



Audit and Governance Committee

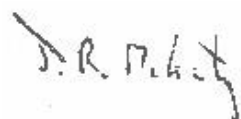
Meeting: Monday, 18th January 2021 at 6.30 pm in Virtual Meeting - Microsoft Teams

Membership:	Cllrs. Wilson (Chair), Brooker (Vice-Chair), Bowkett, Hampson, Lugg, D. Norman, Patel and Toleman
Contact:	Democratic and Electoral Services 01452 396127 democratic.services@gloucester.gov.uk

AGENDA

AGENDA	
	<p>VIEWING ARRANGEMENTS FOR REMOTE MEETINGS</p> <p>View the meeting here: https://bit.ly/3bl9jqD</p> <p>The meeting is being broadcast live using Microsoft Teams. We recommend that you install the Microsoft Teams app on your device for the best viewing experience. If viewing via a web browser, please note that this is not possible if using Safari; instead please download the Microsoft Teams app or the Microsoft Edge browser.</p> <p>Further advice on accessing meetings through Teams, is available here: https://support.office.com/en-us/article/Attend-a-live-event-in-Teams-a1c7b989-ebb1-4479-b750-c86c9bc98d84</p>
1.	<p>APOLOGIES</p> <p>To receive any apologies for absence.</p>
2.	<p>DECLARATIONS OF INTEREST</p> <p>To receive from Members, declarations of the existence of any disclosable pecuniary, or non-pecuniary, interests and the nature of those interests in relation to any agenda item. Please see Agenda Notes.</p>
3.	<p>MINUTES (Pages 7 - 10)</p> <p>To approve as a correct record the minutes of the meeting held on 16 November 2020.</p>
4.	<p>PUBLIC QUESTION TIME (15 MINUTES)</p> <p>To receive any questions from members of the public provided that a question does not relate to:</p> <ul style="list-style-type: none"> • Matters which are the subject of current or pending legal proceedings, or • Matters relating to employees or former employees of the Council or comments in respect of individual Council Officers

	<p>If you would like to ask a question at this meeting, please contact democratic.services@gloucester.gov.uk as soon as possible and by Wednesday 13th January at the latest.</p>
5.	<p>PETITIONS AND DEPUTATIONS (15 MINUTES)</p> <p>To receive any petitions and deputations provided that no such petition or deputation is in relation to:</p> <ul style="list-style-type: none"> • Matters relating to individual Council Officers, or • Matters relating to current or pending legal proceedings <p>If you would like to present a petition or deputation at this meeting, please contact democratic.services@gloucester.gov.uk as soon as possible and by Wednesday 13th January at the latest.</p>
6.	<p>INTERNAL AUDIT PLAN 2020/21 - PROGRESS REPORT (Pages 11 - 36)</p> <p>To receive the quarterly update of the Head of Audit, Risk and Assurance.</p>
7.	<p>MANAGEMENT UPDATE - LIMITED ASSURANCE REPORT - HEALTH AND SAFETY (Pages 37 - 46)</p> <p>To receive the limited assurance management update.</p>
8.	<p>REVIEW OF APPOINTMENTS TO AND REPRESENTATION ON OUTSIDE BODIES (Pages 47 - 72)</p> <p>To consider the report of the Corporate Director.</p>
9.	<p>ANNUAL GOVERNANCE STATEMENT IMPROVEMENT PLAN 2019/2020 UPDATE (Pages 73 - 84)</p> <p>To provide an update on progress on work as part of the Annual Governance Statement 2019/20 Improvement Plan.</p>
10.	<p>APPOINTMENT OF AN INDEPENDENT MEMBER TO THE AUDIT AND GOVERNANCE COMMITTEE</p> <p>To receive an update on the position regarding appointing an Independent Member.</p> <p>(Briefing note to follow)</p>
11.	<p>AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME (Pages 85 - 86)</p> <p>To consider the Work Programme.</p>
12.	<p>DATE OF NEXT MEETING</p> <p>8 March 2021 at 6.30pm</p>



Jon McGinty
Managing Director

Date of Publication: Friday, 8 January 2021

NOTES

Disclosable Pecuniary Interests

The duties to register, disclose and not to participate in respect of any matter in which a member has a Disclosable Pecuniary Interest are set out in Chapter 7 of the Localism Act 2011.

Disclosable pecuniary interests are defined in the Relevant Authorities (Disclosable Pecuniary Interests) Regulations 2012 as follows –

<u>Interest</u>	<u>Prescribed description</u>
Employment, office, trade, profession or vocation	Any employment, office, trade, profession or vocation carried on for profit or gain.
Sponsorship	Any payment or provision of any other financial benefit (other than from the Council) made or provided within the previous 12 months (up to and including the date of notification of the interest) in respect of any expenses incurred by you carrying out duties as a member, or towards your election expenses. This includes any payment or financial benefit from a trade union within the meaning of the Trade Union and Labour Relations (Consolidation) Act 1992.
Contracts	Any contract which is made between you, your spouse or civil partner or person with whom you are living as a spouse or civil partner (or a body in which you or they have a beneficial interest) and the Council (a) under which goods or services are to be provided or works are to be executed; and (b) which has not been fully discharged
Land	Any beneficial interest in land which is within the Council's area. For this purpose "land" includes an easement, servitude, interest or right in or over land which does not carry with it a right for you, your spouse, civil partner or person with whom you are living as a spouse or civil partner (alone or jointly with another) to occupy the land or to receive income.
Licences	Any licence (alone or jointly with others) to occupy land in the Council's area for a month or longer.
Corporate tenancies	Any tenancy where (to your knowledge) – (a) the landlord is the Council; and (b) the tenant is a body in which you, your spouse or civil partner or a person you are living with as a spouse or civil partner has a beneficial interest
Securities	Any beneficial interest in securities of a body where – (a) that body (to your knowledge) has a place of business or land in the Council's area and (b) either – i. The total nominal value of the securities exceeds £25,000 or one hundredth of the total issued share capital of that body; or ii. If the share capital of that body is of more than one class, the total nominal value of the shares of any one class in which you, your spouse or civil partner or person with

whom you are living as a spouse or civil partner has a beneficial interest exceeds one hundredth of the total issued share capital of that class.

For this purpose, "securities" means shares, debentures, debenture stock, loan stock, bonds, units of a collective investment scheme within the meaning of the Financial Services and Markets Act 2000 and other securities of any description, other than money deposited with a building society.

NOTE: the requirements in respect of the registration and disclosure of Disclosable Pecuniary Interests and withdrawing from participating in respect of any matter where you have a Disclosable Pecuniary Interest apply to your interests and those of your spouse or civil partner or person with whom you are living as a spouse or civil partner where you are aware of their interest.

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Any recording must take place in such a way as to ensure that the view of Councillors, Officers, the Public and Press is not obstructed. The use of flash photography and/or additional lighting will not be allowed unless this has been discussed and agreed in advance of the meeting.

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If the fire alarm sounds continuously, or if you are instructed to do so, you must leave the building by the nearest available exit. You will be directed to the nearest exit by council staff. It is vital that you follow their instructions:

- You should proceed calmly; do not run and do not use the lifts;
- Do not stop to collect personal belongings;
- Once you are outside, please do not wait immediately next to the building; gather at the assembly point in the car park and await further instructions;
- Do not re-enter the building until told by a member of staff or the fire brigade that it is safe to do so.

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AUDIT AND GOVERNANCE COMMITTEE

MEETING : Monday, 16th November 2020

PRESENT : Cllrs. Wilson (Chair), Brooker (Vice-Chair), Bowkett, Lugg, D. Norman, Patel and Toleman

Others in Attendance

Corporate Director
Head of Policy and Resources
Accountancy Manager
Audit Risk Assurance (ARA) Group Manager
Democratic and Electoral Services Team Leader
Democratic and Electoral Services Officer

APOLOGIES : Cllr. Hampson

27. DECLARATIONS OF INTEREST

27.1 There were no declarations of interest.

28. MINUTES

28.1 The minutes of the meeting held on 14 September 2020 were confirmed as a correct record subject to the following correction:

that Councillor D. Norman be recorded as having sent apologies and Councillor Lewis be recorded as present as substitute for Councillor D. Norman.

29. PUBLIC QUESTION TIME (15 MINUTES)

29.1 There were no public questions.

30. PETITIONS AND DEPUTATIONS (15 MINUTES)

30.1 There were no petitions or deputations.

31. STATEMENT OF ACCOUNTS AND ANNUAL AUDIT LETTER 2020/21

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31.1 The Chair expressed his disappointment that the Annual Audit Letter had been delayed so that the Statement of Accounts could not yet be finalized. He asked the Head of Policy and Resources to update Members.

31.2 The Head of Policy and Resources reported that there were three outstanding tasks for the external auditors to complete: review the pension fund audit opinion, complete the technical audit of the Kings Walk file and receive the independent review of the audit file. He anticipated that the Annual Audit Letter would be produced within a week and proposed that the Chair and himself sign off the Statement of Accounts then.

31.3 The Chair sought reassurance that the delay had been with the external auditors rather than the finance team in the production of accounts. The Head of Policy and Resources confirmed that the accounts had been ready since July 2020 and that he foresaw no problems.

31.4 **RESOLVED** that:

(1) the Statement of Accounts and the Annual Audit Letter be received in due course and;

(2) the Chair and Head of Policy and Resources are delegated to approve and sign the Statement of Accounts subject to any changes.

32. TREASURY MANAGEMENT PERFORMANCE 2020/21 SIX MONTHLY UPDATE

32.1 The Head of Policy and Resources outlined the key features of the report.

32.2 The Chair asked if the references in the report to Credit Default Swaps and financial institutions qualified as '*highly credit rated*' (3.1) indicated increased risk as he was mindful of the use of such terms in the financial crisis of 2008. The Head of Policy and Resources reassured Members that no undue risks were being taken and that nothing different was being done regarding investments.

32.3 **RESOLVED** that the Treasury Management Update Mid Year Report 2020/21 is noted.

33. INTERNAL AUDIT ACTIVITY 2020/21 - PROGRESS REPORT

33.1 The Audit Risk Assurance Head (ARA) of ARA summarised the audit activity for the period September and October 2020 and progress against the 2020/21 Revised Risk Based Internal Audit Plan.

33.2 Concerning the key ICT project governance audit activity the Chair asked whether completed projects would also have a post project evaluation undertaken given the large scale of some recent operations. The Head of ARA confirmed that the intention was to undertake the post project evaluations on current and future projects. She stated that the option for

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undertaking these reviews would however be discussed with management and reviews undertaken accordingly, to identify any lessons learnt.

33.3 The Chair sought clarification of the finding of the premises licensing audit activity in that the council was more limited in the information it offers applicants compared to other authorities and enquired if it was to be addressed by recommendations. The Head of ARA noted that this referred to enhanced rather than key information as the current information published by the council was sufficient. It was agreed however that she would establish the additional information that was being published and feedback to the Committee her findings.

33.4 The Chair referred to the daily reconciliation between the Civica purchasing and financials systems described in the accounts payable audit activity findings. He queried whether this was a necessary use of resources. The Accountancy Manager confirmed that it was not a big task and consisted of the external systems team balancing the two modules of a single system rather than reconciling separate systems.

33.5 Regarding the Summary of Special Investigations the Chair asked what the single on-going case concerned. The Head of ARA replied that it was a potential irregularity with a business grant which could not be discussed in the public domain.

33.6 **RESOLVED** that:

(1) the progress against the Revised Risk Based Internal Audit Plan 2020/21 is accepted; and

(2) the assurance opinions provided in relation to the effectiveness of the Council's control environment comprising risk management, control and governance arrangements as a result of the Internal Audit activity completed to date is accepted.

34. STRATEGIC RISK REGISTER UPDATE

34.1 The Audit Risk Assurance (ARA) Head of ARA presented the Strategic Risk Register (SRR). She reminded Members that it was owned by the Senior Management Team (SMT) and had been signed off by them on 6th October 2020. The Head of ARA further advised that some risks such as COVID-19 and BREXIT were considered within other risks rather than separately.

34.2 The Chair asked whether the strategic benchmarking exercise (3.8) had been the first of its kind. The Head of ARA confirmed that although Zurich Municipal had conducted a review last year, this was the first such exercise since ARA had taken on the lead in supporting SMT to manage risk.

34.3 The Chair queried whether the reduced strategic Risk Scores (3.7) had resulted from the introduction of mitigation measures or benchmarking. The Head of ARA stated that mitigation measures were responsible for bringing

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the inherent Risk Scores down but advised Members that these were still considered high inherent risk areas.

34.4 The Head of Policy and Resources reminded Members that the SRR was a live document under constant review. He further advised that risk SSR1.10, loss of services for a significant period due to failure and limited capacity of IT and infrastructure, had a score of 8 because it had been assessed before the move of all council operations away from the Herbert, Kimberley and Philpotts Warehouse offices and that in future SRRs the score was expected to be lower.

34.5 **RESOLVED** that the Strategic Risk Register is noted and endorsed.

35. AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME

35.1 The Committee considered the Work Programme.

35.2 **RESOLVED** that the Work Programme is noted subject to receipt of the Statement of Accounts and Annual Audit Letter.

36. THE AUDIT RISK ASSURANCE (ARA) HEAD OF ARA

36.1 The Chair noted that this was the last meeting to be attended by the current Audit Risk Assurance (ARA) Head of ARA and on behalf of the Committee thanked her for the experience and expertise she had brought to it over the years.

36.2 Councillor D Norman informed Members of his positive experiences with the Head of ARA at both the City and County Councils. He reiterated his gratitude to the Head of ARA for her professionalism and wished her every success in the future.

36.3 On behalf of the officers present, the Corporate Director thanked the Head of ARA for almost forty years' service and especially for rightfully challenging them with independent and constructive advice.

36.4 The Head of ARA expressed her appreciation to the Committee and officers for their support and commented that it had been a pleasure to work with them.

37. DATE OF NEXT MEETING

18 January 2021 at 6.30pm

Time of commencement: 6.30 pm hours

Time of conclusion: 7.05 pm hours

Chair



Meeting:	Audit and Governance Committee	Date:	18th January 2021
Subject:	Internal Audit Activity Progress Report 2020/21		
Report Of:	Head of Audit Risk Assurance (Chief Internal Auditor)		
Wards Affected:	Not applicable		
Key Decision:	No	Budget/Policy Framework:	No
Contact Officer:	Stephanie Payne – Group Manager, Audit Risk Assurance (Deputy Chief Internal Auditor)		
	Email:	Tel: 01452 328899	
	Stephanie.Payne@gloucestershire.gov.uk		
Appendices:	A: Internal Audit Activity Progress Report 2020/21		

FOR GENERAL RELEASE

1.0 Purpose of Report

- 1.1 To inform Members of the Internal Audit activity progress in relation to the approved Revised Internal Audit Plan 2020/21.

2.0 Recommendations

- 2.1 Audit and Governance Committee is asked to **RESOLVE** to:

- (1) Accept the progress against the Revised Risk Based Internal Audit Plan 2020/21; and
- (2) Accept the assurance opinions provided in relation to the effectiveness of the Council's control environment comprising risk management, control and governance arrangements as a result of the Internal Audit activity completed to date.

3.0 Background and Key Issues

- 3.1 Members approved the Internal Audit Plan 2020/21 at 9th March 2020 Audit and Governance Committee meeting.
- 3.2 Covid 19 has placed significant pressures on Council services and has impacted (and continues to impact) the Council's priorities, objectives and risk environment. Due to the changing position and to ensure that the Risk Based Internal Audit Plan meets the assurance needs of the Council, the Revised Risk Based Internal Audit Plan 2020/21 was approved by Members at 14th September 2020 Audit and Governance Committee meeting.

- 3.3 In accordance with the Public Sector Internal Audit Standards 2017 (PSIAS), this report (through **Appendix A**) details the outcomes of Internal Audit work carried out in accordance with the approved Revised Plan.
- 3.4 The Internal Audit Activity Progress Report 2020/21 at **Appendix A** summarises:
- The progress against the 2020/21 Revised Risk Based Internal Audit Plan, including the assurance opinions on the effectiveness of risk management and control processes;
 - The outcomes of the Internal Audit activity during the period November and December 2020; and
 - Special investigations/counter fraud activity.
- 3.5 The report is the third progress report in relation to the Internal Audit Plan 2020/21. It is also the second progress report to reflect the approved 2020/21 Plan revision (due to the impact of Covid).
- 3.6 As reflected within the Internal Audit Progress Report, examples of the new activities completed by Audit Risk Assurance (ARA) since the outcome of the pandemic include (but are not exclusive to):
- Non-audit related administration support to Revenues and Benefit services in the processing of Business Grants and a data capture project regards dormant outstanding debtors to support future debt collection decision;
 - Non-audit related administration support to Housing services in the collation of the Housing Benefit payments (claimed for 'Rough Sleepers' place in safe accommodation) that will be reclaimed by the County Council;
 - Counter fraud team support and action in regard to identified Business Support grant irregularities; and
 - Internal Audit review of Voluntary and Community Sector grants (Covid 19) and the Lost Sales, Fees and Charges Grant (Covid 19) claim 1.

4.0 Social Value Considerations

- 4.1 There are no Social Value implications as a result of the recommendations made in this report.

5.0 Environmental Implications

- 5.1 There are no Environmental implications as a result of the recommendations made in this report.

6.0 Alternative Options Considered

- 6.1 No other options have been considered as the purpose of this report is to inform the Committee of the Internal Audit work undertaken to date, and the assurances given on the adequacy and effectiveness of the Council's control environment operating in the areas audited. Non completion of Internal Audit Activity Progress Reports would lead to non compliance with the PSIAS and the Council Constitution.

7.0 Reasons for Recommendations

- 7.1 The role of the Audit Risk Assurance shared service is to examine, evaluate and provide an independent, objective opinion on the adequacy and effectiveness of the Council's internal control environment - comprising risk management, control and governance. Where weaknesses have been identified, recommendations have been made to improve the control environment.
- 7.2 The PSIAS require that the Chief Internal Auditor should report on the outcomes of Internal Audit work, in sufficient detail, to allow the Committee to understand what assurance it can take from that work and/or what unresolved risks or issues it needs to address.
- 7.3 Consideration of reports from the Chief Internal Auditor on Internal Audit's performance during the year, including updates on the work of Internal Audit, is also a requirement of the Audit and Governance Committee's terms of reference (part of the Council Constitution).

8.0 Future Work and Conclusions

- 8.1 In accordance with the PSIAS and as reflected within the Audit and Governance Committee work programme, Internal Audit Activity Progress Reports against the approved Revised Internal Audit Plan 2020/21 are scheduled to be presented to the Audit and Governance Committee at the 8th March 2021 and 19th July 2021 meetings.

9.0 Financial Implications

- 9.1 No financial implications as a result of this report.

(Financial Services have been consulted in the preparation this report.)

10.0 Legal Implications

- 10.1 Monitoring the implementation of Internal Audit recommendations assists the council to minimise risk areas and thereby reduce the prospects of legal challenge.

(One Legal have been consulted in the preparation this report.)

11.0 Risk & Opportunity Management Implications

- 11.1 Failure to deliver an effective Internal Audit Service will prevent an independent, objective assurance opinion from being provided to those charged with governance that the key risks associated with the achievement of the Council's objectives are being adequately controlled.

12.0 People Impact Assessment (PIA) and Safeguarding:

- 12.1 A requirement of the Accounts and Audit Regulations 2015 is for the Council to *'undertake an effective Internal Audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance'*.

- 12.2 The Internal Audit Service is delivered by Audit Risk Assurance which is an internal audit and risk management shared service between Gloucester City Council, Stroud District Council and Gloucestershire County Council. Equality in service delivery is demonstrated by the team being subject to, and complying with, the Council's equality policies.
- 12.3 The PIA Screening Stage was completed and did not identify any potential or actual negative impact, therefore a full PIA was not required.

13.0 Community Safety Implications

- 13.1 There are no Community Safety implications as a result of the recommendation made in this report.

14.0 Staffing & Trade Union Implications

- 14.1 There are no Staffing & Trade Union implications as a result of the recommendation made in this report.

Background Documents: Internal Audit Plan 2020/21
Revised Internal Audit Plan 2020/21
PSIAS
CIPFA Local Government Application Note for the UK PSIAS

Internal Audit Activity Progress Report

2020-2021



(1) Introduction

All local authorities must make proper provision for internal audit in line with the 1972 Local Government Act (S151) and the Accounts and Audit Regulations 2015. The latter states that a relevant authority “must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance”.

The Internal Audit Service is provided by Audit Risk Assurance under a Shared Service agreement between Gloucester City Council, Stroud District Council and Gloucestershire County Council and carries out the work required to satisfy this legislative requirement and reports its findings and conclusions to management and to this Committee.

The guidance accompanying the Regulations recognises the Public Sector Internal Audit Standards 2017 (PSIAS) as representing “proper internal audit practices”. The standards define the way in which the Internal Audit Service should be established and undertake its functions.

(2) Responsibilities

Management are responsible for establishing and maintaining appropriate risk management processes, control systems (financial and non financial) and governance arrangements.

Internal Audit plays a key role in providing independent assurance and advising the organisation that these arrangements are in place and operating effectively.

Internal Audit is not the only source of assurance for the Council. There are a range of external audit and inspection agencies as well as management processes which also provide assurance and these are set out in the Council’s Code of Corporate Governance and its Annual Governance Statement.

(3) Purpose of this Report

One of the key requirements of the standards is that the Chief Internal Auditor should provide progress reports on internal audit activity to those charged with governance. This report summarises:

- The progress against the 2020/21 Revised Risk Based Internal Audit Plan, including the assurance opinions on the effectiveness of risk management and control processes;
- The outcomes of the Internal Audit activity during the period November and December 2020; and
- Special investigations/counter fraud activity.

(4) Progress against the 2020/21 Internal Audit Plan, including the assurance opinions on risk and control

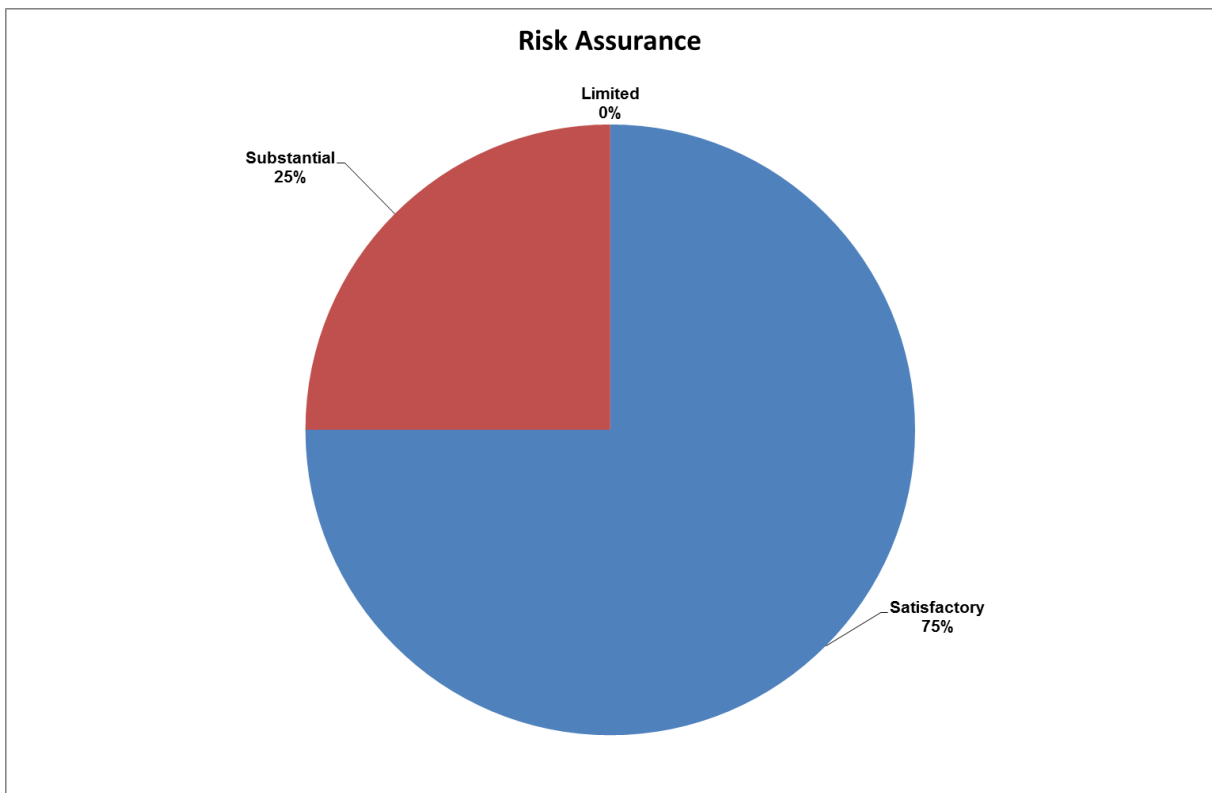
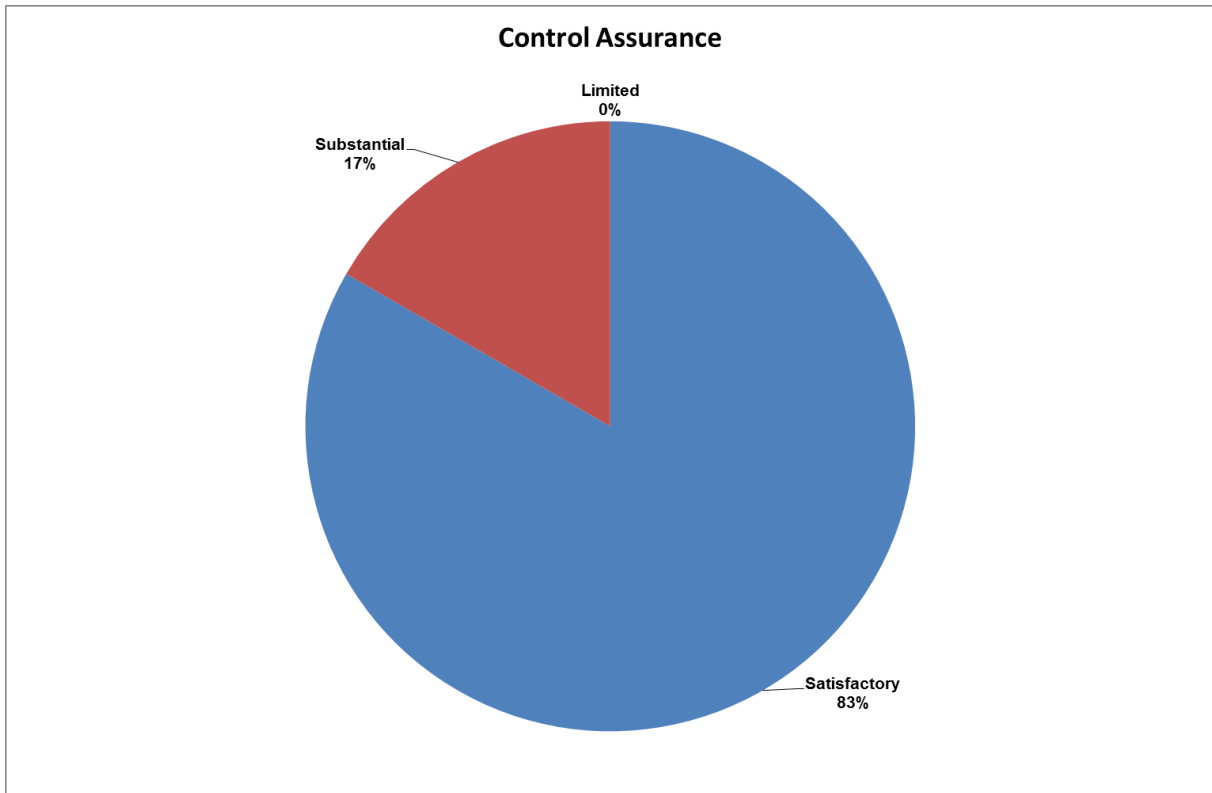
The schedule provided at **Attachment 1** provides the summary of 2020/21 audits which have not previously been reported to the Audit and Governance Committee.

The schedule provided at **Attachment 2** contains a list of all of the 2020/21 Internal Audit Plan activity undertaken during the financial year to date, which includes, where relevant, the assurance opinions on the effectiveness of risk management arrangements and control processes in place to manage those risks and the dates where a summary of the activities outcomes has been presented to the Audit and Governance Committee. Explanations of the meaning of these opinions are shown in the below table.

Assurance Levels	Risk Identification Maturity	Control Environment
Substantial	<p>Risk Managed Service area fully aware of the risks relating to the area under review and the impact that these may have on service delivery, other service areas, finance, reputation, legal, the environment, client/customer/partners, and staff. All key risks are accurately reported and monitored in line with the Council's Risk Management Strategy.</p>	<ul style="list-style-type: none"> • System Adequacy – Robust framework of controls ensures that there is a high likelihood of objectives being achieved • Control Application – Controls are applied continuously or with minor lapses
Satisfactory	<p>Risk Aware Service area has an awareness of the risks relating to the area under review and the impact that these may have on service delivery, other service areas, finance, reputation, legal, the environment, client/customer/partners, and staff, however some key risks are not being accurately reported and monitored in line with the Council's Risk Management Strategy.</p>	<ul style="list-style-type: none"> • System Adequacy – Sufficient framework of key controls for objectives to be achieved but, control framework could be stronger • Control Application – Controls are applied but with some lapses
Limited	<p>Risk Naïve Due to an absence of accurate and regular reporting and monitoring of the key risks in line with the Council's Risk Management Strategy, the service area has not demonstrated a satisfactory awareness of the risks relating to the area under review and the impact that these may have on service delivery, other service areas, finance, reputation, legal, the environment, client/customer/partners and staff.</p>	<ul style="list-style-type: none"> • System Adequacy – Risk of objectives not being achieved due to the absence of key internal controls • Control Application – Significant breakdown in the application of control

(4a) Summary of Internal Audit Assurance Opinions on Risk and Control

The pie charts provided below show the summary of the risk and control assurance opinions provided within each category of opinion i.e. substantial, satisfactory and limited in relation to the 2020/21 audit activity undertaken up to December 2020.



(4b) Limited Control Assurance Opinions

Where audit activities record that a limited assurance opinion on control has been provided, the Audit and Governance Committee may request Senior Management attendance at the next meeting of the Committee to provide an update as to their actions taken to address the risks and associated recommendations identified by Internal Audit.

(4c) Audit Activity where a Limited Assurance Opinion has been provided on Control

During the period November and December 2020, no limited assurance opinions on control have been provided on completed audits from the 2020/21 Revised Internal Audit Plan.

(4d) Satisfactory Control Assurance Opinions

Where audit activities record that a satisfactory assurance opinion on control has been provided and recommendations have been made to reflect some improvements in control, the Committee can take assurance that improvement actions have been agreed with management to address these.

(4e) Internal Audit Recommendations

During the period November and December 2020 Internal Audit made, in total, **5** recommendations to improve the control environment, **none** of these being a high priority recommendation and **5** being medium priority recommendations (**100%** accepted by management).

The Committee can take assurance that all high priority recommendations will remain under review by Internal Audit, by obtaining regular management updates, until the required action has been fully completed.

(4f) Risk Assurance Opinions

During the period November and December 2020, no limited assurance opinions on risk have been provided on completed audits from the 2020/21 Revised Internal Audit Plan.

Where a limited assurance opinion is given, the Shared Service Audit/Risk Technical Officer will be provided with the Internal Audit report(s) to enable the prioritisation of risk management support.

(4g) Internal Audit Plan 2020/21 Refresh – Covid 19

Covid 19 has placed significant pressures on Council services and has impacted (and continues to impact) the Council's priorities, objectives and risk environment.

Due to this changing position and to ensure that the Risk Based Internal Audit Plan meets the assurance needs of the Council, the Internal Audit Plan 2020/21 was reviewed and refreshed in consultation with Senior Management Team. This included consideration of newly identified activities, current activities that should be prioritised within 2020/21 and activity deferrals/cancellations (due to risk).

The Revised Internal Audit Plan 2020/21 was presented to Audit and Governance Committee on 14th September 2020 and approved. This included reflection of the new activities completed by Audit Risk Assurance (ARA) since the outcome of the pandemic.

For example and as reflected within the Internal Audit Progress Report, to date within 2020/21 ARA has provided/completed:

- Non-audit related administration support to:
 - Revenues and Benefit services in the processing of Business Grants and a data capture project regards dormant outstanding debtors to support future debt collection decision; and
 - Housing services in the collation of the Housing Benefit payments (claimed for 'Rough Sleepers' place in safe accommodation) that will be reclaimed by the County Council.
- Counter fraud team support and action in regard to identified Business Support grant irregularities.
- Internal Audit review of:
 - Voluntary and Community Sector grants (Covid 19), with outcomes reported to Committee in September 2020; and
 - The Lost Sales, Fees and Charges Grant (Covid 19) claim 1, as reported within **Attachment 1**.

Completed Internal Audit Activity during the period November and December 2020

Summary of Satisfactory Assurance Opinions on Control

Service Area: Council Wide

Audit Activity: Purchasing: Low and Intermediate Value Transactions Limited Assurance Follow Up

Background

The Council undertakes a variety of purchasing activities to help deliver services and meet its key aims and objectives. Failure to operate a transparent process for the procurement activity (coupled with any non-compliance with the requirements of the Public Contract Regulations 2015) exposes the Council, Officers and Members to significant risks if the contract award is subject to challenge or does not provide value for money.

The 2018/19 audit identified that although there was some evidence of good practice, the level of compliance with the Council's Contract Rules was significantly lower than is required by Part 4 of the Council's Constitution. Consequently, only limited assurance could be provided by the 2018/19 audit that the risks considered material to the achievement of the services objectives for the area under review, were adequately managed and controlled.

Scope

This follow up review will provide assurance that the three recommendations agreed with management during the 2018/19 activity have been implemented and maintained.

Risk Assurance – Satisfactory

Control Assurance – Satisfactory

Key Findings

Status of 2018/19 recommendation implementation as at December 2020:

Number	Priority	Status of Implementation		
		Fully	Partial	Limited
1: Training sessions.	High		✓	
2: Centralised compliance monitoring.	High		✓	
3: Clarification regarding the application of the Contract Rules to one off purchases over £10,001.00 and the completion of formal contractual documentation.	Medium		✓	

In arriving at the assessment Internal Audit has taken the following into consideration:

- The roll-out of the training was partly delayed due to Covid 19. The Interim Procurement Advisor has now prepared a Power Point Presentation covering the basic principles of procurement activity within a local authority environment. This is now expected to be presented to Service Managers (via virtual TEAMS meetings) early in the new year.
- The Interim Procurement Advisor has confirmed that the Council 'spend' data is now reviewed to identify categories of expenditure incurred across service areas with the view (where appropriate) to establish a corporate contract. The main areas to still regularise into a corporate contract (that had previously been highlighted by Internal Audit) are:
 - Removal costs (Housing Services); and
 - Beers, wines, spirits and catering (Blackfriars, Guildhall and Arbor - Tea Rooms).
- The contract rules have been amended (through an approved update of the Council Constitution) with the limit increased from £10,000 to £25,000 at which point a formal written contract prepared or approved by the Council's Legal Team must be used. The application of the revised 'Rules' will be incorporated into the procurement training detailed above.

Conclusion

Positive progress has been made towards implementing the recommendations made as part of the 2018/19 audit review. However this has been slower than anticipated due to the impact of Covid 19 on the Council's service areas and the need to concentrate on delivering key / frontline activities. As a result of this, several of the opportunities previously identified by Internal Audit to formalise categories of spend into corporate-wide contracts have yet to be fully explored.

The final delivery of the training by the Interim Procurement Advisor to Service Managers will be fundamental to increasing their knowledge and awareness of the Council's procurement requirements and the benefits of establishing more corporate-wide contracts.

It is important that the remaining improvement actions are completed within a reasonable timeframe and the Council's 'spend' data continues to be monitored (to identify the need for formal contracts to be established and appropriate action then taken).

Consequently, after considering the actions already completed and those that are being put in place, Internal Audit concludes that the risks which are considered material to the achievement of the services objectives for this area under review are now being adequately managed and controlled.

Management Action

Management have agreed to complete the remaining actions by 31st March 2021. Completion of the actions will continue to be monitored by Internal Audit through the agreed standard audit recommendation monitoring procedure.

Service Area: Council Wide

Audit Activity: Travel and Other Expenses Limited Assurance Follow Up

Background

The Council has a corporate policy confirming the expenses that can be claimed by employees including travel, accommodation and subsistence. Before claiming, employees must have been prevented from their normal arrangements and incurred additional expense. All expense claims must be supported by a receipt.

Scope

In 2019/20 Internal Audit reviewed the framework of controls surrounding travel and other expenses and gave a limited assurance opinion that the risks which are material to the achievement of the services objectives for this area were adequately managed and controlled. This follow up audit reviewed the remedial actions (agreed with management in October 2019) to provide assurance that the expense payments made to employees are now in accordance with the corporate policy.

Risk Assurance – Satisfactory

Control Assurance – Satisfactory

Key Findings

The improvement actions agreed with management in October 2019 have been reviewed with the progress made in implementing these actions evaluated through discussions held with officers and reference to supporting information / documents received. The evaluation by Internal Audit being:

Number	Priority	Status of Implementation		
		Fully	Partial	Limited
1: Policy update to meet HMRC receipt retention requirements and Council's retention schedule.	Medium	✓		
2: Controls update to confirm receipts are retained by employees to support all expenses claimed.	High	✓		

Number	Priority	Status of Implementation		
		Fully	Partial	Limited
3: Ensure that staff who undertake business journeys in their own vehicles have valid and up to date documentation in place (driving licence; insurance cover for business use; and MOT).	High	✓		
4: Green Travel Policy and Green Travel Plan review and update re. the reimbursement scheme for 10% of costs for travel from work to home if the journey is completed by public transport is still in place.	Medium	✓		
5: Ensure that the correct methods for payments and expenses are used to ensure that tax and VAT are correctly applied.	High	✓		

When arriving at this evaluation Internal Audit is mindful that:

- The Travel Expenses Policy has been updated to reflect the HMRC requirements regarding the retention of receipts and recognise the requirement of passing on receipts if an employee is to leave the employment of the Council.
- Requirements for driver checks have also been updated within the October 2019 Travel Expenses Policy with relevant line managers tasked with performing random checks that the employee has a valid licence, business insurance and an up to date MOT certificate for the car or motorbike being used for business travel. Employees are also now required to notify their manager of any change to the ability to use their personal vehicle for business travel and provide them with the appropriate papers annually.
- A Team Brief was published to remind all staff of their responsibilities of retaining receipts for business expenses. This was confirmed by the HR Business Partner and verified to e mail audit trail.
- Internal Audit sample tested 18 expenses paid to employees to establish if receipts were being retained as required. It was found that receipts were readily available in seven cases (36.84%). In the remaining 11 cases, Internal Audit was unable to access the receipts due to them not being available / retained (eight) or not being easily accessible due to the Covid 19 pandemic (three).
- As expected, due to the Covid 19 pandemic, the value of expenses claimed in the financial year 2020/21 are minimal with year to date (1st April 2020 to 18th November 2020) amount reimbursed being £5,652.07.

Conclusion

Management have implemented all five recommendations raised as part of the 2019/20 Internal Audit. Due to the Covid 19 pandemic and flexible working practices, expenses paid to employees are currently minimal and therefore, both Internal Audit and Management evaluate this now to be a low risk area.

Management Action

The Head of Policy and Resources confirmed that quarterly reminders will be sent out to all staff, regarding the requirements of retaining receipts for travel and other expenses.

Service Area: Cultural and Trading Services**Audit Activity: Shopmobility Fees and Charges Limited Assurance Follow Up****Background**

Shopmobility aids people who have limited mobility through permanent or temporary disablement, accident or age. The service provides for hire battery powered scooters, wheelchairs, battery chairs, power chairs and rollators to allow users to use the facilities in the City Centre, the Gloucester Quays Designer Outlet Centre and the Docks.

Scope

The 2019/20 internal audit concluded that only limited assurance could be provided that the risks material to the achievement of the objectives for this area were being managed effectively. This audit will provide assurance that the action taken by management to address the issues identified has been effective.

Risk Assurance – Satisfactory**Control Assurance – Satisfactory****Key Findings**

Internal Audit have evaluated the recommendations given in the 2019/20 audit and the implementation of the agreed actions based on supporting information received either electronically or viewed on a site visit to Shopmobility in November 2020. The table below shows a snapshot of this evaluation and the progress made.

Number	Priority	Status of Implementation		
		Fully	Partial	Limited
1: Privacy Impact Assessment completion in consultation with the Council Data Protection Officer.	High	✓		

Number	Priority	Status of Implementation		
		Fully	Partial	Limited
2: Update of the Service User Registration Forms to include the Council Privacy Notice and Retention Schedule requirements.	Medium	✓		
3: Equipment available for hire to be subject to regular planned maintenance checks.	High	✓		
4: Service logbook to be maintained for each item subject to hire.	Medium	✓		
5: Monitoring of all standard documentation to ensure appropriate and timely completion.	Medium	✓		
6: Review and update of current membership data records with a view to remove duplication and agree core primary records to be held.	Medium	✓		
7: Retention of Shopmobility Service till rolls in accordance with the Council Retention Schedule and HMRC guidance.	Medium	✓		

In arriving at the assessment detailed in the above table, Internal Audit were able to obtain appropriate levels of assurance that:

- The service user registration form and occasional user registration form have been amended to include a link to the Council's privacy notice ensuring compliance with GDPR regulations;
- All scooters are serviced upon receipt and are now subject to an annual service with records kept in a new service history folder;
- A service logbook is now in place to monitor all maintenance for each scooter in the fleet; and
- Processes have been implemented regarding the storage of membership data which is checked daily to ensure that records are not held for longer than two years once the service is no longer used and only vital information is stored.

Conclusion

It is evident that positive and effective action has been taken by managers and officers delivering this service to address the issues raised in the 2019/20 internal audit. Based on the findings from this follow up review and the successful implementation of all recommendations, Internal Audit is now able to conclude that a satisfactory assurance opinion on control can be provided, and no outstanding actions remain.

Management Action

None required.

Service Area: Policy and Resources**Audit Activity: Debt Management (Sundry Debtors and Business Rates)****Background**

Debt management aspires to obtaining settlement on a timely basis and to intervene quickly if the liability remains outstanding. Increasing debt levels can impact on a Council's ability to maintain financial working capital liquidity, which is required to ensure continued provision of services to members of the public.

Scope

This audit reviewed the effectiveness of the control framework to monitor outstanding debts due to the Council; together with the procedures established between Civica (the Council's Revenues and Benefits service provider) and service areas to effect recovery or to escalate for write-off if the debt remains unpaid.

The financial value of outstanding debts at the end of September 2020 was:

- £2.1m (Sundry debtors); and
- £12.6m (Business Rates debtors).

Risk Assurance – Satisfactory**Control Assurance – Satisfactory****Key Findings**

- Internal Audit review of the sundry debtors debt management approach identified the following points:
 - Civica Revenues and Benefits team have a strong embedded process for collection / recovery of sundry debts.
 - Service managers considered that improvement could be made to the existing debt arrears reports (e.g. to be engaging, informative and concise). Ideally a revised debt arrears report format is required, to facilitate decision making to inform Civica of the next recovery procedure to follow.
 - An analysis of sundry debt as at September 2020 shows that there is £877k (41%) at the service referral and dispute debt recovery stage.

This position is after all standard recovery actions within the debt recovery path have been taken directly by Civica. It is essential for service managers to take responsibility for considering the next step in obtaining arrears settlement. The accompanying guidance which Civica provide to service managers for the debts correctly requests the service managers to advise on the next course of action to take at this point.

- At the point of audit, outstanding sundry debt arrears in excess of six years totalled £92,745.29. The Council should ensure that the relevant accounts are reviewed, with the objective of assessing their economic viability to obtain settlement or consider for write-off.
 - Greater attention and consideration by service managers for the collectability of outstanding sundry debt, should focus on timely decision making to avoid the write-off process or use this option where it is not cost effective to pursue.
- The internal audit review considered the Council's Business Rates debt management approach. The existing reporting, monitoring and actions taken were considered to see if any improvements could be made to the control environment. No improvements were identified by internal audit review.

Conclusion

Internal Audit recognise that the prompt collection of sundry service charges from businesses and residents is particularly challenging. Audit enquiries confirmed that the format of the monthly sundry debtor arrears reports available to service managers is currently being considered for revision, so that informed decisions can be made more effectively and timely on debt collectability.

Review of the engagement by service managers for debt referrals made by Civica, indicates that the response rate must be improved. In addition, increased scrutiny procedures of those sundry debt arrears which have exceeded the agreed recovery process need to be introduced and seek to optimise collection.

Management Action

Five Medium Priority audit recommendations have been raised by Internal Audit regards revised formats for regular sundry debtor debt reporting to service managers; introduction of deadlines for service manager responses to Civica on sundry debtor recovery actions; and review of historic sundry debtor balances with action to be taken as appropriate.

The recommendations have been accepted by management, with specific actions allocated to identified members of staff for implementation by 1st January 2021.

In addition, financial resources have been approved by the Head of Policy and Resources for a six-month project using Civica staff with the objective of improving the various processes for sundry debtors to:

- Investigate the historic sundry debt with a view to reducing the outstanding debt and recover as much money as possible to the council;
- Set up instalment plans for those who need them to ensure the debt is being recouped, albeit by instalments;
- Write off older debt that is no longer recoverable / unviable to recover; and
- Implement and instil into the service managers a culture where the monthly report is prioritised, and each service allocates a designated officer to deal with the reports (if not the service delivery manager themselves).

Summary of Substantial Assurance Opinions on Control

Service Area: Policy and Resources

Audit Activity: Council Tax - refunds

Background

Council Tax refunds are due as a result of the payment of receipts from the payer for a financial period, when liability is not due. Council Tax refunds are payable when there is:

- Change of residential address outside of the city boundaries;
- Retrospective single person discount awards;
- Council Tax Support is awarded;
- Property exemption notices are issued by the Valuation Office; and
- The Valuation Office amends the residential property band A to H.

Initiation of the refund of Council Tax payments is supported by a request from the taxpayer for return of the amount overpaid or as a result of decision notices issued.

The financial value of Council Tax refunds for the first six months of this financial year totals £0.5m, from residential property charges totalling £88m for 2020/21.

Scope

This audit reviewed the robustness of the control arrangements established to ensure the Council Tax refunds are eligible and are processed accurately and in a timely manner.

Risk Assurance – Substantial

Control Assurance – Substantial

Key Findings

- The Council Tax refund transaction is appropriately documented from its initiation to completion in a useful step-by-step guide using screen shots from the Civica Open Revenues system. The procedures documented were updated in October 2020 and no omissions were identified by Internal Audit.
- The criteria for refund eligibility have been correctly established and documented. A sample of 15 refunds totalling £2,755.43 (covering May to October 2020) were tested by Internal Audit with the objective of assessing refund eligibility compliance. Audit review and testing confirmed:
 - Full compliance for i) nine Council Tax Support awards; ii) five owners moving residential property address; and iii) one resulting in a change of occupancy from landlord to tenant; and
 - Eleven refunds were paid within one week of being identified for repayment, with the remaining four refunds repaid within a reasonable timescale.
- The payment cycle of Council Tax refunds takes place on a weekly basis. Audit review of five payment runs (covering the period May to October 2020) totalling £61,163.06 was completed, with the objective of seeing supporting documentation that robust payment controls were in place. The results confirmed that the payment cycle key controls were operating appropriately.
- Civica Open Revenues Council Tax is a material financial system which integrates financial data with the Civica Financial General Ledger. The audit review confirmed that annual and monthly reconciliations take place between the two systems throughout the financial year.

Conclusion

The Council Tax refund process in place has been thoroughly reviewed. Appropriate assurance has been obtained that the key controls are currently operating effectively.

Management Action

No improvement actions have been identified.

Summary of Consulting Activity, Grant Certification and/or Support Delivered where no Opinions are provided

Service Area: Policy and Resources

Audit Activity: Lost Sales, Fees and Charges - Claim 1

Background

Covid 19 has impacted local authorities' ability to generate revenues in several service areas as a result of lockdown, government restrictions, and social distancing measures related to the pandemic. The Ministry of Housing, Communities, and Local Government (MHCLG) has introduced a one-off income loss scheme to help compensate for a proportion of the irrecoverable and unavoidable losses from sales, fees and charges income generated in the delivery of services in the financial year 2020/21.

There are a total of three claims covering the periods of April 2020 to July 2020, August 2020 to November 2020, and December 2020 to March 2021. The scheme requires a reconciliation process to be completed by the Council after the submission of the third claim and is due to account for losses claimed for in the early part of the scheme that may ultimately be recoverable, and others that might be irrecoverable when recoverability was originally considered possible.

Scope

To review the Lost Sales, Fees and Charges claim 1 (April 2020 to July 2020) to provide assurance that the claim has been submitted in line with the guidance from the MHCLG.

Risk Assurance – Not Applicable

Control Assurance – Not Applicable

Key Findings

The records supplied by the Council's Finance Team identified that applicable loss income in 2020/21 under the Lost Sales, Fees and Charges scheme claim 1 totalled £1,421,104.76.

Internal Audit selected and reviewed two income sources (off-street parking and Culture and Heritage) accounting for £1,036,366.80 of applicable losses (72.93%) to ensure that the budget had been correctly calculated, all lost income was in accordance with the three principals of the scheme, within the relevant period under the claim (April 2020 to July 2020) and was as shown within the Council financial management system. It was found that:

- One income source under off-street parking has been included within the claim that is not applicable Council income. However the budget for this source has not been included and as a result of both actions, the Council has overstated the income received for parking. This has reduced the amount claimed for under the scheme by approximately £30,000;

- The Accountancy Manager confirmed that off-street parking income received from the parking contractor relevant to 2020/21 is being attributed in the month it is received and not the month it represents. Over the financial year 2020/21 this will allow for all income to be included and therefore all income in 2020/21 will be correct by claim 3. However, Internal Audit found £12,820.12 paid in July 2020 for March 2020 that needs to be removed as this is not valid 2020/21 income. This has overstated the income received by the Council for 2020/21 (based on the specific amount and the claim formula), incorrectly reducing the claim amount;
- A loss of £9,000 for off-street parking has been included within the claim that was not applicable as this was an accrual and therefore this needs to be removed; and
- All remaining losses sampled tested under off-street parking and culture and heritage were eligible under the scheme.

Internal Audit confirmed that the parameters set out in the formula for the scheme have been correctly applied to the applicable losses claimed for the claim 1 period (April 2020 to July 2020).

Conclusion

The Council submitted a claim for £851,000 under this scheme for April 2020 to July 2020, however as a result of Internal Audit review and sample testing the claim for this period should be approximately £893,000.

Management Action

The Head of Policy and Resources confirmed that the required adjustments will be made as part of the reconciliation conducted under claim 3 of this scheme.

Summary of Special Investigations/Counter Fraud Activities

Current Status

As at 17th December 2020 there have been two new fraud/irregularity referrals received by ARA for investigation in 2020/21. One of the cases has been closed (detail reported to Committee in November 2020) and the other remains ongoing.

In addition, the ARA Counter Fraud Team in conjunction with the Intelligent Client Officer (Revenues and Benefits) have continued to work on the two ongoing previously reported cases in respect of Covid 19 Government issued small business grant payments. One of these has been passed to One Legal for consideration of legal proceedings, the other is currently being prepared for passing to One Legal.

Investigations have been opened in four further Covid 19 Government grant cases. Five other cases are awaiting initial information packages from the Revenue and Benefits Team and will be progressed by ARA once the information is received.

Since the start of the Covid 19 pandemic, several potential attempted frauds have been intercepted by the Council. This is due to a combination of local knowledge and also the national communications being swiftly cascaded to teams where more national targeted frauds are shared for the purpose of prevention.

15th to 21st November 2020 was International Fraud Awareness Week. As in previous years, Gloucester City Council signed up as a supporter of this effort. During the week, information on some of the more topical scams and areas of increased fraud risk due to the Covid 19 pandemic were shared with the Council's employees.

Any fraud alerts received by Internal Audit from National Anti-Fraud Network (NAFN) and other credible organisations are passed onto the relevant service areas within the Council, to alert staff to the potential fraud.

National Fraud Initiative (NFI)

Internal Audit continues to support the NFI which is a biennial data matching exercise administered by the Cabinet Office. The data collections for the 2021/22 exercise have been uploaded to the Cabinet Office. The data matching reports are due to be released from 28th January 2021. The timetable can be found using the following link [GOV.UK](https://www.gov.uk).

Examples of data sets include housing, insurance, payroll, creditors, council tax, electoral register and licences for market trader/operator, taxi drivers and personal licences to supply alcohol. Not all matches are always investigated but where possible all recommended matches are reviewed by either Internal Audit or the appropriate service area within the Council.

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Progress Report including Assurance Opinions

Department	Activity Name	Priority	Activity Status	Risk Opinion	Control Opinion	Reported to Audit and Governance Committee	Comments
Council Wide	Health and Safety Limited Assurance Second Follow Up	1	Planned				
Council Wide	Purchasing: Low and Intermediate Value Transactions Limited Assurance Follow Up	1	Final Report Issued	Satisfactory	Satisfactory	18/01/2021	Brought forward from 19/20 plan.
Council Wide	IT Disaster Recovery and Business Continuity Follow Up	1	Planned				
Council Wide	Key ICT Project Governance	1	Final Report Issued	Satisfactory	Satisfactory	16/11/2020	Brought forward from 19/20 plan.
Council Wide	Patch management	1	Planned				
Council Wide	Cyber Security	1	Planned				
Council Wide	Complaints Procedures	2	Deferred				Deferral (awaiting implementation of new system) approved in the Revised Internal Audit Plan 20/21.
Council Wide	Travel and Other Expenses Limited Assurance Follow Up	1	Final Report Issued	Satisfactory	Satisfactory	18/01/2021	
Council Wide	Safeguarding	2	Final Report Issued	Satisfactory	Satisfactory	14/09/2020	Brought forward from 19/20 plan.
Council Wide	Agency Staff	2	Deferred				Deferral (due to Covid) approved in the Revised Internal Audit Plan 20/21.
Council Wide	Code of Conduct for employees	2	Deferred				Deferral (due to Covid) approved in the Revised Internal Audit Plan 20/21.
Council Wide	Compliance with Flexi Time - Annual Leave policies	2	Deferred				Deferral (due to Covid) approved in the Revised Internal Audit Plan 20/21.
Council Wide	Effective use of Probationary period	2	Deferred				Deferral (due to Covid) approved in the Revised Internal Audit Plan 20/21.
Council Wide	Scheme of Sub Delegation	1	Draft Report issued				
Council Wide	Confidential Reporting Procedure	1	Audit in Progress				
Council Wide	Business Rate Grants	2	Consultancy				New activity. To be reported in 20/21 annual report.
Communities	Section 202 reviews	2	Deferred				Deferral (due to Covid) approved in the Revised Internal Audit Plan 20/21.
Communities	Tenancy Rescue	2	Deferred				Deferral (due to Covid) approved in the Revised Internal Audit Plan 20/21.
Communities	Gloucester Community Building Collective	1	Audit in Progress				
Communities	Voluntary and Community Sector (VCS) Grants – Covid 19	1	Final Report Issued	Substantial	Satisfactory	14/09/2020	New activity.
Cultural and Trading Services	Shopmobility Fees and Charges Limited Assurance Follow Up	2	Final Report Issued	Satisfactory	Satisfactory	18/01/2021	
Cultural and Trading Services	Guildhall, Blackfriars and Museum – income received from events Limited Assurance Follow Up	1	Planned				
Cultural and Trading Services	City Events Programme	1	Deferred				Deferral (due to Covid) approved in the Revised Internal Audit Plan 20/21.
Cultural and Trading Services	Museum of Gloucester – income from generic sales and exhibition admission fees	2	Deferred				Deferral (due to Covid) approved in the Revised Internal Audit Plan 20/21.
Cultural and Trading Services	Staff Appraisal System	2	Consultancy				To be reported in 20/21 annual report.
Place	Community Infrastructure Levy (CIL)	2	Deferred				Deferral (due to Covid) approved in the Revised Internal Audit Plan 20/21.
Place	Gloucester Car Boot and Flea Market	2	Cancelled				City no longer responsible for Car Boot.
Place	Licensing - Premises	2	Final Report Issued	Satisfactory	Satisfactory	16/11/2020	
Place	Street-care Contract – follow up	2	Planned				
Policy and Resources	Freedom of Information (FoI) requests	2	Final Report Issued	Satisfactory	Satisfactory	14/09/2020	Brought forward from 19/20 plan.
Policy and Resources	Housing Benefits	2	Final Report Issued	Satisfactory	Satisfactory	16/11/2020	Brought forward from 19/20 plan.
Policy and Resources	Property Investment Strategy	2	Audit in Progress				Brought forward from 19/20 plan.
Policy and Resources	Accounts Payable	2	Final Report Issued	Substantial	Substantial	16/11/2020	
Policy and Resources	Bank Reconciliation	2	Deferred				Deferral (due to Covid) approved in the Revised Internal Audit Plan 20/21.
Policy and Resources	Turnover Certificate for Blackfriars Priory 2019/20	1	Final Report Issued	Not Applicable	Not Applicable	14/09/2020	
Policy and Resources	Cemeteries and Crematorium – compliance with GDPR	2	Deferred				Deferral (due to Covid) approved in the Revised Internal Audit Plan 20/21.
Policy and Resources	Council Tax - refunds	1	Final Report Issued	Substantial	Substantial	18/01/2021	
Policy and Resources	Debt Management (Sundry Debtors and Business Rates)	1	Final Report Issued	Satisfactory	Satisfactory	18/01/2021	
Policy and Resources	Lost Sales, Fees and Charges - Claim 1	1	Final Report Issued	Not Applicable	Not Applicable	18/01/2021	New activity.
Policy and Resources	Elections	1	Deferred				Deferral (no elections in 20/21) approved in the Revised Internal Audit Plan 20/21.
Policy and Resources	The Arbor – income collection	2	Deferred				Deferral (due to Covid) approved in the Revised Internal Audit Plan 20/21.
Policy and Resources	Building Control Shared Partnership Limited Assurance Follow Up	2	Audit in Progress				
Policy and Resources	Covid 19 – Housing Benefit Payments	1	Consultancy				New activity. To be reported in 20/21 annual report.

Progress Report including Assurance Opinions

Department	Activity Name	Priority	Activity Status	Risk Opinion	Control Opinion	Reported to Audit and Governance Committee	Comments
Policy and Resources	Data Capture Project	1	Consultancy				New activity. To be reported in 20/21 annual report.

Report to the Audit and Governance Committee 18th January 2021 on the actions taken in relation to key recommendations made in the Health and Safety Internal Audit report

Lead and presenting officer: Ruth Saunders – Head of Communities

Summary of Audit Area

Gloucester City Council is committed to managing health and safety at work as an integral part of its business; to foster and promote a positive and caring attitude to health and safety in the workplace.

In March 2019, Internal reviewed the arrangements and procedures established by the Council to meet its commitment to health and safety, and fulfilment of legal requirements.

Whilst the review confirmed that service managers displayed a positive attitude towards the wellbeing of their team members, it also highlighted that the control environment was ineffective; and the day to day practical application of the requirements were not understood or consistently applied.

Summary Terms of Reference of the Audit

The key findings from the 2018/19 review were reported to the Audit and Governance Committee on 22nd July 2019. It was agreed that Internal Audit would undertake a follow-up review as part of the 2019/20 work-plan.

Risks

- Loss of life/serious injury.
- Corporate manslaughter.
- Loss of credibility/damage to reputation.
- Financial penalties.

Key Findings – follow-up review January 2020

The follow-up audit confirmed that positive progress had been made in enhancing the management and oversight of the Council's responsibilities under the Health and Safety Policy and this was moving in the right direction.

However, it was also evident that several of the agreed key management actions had only been partially completed or were still to be progressed.

To enable the internal control environment to be upgraded to satisfactory 'Assurance opinion', Internal Audit considered that a renewed push from senior management was again required to ensure that the outstanding key actions are finally completed. In particular to:

- Complete annual health and safety audits and inspections (which are to be documented, appropriately reviewed with any remedial actions taken);
- Ensure the training is delivered (where gaps are identified) in accordance with the policy; and
- Provide the clarification of roles and responsibilities between AMPS and service/building managers, including where supporting documentation is to be retained (including the drafting a manual for service managers and one for Property Management officers).

Action(s) taken to implement the recommendations as at 18 December 2020 and / or proposed.

No.	Original Recommendation	Original Management Response	Internal Audit assessment January 2020
1 (M)	<p>The Operational Health and Safety Management Group is formed. Membership should include a representation of managers and/or team leaders who have a responsibility for managing health and safety performance and dealing with health and safety issues across the Council.</p> <p>The group should report operational concerns / performance issues to the Strategic Health and Safety Management Group and make appropriate recommendations on how the existing systems and processes could be enhanced and/or consistently applied.</p>	<p>It is our intention to form the Operational Health and Safety Management Group from 1st April 2019. This group will include Team Leaders and Officers from a variety of roles and locations, including outstations. This will ensure a broader operational knowledge and focus for all members of that group and allow them to feed knowledge and ideas based on operational knowledge to the Strategic Health and Safety Management Group.</p> <p>The Operational Group was not formed at the same time as the Strategic Group as it seemed prudent for the Strategic Group to establish itself, its focus and familiarise itself with the new policy.</p> <p>Person Responsible/Completion date: Ruth Saunders (Head of Communities) / 1st July 2019</p>	<p>The Operational Health and Safety Group has now been formed and has met on two occasions, resulting in positive and constructive/meaningful discussions regarding health and safety provision at the Council.</p> <p>Fully implemented.</p>

No.	Original Recommendation	Original Management Response	Internal Audit assessment January 2020
2 (H)	The Head of Communities should ensure that annual health and safety audits and inspections are carried out as per the policy.	The Head of Communities, with the support of the Community Wellbeing Officer (CWO) will be reporting to the Strategic Health and Safety Management Group at each meeting to update on audits, inspections and risk assessments. Asset and Property Services are also in the process of completing a series of property compliance inspections and they will report into the Strategic Health and Safety Management Group. The Head of Communities will also be creating a timeline for Managers as part of a wider piece of work, which identifies important tasks throughout the year, including Health and Safety responsibilities. We anticipate a consistent and coordinated approach will see significant improvements in the control and management of this area. Person Responsible/Completion date: Ruth Saunders (Head of Communities) / 1 st July 2019	Annual Health and Safety Audits have not yet been completed and have been put on hold until appropriate external training has been completed by relevant officers. Not implemented
			Management Update 28/05/2020
			Although the recommendation has not been completed work has been done to ensure it can be. The Community Wellbeing officer has now completed auditing training and service managers have completed their annual risk assessment reviews. These will be audited within the next 12 months and could not be audited until they had been created.
Management update: Position as at 18 December 2020			
<p>The first audit by Community Wellbeing Officer and Asset Management has taken place at the Guildhall and there is a rolling programme of inspections with the audit of the Museum booked for the 15th of December. This was delayed ensuring that there was a period after the updating of the risk assessment which could allow Officers to check practice and compliance with that assessment.</p> <p>Asset management have procured a new management system which will allow all of the H&S and compliance information can be saved against each property and reviewed when required. This will greatly improve the annual audit process.</p>			

No.	Original Recommendation	Original Management Response	Internal Audit assessment January 2020
3 (M)	The incident/accident report form is amended to include near miss fields. Once updated, the importance of reporting all incidents, including near misses, is effectively communicated to all concerned.	This recommendation has already been implemented. Person Responsible/Completion date: Ruth Saunders (Head of Communities) / 8 th February 2019.	The accident/incident report forms have been amended to reflect the current risks faced by the Council and are available to all staff. Fully implemented.

No.	Original Recommendation	Original Management Response	Internal Audit assessment January 2020
4 (H)	The Head of Communities to identify the gaps in knowledge of all service managers and then arrange for appropriate training to be provided.	<p>A skills audit will be conducted when the Operational Health and Safety Management Group has been formed and will be one of their first tasks. This will feed into the strategic planning of development and implementing new processes.</p> <p>Person Responsible/Completion date: Ruth Saunders (Head of Communities): 1st July 2019</p>	<p>Gaps in building/service manager knowledge have been assessed and a training budget agreed. It is envisaged that whilst the mandatory Health and Safety training has yet to be arranged, the intention is to complete this by the end of the financial year.</p> <p>Partially implemented</p>
			<p>Management Update 28/05/2020</p>
			<p>The Head of Communities has completed a training audit to enable the Strategic Health and Safety Group to understand the training needs of managers and Team Leaders. We had liaised with the County Council to look at options for joint training but that has not been possible. However, a training budget specifically for health and safety has been set aside for the 2020/21 financial year which will enable us to deliver the training required.</p>
<p>Management update: Position as at 18 December 2020</p>			
<p>The budget has been set aside for training delivery in the financial year 2020/21 and we hope it will be possible to deliver this training in a face to face setting rather than virtually due to Covid 19. Plans for delivery of training this financial year were put on hold due to the pandemic. In the meantime Service Managers and Team Leaders have been developing their Covid-secure risk assessments for their teams and service areas and these have had to differ widely due to changing restrictions and the variety of services delivered by the Council. These have been overseen by the Corporate Director with responsibility for Health and Safety and guidance received from the Community Wellbeing Officer. This has given valuable experience to managers in managing Health and Safety in their workplace.</p>			

No.	Original Recommendation	Original Management Response	Internal Audit assessment January 2020
5 (H)	<p>The Community Wellbeing Officer should provide guidance to service managers on:</p> <ul style="list-style-type: none"> • What records should be maintained by them to demonstrate compliance with the policy; and • How to complete and review risk assessments, and resolve any issues highlighted. 	<p>This ties into recommendations 2 and 4; training, guidance and implementation of improved processes. Ascertaining the skills, training and knowledge gap will be the first task of the operational group and will guide the development of new guidance.</p> <p>Person Responsible/Completion date:</p> <p>Ruth Saunders (Head of Communities) / 1st July 2019</p>	<p>The majority of the risk assessments (RAs) had been completed and returned to the Head of Communities, with progress relating to any gaps being monitored. In addition, training on the completion of RAs has positively been arranged for March 2020 and a new RA template and guidance published on the staff intranet pages.</p> <p>Partially implemented</p>
			<p>Management Update 28/05/2020</p>
			<p>This sits alongside recommendation 2 and guidance has been created for managers to help them fully risk assess and record the risks of their activities. Risk management is now part of the Service Planning process and is reported through Pentana.</p>
<p>Management update: Position as at 18 December 2020</p>			
<p>All risk assessments for Service areas have now been completed and guidance provided has been used by Managers. Risk assessments and risk management by managers has been excellent during the pandemic so we are confident that there has been an increase in knowledge and skill for all managers in relations to risk assessment.</p>			

No.	Original Recommendation	Original Management Response	Internal Audit assessment January 2020
6 (H)	The Property and Commissioning Manager should provide clarity to building managers on where the division of responsibilities lay regarding premise related health and safety issues.	<p>Prior to the Audit we had commenced a gap analysis of our records, although inspections have been carried out jointly by Property Management and Community Wellbeing officers the records were incomplete. To complete this process we are now on site carrying out property compliance inspections and will have finished this exercise by the end of March, steps are in place following this to close any gaps in our records and ensure that actions are picked up and all timescales complied with. We will also assist in drafting a manual for service managers and one for Property Management officers.</p> <p>Any outstanding tests in the examples above have either been completed or contractors have been instructed. For the sake of clarity, it should be noted that there is no requirement for further asbestos testing at our properties unless work is being carried out.</p> <p>Person Responsible/Completion date:</p> <p>Mark Foyn (Property Commissioning Manager) / 1st July 2019.</p>	<p>Asset Management and Property Services (AMPS) have completed a gap analysis of statutory testing and positively rectified outstanding statutory tests. However, Internal Audit analysis has confirmed that despite good progress, there are still consistent gaps in the supporting documentation held within the electronic file system evidencing the testing regime undertaken.</p> <p>The division of responsibilities between AMPS and building managers has not been clarified and documented within a manual as agreed in the management response to the recommendations made.</p> <p>Partially implemented</p>
			<p>Management Update 28/05/2020</p>
			<p>Implementation is planned as part of a more comprehensive piece of work which will see a new piece of management software implemented in the Asset Management Team. It would not have been efficient to implement measures ahead of this new system and then redesign them later and so the decision was made to wait for the new software. We are confident that the implementation of this will contribute significantly to this and several of the other recommendations.</p>

Management update: Position as at 18 December 2020

Asset Management have acquired the software, which is a comprehensive system of linked modules and key officers have had the initial training. It is vital to check and validate the information being loaded as this will be the source of all management information going forward. A project team has been formed and we have an external project manager and training to support the implementation of the system. There is a programme in place that is due to run until May 2021 to fully complete the migration of data and instigate new working practices.

As we populate information into the modules' we have purchased we are receiving specific training and consultancy support, we have loaded the basis property data for the operational properties and the next module coming into use is for property compliance. This will contain asbestos management and health and the safety reports for our operational properties. This information is in the process of being loaded and is due to be completed before the end of December this year. This will bring H&S data together in one place and allow much better control and access to the information the software will be used for reporting, MI, a diary system and for workflows with allocated tasks for the users.

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Meeting:	General Purposes Committee	Date:	12 January 2021
	Audit and Governance Committee		18 January 2021
	Council		30 January 2021
Subject:	Review of Appointments to and Representation on Outside Bodies		
Report Of:	Corporate Director and Monitoring Officer		
Wards Affected:	All		
Key Decision:	No	Budget/Policy Framework:	No
Contact Officer:	Jonathan Lund, Corporate Director		
	Email: jonathan.lund@gloucester.gov.uk	Tel:	396276
Appendices:	1. List of Appointments to Outside Bodies 2020/21 2. Draft Guidance for councillors appointed to outside bodies 3. Annual Reports Template		

FOR GENERAL RELEASE

1.0 Purpose of Report

1.1 In January 2020 the Audit and Governance Committee received a report as part of a review into the operation and effectiveness of the Council’s appointments to Outside Bodies. This report updates that review and responds by providing a draft Guidance Document for Council Appointees to Outside Bodies, new mechanisms for reporting back on the work undertaken with and by outside bodies and taking forward the rationalisation of the number of organisations to which the Council makes external appointments.

2.0 Recommendations

2.1 **Audit Committee and General Purposes Committee are recommended** to consider the report, adopt the draft Guidance and reporting mechanisms and endorse the rationalisation of the range of existing appointments and to recommend to Council that the changes are approved and incorporated into the Constitution;

2.2 **Council is recommended** to accept the recommendations of the Audit and Governance and General Purposes Committees and incorporate the changes and the Guidance into the Constitution.

3.0 Background and Key Issues

3.1 In July 2019 the Audit and Governance Committee began a review on the Council’s appointments to outside bodies and the contribution of Councillors appointed to outside bodies.

3.2 It was noted that Gloucester City Council makes annual appointments to the managing boards, committees or trusts of 27 external organisations. 19 Councillors and 12 external appointees are appointed. A full list of appointments is considered and approved at the Council's Annual Meeting each May and the list for 2020/21 is attached to this report at appendix 1.

3.3 In broad terms the outside bodies fall into one of five types:

Partner Organisations – Bodies which the Council works with in a contractual or transactional relationship to deliver City Council objectives.

Collaborative Organisations – Bodies which have objectives or purposes compatible with or contributing to the objectives of the City Council.

Charities – Charitable organisations with governing documents which allow or require appointees from the local authority – often because of longstanding practice or statute.

Other Public Bodies or Joint Committees (Non-Executive) – boards, committees or groups set up by other public bodies with representation from Gloucester City Council

Other Public Bodies or Joint Committees (Executive) – boards, committees or groups set up by other public bodies with executive representation from Gloucester City Council.

The table below categorises each of Gloucester City's 27 Outside Bodies

Partner Organisations	
1	Aspire Sports and Cultural Trust
2	Gloucester Docks Estate Company Ltd
3	Citizens Advice Bureau
4	Gloucester City Homes Board
5	Gloucester Culture Trust
6	Gloucester Historic Buildings Ltd
7	Gloucester Law Centre Management Committee
8	Gloucestershire Airport Ltd
9	Gloucestershire Airport Consultative Committee
Collaborative Organisations	
10	Barton and Tredworth Development Ltd
11	Gloucester Playing Fields Association
12	Gloslink
13	Llanthony Secunda Trust
Charities	
14	Charity of John Ward
15	Free Hospital Fund for Children
16	Gloucester Charities Trust
17	Gloucester Relief of Sickness Fund

18	Gloucester United Schools Charity
19	St Ann Society of Gloucester
Non-Executive Public Bodies	
20	Environment and Ecology Forum
21	Gloucestershire Economic Growth O&S Committee
22	Gloucestershire Health and Care O&S Committee
23	Lower Severn Drainage Board
Executive Public Bodies	
24	LGA General Assembly
25	National Parking Adjudication Service
26	South West Councils
27	South West Provincial Council

3.4 The Committee agreed to consider whether engagement with and participation in each of these organisations was:-

- 3.4.1 Worthwhile to the host organisation in terms of the time, input and outcomes achieved by having a City Council appointee(s)
- 3.4.2 Worthwhile to the City Council in terms of the time, input and outcomes achieved through providing a City Council appointee(s)
- 3.4.3 Achieving appropriate two-way dialogue so that the corporate objectives of the City Council are communicated clearly to the host organisation and the issues facing the host organisation are fed into the forward planning of the City Council.
- 3.4.4 Providing appropriate mechanisms for communicating, highlighting and showcasing the City Council's engagement with the host organisations.
- 3.4.5 Holding City Council appointees to account for their contribution to delivering 3.4.1 to 3.4.4 above.

3.5 The Committee also noted that the study might make some or all of the following recommendations:-

- 3.5.1 Withdrawing representation in appropriate cases
- 3.5.2 Adding to the Outside Bodies if gaps become apparent
- 3.5.2 Amending the support given to appointees where necessary or appropriate
- 3.5.3 Introducing mechanisms to facilitate greater reporting back to Council
- 3.5.4 Providing an Annual Report on the City Council's engagement with its Outside Bodies.

3.6 A Councillor Working Group consisting of Cllrs N Hampson, D Norman and D Wilson was appointed to agree the mechanics of the study and to interview a number of outside bodies and appointees. A questionnaire was developed and sent to all appointees and all of the outside bodies. A number of outside bodies (Aspire Trust and Citizens Advice Bureau) were invited to the Audit and Governance Committee on 18 November 2019 as part of the review process and to facilitate direct discussion with the Committee.

3.7 In broad terms the findings were as follows:-

3.7.1 Worthwhile to the host organisation in terms of the time, input and outcomes achieved by having a City Council appointee(s)

The response was mixed. Some pointed to the historical or constitutional nature of the appointments rather than the tangible benefits, one reported that the post was vacant and had been for some time. One questioned whether as many as seven appointees were necessary. Others said that the representation was valuable because of the contribution made by the particular appointee or by virtue of their role in the Council or as a representative of the community.

3.7.2 Worthwhile to the City Council in terms of the time, input and outcomes achieved through providing a City Council appointee(s)

Benefits were cited in terms of providing access to training, helping keep councillors informed and enabling the Council to show commitment to the organisation or the services they provide. Others thought that the benefit to GCC were debatable or were a hangover from the past that had never been questioned or reviewed. Stronger benefits were cited in terms of the Council's oversight of its assets or the delivery of contracted services.

3.7.3 Achieving appropriate two-way dialogue so that the corporate objectives of the City Council are communicated clearly to the host organisation and the issues facing the host organisation are fed into the forward planning of the City Council.

Responses to this question were less emphatic. The commitment of the appointee or their role within the Council appeared to affect the effectiveness of two-way dialogue. Other responders either didn't answer or pointed to other mechanisms like Overview and Scrutiny Committee and SLA or service contract meetings as the more effective way of having a dialogue with the City Council.

3.7.4 Providing appropriate mechanisms for communicating, highlighting and showcasing the City Council's engagement with the host organisations.

None of the responders pointed to effective mechanisms except via other means, e.g. SLAs where they exist.

3.7.5 Holding City Council appointees to account for their contribution to delivering 3.4.1 to 3.4.4 above.

None of the responders indicated that they were aware of mechanisms to hold appointees to account for their work as an appointee.

3.8 Further Actions

3.9 Arising from the consultations it was clear that there was some need for additional clarity on the role, expectations, obligations and liability of Councillors and other Council appointees to outside bodies.

3.10 To address this, appendix 2 sets out draft guidance to Council Appointees. The guidance clarifies the general roles and responsibilities and how to deal with potential conflicts of interest. It also deals more specifically with appointments as

Directors of Companies, Charitable Trusteeships, membership of partnerships and involvement in unincorporated organisations. Finally, the guidance sets out the scope and limitations of the indemnity that the Council can provide to appointees. It is recommended that the Guidance is considered and endorsed and is incorporated into Part 5 of the Council's Constitution (Codes and Protocols).

3.11 In addition to the Guidance at appendix 2 a briefing session for Councillors on the roles and responsibilities of being a Council appointee to an outside body will be included in the Councillor Induction programme.

3.11 A second issue arising from the consultation was the lack of mechanisms for reporting back to Council on the work and engagement of appointees to outside bodies. Three new mechanisms are proposed and are reflected in the draft guidance at appendix 2.

3.11.1 **An annual report** is produced which brings together brief reports from each appointee on their work with the outside body over the previous year. It is suggested that the report is standardised to ensure consistency, brevity and relevance. The report will also prompt a degree of periodic reflection on the value of the engagement between the Council and the Outside Body. An example template for an Annual Report is attached at appendix 3

3.11.2 **Reports to Council** are incorporated into the agenda at full Council allowing up to three 5-minute verbal reports to Council from appointees at each ordinary Council meeting. The opportunity to report could be triggered by appointees, when they have something of interest or relevance to report, or could be mandated on a rota basis to ensure that every appointee presents a report at least twice during a 4-year term.

3.11.3 **Members' Bulletin** an open invitation to appointees to include brief updates on their work or the work of the outside body they are appointed to which will be included in Member's Bulletins.

3.10 The final issue to be addressed is the total number of Council external appointments. In January the Audit and Governance Committee considered:

a) Retaining a formal appointing relationship where there is a clear and continuing partner or contracting relationship which is best served by making appointments to the organisation.

The following are recommended for retention:-

1	Aspire Sports and Cultural Trust
2	Gloucester Docks Estate Company Ltd
3	Citizens Advice Bureau (potential to revise the number of appointees)
4	Gloucester City Homes Board
5	Gloucester Culture Trust
6	Gloucester Historic Buildings Ltd
7	Gloucester Law Centre Management Committee
8	Gloucestershire Airport Ltd
9	Gloucestershire Airport Consultative Committee
21	Gloucestershire Economic Growth O&S Committee

22	Gloucestershire Health and Care O&S Committee
23	Lower Severn Drainage Board
24	LGA General Assembly
26	South West Councils
27	South West Provincial Council

- b) Exploring alternatives to annual appointees where there is a governance or constitutional obligation which could be revised in a way which does not undermine the organisation concerned.

The following have been contacted and discussions opened on revising how appointments are made:-

11	Gloucester Playing Fields Association
16	Gloucester Charities Trust
17	Gloucester Relief of Sickness Fund
19	St Ann Society of Gloucester
20	Environment and Ecology Forum
25	National Parking Adjudication Service

- c) Ending the practice of making annual appointments where practical and inviting the organisations instead to consider the direct appointment of City Councillors where they feel that such an appointment would be beneficial and would not create a conflict of interest.

The following organisations have been contacted with a suggestion that appointments by the Council cease with effect from the end of April 2021 and that direct appointments are made if continued engagement by specific individuals is worthwhile:-

10	Barton and Tredworth Development Ltd
12	Gloslink
13	Llanthony Secunda Trust
14	Charity of John Ward
15	Free Hospital Fund for Children
18	Gloucester United Schools Charity

4.0 Social Value Considerations

- 4.1 The Council's engagement with 27 outside organisations demonstrates a high degree of commitment to working with partner organisations as harness the potential of the assets based in Gloucester and Gloucestershire. This report seeks to propose mechanisms to audit that engagement and make recommendations to strengthen and improve our approach to ABCD

5.0 Environmental Implications

- 5.1 Not applicable

6.0 Alternative Options Considered

6.1 Not applicable

7.0 Reasons for Recommendations

7.1 To enable to Committee to conclude its study into Outside Bodies.

8.0 Future Work and Conclusions

8.1 Further work will be required to follow up the approaches to outside bodies prior to the 2021 Annual Council Meeting and to make any approved changes/additions to the Council's Constitution.

9.0 Financial Implications

9.1 None arising from the content of this report

(Financial Services have been consulted in the preparation this report.)

10.0 Legal Implications

10.1 None arising from the content of this report

(One Legal have been consulted in the preparation this report.)

11.0 Risk & Opportunity Management Implications

11.1 There is a risk that the actions following the review will be perceived as a reduction of interest or commitment in the range of organisations to which the Council makes appointments.

12.0 People Impact Assessment (PIA) and Safeguarding:

12.1 The PIA Screening Stage was completed and did not identify any potential or actual negative impact, therefore a full PIA was not required.

13.0 Community Safety Implications

13.1 Not applicable

14.0 Staffing & Trade Union Implications

14.1 Not applicable

Background Documents: None

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**COUNCIL APPOINTMENTS TO OUTSIDE BODIES,
COMMUNITY BODIES AND FORA, ETC. FOR 2020-21
CONFIRMED AT ANNUAL COUNCIL ON 1 JUNE 2020**

Organisation		Representatives 2019/20	Representatives 2020/21	Term of Office	Meeting frequency
1.	Aspire Sports and Cultural Trust	1. Cllr. Hampson 2. Cllr. Toleman	1. Cllr. Hampson 2. Cllr. Toleman	1 year	Quarterly
2.	Barton and Tredworth Development Ltd	1. Vacant	1. Vacant	1 year	Monthly, usually Mondays 5.00pm
3.	Charity of John Ward	1. Cllr. Lugg 2. Mr B. Large 3. Mr T. Haines 4. Mr S. Ayland	1. Cllr. Lugg 2. Mr B. Large 3. Mr T. Haines 4. Mr S. Ayland	4 years	Quarterly
4.	Citizens' Advice Bureau	1. Cllr. Finnegan 2. Cllr. Hansdot	1. Cllr. Finnegan 2. Cllr. Hansdot	1 year	Bi-monthly, evenings AGM lunchtime in June
5.	Environment and Ecology Forum	1. Cllr. Bhaimia 2. Cllr. Brazil 3. Cllr. D. Brown 4. Cllr. Cook 5. Cllr. Taylor	1. Cllr. Bhaimia 2. Cllr. Brazil 3. Cllr. D. Brown 4. Cllr. Cook 5. Cllr. Taylor	1 year	3 times a year
6.	Free Hospital Fund for Children	1. Dr G. Cole 2. Mrs D Fenton 3. Mr R. Stanley 4. Ms H. Sutcliffe 5. Ms R. Woodliffe	1. Dr G. Cole 2. Mrs D Fenton 3. Mr R. Stanley 4. Ms H. Sutcliffe 5. Ms R. Woodliffe	4 years	Quarterly
7.	Gloucester Docks Estate Company Ltd	1. Cllr. Cook	1. Cllr. Cook	1 year	Quarterly
8.	Gloucestershire Playing Fields Association	1. Cllr. Morgan	1. Cllr. Morgan	1 year renewed each December	Quarterly

	Organisation	Representatives 2019/20	Representatives 2020/21	Term of Office	Meeting frequency
9.	Gloucester Charities Trust	1. Cllr. Lugg 2. Cllr. Melvin 3. Cllr. Tracey 4. Mr S Ayland 5. Mr G Howell 6. Mr T Haines 7. Mr M White	1. Cllr. Lugg 2. Cllr. Melvin 3. Cllr. Tracey 4. Mr S Ayland 5. Mr G Howell 6. Mr T Haines 7. Mr M White	May 2022 May 2024 May 2024 May 2024 May 2021 May 2021 May 2024 (4 years)	Monthly, daytime
10.	Gloucester City Homes Board (3 year period)	1. Mr J Beeley 2. Mr D. Johnson	1. Mr J Beeley 2. Mr D. Johnson	May 2023 May 2023 (3 years)	Monthly, Weds
11.	Gloucester Culture Board	1. Cllr. Morgan	1. Cllr. Morgan	The Cabinet Member for Culture and Leisure or their appointed nominee	
12.	Gloucester Historic Buildings Limited	1. Cllr. Dee 2. Cllr. Hampson 3. Cllr. Toleman	1. Cllr. Dee 2. Cllr. Hampson 3. Cllr. Toleman	1 year	Bi-monthly
13.	Gloucester Law Centre Management Committee	1. Cllr. Lugg 2. Cllr. Williams	1. Cllr. Lugg 2. Cllr. Williams	1 year	Monthly
14.	Gloucester Relief in Sickness Fund	1. Cllr. Bhaimia	1. Cllr. Bhaimia	4 years	Monthly usually second Monday of month
15.	Gloucester United Schools Charity	1. Cllr. Brooker	1. Cllr. Brooker	1 year	4 times a year
16.	Gloucestershire Airport Ltd - 1 Director	1. Cllr. Melvin	1. Cllr. Melvin	May 2022 (3 years)	Monthly
17.	Gloucestershire Airport Consultative Committee	1. Vacant	1. Vacant	Ongoing	Quarterly

	Organisation	Representatives 2019/20	Representatives 2020/21	Term of Office	Meeting frequency
18.	Gloucestershire Economic Growth Overview and Scrutiny Committee	1. Cllr. Patel Substitute 1. Cllr. Stephens	1. Cllr. Patel Substitute Cllr. Stephens	Ongoing	Bi-monthly
19.	Gloucestershire Health and Care Overview and Scrutiny Committee	1. Cllr. Finnegan Substitute 1. Cllr. Hampson	1. Cllr. Finnegan Substitute Cllr. Hampson	1 year	Bi-monthly
20.	Llanthony Secunda Priory Trust	1. Cllr. Tracey	1. Cllr. Tracey	1 year	Bi-monthly
21.	Local Government Association General Assembly	1. Cllr. Cook	1. Cllr. Cook	1 year	Annually
22.	Lower Severn Drainage Board	1. Cllr. Toleman	1. Cllr. Toleman	1 year	Quarterly plus ad-hoc
23.	National Parking Adjudication Service	1. Cllr. Cook	1. Cllr. Cook	Executive Member with responsibility for parking	AGM
24.	South West Councils	1. Cllr. Cook	1. Cllr. Cook	The Leader of the Council or their appointed nominee	3 per year plus AGM
25.	South West Provincial Council	1. Cllr. Cook	1. Cllr. Cook	The Leader of the Council or their appointed nominee	Twice a year
26.	St Ann Society of Gloucester	1. Cllr. Tracey	1. Cllr. Tracey	1 year	Not known

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Guidance for council appointees to outside bodies

1 Introduction

- 1.2 This guidance is designed to help Councillors who are appointed to outside bodies to understand the roles, responsibilities, liabilities and obligations that may arise because of your connection with external organisations.
- 1.3 Your membership of an outside body is not the same as membership of the Council. The role may bring different duties, obligations and liabilities depending upon the type of organisation involved. There may also be occasions that raise conflicts of interest. This document is intended to give clear guidance to help you navigate these issues. Paragraphs 7, 8 and 9 provide information on registering interest and on how to deal with conflicts of interest.
- 1.4 Depending on the legal nature of the body and the role fulfilled you may take on personal responsibility for decisions and actions of the outside body. You should make yourself aware of the liabilities and any insurance arrangements that are in place before you participate in outside bodies. Paragraphs 2 and 3 this guidance sets out the general roles and responsibilities for Councillors on outside bodies.
- 1.5 The council will indemnify Councillors and officers representing the council on outside bodies in most circumstances. There are however specific statutory limits to the indemnification that the council is able to provide. These are set out in paragraph 14.2 of this Guidance.
- 1.6 Councillors can also serve on outside bodies in their personal capacity provided that there is no conflict of interest with their duties as a member of Gloucester City Council. In 2021 the Council encouraged outside bodies to move towards greater direct appointments of Councillors acting in a personal capacity rather than as appointees of the Council. Advice is available to help Councillors to assess their position.

You need to consider the following:-

- Is there is likely to be any significant conflict of interest between your role in the outside organisation and your council role before accepting the office;
- clarify the insurance arrangements (does it cover the key risks of the organisation as well as the Councillor and is the liability limited or unlimited) and assess the possibility of any implications on you as an individual (specifically consider the nature and function of

- the body and the amount of money it deals with – always be aware of the added risk where the organisation employs staff);
- if no insurance exists this must be weighed up in the decision to accept the appointment;
 - ask about any specific legal responsibilities attached to the membership of the organisation;
 - read the constitution of the organisation and be aware of its powers, duties and objectives;
 - attend meetings regularly and present apologies in good time when you are unable to attend;
 - satisfy yourself that you will receive regular reports on the activities of the organisation and its financial position;
 - satisfy yourself that the organisation has adequate Health and Safety and Equalities Policies;
 - obtain a copy of the annual report and accounts to ensure that funds are spent on agreed objectives where the organisation is funded by or through the council; and
 - seek advice from the appropriate council officers in the event of any doubt or concerns about the running of the organisation.

2. Your responsibilities as a councillor

2.1 In carrying out the role of a representative on the outside body, councillors act both as individuals and as representatives of the council.

2.2 Councillors should

- act according to the rules, constitution and framework set by the outside body;
- take an active and informed role in the outside body's affairs;
- make independent and personal judgements in line with your duty of care to the outside body;
- report back to Gloucester City Council from time to time
- promote equality as an integral part of the role and treat everyone with fairness and dignity;
- from time to time it is possible that a conflict of interest may arise between your role as a councillor and the role you are undertaking on an outside body. Please see paragraph 9 for help to manage this type of situation. You are also urged to seek officer advice in you have any concerns.

- behave ethically and follow as far as applicable the code of conduct for Councillors; and
- wherever possible approach the lead officer for the outside body for a briefing on agenda items before attending meetings of the outside body.

2.3 Councillors should not:

- represent the political party to which you are aligned;
- consider matters purely from the council's perspective;
- commit the council to any expenditure; (in accordance with the council's financial procedure rules any additional expenditure requests must be authorised by the appropriate person or body).

3. The role of the councillor

3.1 Your role as a council representative on an outside body will vary but essentially the role will be

- to help the organisation to achieve its aims and objectives legally, properly and effectively; and
- to meet any specific legal responsibilities attached to membership of the organisation.

4. Expenses, remuneration and benefits

4.1 Councillors should not benefit personally from their appointment to outside organisations.

4.2 If you are appointed by the Council to serve on an outside body, attendance at meetings of that outside body are an approved duty and travel and subsistence expenses may be claimed. [Also see the councillors' allowance scheme].

4.3 If you are offered any gift or hospitality, in your capacity as a council appointee to an outside body you must treat the offer in accordance with the Councillor Code of Conduct rules on gifts and hospitality [Also see the Councillor Code of Conduct].

4.4 If you are appointed as a Company Director, free access to that company's facilities should only be accepted where it is necessary to discharge your duties and responsibilities as a director and should be declared to the Council.

4.5 The Councillor Code of Conduct should be followed at all times.

5. Reporting back

- 5.1 There are legislative provisions requiring some outside bodies to provide information to councils such as the 1995 Local Authorities (Companies) Order which requires a company to provide such information about the affairs of the company as the council, or a member, reasonably requires for the proper discharge of their functions. The council has agreed that the provision of information by a company (or indeed any organisation) should be extended to a council appointee on the outside body to report back to the Council. .
- 5.2 As mentioned above the Council has agreed that there should be regular mechanisms to require/allow council appointees to report back on their involvement in all outside bodies.
- 5.3 Accordingly all Councillors appointed to an outside body are required to submit a brief **annual report** to the Monitoring Officer [a template report is available and should be used to ensure consistency - See annex A to this Guidance]. The reports will be circulated to all Councillors for information. The Overview and Scrutiny Committee may wish to consider some or all of these reports as part of their annual work programme.
- 5.4 In addition, there will be an opportunity at **Council** for representatives on outside bodies to report on the work of the body where that work will be of interest and relevance to the Council. The time available for these reports will be prescribed and anyone wishing to make a report should advise the Democratic Services Manager in advance of the dispatch of the Council agenda.
- 5.5 Finally, and recognising that there are a number of organisations to which the council appoints members where more regular feedback from members would be appropriate, you may choose to provide a brief, written update on the work of an outside body for inclusion in the **Members' Bulletin**.

6. Further advice

- 6.1 Relationships between the council, outside bodies and the council's representative can be complex. In any case of dispute or difficulty, Councillors should seek advice from the secretary or clerk to the outside body, who can then take advice from professional advisors where necessary.
- 6.2 If Councillors are concerned about the position they find themselves in as an appointee on an outside body, they should contact the Monitoring Officer for further advice.

7. Council's code of conduct – general provisions

- 7.1 The Councillor Council Code of Conduct requires that Councillors must observe the code of conduct whenever they are acting as a representative of the authority. If your membership of an outside body creates a declarable or registerable interest you must act in accordance with the Code and the Council's Constitution.

8. Your Councillor Register of Interests

- 8.1 Your membership of an outside body is not a disclosable pecuniary interest.
- 8.2 However, your membership of an outside body is likely to give rise to an "other interest" as defined at paragraph 18 of the City's Councillor Code of Conduct if an item of business affects the outside body on which you serve. You should declare such an interest at any meeting where the interest arises and consider what effect, if any, it has on your participation at the meeting.

9. Conflicts of interest, bias and predetermination.

- 9.1 Any Councillor who attends a Council meeting where there is an item of business which relates to or affects an outside body on which they sit, will need to disclose the interest at the meeting, regardless of whether or not they were appointed onto the outside body by the council, or by the outside body itself.
- 9.6 Councillors should take advice from the Monitoring Officer should they consider that they have any conflict arising from their involvement with the outside body.
- 9.7 Councillors should also avoid any situation which could lead to a perception of predetermination or bias when they are considering business at a meeting of the Council, Cabinet, Committee or any other decision-making forum of the Council. Any decision of the council that might have been affected by bias or predetermination on the part of one or more councillor, which would be at risk of legal challenge.. Councillors therefore need to be careful about the possibility of bias and predetermination when they are dealing with matters involving an outside body on which they serve. Do not be influenced by any allegiance to an outside body on which you serve and do not give the impression that you might be influenced by it. Do

not predetermine your view on a matter of Council business until you have properly considered all of the relevant information relating to the matter, including the information which might arise from debate at any meeting.

- 9.9 Whilst it is accepted that councillors will discuss matters with colleagues and constituents and bring the benefit of those discussions to the committee room, you must still listen to the arguments and be prepared to change your mind if the evidence presented requires it.
- 9.10 In some instances a Councillor may conclude that they are unable to properly carry out their functions as a member of the council and a member of the outside body. In the event that a councillor considers there to be irreconcilable conflicts between their role as a member of the council and a member of the outside body, the advice of the the Monitoring Officer should be sought.

10. Limited Companies and Directorships

- 10.1 A company has a separate legal personality to its shareholders (also described as company members or subscribers). One of the main advantages of acting through a limited company is that shareholders can claim the benefit of limited liability. In the case of a company limited by shares this means that they will not be liable for the debts of the company if the company makes losses over and above the amount which they have pledged to pay the company for their shares. In a company limited by guarantee this means that the shareholders 'guarantee' to contribute a specified sum if called upon to do so (usually a nominal amount of £1) in the event that the company goes into insolvent liquidation.
- 10.2 Separate legal arrangements exist to register an appointment as a director of a company, this includes completion of a form (known as 'Form 288') which needs to be signed and submitted to Companies House. The company secretary of the outside body should assist you with this.
- 10.3 The directorship should also be recorded in the Council's Register of Members' Interests (within 28 days of the appointment). Directors take responsibility for all the main decisions in relation to the operation of the company, including entering into contracts.
- 10.4 If you are appointed by the Council to act as a company director you have a duty to act in the best interest of the company.

10.5 You are advised to consider the specific rules pertaining to the company you have been appointed to but the general legal responsibilities of company directors are:

- to ensure that the company acts within its legal powers;
- to act honestly and in good faith in the best interests of the company;
- not to make a personal profit and to take proper care of the assets;
- to avoid conflicts of interest and not to allow personal interest to influence action as a director;
- to record personal interests in the company's Register of Director's Interests;
- to act with reasonable competence and care;
- to exercise reasonable skill and care (this is a subjective test based upon the individual's own knowledge and experience); and
- not knowingly allow the Company to trade fraudulently, recklessly or in an insolvent position.

10.6 If you are a Council appointed director you are advised:

- to clarify the insurance arrangements and consider any implications;
- to be familiar with the Articles and Memorandum of Association of the company;
- to ensure that your interests are registered with the company;
- to attend board meetings regularly, read the agenda in advance and seek a briefing from officers of the company where necessary;
- to ensure that the company has proper procedures for reporting performance and financial information to board members at each meeting;
- to take an interest in the appointment of the management of the company to ensure that suitable qualified and experienced managers are in place;
- to ensure that the company has adequate Health and Safety and Equalities Policies; and
- to seek advice from the appropriate council officers if in any doubt about the financial viability of the company or any aspect of its operation.

10.7 Councillors need to be particularly careful when acting as a company director if there is any prospect of the company becoming insolvent i.e. not having sufficient assets to pay its debts. When a company becomes insolvent, or it is foreseeable that it will be insolvent, directors of the company have a higher duty of

competence and attention to company business than when the company is still solvent. If Directors fail to take every possible step to minimise the company's debts, they may be personally liable for any additional losses suffered by creditors of the company ("wrongful trading"). A director may be found guilty of fraudulent trading (a criminal offence) if they allow the company to trade with an intent to defraud creditors.

10.8 Councillors should be aware that if they become a Company Director there are some useful guidance documents to assist you on the websites of the Institute of Directors and Companies House.

10.9 There may be occasions where conflicts of interest arise between the council and the company. This may mean that the primary responsibility to the company could conflict with the council's interest. In these circumstances, Councillors are advised to declare the conflict at any council meetings or discussions and take no part in the decision-making process. Some examples of potential conflict include:

- contracts between the Council and the Company;
- negotiations on agreements, such as terms of leases;
- applications for council permission, e.g. planning consent;
- applications for council grants and other funding

11. Charitable trustees

11.1 To be a charity an organisation must operate for one or more of these charitable purposes:

- the prevention or relief of poverty or need
- the advancement of education;
- the advancement of religion;
- the advancement of health or saving of life
- the advancement of citizenship or community development
- the advancement of the arts, culture heritage or science
- the advancement of amateur sport
- the advancement of human rights, conflict resolution or the promotion of harmony
- environmental protection or improvement
- the advancement of animal welfare
- the promotion of the efficiency of the armed forces, police, fire and rescue services and
- any another charitable purpose.

11.2 Trustees duties include:

- the need to act in accordance with the constitution of the charity;
- not making a private profit from their position;
- acting honestly and in good faith in the best interests of the charity;
- ensuring that information relating to the charity and trustees is registered with the charity commissioners and annual accounts, reports and returns are completed and sent;
- ensuring that the body acts in accordance with the overriding duty to the beneficiaries of the trust;
- ensuring compliance with all relevant legislation (e.g. in relation to tax and land matters); and
- council representatives are advised to clarify the insurance arrangements and assess the possibilities of any implications on themselves as individuals.

11.4 Under the Trustee Act 2000 there is a duty of care which applies when a Trustee is:

- exercising a general power of investment or any specific power of investment arising from the trust;
- making investments in line with the Standard Investment Criteria under section 4 of the Act or taking independent advice on investments under section 5;
- exercising the power to acquire land or deal in land;
- appointing agents, custodians or nominees or in reviewing their obligations;
- compounding liabilities under section 15 of the Trustee Act 1925;
- insuring trust property; and
- dealing with reversionary interests, valuations or audits.

11.5 The standard of care expected of trustees is that which is reasonable in the circumstances, taking into account any particular skills or competencies possessed by the individual. Additional information relating to the responsibilities for charitable directors and trustees is available on the Charity commission's website <http://www.charity-commission.gov.uk>.

11.6 A Councillor who is appointed by the Council to act as a charity trustee should act in the best interest of the charity.

12. Partnerships

12.1 The Council may appoint councillors to serve as representatives on partnerships. Councillors in this position have three main roles:

- to promote the council's objectives in participating in the partnership;

- to ensure that the partnership delivers its own objectives:
- to safeguard the council's interests within the partnership, particularly where the council is a funding partner or the accountable body for external funding

12.2 Council representatives on partnerships are advised to:

- be clear on the council's own objectives in participating in the partnership;
- read the constitution of the partnership and be aware of its objectives and powers;
- attend partnership meetings regularly, read the agendas in advance and seek briefing from officers where necessary;
- ensure that the partnership has proper procedures for reporting progress and financial information; and
- take an interest in the appointment of key staff.

13. Unincorporated organisations

13.1 Groups which are not charitable trusts or limited companies are 'unincorporated associations' and have no separate legal identity from their members. The rules governing the membership of unincorporated organisations, including members' duties and liability may be set out in a constitution, which is simply an agreement between the members as to how the organisation will operate. Any constitution is likely to provide for management committees to be responsible for the everyday running of the organisation. An unincorporated organisation may be charitable and therefore register as a charity.

13.2 Management committee members must act within the constitution of that outside body and must take reasonable care when exercising their powers.

13.3 If Councillors become involved in the administration of an unincorporated body, they need to be aware that, as the body has no separate corporate status, any liabilities will fall upon the members personally. This means that if something goes wrong and the organisation is sued, the members/owners personal assets are at risk – they cannot stand behind a company or other body which gives them some legal protection.

13.4 If Councillors take on personal responsibilities for the organisation, such as buying equipment or renting premises, they are personally liable for the entire cost, and can only recover those costs from the organisation to the extent that it actually has the money to reimburse them, or from the other members of the organisation to

the extent that the membership agreement gives them the right to be reimbursed by each of them.

- 13.5 Councillors need to be very careful about the risk of personal liability and the extent to which this has been covered by insurance arrangements (either arranged by the organisation itself or by the council or by indemnities).

14. Indemnity for members

- 14.1 The council may only indemnify Councillors in certain circumstances as prescribed by the Local Authorities (Indemnity for Members and Officers) Order 2004.

- 14.2 The council will provide an indemnity in relation to any action (or failure to act) by any Councillor which:

- is authorised by the council;
- forms part of, or arises from, any powers conferred, or duties placed, upon that Councillor at the request, or with the approval of the authority including acting as the council's representative on an outside body;
- arises in respect of the cost of defending any claim for an allegation of defamation by a Councillor acting in an official capacity (but not in respect of any punitive or exemplary damages or arising from malicious or injurious falsehood);
- is in respect of any investigation, hearing or other proceedings for an alleged failure to comply with the code of conduct for councillors but, if the member is found to have breached the code of conduct, and where an appeal is unsuccessful, then that councillor shall reimburse the authority or the insurer for their costs incurred in relation to those proceedings;

- 14.3 The indemnity includes an act or omission subsequently found to be beyond the powers of the Councillor in question, but only to the extent that the Councillor reasonably and genuinely believed that the act or omission was within their powers at the time they acted.

- 14.4 The indemnity does not apply to the defence of any criminal proceedings brought against a Councillor unless specifically approved by the council and then only on a similar basis to that relating to proceedings for breaches of the code of conduct.

- 14.5 It is possible in some circumstances for the council to indemnify (i.e. stand behind the councillor and pick up any personal legal liabilities/costs/damages which the councillor incurs as a result of his/her appointment to an outside body).

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Proposed Template Appendix 3

Appointees to Outside Bodies – Annual Report for the year 2020/21

Name of Outside Body

Name of Appointee

Date of First Appointment

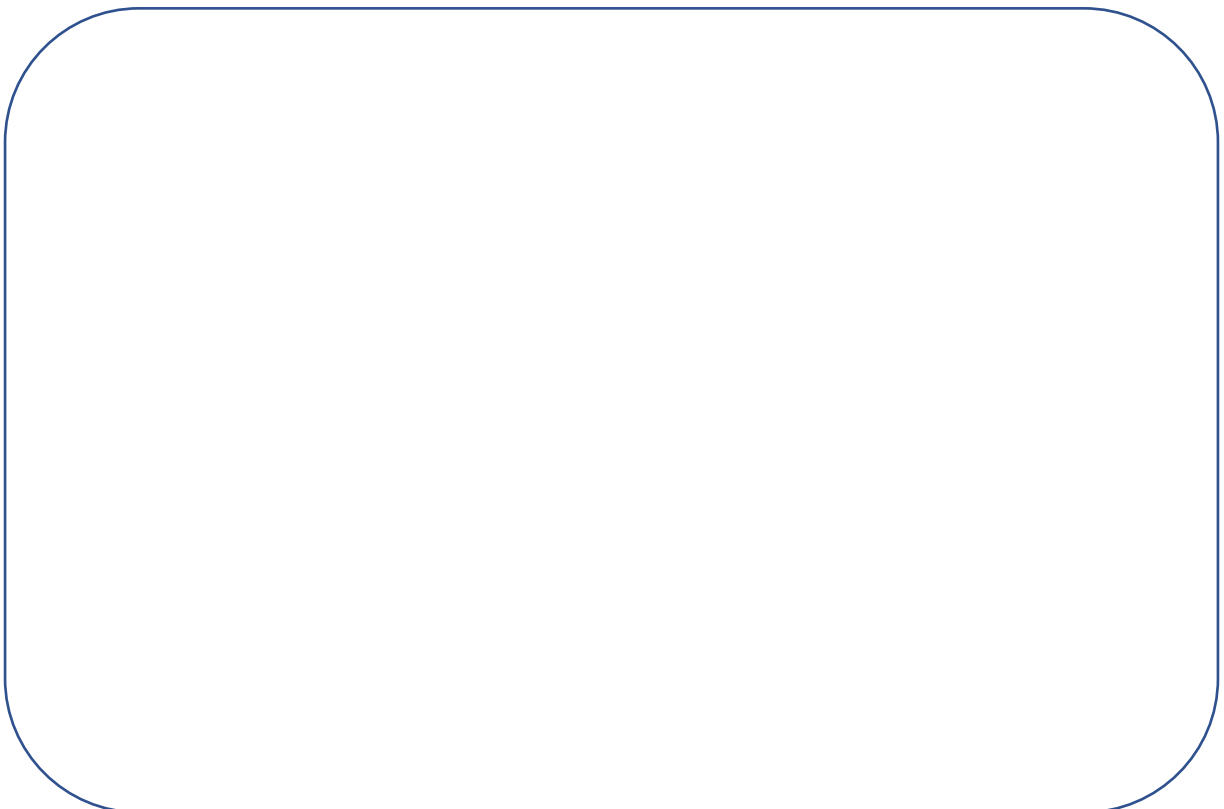
Date of Latest Appointment

Number of Meetings attended _____ Out of a total possible number of _____

Purpose of the Organisation (briefly describe the purpose of the outside body)



Activity during the reporting year (briefly describe the activity delivered by the outside body during the reporting year)



Proposed Template Appendix 3

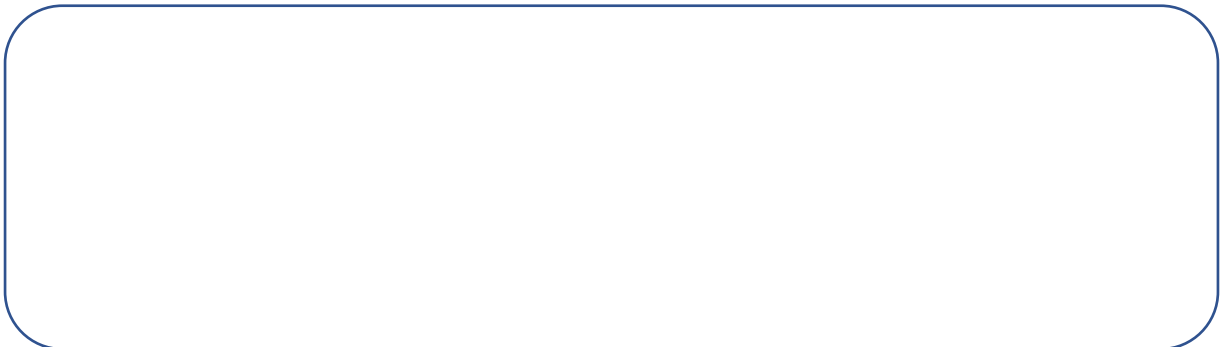
How has Gloucester City Council helped the outside body deliver its objectives during the year?



How has the Outside Body helped the City Council deliver its corporate priorities during the year?



Has your appointment to the Outside Body been worthwhile and would you recommend that the Council continues to make an appointment to this outside body?





Meeting:	Audit and Governance Committee	Date:	18th January 2021
Subject:	Annual Governance Statement 2019/20 Improvement Plan – Progress Report		
Report Of:	Head of Audit Risk Assurance (Chief Internal Auditor)		
Wards Affected:	Not applicable		
Key Decision:	No	Budget/Policy Framework:	No
Contact Officer:	Stephanie Payne – Group Manager, Audit Risk Assurance (Deputy Chief Internal Auditor)		
	Email:	Tel: 01452 328899	
	Stephanie.Payne@gloucestershire.gov.uk		
Appendices:	A: Annual Governance Statement 2019/20 Improvement Plan – Progress Report		

FOR GENERAL RELEASE

1.0 Purpose of Report

1.1 To provide assurance to the Committee that the improvement areas and associated actions identified as part of the annual review of governance arrangements operating within the Council, have been/are being addressed.

2.0 Recommendations

2.1 Audit and Governance Committee is asked to **RESOLVE** to review and consider the actions taken to address the governance improvement areas identified.

3.0 Background and Key Issues

3.1 The Council is required by the Accounts and Audit Regulations 2015 to publish an Annual Governance Statement, in accordance with ‘proper practices’ in order to report publicly on the extent to which we comply with our own Local Code of Corporate Governance. This approach includes how the Council has monitored the effectiveness of our arrangements in year and on any planned changes to our governance arrangements in the coming year.

3.2 The Annual Governance Statement is signed by the Leader and Managing Director (Head of Paid Service) and must accompany the Annual Statement of Accounts.

3.3 Members approved the Council’s Annual Governance Statement 2019/20 (including the Annual Governance Statement 2019/20 Improvement Plan) at the 20th July 2020 Audit and Governance Committee meeting.

3.4 This report is the first update presented to Members on the Council's progress (detailed in **Appendix A**) against agreed actions from the Annual Governance Statement 2019/20 Improvement Plan.

4.0 Social Value Considerations

4.1 There are no 'Social Value' considerations arising out of the recommendations in this report.

5.0 Environmental Implications

5.1 There are no 'Environmental' implications arising out of the recommendations in this report.

6.0 Alternative Options Considered

6.1 There are no alternative options that are relevant to this matter.

7.0 Reasons for Recommendations

7.1 The Council is required to produce an Annual Governance Statement under the Accounts and Audit Regulations 2015. Through the Council's Constitution, the Audit and Governance Committee has responsibility for review and approval of the Statement (including relevant Improvement Plans).

8.0 Future Work and Conclusions

8.1 The Council's Annual Governance Statement 2020/21 is due to be presented to Audit and Governance Committee in July 2021, and will include a final progress report against the Annual Governance Statement 2019/20 Improvement Plan.

9.0 Financial Implications

9.1 There are no direct financial costs arising out of this report.

(Financial Services have been consulted in the preparation this report).

10.0 Legal Implications

10.1 Nothing specific arising from the report recommendations.

(One Legal have been consulted in the preparation this report).

11.0 Risk and Opportunity Management Implications

11.1 Failure to deliver an effective corporate governance framework prevents the Council in directing and controlling its resources effectively and efficiently, to enable the Council's objectives to be met.

12.0 People Impact Assessment (PIA):

12.1 The PIA Screening Stage was completed and did not identify any potential or actual negative impact, therefore a full PIA was not required.

13.0 Community Safety Implications

13.1 There are no 'Community Safety' implications arising out of the recommendations in this report.

14.0 Staffing & Trade Union Implications

14.1 There are no 'Staffing and Trade Union' implications arising out of the recommendations in this report.

Background Documents: [Annual Governance Statement 2019/20](#)
[Local Code of Corporate Governance 2019/20](#)

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Gloucester City Council Annual Governance Statement (AGS) 2019/20 Improvement Plan – Progress Report

AGS Review Reference	Governance matters identified / actions taken	Target Date and Lead Officer
AGS Assurance Framework	<p>Future Financial Sustainability / Efficiency Savings / Covid-19 Impact</p> <p>The Money Plan sets out the Council’s strategic approach to the management of its finances and presents indicative budgets and Council Tax levels for the medium term. It also comments on the significant financial risks facing the Council in the forthcoming years and explains what the Council is doing to reduce those risks. The Money Plan forecasts indicate the need for a continued delivery of savings in each year of the Plan.</p> <p>In February 2020, Council approved the implementation of the target savings for the Money Plan 2020-25. No additional savings targets were put in place across the life of the plan. With the inclusion of settlement figures for 2020/21 and the assumption of further formula grant reductions over the life of the plan, further savings may be required. The Council will be renegotiating outsourced contracts over the life of the plan to deliver further efficiencies. The financial gap is £0.048m in 2020/21.</p> <p>Due to the high levels of further savings required, the Council put in place a transformation programme called ‘Together Gloucester’ to deliver required efficiencies in line with the Council’s Money Plan. The Council’s challenge is to continue this journey of transformation to fully implement Together Gloucester and designed outcomes. The Council has moved to Shire Hall and the digital transformation journey is continuing to deliver the required transformation and savings.</p>	<p>Head of Policy and Resources</p> <p>31st March 2021</p>

	<p>In addition, lost income and additional cost pressures as a result of the economic impact of the coronavirus lockdown is being dynamically managed and monitored. As the long term implications for the Council become more apparent our financial planning will be updated accordingly.</p> <p>Actions taken in response to the above: Close monitoring of budgets will be carried out in each financial year. Continuous monitoring of service pressures and ongoing focus on preventative support.</p>	
<p>Position as at December 2020</p> <p>Close monitoring of budgets has been and will continue to be carried out in each financial year. Continuous monitoring of service pressures and ongoing focus on preventative support will continue. The Council has continued to lobby and work with Government for additional Covid funding and will continue to do so. <i>Head of Policy and Resources.</i></p>		

AGS Review Reference	Governance matters identified / actions taken	Target Date and Lead Officer
AGS Assurance Framework	<p>Covid-19 Impact on Governance</p> <p>In late March 2020 the Government announced a national lockdown and advised that all employees should work from home except those engaged in essential services who were unable to work from home. The Council implemented home working during the week commencing 16th March 2020.</p> <p>There were a number of consequences that impacted upon the governance of the Council:</p> <ul style="list-style-type: none"> ➤ City Council elections due to be held on 7th May 2020 were postponed until May 2021, councillor terms of office were extended and by-elections suspended for the period. ➤ Council and committee meetings were suspended until further notice. ➤ Decisions due to be taken at full Council on 21st March 2020 were taken under emergency/urgency delegations. ➤ The Managing Director met weekly with all Group Leaders and Deputies to share information and seek agreement on matters which might ordinarily require formal Cabinet or Council approval. ➤ Where possible, operational decisions were taken using existing Cabinet Member or Officer delegations. Where that was not possible then emergency/urgency delegation powers were used. ➤ To respond quickly to the emerging needs some of the Council's procurement procedures were waived in accordance with the contract and financial regulations. ➤ Senior Management Team (SMT) met daily (remotely and reducing over time to 2/3 times per week) to share information and direct the Council's response to the pandemic. 	<p>Multiple.</p> <p>Actions, target dates and lead officers confirmed within the actions taken column.</p> <p>Lead officer: Corporate Director</p>

<ul style="list-style-type: none"> ➤ Council Officers contributed to national, regional, county-wide and city response and resilience groups to co-ordinate the response to the pandemic. ➤ A major community led response to providing support and assistance to the vulnerable and those in need was developed and operated through the City's Councillors, community and commercial organisations and individuals. ➤ Communications channels were opened to keep Councillors and staff informed as the pandemic, and the Council's response developed. <p>The Council has responded by:</p> <ul style="list-style-type: none"> ➤ Putting measures in place to re-establish democratic decision-making and Overview and Scrutiny using digital/remote technologies. <i>Policy and Governance Manager. June 2020.</i> ➤ Fast-tracking the roll out of laptops and headsets to Councillors to enable remote meetings. <i>Head of Policy and Resources. April 2020.</i> ➤ Documenting when delegations and waivers have been used to facilitate full reporting once governance norms are re-established. <i>Policy and Governance Manager. From March 2020.</i> ➤ Maintaining delivery of the majority of Council Services via home working. <i>Senior Management Team (SMT). From March 2020.</i> ➤ Supported and co-ordinated a significant community led response to the pandemic including the administration of a £80k community fund, local delivery of a Community Help Hub and support to a network of street champions. <i>Corporate Director. From March 2020.</i> ➤ Developing and implementing a Recovery Plan to return (restart suspended services), retain (keep and sustain any improved new ways of working), resist (resist the temptation to simply return to doing things as before) and reimagine (consider new ways of delivering services after the pandemic). <i>Corporate Director. From March 2020.</i> 	
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Position as at December 2020

- Measures put in place to deliver democratic decision-making and Overview and Scrutiny using digital/remote technologies remain operational and effective, enabled by fast-tracking the roll out of laptops and headsets to Councillors to enable remote meetings. *Policy and Governance Manager.*
- Delivery of the majority of Council Services via home working continues. *Senior Management Team (SMT).*
- Supported and co-ordinated a significant community led response to the pandemic including the administration of a £80k community fund, local delivery of a Community Help Hub and support to a network of street champions. *Corporate Director.*
- Since October 2020 the transfer of focus from response to recovery was reversed and the Council has supported new initiatives to respond to the second wave of infection transmission including the deployment of Community Support Officers, financial and in-kind support to ensure continued access to food, grants to voluntary organisations, making land available for local testing, advice and support (and enforcement) to businesses and the provision of grants. *Corporate Director.*
- An eight-strand Recovery Plan was adopted to return (restart suspended services), retain (keep and sustain any improved new ways of working), resist (resist the temptation to simply return to doing things as before) and reimagine (consider new ways of delivering services after the pandemic) Council Services. All eight strands have been subject to Overview and Scrutiny. *Corporate Director.*

AGS Review Reference	Governance matters identified / actions taken	Target Date and Lead Officer
AGS Assurance Framework	<p>Marketing Gloucester Ltd (MGL)</p> <p>In January 2020 MGL, a company wholly owned by the City Council, went into administration. The Administrator is working to identify the full extent of the debts owed by MGL and the creditors to whom money is owed. Gloucester City Council will be amongst the creditors. Significant financial difficulties at MGL became apparent at MGL in late summer/early Autumn 2020. The City Council's Overview and Scrutiny Committee has taken a lead in scrutinising the events leading up to the collapse of MGL.</p> <p>The City Council responded by:</p> <ul style="list-style-type: none"> ➤ Minimising potential conflicts of interest by replacing Cllr Paul James with Cllr Jennie Watkins as the Council's appointed director and the chair of the Board of MGL. ➤ Engaging external consultants to undertake a strategic, operational, governance and financial review of MGL. ➤ Engaging an interim chief officer at MGL following the departure and eventual dismissal of the Chief Executive of MGL. <p>Following the collapse of MGL the Council has:</p> <ul style="list-style-type: none"> ➤ Commissioned and received a report into the next steps in delivering Place Marketing in the City. <i>Corporate Director. March 2020.</i> ➤ Brought the commissioning of City Festivals and Events back in house. <i>Head of Cultural and Trading Services. February 2020.</i> ➤ Employed displaced MGL staff into the City Council. <i>Head of Cultural and Trading Services. February 2020.</i> 	<p>Multiple.</p> <p>Actions, target dates and lead officers confirmed within the actions taken column.</p> <p>Lead officer: Corporate Director</p>

	<ul style="list-style-type: none"> ➤ Engaged in the establishment of a Strategic City Events Forum alongside key city stakeholders like Gloucester BID, Gloucester Cathedral, Gloucester Culture Trust and Gloucester Quays. <i>Head of Cultural and Trading Services. March 2020.</i> ➤ Engaged with GFirstLEP and others to repurpose and deliver the desired outcomes connected with the UK Digital Retail Innovation Centre. <i>Head of Place. March 2020.</i> ➤ Made £200k additional financial provision to support the re-establishment of an effective place marketing function for the City. <i>Head of Policy and Resources. February 2020.</i> 	
<p>Position as at December 2020</p> <ul style="list-style-type: none"> ➤ The report into the next steps in delivering Place Marketing in the City was presented to Cabinet and endorsed. <i>Corporate Director.</i> ➤ Commissioning and delivery of City Festivals and Events is being delivered in house. A number of Covid-secure events have taken place during 2020 (Of Earth and Fire, Bright Nights) and a 2021 Tall Ships events delivery partner has been procured. <i>Head of Cultural Services.</i> ➤ Employed displaced MGL remain deployed into the City Council and a new post of Tourism and Destination Marketing Manager has been created and appointed and joined the Council in December 2020. <i>Head of Cultural Services.</i> ➤ The re-established Strategic City Events Forum was temporarily repurposed to serve as the Visitor Economy and Culture Recovery Board and has engaged positively with key city stakeholders like Gloucester BID, Gloucester Rugby, LVA, Hoteliers, Gloucester Cathedral, Gloucester Culture Trust and Gloucester Quays. <i>Head of Cultural Services.</i> ➤ Engaged with GFirstLEP to agree a position statement on the future use of the former UKDRIC offices in the Eastgate Shopping Centre. <i>Head of Place.</i> 		

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Gloucester City Council
Audit and Governance Work Programme 2020-2021
(Updated 8 January 2021)

Item	Format	Committees	Lead Officer	Comments
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18th January 2021				
1. Internal Audit Plan 2020/21 – Monitoring Report	Written Report	Audit and Gov	Head of IA&RM Shared Service	Part of the Committee’s annual work programme
2. Outside Bodies	Written Report	General Purposes Audit and Gov Council	Corporate Director	Requested by Committee
3. Annual Governance Statement Improvement Plan 2019/2020 Update	Written Report	Audit and Gov	Head of IA&RM Shared Service	Part of the Committee’s annual work programme
4. Management update - Limited Assurance Report – Health and Safety	Written Report	Audit and Gov	Head of IA&RM Shared Service	Requested by Committee
5. Audit and Governance Committee Work Programme	Timetable	-----	-----	Standing Agenda Item
8th March 2021				
1. Deloitte – Grants Audit Report	Written Report	Audit and Gov	Deloitte	Part of the Committee’s annual work programme
2. Treasury Management Strategy 2021/22	Written Report	Audit and Gov	Head of Policy and Resources	Part of the Committee’s annual work programme
3. Capital Strategy 2021/22	Written Report	Audit and Gov	Head of Policy and Resources	Part of the Committee’s annual work programme
4. Strategic Risk Register	Written Report	Audit and Gov	Risk and ARA	Part of the Committee’s annual work programme
5. Internal Audit Plan 2021-22	Written Report	Audit and Gov	Head of IA&RM Shared Service	Part of the Committee’s annual work programme
6. External Audit Plan 2020-21	Written Report	Audit and Gov	Deloitte	Part of the Committee’s annual work programme

7. Annual Report of the Audit and Governance Committee	Written Report	Audit and Gov	Head of IA&RM Shared Service	Part of the Committee's annual work programme
8. Audit and Governance Committee Work Programme	Timetable	-----	-----	Standing Agenda Item