

Cheltenham Borough Council

Annual Governance Statement 2012 - 2013

Scope of responsibility.

1. Cheltenham Borough Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
2. There are legal and formal controls in place to ensure that it is clear who is accountable for money and governance controls at the local level. The Local Government Act of 1972 and 2000 (as amended) provide a current democratic the administrative governance arrangements for local government. The Cabinet is responsible for proposing the policy framework and budget to Council, once agreed; the Cabinet then goes on to implement those decisions.
3. In discharging this overall responsibility, Cheltenham Borough Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions as defined by the constitution, and the management of risk.
4. Cheltenham Borough Council has approved and adopted a Code of Corporate Governance (CCG), which is consistent with the principles of the CIPFA / SOLACE Framework Delivering Good Governance in Local Government. It also complies with additional guidance issued within an addendum to the framework in December 2012, which includes advice on how the Annual Governance Statement should give an increased emphasis on the Councils strategic approach.
5. A copy of the local Code of Corporate Governance (CCG) can be downloaded from the Council's website or a copy can be obtained from the Municipal Offices, Promenade, Cheltenham Gloucestershire GL50 9SA.
6. This statement explains how Cheltenham Borough Council has complied with the code and also meets the requirements of regulation 4(3) and (4) of The Accounts and Audit (England) Regulations 2011 in relation to the publication of an Annual Governance Statement.

The purpose of the CCG – the Governance Framework

7. The governance framework comprises the systems, processes, culture and values, by which we direct and control our activities and through which we account to, engage with and lead the community. It enables us to monitor the achievement of the strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.
8. The internal controls are a significant part of the framework to support the management risk to a reasonable level. The system of internal control is based on an ongoing process designed to identify and prioritise risks to support the achievement of our objectives and actions.
9. The CCG for the period commencing 1st April 2012 was reviewed by the Corporate Governance Group and approved by the Audit Committee in March 2012.

The Governance Framework

10. The CCG identifies 6 principles that underpin the effective governance of the Council, and these have been used when assessing the adequacy of its governance arrangements. The main elements that contribute to these arrangements are set out below:

Principle 1 - Focusing on the purpose of the Council and on outcomes for the community including citizens and service users and creating and implementing a vision for the local area.

11. Cheltenham Borough Council has a 5 year Corporate Strategy (2010 -15) which clearly articulates how the Council will deliver better outcomes for the community either directly or in partnership.
12. The Corporate Strategy Action Plan is updated on an annual basis to reflect new priorities and any issues which have arisen since it was approved to provide a clear work programme based on priorities for the Council. This document is approved by Council. Monitoring reports are considered by the Senior Leadership Team and taken to meetings of the overview and scrutiny committee to ensure that the Council's objectives are progressing as planned.
13. The Corporate Strategy sets out its vision for the long-term future of Cheltenham;
- “We want Cheltenham to deliver a sustainable quality of life, where people, families, their communities and businesses thrive; and in a way which cherishes our cultural and natural heritage, reduces our impact on climate change and does not compromise the quality of life of present and future generations.”***
14. This vision and its relevance are considered and challenged every year as part of the overall development of the Corporate Strategy Action Plan.
15. The Council formally agreed in June 2010 to adopt a strategic commissioning approach to put a strong focus on understanding the needs of Cheltenham and its people in designing outcomes for our services.
16. This approach has meant that we work much more closely (including sharing budgets where appropriate) with other parts of the public service and the voluntary and community sector (VCS) including the making of objective, transparent, evidence-based decisions about how services should be provided and by whom.
17. We are now recognised as a commissioning council that puts a strong focus on understanding the needs of Cheltenham and its people in designing outcomes for our services. By using a strategic commissioning approach we are seeking to improve the outcomes for people who rely on the Council and the wider public sector whilst at the same time creating opportunities for financial savings.

Commissioning

18. During 2012/13 there were 5 key commissioning reviews;
- Leisure and Culture services (ongoing)
 - Green Environment (ongoing)
 - ICT (complete)
 - Housing Options (ongoing)
 - Car Parking (complete).

19. These reviews broadly followed the commissioning cycle and where possible took advantage of opportunities to deliver services more effectively with partners.
20. The Leisure and Culture commissioning review of the council's leisure and culture services has continued during the year, aimed at ensuring that outcomes agreed by Cabinet in December 2011 are delivered and sustained. Following an appraisal of different management options it was recommended that, subject to the results of a procurement process, a new charitable trust be created by April 2014 to operate the services. The recommendation was agreed by Cabinet in December 2012 and the procurement process began immediately.
21. Cheltenham Borough Council and Cotswold District Council formed a Local Authority Company (Ubico) from April 2012 and are partners in the wider Gloucestershire Joint Waste Partnership. There is potential for other local authorities to join in the future. This will provide the opportunity for improving outcomes and value for money within Cheltenham and the wider partnership area.
22. The Cabinet agreed a Medium Term Financial Strategy which is in line with the priorities as set out in the Council's Corporate Strategy and identifies any expenditure which may need to be incurred to meet new legislation, community needs and financial restraints. In order to address year on year budget shortfalls, efficiency savings and new or improved income, the Council has described within its Budget Strategy how it will broadly achieve the budget gap target while keeping Council tax at a reasonable level. Each year the Council looks to areas where it can make its efficiency savings, budget cuts or gain additional income, by not impacting on its ability to deliver in priority areas.
23. In February 2012, Cabinet and Council members met to discuss the final budget report for 2012/13. The Government had announced that it would cut on-going support to the Council by a further £534k in 2012/13 which cumulatively equated to a 23% cut over two years. As a result, the Council had to identify, prioritise and make savings to meet this funding gap.

Principle 2 - Members and officers working together to achieve a common purpose with clearly defined functions and roles.

24. The Council's Constitution defines and documents the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication and decision making. The Council Leader has allocated executive functions to himself, Cabinet Members, Cabinet and officers and those functions are undertaken in accordance with the Council's Budget and the Policy Framework (which includes the 5 year Corporate Strategy).
25. The Council's Constitution and Policy Framework are approved by Council, and is subject to periodic review. The Council has a Constitution Working Group comprising of elected Members and officers.
26. The Council's Constitution and Policy Framework are approved by Council, and is subject to periodic review. The Council has a cross party Constitution Working Group comprising of elected Members and is supported by officers.
27. There were three Overview and Scrutiny committees that held the bodies exercising executive functions to account through the scrutiny process and assisted with policy formulation via their overview function; from May 2012, this

was reduced to one with the objectives of making the scrutiny process more effective and achieving positive outcomes for local people. The new committee has a managing and co-ordinating role and commissions scrutiny task groups to carry out the more detailed work.

28. Scrutiny task groups are set up by the Overview and Scrutiny Committee to examine specific issues in detail and they tend to work more flexibly and informally. The review could be of an existing policy or service but scrutiny task-groups can also look to develop new policies. Their terms of reference are set by the main committee and the task group reports are reviewed by that committee before forwarding their recommendations to Cabinet or other body as appropriate.
29. The Audit Committee meets four times per year and its terms of reference are set out in the Council's constitution. The Council's external auditors have access to the committee, and the committee also has responsibility for overseeing the risk management process. A review of the Risk Management Policy including the Risk Scorecard took place in March 2013 to ensure that they reflected the changes brought because of the Commissioning activities.
30. The Localism Act 2011 abolished the statutory national standards framework for elected Members and removed the requirement for a Statutory Standards committee. In May 2012 the Council decided to retain a local Standards committee.
31. The Appointments Committee conducts the recruitment, assessment and interview process for the appointment of the Chief Executive, Executive Directors and Directors. It is also responsible for determining the conditions on which those officers hold office, including deciding matters relating to their early retirement.
32. The Council has a Chief Executive who is the Head of Paid Service which is a statutory position as defined within the Local Government and Housing Act 1989. The Chief Executive co-ordinates the Council's activities, including its management structure, the number of staff employed and the salary grades of chief officers.
33. A pay policy statement is required to be produced annually under section 38 of the Localism Act. The Council agreed its 2012/13 statement in March 2013 which is available to employees through the intranet and to the public through the internet.
34. The Council approved revisions to the Constitution in March 2012; Article 2 refers to the roles and functions of elected Members while Article 12 refers to the roles and responsibilities of the statutory officers.
35. The Council also approved a revised Code of Conduct for all employees on the 26th March 2012 and was revised again in December 2012, providing additional information on roles and responsibilities.
36. The Council designated the Borough Solicitor as Monitoring Officer. The Monitoring Officer function is to ensure compliance with established policies, procedures, laws and regulations. The Monitoring Officer must report to the Council, after consulting with the Head of Paid Service (Chief Executive) and Director of Resources (section 151 officer), if any proposal, decision or omission would give rise to unlawfulness or maladministration.
37. To ensure compliance with the Financial Procedure Rules set out in the constitution, the Council has designated the Director of Resources as Chief Finance Officer, in accordance with Section 151 of the Local Government Act 1972. The role is supported through a robust system of financial management. This

officer is a key member of the Leadership Team, helping it to develop and implement the authority's strategic objectives ensuring alignment with the authority's financial strategy

38. The Executive Board and the Senior Leadership Team have clear terms of reference and provide guidance and advice to Members on policy options and implications. All public reports identify options, the financial, legal and HR implications as well as any risks associated with the issue.
39. The Council's internal audit function is provided by Audit Cotswolds which reports to the Council's Audit Committee. In September 2009 the Audit & Assurance Services for Cheltenham Borough Council entered into a partnership with the Internal Audit Services at Cotswold District Council. This was expanded in 2010 to include West Oxfordshire District Council. Audit Cotswolds is managed by a Partnership Board with its own Terms of Reference through a Section 101 Agreement and representatives from each authority.
40. The Audit Cotswolds partnership is managed by the Head of Internal Audit whose role has been defined in the S101 and a job description; both of which help to ensure the CIPFA 'Role of the Head of Audit' standard is delivered as set out below:
 - Championing best practice in governance, objectively assessing the adequacy of governance and management of existing risks, commenting on responses to emerging risks and proposed developments
 - Giving an objective and evidence based opinion on all aspects of governance, risk management and internal control
 - Must be a senior manager with regular and open engagement across the organisation, particularly with the Leadership Team and with the Audit Committee
 - Must lead and direct an internal audit service that is resourced to be fit for purpose
 - Must be professionally qualified and suitably experienced
41. Annually the Head of Internal Audit produces a report summarising the work of Internal Audit (IA) and gives an overall opinion on the level of internal control that exists within the systems audited.
42. The Council has a Corporate Governance Group with agreed Terms of Reference and is chaired by the Chief Executive. It reviews the effectiveness of the Council's internal controls and reports the results to the Audit Committee.
43. From October 2012 the external audit function was provided by Grant Thornton who were appointed by the Audit Commission to replace KPMG. In September 2012 KPMG published its report to those charged with governance (ISA 260) where they confirmed that the wording of the 2011/12 Annual Governance Statement accords with their understanding;
 - *that it complies with Delivering Good Governance in Local Government: A Framework published by CIPFA/SOLACE in June 2007; and*
 - *that it is not misleading or inconsistent with other information we are aware of from our audit of the financial statements.*
44. The Council has a treasury management panel with cross party support from Members that oversees the Council's Treasury Management Strategy and an

Asset Management Working Group that oversees the way in which the Council manages its property assets in line with the Medium Term Financial Strategy.

45. The Council's policies are easily accessible to employees and Members on the intranet and they are also provided with update/briefing seminars as appropriate.

Principle 3 - Promoting the values of the Council and demonstrating the values of good governance through behaviour.

46. In 2004 the Council adopted a series of nine values that underpin everything it does; these are promoted to staff and Members on the intranet and were incorporated into the Council's competency framework which forms part of the annual appraisal of employees.
47. The CCG was reviewed and revised then approved by the Audit Committee in March 2012. This code is the Council's Internal Control Framework and clearly sets the aspirations of the Council in ensuring that there are effective governance arrangements.
48. All Members and officers are subject to codes of conduct and periodically training sessions are held. A wide range of training was made available to all Members following the May elections in 2012. This included Code of Conduct and Standards, introduction to planning, introduction to licensing, risk management and what is meant by being a commissioning Council.
49. Members and officers must declare any interests and registers of such declarations are maintained by Democratic Services and HR respectively. The Council's Monitoring Officer is responsible for ensuring that reported breaches of the Code of Members' Conduct are investigated appropriately. The Code of Members' Conduct was reviewed in June 2012 in the light of the abolition of the national standards framework.
50. The Chief Executive, members of the Senior Leadership Team and the Corporate Governance Group routinely promote good governance messages to employees and elected Members via email and the intranet.
51. The Council's Whistle Blowing Policy was revised in August 2010 and its Anti-Fraud and Anti-Corruption Policy was replaced by the Counter Corruption and Fraud Policy in September 2012 to align them to the requirements of the new Bribery Act and the working arrangements of the Audit Cotswolds. These documents are available to the public on the Council web site, and accessible to Members and employees from the intranet site.
52. There is a competency framework for its employees who are assessed through the annual appraisal process and these competencies reflect the core values of the Council which underpin good governance arrangements.
53. Certain Members are appointed to represent the Council on outside bodies i.e. companies, charities and unincorporated associations. The Council's Constitution includes guidance to officers and Members who take an active part in these organisations.
54. This guidance was reviewed and updated to reflect best practice and changes to the CBC Code of Members' Conduct. The Guidance includes a checklist of issues

that should be considered in the event of being nominated to an outside body. Members and officers that sit on the boards of companies are expected to be trained in line with the guidance specified within the UK Corporate Governance Code.

Principle 4 - Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.

55. In December 2010 the Council, as required by legislation, adopted new executive arrangements based on the new style strong leader and Cabinet model to take effect from May 2012. As the Council already operated executive style arrangements the main differences with the new model is that the Leader is appointed for a 4 year term (subject to removal by Council) and must appoint a deputy leader.
56. Prior to May 2012 there were three overview and scrutiny committees that held the Cabinet to account. A review involving officers and Members took place during 2011/12 to consider the work of these committees, following this review Council agreed in December 2011 that the new arrangements should be centred on a single overview and scrutiny committee supported by task and finish groups from May 2012.
57. Arrangements are in place for publishing all Council committees' agendas and minutes.
58. The Council has embraced the government's transparency agenda and regularly publishes information on spending, contracts, senior officer roles and responsibilities together with their salaries.
59. The Council has agreed data sharing protocols with GO shared service, Ubico and the Gloucestershire Joint Waste Partnership, which allows for the sharing of data between the organisations and provides arrangements for making sure that it remains secure.
60. The Council has a complaints and comments system for members of the public. Complainants may also refer matters to the Local Government Ombudsman for investigation once they have been through the Council's complaint system.
61. In July 2010, the Council agreed and published guidance and procedures for the way in which it deals with petitions from members of the public which may include a debate at Council or the matter being considered by Overview And Scrutiny Committee.
62. The Council has a performance monitoring system which provides up to date information as to how the Council is performing against a number of performance measures and milestones, including those set out in the Corporate Strategy and action plan.
63. The Audit Committee annually review the Corporate Risk Management Policy and a report on the risk management activities that have taken place during the year.
64. The Senior Leadership Team are responsible for the management of the corporate risk process, including the identification of risks, mitigating actions, deadlines and the details of the responsible officers. These are updated and reported to them on a monthly basis. Divisional risks are the responsibility of Directors and individual

service managers. Any divisional risk that has corporate implications and scores 16 or over is escalated to the Senior Leadership Team for consideration.

65. The Information Management Group reviewed a range of policies including Data Quality and Record Management Policy. The Council put in place Data sharing Protocols that reflect partnership working and the sharing (where appropriate) of information with other organisations.
66. Internal audit reviewed the 2011/12 Annual Assurance process in May 2012; the outcome of which was used to improve the review for 2012-13.
67. Cheltenham Borough Council's budget is set annually and agreed by Council. Monitoring reports are presented to Cabinet and an Outturn Report and Annual Statement Of Accounts is approved by the Audit Committee.

Principle 5 - Developing the capacity and capability of Members and officers to be effective.

68. All Members were offered training across a whole range of subjects following the May 2012 elections this included Risk management, corporate governance and the Code of Conduct and Standards and what is meant by being a commissioning Council. Members also have access to the Learning Gateway and can attend any training course that is currently being offered to employees.
69. Officer learning and development needs are identified through the appraisal process and 1-2-1s and fed into the professional and corporate training programmes.
70. In addition to supporting delivery of the Council's Corporate Strategy during 2012-13 the Chief Executive Officer introduced the Cheltenham Futures programme to build on the progress of commissioning services from external providers.
71. This programme comprises of three work streams, one of which considers the council's performance and organisational culture. This includes culture, pay and reward. Work on culture and behaviours (review of competencies) is underway, linked to appraisal as is work on how best to ensure that pay and conditions continue to attract, retain and reward employees of Cheltenham Council of the future.
72. The other two themes to the strategic based Futures programme are;
 1. Direct Council Provision/Unified Management
 - To provide for the management of services currently part of Wellbeing and Culture but not part of the Leisure and Culture review
 - To place all direct provision under a single senior manager on an interim basis to facilitate rationalisation and restructuring
 - To deliver efficiency savings in 2013/14
 - To establish a permanent service structure.
 2. Central Services
 - To take early steps to 'right size' the Resources and Commissioning divisions to meet future Council requirements
 - To introduce service failure scenario and risk planning
 - To prepare for the amalgamation of the Resources and Commissioning divisions.

73. The programme will create a Council whose function, form and culture is being adapted to the strategic and operational needs of its customers and of a commissioning organisation.

Principle 6 – Engaging with local people and other stakeholders to ensure robust public accountability

74. Cheltenham Borough Council through the Cabinet is accountable for allocating resources. There are a range checks and systems in place to provide assurance that they achieve value for money.

75. Councillors have to make judgements about what 'value for money' means in local terms and where available resources need to be allocated to match what their communities need. These decisions are based on a range of information including consultation exercises and advice from officers.

76. Cheltenham Borough Council engages with local residents via a number of different mechanisms; council officers and elected members attend regular meetings of the 14 neighbourhood co-ordination groups where local priorities for action are agreed by local residents, the council also supports and engages with 11 "Friends of..." groups, plus resident associations, trader associations and PACT (Partners and Communities Together) groups. The council also supports and engages with communities of interest via groups such as the Cheltenham Pensioners Forum and the Sahara Saheli women's group.

77. Cheltenham Borough Council engages with stakeholders who represent the local community and with the key service providers through the well established Cheltenham Partnership whose vision is that;

"All people in Cheltenham are able to live happy, successful and productive lives in strong, resilient and healthy communities".

78. The Council contributes towards providing strategic leadership for Cheltenham through the partnership structures, ensuring that we use our resources carefully to make the greatest difference to people's lives through aligning our commissioning arrangements.

79. The three main elements of the structure are:

- **Positive Participation Partnership**
- **Positive Lives Partnership**
- **Strategic Leadership Group**

80. The Cheltenham Partnership has agreed an Action Plan which identifies the most pressing issues for partnership activity. It also identifies where there is a willingness from partners to work collectively on solutions and where there is alignment with priorities set at a county level e.g. by the Police and Crime Commissioner, the Health and Wellbeing Board, the Children's Partnership and the Local Enterprise Partnership.

81. The Council's Corporate Strategy Action Plan includes specific commitments to support the delivery of these priorities.

82. The Council has an established web site which provides access to 14 of its services online, which was accessed 9639 times during the year to tell us about issues of concern. We took steps to improve the interactive nature of the website by developing systems that allow improved access to Council services and information. All of the Council's committee meetings have their agendas, minutes and supporting papers published on the website.

Delivery of services and outcomes through third parties

83. The legal services function is delivered through a Section 101 Agreement with Tewkesbury Borough Council who are the lead authority for One Legal. The effectiveness of the governance arrangements of One Legal are monitored on a regular basis through a number of means including; One Legal management team meetings and a Joint Monitoring liaison Group.
84. The Council formed a partnership with Cotswold District Council for the delivery of environment services using the Local Authority Company governance framework; the company is called Ubico Ltd. There is potential for other local authorities to join in the future. This will provide the opportunity for improving outcomes and value for money within the wider partnership area. This approach provided the first step towards joined up waste services across Gloucestershire.
85. Ubico has its own internal control procedures and arrangements which are subject to internal and external audit. Annually, Audit Cotswolds review elements of the control procedures and report on the adequacy of arrangements. The company is overseen by a board of directors.
86. In October 2012 the Council agreed with Cotswold District Council, Forest of Dean District Council and Gloucestershire County Council to form the Gloucestershire Joint Waste Committee from the 1st April 2013.
87. Cheltenham Borough Council's Cabinet agreed in July 2011 to partner with three other councils, West Oxford DC, Forest of Dean DC, and Cotswold DC - to implement a new shared service called the GO shared service covering Finance, Procurement, Human Resources and Payroll. Employees involved in the provision of these services transferred (TUPE) into the employment of Cotswold District Council (as the employing council) from April 2012.
88. The Financial Rules were reviewed in co-ordination with the GO Partnership and approved by Council in October 2011. The new Rules allow greater conformity across the partnership organisations when processing work or customer accounts. Also, the Contract Rules were reviewed on the same basis and approved by Council in March 2012. Both sets of Rules took effect 1st April 2012.
89. The Council's internal audit function is provided by Audit Cotswolds which reports to the Council's Audit Committee. The Head of Audit Cotswolds is responsible for the Councils internal audit arrangements, including drawing up the internal audit strategy and annual plan and giving the annual audit opinion.
90. The Council delivers its housing management responsibilities through Cheltenham Borough Homes (CBH) an 'arms length management organisation' and wholly owned company of the Council. CBH has its own internal control procedures and arrangements which are subject to internal and external audit (as well as independent inspection). Annually, Audit Cotswolds review elements of the control

procedures and report on the adequacy of arrangements. The company is overseen by a board of directors which includes tenants and has an Audit and Risk Committee.

91. The Building Control Service was formed with Tewkesbury Borough council during November 2009 under the governance framework of a Section 101 Agreement for a 10 year period. There is a Joint Monitoring and Liaison Group made up of representatives from both authorities who monitor and manage the operational delivery of the service and any complaints.
92. The Council is a 50% shareholder of Gloucestershire Airport, which is a company limited by shares, and is subject to the requirements set by the Companies Act. There is a board of directors which monitors the company's performance and is responsible for internal control activities. The airport has a Board of Directors including a Managing Director and Head of Operations. The statutory accounts are audited each year by a private firm of accountants, and presented to the board and shareholders; they are approved at the AGM. The Council's Director of Resources or designated representative receives regular management accounts for the airport, and either he or the Executive Director or their designated representative, attends the monthly airport programme board meetings.
93. Gloucestershire Airport hosts an Airport Consultative Committee whose purpose is to foster and maintain the best possible relations with local communities and other interest groups, including the shareholders. The committee has agreed terms of reference that include the contribution of the airport to the local, regional and national economy.
94. The Localism Act 2011 provides for a Community Right to Challenge and for a Community Right to Bid. The Council has published a process that allows eligible groups to express an interest in bidding to run a particular Council service. The Council has also published a process on the Community Right To Bid which aims to give community and voluntary sector groups, charities, parish and town Councils a right to identify a property that is believed to be of value to their social interests or social wellbeing and gives them a fair chance to make a bid to buy the property on the open market if the property owner decides to sell.

Review of effectiveness

95. Cheltenham Borough Council has responsibility under The Accounts and Audit (England) Regulations 2011 for conducting, at least annually, a review of the effectiveness of its governance framework, including the system of internal control and the arrangements for the management of risk. The review of effectiveness is informed by the work of the senior managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Audit Cotswolds annual opinion report and also by comments made by the external auditors and other review agencies and inspectorates.
96. The effectiveness of the governance framework draws on evidence from:
 - Internal and external audit and inspection
 - Financial controls
 - Risk and performance management
 - Assurance statements from each division
 - Legal standards

➤ Code of corporate governance.

97. The Council has an approved CCG and it has established a Corporate Governance Group which oversees the review of the effectiveness of the CCG governance and internal control. All executive directors and directors have to complete an Annual Statement of Assurance which outlines the key control areas to which the division should comply.
98. There were 45 areas of control considered by each of the 4 Directors (resulting in 180 comments), of which 138 were deemed to have been 'Met', 37 were 'Partial', 1 'Not Met' and 4 were regarded as being not applicable. This compared favourably with the previous year, however, there were 3 control areas where non or partial compliant issues identified within the context of the review,

Level of compliance	2012/13	2012/13	2011/12
Met	138	77%	75%
Partially Met	37	21%	20%
Not Met	1	1%	3%
N/A	4	2%	2%
Total	180	100%	100%

99. **Risk Management;** identifies planning for business continuity and disaster recovery as an area of partial compliance by all 4 directors. This was identified as a corporate risk last year and remains on the register with a score of 12. These issues are being addressed by the ICT shared service through a separate action plan that also addresses additional recommendations from the Internal Audit report on a virus attack. These issues remain on to the Significant Issues Action Plan and the Corporate Risk Register.
100. **Equalities;** This area of the review identified a high number of partial compliance issues and one submission of not being able to meet the corporate objective of being able to promote equality and diversity. It is considered that this response may be due in part to the need for an updated Equality Policy. The Senior Leadership Team recognised that this was an on-going issue and that legislation and guidance had recently changed and asked the Director of Commissioning to review the policy and guidance and provide additional training. SLT's view is that this is not considered to be a significant issue and will be monitored through the Corporate Risk Register
101. **Staffing;** Employees currently receive training to meet the legislative requirements of the Children's Act 1989 and 2004 and the council's policy as set out in the Safeguarding Children and Vulnerable Adults Handbook as approved at cabinet in March 2013. The training is provided by a number of different external and internal training providers including Gloucestershire County Council.
102. The council's policy states that the successful completion of safeguarding training must be recorded on the Learning Gateway by the person who has undertaken the training. The level of training needed by each member of staff will be recorded within the gateway by the Learning and Development Team using information provided by Human Resources and service managers. The learning gateway will be used to monitor up take of training and produce reports for Senior Leadership Team.

103. All employees, casual staff, volunteers and elected members are now asked to acknowledge that they have read and understood the Safeguarding Children and Vulnerable Adults Handbook when they first begin undertaking duties on behalf of the Council.
104. Both the registering of training and acknowledging the understanding of the Safeguarding Children and Vulnerable Adults Handbook via the learning gateway have been placed on the Action Plan for monitoring.
105. The staffing section of the review also highlighted the need for consideration to be given to readily available management information in respect of the recording of internal declarations, training requirements, what had been delivered and what refresher training was still required.
106. In addition to the internal review, additional assurance checks were made with Client Officers in respect of compliance with agreements with Ubico, Cheltenham Borough Homes, Building Control Partnership and Gloucestershire Airport Ltd. These will all help inform the work of Audit Cotswolds during 2013-14.
107. The outcome of these external reviews were that the;
- Director of Commissioning was asked to review of the effectiveness of internal controls In respect of the services delivered to Cheltenham Borough Council by Ubico Ltd. There were no new significant issues of concern.
 - Director of Commissioning who is the client officer was asked to review of the effectiveness of internal controls In respect of the services delivered to Cheltenham Borough Council by CBH. There were no significant issues of concern.
 - Director of Built Environment who is the client officer was asked to review of the effectiveness of internal controls In respect of the services delivered by the Cheltenham and Tewkesbury Building Control Service. There were no significant issues of concern.
 - Executive Director who is the client officer was asked to review of the effectiveness of internal controls In respect of the Gloucestershire Airport. There were no significant issues of concern.
108. The Finance and HR functions are delivered through the Go Shared Service, Cotswold District Council is the lead authority. The Internal Audit function is provided through the Audit Cotswolds partnership, Cotswold District Council is again the lead authority and will need to comply with their Code of Corporate Governance to meet the requirements of regulation 4(3) and (4) of The Accounts and Audit (England) Regulations 2011 in relation to the publication of their Annual Governance Statement.
109. A copy of Cotswold District Council assurance statements for these services has been requested, together with the details of any significant issues that they identify. If there are any issues that affect this Council's internal controls and statutory obligations they will be reported to Audit Committee for inclusion on the Significant Issues Action Plan.
110. The Legal services function is delivered through a Section 101 Agreement with Tewkesbury Borough Council which is the lead authority for One Legal. The

effectiveness of the governance arrangements of One Legal are monitored on a regular basis through a number of means including; One Legal management team meetings, Head of Legal Services attending Cheltenham's Senior Leadership Team, periodic meetings with Cheltenham's Client Officer and formal reporting to the JMLG. JMLG meetings have taken place on 6 July 2012, 8 November 2012 and 21 February 2013. The Head Legal Service meets on a routine basis with the client officer to discuss performance and operational issues. In addition, One Legal also formally report quarterly on business and financial performance through Tewkesbury's performance management framework.

111. An assurance review of the One Legal service was carried out on behalf of Tewkesbury Borough Council by the Borough Solicitor - One Legal Lead Officer. A copy of the Assurance Statement 2012/13 was provided to Cheltenham Borough Council which stated that the governance arrangements were operating effectively within One Legal. Improvements to the service had been identified but were not considered to be significant governance issues.
112. The Corporate Governance Group reviews the statements and any issues highlighted by the check lists to identify any significant issues that need to be reflected in the Significant Issues Action Plan. Individual Directors are expected to take forward any specific control improvements within their own service plan. These certificates along with evidence from other sources such as audit letters, internal audit reports, corporate controls and the Code Of Corporate Governance are reviewed by the Director of Resources, Head of Audit Cotswolds and the Governance, Risk and Compliance officer who identify control issues to be included in the annual governance Significant Issues Action Plan for the forthcoming year.
113. The Audit Committee considers the Annual Governance Statement as part of the Statement of Accounts and makes recommendations to Council regarding its approval. The Audit Committee are then responsible for monitoring progress against the actions proposed or taken, to deal with the identified significant issues.
114. Although internal control procedures are the responsibility of officers, major service issues, budgets and risks are discussed with the relevant Cabinet Member. There is also a Cabinet Member who has responsibility within their portfolio for corporate governance, internal audit and risk. Regular briefings are held by Directors with that Cabinet Member so that they are aware of any issues.
115. The Head of Audit Cotswolds Annual Audit Opinion identified that overall there is a satisfactory opinion for the internal controls in operation at Cheltenham BC. However, this is set against a considerable change to key financial services (the GO Shared Service). This service received some limited assurance reports for 2012/13 as detailed in his report. Furthermore, there was an investigation into ICT issues in the year that identified several control weaknesses that have been detailed in an action plan which is to be monitored by the Audit Committee.

Significant governance issues

The Senior Leadership Team and the Audit Committee have been advised on the implications of the result of the review of the effectiveness of the governance framework identified in the previous section of this statement, and an action plan to address weaknesses and ensure continuous improvement of the system is in place.

Significant Issues Action Plan

Significant Issues Action Plan – Review 1st March 2014

Control issue and source	Action	Deadline as per AGS	Action planned	Lead officer
Business Continuity Testing	To review, develop and test ICT Business Continuity Plan to ensure that it is robust enough to mitigate the identified risks for the Council and its partner organisations	March 2014	Deliver ICT Business Continuity back up arrangements through ICT shared service with FoDDC that have been tried and tested.	Director of Resources
Safeguarding Children and Vulnerable Adults	<ol style="list-style-type: none"> 1. Review of operational processes related to maintaining a register which identifies the training needs that relate to child protection and safeguarding for each appropriate post in the Council. 2. Hold a register of acknowledgements from all employees, casual staff, volunteers and elected members that they have read and understood the Safeguarding Children and 		The Learning and organisational Development Team will upload the suitable declarations to the Learning gateway and the appropriate declaration for the 'level' of training needed by each member of staff will be added to their development plans by the service manager	Strategy and Engagement Manager

Control issue and source	Action	Deadline as per AGS	Action planned	Lead officer
	Vulnerable Adults handbook.			
GO Shared Services	There were limited assurance reports issued for key systems within the GO Shared Service. Action Plans to address these weaknesses have been created.		A follow-up review will be conducted by Internal Audit in 2013/14 as part of the annual review work. Progress will be managed by the Client Officer Group and any issues relating to Cheltenham will be reported to Audit Committee during the current year	GO Shared Services
ICT Service	There was an investigation into weaknesses in the control framework in ICT which was reported to Audit Committee. An action plan to address these weaknesses has been created.		The Audit Committee will be reviewing the Action Plan every six months until complete.	ICT Service

Significant governance issues

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.

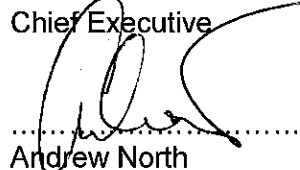
Signed: On behalf of Cheltenham Borough Council

Leader of Council



Councillor Steve Jordan

Chief Executive



Andrew North