a total of 2 FTE's) along with a part-time programme manager to support delivery of the improvement programme for key priority 3 and communications to deliver behavior change. The Council is yet to formalise membership of the non-statutory Gloucestershire Resources and Waste Partnership that will replace the Joint Waste Committee.

- Organisational performance against the authority's corporate plan objectives is reviewed by the Corporate Management Team and by the Overview and Scrutiny Committee on a quarterly basis and reported to Cabinet on an annual basis.
- 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.
- The Government adopted the EU General Data Protection Regulations (GDPR) and introduced the Data Protection Act 2018. This required the Council to undertake a wide range of compliance activity that was managed by a project team, these activities included the appointment of a Data Protection Officer, the authority's Borough Solicitor, reviewing all of the information that the authority holds, preparing document retention schedules and training every elected Member and employee.
- 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 Data Protection Project Board met through 2018/19 and the project sponsor and chair for this board is the Executive Director People and Change whose role includes the responsibilities of the (SIRO) as defined in the Data Protection Policy.
- 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 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 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 recommendations are followed-up and reported to Audit Committee, further follow-up is planned if recommendations have not been actioned in full.

### **5. 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.
- CMT 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 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 Committee periodically.
- The External Auditors (Grant Thornton) present progress reports to the Audit 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 Committee.
- Performance with regard to achievement of corporate priorities, budgets and risk are reported and monitored as outlined in this statement.
- The Audit Committee review the Annual Governance Statement.
- The Audit 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 recommendations for improvement are detailed in an action plan agreed with the relevant Executive Director/Service Manager.

The Head of Internal Audit states – 'I have considered the balance of 2019/20 audit work, the assurance levels provided, the profile of each audit and outcomes, together with the response from Senior Management and am able to offer '**Reasonable Assurance**' in respect of the areas reviewed during the year. Generally, risks are well managed, but some areas require the introduction or improvement of internal controls to ensure the achievement of objectives.

This opinion is however qualified, in light of the current coronavirus pandemic and the impact of this on Cheltenham Borough Council. The opinion given above is based on internal audit work undertaken, and completed, prior to emergency measures being implemented as a result of the pandemic. These measures have resulted in a significant level of strain being placed on normal procedures and control arrangements. The level of impact is also changing as the situation develops. It is therefore not possible to quantify the additional risk arising from the current short-term measures or the overall impact on the framework of governance, risk management and control.'

## 6. Significant Governance Issues During 2018/2019

In preparing 2018/19 AGS and reviewing the effectiveness of the governance arrangements no major issues were identified therefore no action plan was created.

## 7. Significant Governance Issues During 2019/2020

Internal have completed 34 reviews for Cheltenham Borough Council, including assurances over Publica's control framework. The completed reviews consist of assurance pieces of work, follow-ups, advice and consultancy and non-opinions.

The majority of audits from the 2019/20 plan have been completed to final or draft report stage. The Covid-19 pandemic has inevitably caused some delay in progress due to availability of Officers dealing with service delivery priorities.

Where audits were in progress, or draft reports have been issued, we have not actively pursued these in the early phase of Covid-19 lockdown, however we are now working to finalise outstanding audits. These reports and assurances will be included in the 2020/21 Annual Opinion.

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

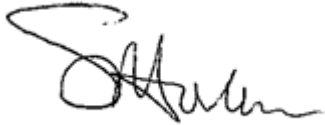
Number	Key area of focus	Planned actions	Lead officer
1	Clearview	Focus on full implementation of risk, organisational performance and project management modules	Darren Knight
2	Procurement	Ensure there is capacity to undertake all procurements required by CBC	Gill Morris
3	Financial rules training	Develop module for Learning Management System	Ann Wolstencroft
4	Availability of training budgets	Consolidate training budgets and ensure they are available to support training requirements	Darren Knight / Paul Jones
5	The Cheltenham Trust manual financial processes as per audit recommendations	Processes to be reviewed.	Paul Jones
6	Impact of COVID19	Recovery Strategy	ELT / Darren Knight lead




## **8. 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 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:**



**Steve Jordan**  
**Leader of the Authority**  
**Date: 31 July 2020**



**Gareth Edmundson**  
**Chief Executive**  
**Date: 31 July 2020**